

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2022

With

Independent Auditors' Report

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2022

With

Independent Auditors' Report

**TABLE OF CONTENTS**

	<b><u>PAGES</u></b>
INDEPENDENT AUDITORS' REPORT	1-2
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis	3-7
<b><u>BASIC FINANCIAL STATEMENTS:</u></b>	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	8-9
Statement of Activities	10
<i>Fund Financial Statements:</i>	
Balance Sheet	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Notes to Basic Financial Statements	15-28
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – General Fund	30
Notes to Budgetary Comparison Schedule	31
Schedule of the Library's Proportionate Share of the Net Pension Liability	32
Schedule of Library Pension Contributions	33
Notes to Required Pension Supplementary Information	34
Schedule of the Library's Proportionate Share of the Net OPEB Liability	35

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2022

With

Independent Auditors' Report

**TABLE OF CONTENTS (CONTINUED)**

Schedule of Library OPEB Fund Contributions	36
Notes to Required OPEB Supplementary Information	37-38
OTHER SUPPLEMENTARY INFORMATION:	
Independent Auditors' Report on Internal Control over Financial Reporting and On Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Governmental Auditing Standards</i>	39-40



BRAMEL & ACKLEY, PSC

Certified Public Accountants and Business Advisors

**INDEPENDENT AUDITORS' REPORT**

859-341-6700      www.bramelackley.com  
1-877-585-6454      1885 Dixie Highway,  
Fax 859-578-3542      Suite 310  
info@bramelackley.com      Ft. Wright, Kentucky 41011

To the Board of Trustees  
Bullitt County Public Library District  
Shepherdsville, Kentucky

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bullitt County Public Library District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Bullitt County Public Library District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bullitt County Public Library District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bullitt County Public Library District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered

material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bullitt County Public Library District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bullitt County Public Library District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules for pension and other postemployment benefits plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022, on our consideration of the Bullitt County Public Library District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bullitt County Public Library District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bullitt County Public Library District's internal control over financial reporting and compliance.

*Bramel & Ackley, P.S.C.*

November 30, 2022

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022**

As management of the Bullitt County Public Library District, we offer readers of the Library's financial statement this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented herein in conjunction with additional information that we have furnished which is found throughout this report. Certain 2021 amounts may have been reclassified in order to conform with the 2022 financial statement presentation.

**FINANCIAL HIGHLIGHTS**

- The assets of the Bullitt County Public Library District exceeded its liabilities at the close of the most recent fiscal year by \$31,055,494.
- The Library's total net position increased by \$1,303,232.
- At the close of the fiscal year, the Library's governmental funds reported balances of \$16,796,626, a decrease of \$4,276,656 from the previous year.
- Total governmental fund revenues during the fiscal year increased by \$225,184, total governmental fund expenditures during the fiscal year increased by \$1,589,173.
- Of the ending fund balance, zero is committed for the capital projects and \$16,719,493 is unassigned and available for spending.
- The Library's total long-term debt as of the end of the fiscal year was \$13,520,753, which decreased by \$1,367,219 from the previous year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This management discussion and analysis serves as an introduction to the Library's basic financial statements. The Library's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other required supplementary information in addition to the basic financial statements.

**Government-wide financial statements:** The government-wide financial statements are designed to report information about the overall finances of the Library in a manner similar to a private sector business. They are designed to show a longer-term view of the Library's finances. The Statement of Net Position presents information on all of the Library's assets less liabilities resulting in net position. Over time, increases or decreases in net position help determine whether the Library's financial position is improving or deteriorating. The Statement of Activities presents information which shows how the Library's net position has changed as a result of the year's activities. The statement uses the accrual basis of accounting in an effort to report activities in a manner similar to that used by private-sector businesses. All revenues and expenses are reported regardless of the timing of when cash is received or paid – thus some items will only result in cash flows in the future.

The government wide financial statements can be found on pages 8 through 10 of this report.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022**

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library uses fund accounting to ensure and demonstrate fiscal accountability. The Library uses one fund – general operating fund – to provide more detailed information about the Library's most significant funds rather than the Library as a whole.

*General Operating Fund:* The General Operating Fund is used to account for all financial resources except those required to be accounted for in another fund.

The fund financial statements can be found on pages 11 through 14 of this report.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government wide and fund financial statements. The notes to the basic financial statements can be found on pages 15 through 28 of this report.

**OTHER INFORMATION**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's budget. This information can be found on pages 30 through 31 of this report.

**BASIS OF ACCOUNTING**

All funds of the Bullitt County Public Library District are maintained using the modified accrual basis of accounting, which is recommended by the Governmental Accounting Standards Board.

**FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE**

The Library's combined net position increased between FY 2021 and FY 2022 by \$1,303,232. The majority of the Library's assets (61.90%) are invested in capital assets. The most significant portion of the general revenue is local property tax. The Library also carefully invests its funds with the primary focus being safety of principal, but with attention to opportunities to increase yield. The Library realized \$39,439 in interest revenue.

The tables presented on page 5 provide a summary of the Library's net position and changes in net position for fiscal year 2022 compared to fiscal year 2021.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022**

**Table 1  
Net Position**

	<u>2022</u>	<u>2021</u>
Current and other assets	\$16,966,763	\$21,939,354
Capital assets	<u>27,569,072</u>	<u>21,941,303</u>
Total Assets	<u>44,535,835</u>	<u>43,880,657</u>
Deferred Outflows of Resources	<u>1,455,127</u>	<u>2,036,498</u>
Total Assets and Deferred Outflows	<u>45,990,962</u>	<u>45,917,155</u>
Long-term liabilities	13,520,753	14,887,972
Other liabilities	<u>170,137</u>	<u>866,072</u>
Total Liabilities	<u>13,690,890</u>	<u>15,754,044</u>
Deferred Inflows of Resources	<u>1,244,578</u>	<u>410,849</u>
Total Liabilities and Deferred Inflows	<u>14,935,468</u>	<u>16,164,893</u>
Invested in capital assets, net of debt	19,960,659	14,118,126
Unrestricted	<u>11,094,835</u>	<u>15,634,136</u>
Total Net Position	<u>\$31,055,494</u>	<u>\$29,752,262</u>

**Table 2  
Change in Net Position**

	<u>2022</u>	<u>2021</u>
General Revenues		
Taxes – real estate, property and motor vehicle	7,665,583	7,463,209
Library fines and fees	31,367	18,693
Donations	3,319	1,550
Interest income	39,439	50,702
Grants	59,425	44,723
Miscellaneous	<u>19,631</u>	<u>14,704</u>
Total Revenues	<u>7,818,764</u>	<u>7,593,581</u>
Program Expenses		
Personnel	4,025,991	4,558,931
Facility	473,623	438,743
Library materials	279,964	240,369
Programs	103,882	72,858
Other	417,306	201,190
Depreciation	1,053,508	1,063,106
Interest expense	<u>161,258</u>	<u>239,523</u>
Total Expenses	<u>6,515,532</u>	<u>6,814,720</u>
Increase (decrease) in Net Position	<u>\$ 1,303,232</u>	<u>\$ 778,861</u>



**BULLITT COUNTY PUBLIC LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022**

**FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS**

At the close of the fiscal year, the Library's governmental funds reported balances of \$16,796,626, a decrease of \$4,276,656 from the previous year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Trustees has determined that the best method of maintaining fiscal integrity is not to revise its budget to reflect financial realities during the year. Accordingly, the Library's original budget for this fiscal year was not changed.

**Revenues:** As shown on the statement on page 13, general fund revenues of the Library were \$7,818,765. Actual general fund revenues exceeded budgeted revenue by \$1,461,988 or 22.58% as a result of higher than expected real estate and property taxes, motor vehicle taxes and grants. The actual general fund revenues increased in comparison to the previous fiscal year by \$225,184 or 2.97%.

**Expenditures:** Total general fund expenditures of the Library were \$12,095,421. Actual general fund expenditures were less than anticipated expenditures by \$3,770,660 or 22.64%. Areas where actual expenditures exceeded budgeted expenditures by more than 5% and \$5,000 included insurance, program supplies, software support and advertising. Total general fund expenditures increased in comparison to the previous fiscal year by \$1,589,173, or 15.13%.

**CAPITAL ASSETS**

The Library's investment in capital assets equaled \$27,569,072 as of June 30, 2022. During the year, capital assets valued at \$6,681,276 were added while depreciation during the period was \$1,053,508.

Major additions to capital assets during the fiscal year included:

- purchase of books valued at \$284,405.
- construction in progress valued at \$6,178,164.
- purchase of electronic equipment valued at \$59,138.
- purchase of furniture and equipment valued at \$159,569.

**LONG-TERM DEBT – BONDS, PENSION LIABILITY, AND OPEB LIABILITY**

At the end of the fiscal year, the Library had total debt, net of unamortized bond premiums and discounts, of \$7,447,000. The Library issued \$561,000 General Obligation Bonds, Series 2006 in March, 2006. These bonds were have been redeemed on a biannual basis and the ending balance as of June 30, 2022 was \$112,000. In September, 2020, the Library issued \$7,665,000 in General Obligation Bonds, Series 2020. The purpose of these funds was to construct and equip the new library in Sheperdsville, Kentucky. The bonds will be redeemed and paid out on a biannual schedule for 30 years. The ending balance as of June 30, 2022 was \$7,335,000.

As of June 30, 2015, the Library is required, by Governmental Accounting Standards Board Statement No. 68, to display its proportionate share of the unfunded liability of the Kentucky Retirement System's County Employee Retirement System (CERS), a cost sharing multiple employer plan, in which the Library is a participant. The net pension liability of \$4,444,878, the deferred outflows of resources of \$641,343, and the deferred inflows of resources of \$635,568 on the Statement of Net Position at June 30, 2022 are a function of this required reporting. Detailed information on this pension recognition can be found in Note 6 in the Notes to the Financial Statements.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022**

**LONG-TERM DEBT – BONDS, PENSION LIABILITY, AND OPEB LIABILITY (CONTINUED)**

As of June 30, 2018, the Library is required, by Governmental Accounting Standards Board Statement No. 75, to display its proportionate share of the unfunded liability of the Kentucky Retirement System's Insurance Fund (OPEB), a cost sharing multiple employer health insurance plan, in which the Library is a participant. The net OPEB liability of \$1,334,352, the deferred outflows of resources of \$813,784 and the deferred inflows of resources of \$609,010 on the Statement of Net Position at June 30, 2022 are a function of this required reporting. Detailed information on this health insurance recognition can be found in Note 7 in the Notes to the Financial Statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

In the fiscal year beginning July 1, 2022, general operating revenues are expected to be \$6,985,000. Amounts budgeted for real estate, personal property, and motor vehicle taxes (98% of the total general operating revenue) are based on estimates from the Kentucky Department for Local Government and the Kentucky Department for Libraries and Archives. In order to maintain service at the current level, the Board approved a tax rate of 6.0 cents per \$100 assessed valuation of real property and 6.04 cents per \$100 assessed valuation of personal property.

The remaining 2% of the general operating revenue is composed of 5 miscellaneous sources. Of these categories, fees represents \$23,000, interest on deposits represents \$35,000, Grants represent \$61,000, and miscellaneous income represents \$22,000.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Library's finances and to show the Library's accountability for the money it receives. Questions concerning any of the information provided in this report, requests for additional information, or the separately issued financial statements of Bullitt County Public Library District should be addressed to Director, Bullitt County Public Library, 740 Conestoga Pkwy, Shepherdsville, KY 40165, by calling 502-543-7675, or emailing [tohagan@bcplib.org](mailto:tohagan@bcplib.org).

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**STATEMENT OF NET POSITION**  
June 30, 2022

	<b>Primary Government</b>
	<b>Governmental Activities</b>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 16,865,106
Taxes receivable	24,524
Prepaid expenses	77,133
<b>CAPITAL ASSETS</b>	
Land	2,987,724
Land improvements	570,345
Building and improvements	14,258,142
Construction in progress	11,964,083
Furniture and equipment	1,925,026
Vehicles	22,558
Collection	3,344,232
<b>Total Capital Assets</b>	35,072,110
<b>Less: accumulated depreciation</b>	<b>(7,503,038)</b>
<b>Total Capital Assets, Net</b>	<b>27,569,072</b>
<b>TOTAL ASSETS</b>	<b>44,535,835</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pension plan	641,343
Deferred outflows related to OPEB	813,784
<b>Total Deferred Outflows of Resources</b>	<b>1,455,127</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 45,990,962</b>

The accompanying notes are an integral part of this statement.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**STATEMENT OF NET POSITION (CONT'D)**  
**June 30, 2022**

	<b>Primary Government</b>
	<b>Governmental Activities</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 126,006
Accrued liabilities	44,131
<b>LONG-TERM LIABILITIES</b>	
Accrued vacation	133,110
Bonds payable due within one year	221,000
Bonds payable due in more than one year	7,226,000
Bond issue premium	161,413
Net pension liability	4,444,878
Net OPEB liability	1,334,352
<b>TOTAL LIABILITIES</b>	<b>13,690,890</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pension plan	635,568
Deferred inflows related to OPEB	609,010
<b>Total Deferred Inflows of Resources</b>	<b>1,244,578</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>14,935,468</b>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	19,960,659
Unrestricted	11,094,835
<b>TOTAL NET POSITION</b>	<b>\$ 31,055,494</b>

The accompanying notes are an integral part of this statement.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2022**

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Service	Operating Grants and Contribution	Governmental Activities
<b>PRIMARY GOVERNMENT:</b>				
<b>Governmental Activities</b>				
Personnel	\$ 4,025,991	\$ -	\$ -	\$ (4,025,991)
Facility	473,623	-	-	(473,623)
Library materials	279,964	-	-	(279,964)
Programs	103,882	-	-	(103,882)
Other	417,306	-	-	(417,306)
Depreciation	1,053,508	-	-	(1,053,508)
Interest on debt	161,258	-	-	(161,258)
Revenue	-	31,367	62,744	94,111
<b>Total governmental activities</b>	<b>6,515,532</b>	<b>31,367</b>	<b>62,744</b>	<b>(6,421,421)</b>
<b>GENERAL REVENUES:</b>				
Real estate and property taxes				7,079,407
Motor vehicle taxes				586,176
Interest income				39,439
Miscellaneous				19,631
<b>Total general revenues</b>				<b>7,724,653</b>
<b>CHANGE IN NET POSITION</b>				1,303,232
<b>NET POSITION - BEGINNING OF YEAR</b>				29,752,262
<b>NET POSITION - END OF YEAR</b>				<b>\$ 31,055,494</b>

The accompanying notes are an integral part of this statement.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2022**

	<b>General</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 16,865,106	\$ 16,865,106
Taxes receivable	24,524	24,524
Prepaid expenditures	77,133	77,133
<b>TOTAL ASSETS</b>	<b>\$ 16,966,763</b>	<b>\$ 16,966,763</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 126,006	\$ 126,006
Payroll withholdings	44,131	44,131
Total Liabilities	170,137	170,137
<b>FUND BALANCES</b>		
Nonspendable	77,133	77,133
Unassigned	16,719,493	16,719,493
Total Fund Balances	16,796,626	16,796,626
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 16,966,763</b>	<b>\$ 16,966,763</b>

The accompanying notes are an integral part of this statement.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2022**

<b>Fund balances - total governmental funds</b>	<b>\$</b>	<b>16,796,626</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		27,569,072
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Accrued vacation	(133,110)	
Bonds payable - due within one year	(221,000)	
Bonds payable - due in more than one year	(7,226,000)	
Bond issue premium	(161,413)	
Net pension liability	(4,444,878)	
Net OPEB liability	<u>(1,334,352)</u>	(13,520,753)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore are not reportable in the funds.		
Deferred outflow of resources	641,343	
Deferred inflow of resources	<u>(635,568)</u>	5,775
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore are not reportable in the funds.		
Deferred outflow of resources	813,784	
Deferred inflow of resources	<u>(609,010)</u>	<u>204,774</u>
<b>Total Net Position</b>	<b>\$</b>	<b><u><u>31,055,494</u></u></b>

The accompanying notes are an integral part of this statement.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2022**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>		
Real estate and property taxes	\$ 7,079,407	\$ 7,079,407
Motor vehicle taxes	586,176	586,176
Grant income	59,425	59,425
Donations	3,319	3,319
Book rentals and fines	5,448	5,448
Copier and fax income	25,920	25,920
Interest income	39,439	39,439
Rental income	19,010	19,010
Miscellaneous income	621	621
<b>Total Revenues</b>	<u>7,818,765</u>	<u>7,818,765</u>
<b>EXPENDITURES</b>		
Salaries and wages	2,634,156	2,634,156
OPEB expense	110,270	110,270
Retirement expense	403,879	403,879
Health/life insurance	389,762	389,762
Payroll tax	225,279	225,279
Telephone	20,128	20,128
Utilities	199,598	199,598
Insurance	60,048	60,048
Maintenance	173,005	173,005
Program supplies	103,883	103,883
Software support	99,155	99,155
Office supplies	44,887	44,887
Travel expense	4,001	4,001
Professional fees	133,082	133,082
Advertising and promotion	99,804	99,804
Staff training	24,413	24,413
Dues	4,756	4,756
Postage	2,473	2,473
Equipment/furniture	180,412	180,412
Miscellaneous	4,736	4,736
Library materials	623,507	623,507
Capital outlay	6,178,164	6,178,164
Debt service	376,023	376,023
<b>Total Expenditures</b>	<u>12,095,421</u>	<u>12,095,421</u>
<b>CHANGE IN FUND BALANCES</b>	(4,276,656)	(4,276,656)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>21,073,282</u>	<u>21,073,282</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 16,796,626</u>	<u>\$ 16,796,626</u>

The accompanying notes are an integral part of this statement.



**BULLITT COUNTY PUBLIC LIBRARY DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2022**

**Net Change in Fund Balances-Total Governmental Funds** **\$ (4,276,656)**

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$6,681,276) exceeded depreciation (\$1,053,508) in the current period. 5,627,768

Repayment of bond principal (\$209,000) is an expenditure in the governmental fund, but the repayment reduces the long-term liabilities in the statement of net position. 209,000

Some expenditures reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. Those items at year end consist of:

Compensated absences	(600)	
Bond premium amortization	5,765	
		5,165

Governmental funds report Library pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employer contributions, is reported as pension expense:

Library pension contributions	403,879	
Costs of benefits earned	(607,176)	
		(203,297)

Governmental funds report Library OPEB contributions as expenditures. However, in the statement of activities, the cost of other post employment benefits (OPEB) is reported as insurance expense:

Library OPEB contributions	110,270	
Costs of benefits earned	(169,018)	
		(58,748)

***Change in Net Position of Governmental Activities*** **\$ 1,303,232**

The accompanying notes are an integral part of this statement.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 1 - DESCRIPTION OF ORGANIZATION**

The Bullitt County Public Library District was established in the early 1950's under the provisions of the Commonwealth of Kentucky to provide library and related services to the citizens of Bullitt County, Kentucky.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Library's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Library discussed below.

**Reporting Entity** – The Library is the basic level of government that has oversight responsibility and control over all activities related to the public library in Bullitt County, Kentucky. The Library receives funding from local and state government sources and must comply with the requirements of these funding source entities. However, the Library is not included in any other governmental “reporting entity” as defined by the GASB pronouncement, since Library board members have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

**Basis of Presentation and Basis of Accounting**

**Government-Wide Financial Statements** – The statement of net position and the statement of activities provide information about the Library as a whole. These statements include the financial activities of the Library (the primary government). The statements distinguish between those activities of the Library that are governmental and those that are considered general capital asset activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues for the Library's activities. Direct expenses are those that are specifically associated with a program or a function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Government-Wide financial statements measure and report all assets (both financial and capital), liabilities, revenues and expenses using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Fund Financial Statements** – Fund financial statements provide information about the Library's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Library reports the following governmental funds:

**General Fund** – This fund is the general operating fund of the Library. It is used to account for all financial resources, except those required to be accounted for in another fund.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

**Fund Balances**

GASB Statement 54 provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Library's fund balances more transparent. In the fund financial statements, governmental fund balances can be presented in five possible categories:

Non-spendable – resources which cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors or governmental laws or regulations or imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitations the Library imposed on itself at its highest level of decision making and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the governing body or by an official to which the governing body delegates authority.

Unassigned – amounts that are available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budget** – The Library adopts an annual budget for the general fund. The budget is prepared on the cash basis, a comprehensive basis of accounting other than GAAP. The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized and recorded when received in cash and when paid, respectively. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting on the governmental fund statements and on the full accrual basis on the government-wide statements. A reconciliation of the cash basis actual amounts in the budgetary comparison to the GAAP basis actual amounts in the fund and government-wide statements is shown at the bottom of the budgetary comparison schedule. All appropriations lapse at year end.

**Cash and Cash Equivalents** – For the purpose of these financial statements, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

**Capital Assets** – Land, buildings, collection, and other capital assets with useful lives of more than one year resulting from expenditures in the governmental funds are recorded at cost (or estimated historical cost) net of accumulated depreciation in the government-wide statement of net assets but are reported as expenditures in governmental fund financial statements. The Library maintains a capitalization threshold of \$500. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. The Library does not possess any infrastructure. The Library depreciates capital assets using the straight-line method of depreciation over the estimated useful life of the asset.

**Allowance for Uncollectible Accounts** – At June 30, 2022, management deems all accounts receivable collectible. Therefore, no allowance for uncollectible accounts is included in the financial statements.

**Long-term Obligations** – In the government-wide financial statements, long-term debt less unamortized bond premiums or discounts and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, the face amount of debt is reported as other financing sources when issued. The bond discount, whether or not withheld from the actual debt proceeds received, are reported as other financing uses. Bond issuance cost, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**Deferred Outflows of Resources** – The Library reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of position. Deferred outflows of resources reported in this year's financial statements relate to the Library's pension and OPEB plans and include (1) contributions made to the Library's plans between the measurement date of the net pension and OPEB liabilities and the end of the Library's fiscal year, (2) differences between the expected and actual experience, (3) changes in assumptions, and (4) changes in the proportionate share of the Library's contributions. The deferred amount related to the differences between expected and actual experience, changes of assumptions, and changes in the proportionate share of the Library's contributions will be recognized over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan. Deferred outflows for pension and OPEB contributions will be recognized in the subsequent year. No deferred outflows of resources affect the governmental funds financial statements in the current year.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2022

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Inflows of Resources** – The Library’s statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s). Deferred inflows of resources reported in this year’s financial statements relate to the Library’s pension plan and OPEB plan include (1) differences between expected and actual experience, (2) changes in assumptions, (3) changes in the proportionate share of the Library’s contributions, and (4) difference between projected and actual earnings on the Library’s pension and OPEB plan investments. The deferred amount related to the changes in the differences between expected and actual experience, changes of assumptions, and changes in the proportionate share of the Library’s contributions will be recognized over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan. The deferred amount related to the difference between projected and actual earnings will be recognized over five years. No deferred inflows of resources affect the governmental funds financial statements in the current year.

**Pensions** – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kentucky Public Pensions Authority’s (KPPA) County Employees Retirement System (CERS) and additions to/deductions from CERS’s fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Postemployment Benefits Plan (OPEB)** – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the KPPA’s Retirement System Insurance Fund and additions to/deductions from KPPA’s fiduciary net position have been determined on the same basis as they are reported by KPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Position** – Net position presents the difference between assets and liabilities in the statement of net position. Net Position invested in capital assets is reduced by the outstanding balances of any borrowing, if any, used for the acquisition, construction or improvement of those assets. Net position is reported as restricted if and when there are legal limitations imposed on their use by Library legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Use of Restricted Resources** – When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Library’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Library’s policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before unassigned fund balances.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 3 - CASH AND INVESTMENTS**

At June 30, 2022, the carrying amount of the Library's deposits (cash and cash equivalents) was \$16,865,106. Of the bank balance, \$250,000 is covered by federal depository insurance (FDIC) and the remaining is secured by pledged securities held by the pledging financial institution's agent in the Library's name as collateral for bank balances in excess of the FDIC insured amount. Cash deposited in bank accounts that is restricted for specific expenditures as specified by grant or other funding agreements is reported as restricted cash. The Library's deposits consisted of demand deposits and money market accounts.

Kentucky Revised Statutes authorize districts to invest in obligations of the United States and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies, deposits in national or state charter banks insured by federal agencies, repurchase agreements, and larger amounts in such institutions providing such banks pledge as security obligations of the United States government or its agencies.

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	Ending <u>Balance</u>
Land	\$ 2,987,724	\$ -	\$ -	\$ 2,987,724
Land Improvements	570,345	-	-	570,345
Buildings	14,258,142	-	-	14,258,142
Construction in Progress	5,785,919	6,178,164	-	11,964,083
Vehicles	22,558	-	-	22,558
Collection	3,419,567	343,543	(418,878)	3,344,232
Equipment and Furniture	<u>1,765,457</u>	<u>159,569</u>	<u>-</u>	<u>1,925,026</u>
 Total Cost	 28,809,712	 6,681,276	 (418,878)	 35,072,110
 Less:				
Accumulated Depreciation	(6,868,408)	(1,053,508)	418,878	(7,503,038)
 Net Book Value	 <u>\$ 21,941,304</u>	 <u>\$ 5,627,768</u>	 <u>\$ -</u>	 <u>\$ 27,569,072</u>

**NOTE 5 - LIABILITY FOR COMPENSATED ABSENCES**

Employees are allowed to accrue sick days. However, sick leave does not vest under the Library's policies and accordingly, employees can only utilize sick leave when sick. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

Employees are also allowed to accrue vacations hours, which are vested. Accordingly, the employee can be paid for unused vacation days upon termination.

A liability for accumulated vacation hours is accrued when incurred in the government-wide financial statements. The amount accrued in the government-wide financial statements is \$133,110 at June 30, 2022.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2022**

**NOTE 6 - EMPLOYEE'S PENSION PLAN**

*General Information about the Pension Plan*

*Plan description.* Employees of the Library are provided with pensions through the County Employees Retirement System (CERS)—a cost-sharing multiple-employer defined benefit pension plan. Per Kentucky Revised Statute Section 78.782 and 61.645, the Kentucky Public Pensions Authority (KPPA) oversees the administration and operation of the personnel and accounting systems for the CERS. KPPA issues a publicly available financial report that can be obtained at <https://kyret.ky.gov>.

*Benefits provided.* CERS provides retirement, disability, and death benefits. Retirement benefits are calculated based on a formula (final compensation times a benefit factor times years of service) and may be extended to beneficiaries of plan members under certain circumstances. Disability benefits are determined in a similar manner as retirement benefits, but vary based upon hire date, age and years of service. Death benefits vary based upon whether the employee was retired or working at the date of death and whether or not it was a duty-related death.

For retirement purposes, non-hazardous duty employees are grouped into three tiers, based on their hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced Retirement	27 years service or 65 years old
	Reduced Retirement	At least 5 years service and 55 years old, or At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 – December 31, 2013
	Unreduced Retirement	At least 5 years service and 65 years old, or Age 57+ and sum of service years plus age equal 87
	Reduced Retirement	At least 10 years service and 60 years old
Tier 3	Participation date	On or after January 1, 2014
	Unreduced Retirement	At least 5 years service and 65 years old, or Age 57+ and sum of service years plus age equal 87
	Reduced Retirement	Not available

Employees are vested in the plan after five years of service. Cost of living adjustments are provided at the discretion of the Kentucky General Assembly. No COLA has been granted since July 1, 2011.

*Contributions.* Kentucky Revised Statute Section 78.545(33) grants the authority to establish and amend the benefit terms to the CERS Board of Trustees (the Board). Tier 1 employees are required to contribute 5% of their annual creditable compensation. Tier 2 and 3 employees are required to contribute 5% of their annual creditable compensation plus an additional 1% of creditable compensation which is credited to the Insurance Fund. Employers contribute at the rate determined by the Board. The actuarially determined rates set by the Board for the year ended June 30, 2022 was 26.95%, of which 21.17% was for the pension fund and 5.78% was for the insurance fund. Contributions to the pension plan from the Library were \$514,149 for the year ended June 30, 2022, of which \$403,879 was for the pension fund and \$110,270 was for the insurance fund.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 6 - EMPLOYEE'S PENSION PLAN (CONTINUED)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2022, the Library reported a liability of \$4,444,878 for its proportionate share of the net pension liability. The net pension liability was based on an actuarial valuation performed on June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2021, using generally accepted actuarial principles. There have been no actuarial assumption or method changes since June 30, 2020. The Library's proportionate share of the net pension liability was determined using the Library's actual contributions for the fiscal year ending June 30, 2021. This method was expected to be reflective of the Library's long-term contribution effort. At June 30, 2021, the Library's proportion was 0.069715%, which was an increase of 0.000969% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Library recognized pension expense of \$607,176. At June 30, 2022, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 51,041	\$ 43,141
Changes of assumptions	59,656	-
Net difference between projected and actual earnings on plan investments	-	592,427
Changes in proportion and differences between Library contributions and proportionate share of contributions	126,767	-
Library contributions subsequent to the measurement date	403,879	-
	<u>\$ 641,343</u>	<u>\$ 635,568</u>

The \$403,879 reported as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 26,549
2024	(107,772)
2025	(131,364)
2026	(185,517)
2027	-
	<u>\$ (398,104)</u>



**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 6 - EMPLOYEE'S PENSION PLAN (CONTINUED)**

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.30% to 10.30%, varies by service
Payroll growth rate	2.00%
Investment rate of return	6.25%

The mortality table used for active members was a Pub-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for non-disabled retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of July 1, 2013 - June 30, 2018.

*Changes of assumptions.* Since the prior measurement date, there were no changes in assumptions.

*Discount rate.* The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate.

*Long-Term Expected Rate of Return.* The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Total	<u>100%</u>	

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 6 - EMPLOYEE'S PENSION PLAN (CONTINUED)**

*Sensitivity of the Library's proportionate share of the net pension liability to changes in the discount rate.* The following presents the Library's proportionate share of the net pension liability, calculated using the discount rate of 6.25%, as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Library's proportionate share of the net pension liability	\$ 5,700,767	\$ 4,444,878	\$ 3,405,659

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued KRS financial report.

**Payables to the pension plan**

The Library makes legally required contributions to the pension plan on a monthly basis. The monthly payment is due by the 10th of the following month. As of June 30, 2022, \$48,772 was payable to the pension plan, of which \$38,312 was for the pension fund and \$10,460 was for the insurance fund.

**NOTE 7 - POSTEMPLOYMENT BENEFITS**

*Plan description.* Employees of the Library are provided with health care benefits through the Kentucky Public Pensions Authority Insurance Fund (Insurance Fund)—a cost-sharing multiple-employer health insurance plan. The Insurance Fund is part of CERS. Per Kentucky Revised Statute Section 61.701, the CERS Board (the Board) of the Kentucky Public Pensions Authority (KPPA) administers the health insurance benefit. KPPA issues a publicly available financial report that can be obtained at <https://kyret.ky.gov>.

*Benefits provided.* The Insurance Fund provides hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The eligible Medicare retirees receive benefits through a Medicare Advantage Plan. The amount of plan premium (contribution) paid by the Insurance Fund is based on years of service and participation date. For members participating prior to July 1, 2003, members completing 20 or more years of service received 100% contribution. Members completing 15 – 19 years, 10-14 years, and 4-9 years received 75%, 50%, and 25% respectively. Members completing less than 4 years of service receive no insurance benefit. As a result of House Bill 290, medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The monthly dollar contribution for 2021 is \$13.78 for CERS Non-hazardous employees. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth of Kentucky so demands.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 7 - POSTEMPLOYMENT BENEFITS (CONTINUED)**

*Contributions.* Kentucky Revised Statute Section 78.545(33) grants the authority to establish and amend the benefit terms to the Board of KRS. Tier 1 employees are not required to contribute to the insurance fund. Tier 2 and 3 employees are required to contribute 1% of their creditable compensation to the insurance fund. Employers contribute at the rate determined by the Board. As stated in Note 6 Employee's Pension Plan, the actuarially determined rates set by the Board for the year ended June 30, 2022 was 26.95%, of which 21.17 % was for the pension fund and 5.78% was for the insurance fund. See Note 6 for contributions to the plan from the Library during the current fiscal year.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2022, the Library reported a liability of \$1,334,352 for its proportionate share of the net OPEB liability. The net OPEB liability was based on an actuarial valuation performed on June 30, 2020. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2021, using generally accepted actuarial principles. There have been no actuarial assumption or method changes since June 30, 2020. The Library's proportionate share of the net OPEB liability was determined using the Library's actual contributions for the fiscal year ending June 30, 2021. This method is expected to be reflective of the Library's long-term contribution effort. At June 30, 2021, the Library's proportion was 0.069699%, which was an increase of 0.000973% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Library recognized OPEB expense of \$169,018. At June 30, 2022, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 209,827	\$ 398,393
Changes of assumptions	353,762	1,241
Net difference between projected and actual earnings on plan investments	-	208,741
Changes in proportion and differences between Library contributions and proportionate share of contributions	96,019	635
Library contributions subsequent to the measurement date	154,176	-
	\$ 813,784	\$ 609,010

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 7 - POSTEMPLOYMENT BENEFITS (CONTINUED)**

The \$154,176 reported as deferred outflows of resources related to OPEB resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	\$ 69,275
2024	37,481
2025	18,542
2026	<u>(74,700)</u>
	<u>\$ 50,598</u>

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Investment rate of return	6.25%
Healthcare trend rates	Pre – 65: Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years Post – 65: Initial trend starting at 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years

The mortality table used for active members is PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For non-disabled retired members and beneficiaries, the mortality table used is the system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled retired members, the mortality table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of July 1, 2013 – June 30, 2018.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 7 - POSTEMPLOYMENT BENEFITS (CONTINUED)**

*Discount rate.* The discount rate used to measure the total OPEB liability was 5.20%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 30-year (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25% and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to the future expected benefit payments associated with the implicit subsidy.

The long-term expected rate of return on plan assets is the same as disclosed in Note 6 Employee's Pension Plan. Additionally, the target allocation and best estimates of arithmetic nominal rates of return for each major asset class are the same as disclosed in Note 6.

*Sensitivity of the Library's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the Library's proportionate share of the net OPEB liability, calculated using the discount rate of 5.20%, as well as what the Library's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Library's proportionate share of the net OPEB liability	\$ 1,832,056	\$ 1,334,352	\$ 925,904

*Sensitivity of the Library's proportionate share of the net OPEB liability to changes in the healthcare trend rate.* The following presents the Library's proportionate share of the net OPEB liability, calculated using the healthcare trend rate of noted above, as well as what the Library's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Library's proportionate share of the net OPEB liability	\$ 960,575	\$ 1,334,352	\$ 1,785,507

*OPEB plan fiduciary net position.* Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KRS financial report.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 7 – POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Payables to the OPEB plan**

The Library makes legally required contributions to the OPEB plan on a monthly basis. The monthly payment is due by the 10<sup>th</sup> of the following month. See Note 6 Employee’s Pension Plan for payable as of June 30, 2022.

**NOTE 8 – PROPERTY TAXES**

The Library’s ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real, personal and motor vehicle property located in Bullitt County. Property taxes are collected by the Bullitt County Sheriff, the Bullitt County Clerk, and the Commonwealth of Kentucky and remitted to the Library. Taxes are due on November 1 and become delinquent by January 1 following the October 1 levy date.

**NOTE 9 – BONDS PAYABLE**

The Library issued the Bullitt County Public Library General Obligation Bonds, Series 2006 in March 2006. The bonds are due in varying annual installments through June 15, 2025. The interest rate is 4.00%. The outstanding balance at June 30, 2022 is \$112,000. The bonds are scheduled to mature as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 36,000	\$ 4,536
2024	37,000	3,078
2025	<u>39,000</u>	<u>1,580</u>
Total	<u>\$ 112,000</u>	<u>\$ 9,194</u>

The Library issued the Bullitt County Public Library District General Obligation Bonds, Series 2020 in September 2020. The bonds are due in varying annual installments through December 1, 2049. The interest rate varies between 1.00% - 4.00%. The outstanding balance at June 30, 2022 is \$7,335,000. The bonds are scheduled to mature as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 185,000	\$ 153,910
2024	190,000	146,410
2025	200,000	138,610
2026	210,000	130,410
2027	215,000	121,910
After 2027	<u>6,335,000</u>	<u>1,439,015</u>
Total obligations	<u>\$ 7,335,000</u>	<u>\$2,130,265</u>

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 10 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended June 30, 2022:

	Beginning Balance	Increase	Decrease	Ending Balance
Accrued vacation	\$ 132,510	\$ 600	\$ -	\$ 133,110
Net pension liability	5,272,761	-	827,883	4,444,878
Net OPEB liability	1,659,524	-	325,172	1,334,352
Bond issue premium	167,177	-	5,764	161,413
Bonds payable	<u>7,656,000</u>	<u>-</u>	<u>209,000</u>	<u>7,447,000</u>
Total long-term obligations	<u>\$ 14,887,972</u>	<u>\$ 600</u>	<u>\$ 1,367,819</u>	<u>\$ 13,520,753</u>

**NOTE 11 – RISK MANAGEMENT**

The Library is exposed to various forms of losses associated with the risk of fire; personal liability; vehicular accidents; errors and omissions; torts; theft of, damage to, and destruction of assets; injuries to employee; and natural disasters. Each of these risk areas is covered through the purchase of commercial insurance. The Library has purchased certain policies that are retrospectively rated, which include worker's compensation insurance. There have been not significant reductions in coverage from the prior year and settlements have not exceeded coverage in that past three years.

**NOTE 12 – RISKS AND UNCERTAINTIES**

In March 2020, the COVID-19 virus was declared a global pandemic as it continued to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, was severely impacted for months and may continue to impact the economy. The Library has been carefully monitoring the situation and evaluating its options during the time. The future effects of these issues are unknown; therefore no adjustments have been made to these financial statements as a result of this uncertainty.

**NOTE 13 – MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS**

The Library has evaluated subsequent events through November 30, 2022, which is the date the financial statements were available to be issued. No events have occurred which would have a material effect on the financial statements of the Library as of that date.

THIS PAGE IS LEFT INTENTIONALLY BLANK.



**BULLITT COUNTY PUBLIC LIBRARY DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended June 30, 2022**

	Original and Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>REVENUES:</b>			
Property and vehicle taxes	\$ 6,375,000	\$ 7,794,908	\$1,419,908
Library fines and fees	15,000	31,367	16,367
Donations	2,000	3,319	1,319
Interest income	35,000	39,439	4,439
Rental income	-	17,909	17,909
Grants	40,000	59,425	19,425
Miscellaneous income	18,000	621	(17,379)
<b>TOTAL REVENUES</b>	<b>6,485,000</b>	<b>7,946,988</b>	<b>1,461,988</b>
<b>EXPENDITURES:</b>			
Salaries and wages	2,850,000	2,718,682	131,318
Retirement expense	540,000	473,653	66,347
Health/life insurance	490,000	389,762	100,238
Payroll tax	252,000	250,179	1,821
Telephone	25,000	20,463	4,537
Utilities	233,000	206,040	26,960
Insurance	65,000	92,116	(27,116)
Maintenance	195,000	164,093	30,907
Program supplies	90,000	103,060	(13,060)
Software support	85,000	165,700	(80,700)
Office supplies	65,000	45,501	19,499
Travel expense	33,000	3,977	29,023
Professional fees	125,000	128,650	(3,650)
Advertising and promotion	80,000	100,881	(20,881)
Staff training	55,000	24,763	30,237
Dues	12,000	4,975	7,025
Postage	6,500	2,273	4,227
Equipment/furniture/building	300,000	169,007	130,993
Miscellaneous	-	5,236	(5,236)
Library materials	772,500	650,130	122,370
Capital outlay	10,000,000	6,788,476	3,211,524
Debt service	380,300	376,023	4,277
<b>TOTAL EXPENDITURES</b>	<b>16,654,300</b>	<b>12,883,640</b>	<b>3,770,660</b>
<b>CHANGE IN FUND BALANCES</b>	<b>\$ (10,169,300)</b>	<b>\$ (4,936,652)</b>	<b>\$ 5,232,648</b>

**BUDGET TO GAAP RECONCILIATION:**

A reconciliation of the cash basis actual

	<u>General Fund</u>
<b>Sources/revenues:</b>	
Actual amounts (budgetary basis)	\$ 7,946,988
Differences - budget to GAAP:	
The Library budgets for property taxes and other revenues only to the extent expected to be received, rather than on the modified accrual basis.	(128,223)
Total revenues as reported on the governmental funds statement of revenues, expenditures, and changes in fund balances.	<u>\$ 7,818,765</u>
<b>Uses/expenditures.</b>	
Actual amounts (budgetary basis)	\$ 12,883,640
Differences - budget to GAAP:	
The Library budgets for expenditures only to the extent expected to be paid, rather than on the modified accrual basis.	(788,219)
Total expenditures as reported on the governmental funds statement of revenues, expenditures, and changes in fund balances	<u>\$ 12,095,421</u>

The accompanying notes to the budgetary comparison schedule are an integral part to this statement

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**June 30, 2022**

**NOTE 1 – BUDGETING POLICIES**

This Library follows the procedures established pursuant to Section 164.655 of the Kentucky Revised Statutes in establishing the budgetary data reflected in the financial statements. The budget for the general fund is adopted on a basis consistent with the cash basis of accounting. Budgeted amounts in the financial statements are as adopted by the Library Board.

**NOTE 2 – EXPLANATION OF DIFFERENCES**

The Library's budgetary process accounts for certain transactions on a basis other than the generally accepted accounting principles (GAAP) basis. The major differences between the budgetary basis and the GAAP basis is the revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues and expenditures are recorded on the modified accrual basis of accounting on the governmental fund statements.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**

**SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**County Employees Retirement System**

Last 10 Fiscal Years\*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Library's proportion of the net pension liability (asset)	0.069715%	0.068746%	0.066424%	0.064489%	0.056123%	0.052889%	0.045774%	0.042190%		
Library's proportionate share of the net pension liability (asset)	\$ 4,444,878	\$ 5,272,761	\$ 4,671,630	\$ 3,927,577	\$ 3,285,052	\$ 2,604,060	\$ 1,968,052	\$ 1,368,808		
Library's covered-employee payroll	\$ 1,787,427	\$ 1,760,910	\$ 1,671,725	\$ 1,600,904	\$ 1,366,451	\$ 1,253,993	\$ 1,052,406	\$ 967,910		
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	248.67%	299.43%	279.45%	245.33%	240.41%	207.66%	187.01%	141.42%		
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%		

\* The amounts presented for each fiscal year were determined as of one-year prior to the fiscal year end.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**SCHEDULE OF LIBRARY PENSION CONTRIBUTIONS**

**County Employees Retirement System**

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 403,879	\$ 357,585	\$ 352,897	\$ 281,562	\$ 238,942	\$ 194,615	\$ 155,746	\$ 134,182	\$ 132,991	
Contributions in relation to the contractually required contribution	<u>\$ (403,879)</u>	<u>\$ (357,585)</u>	<u>\$ (352,897)</u>	<u>\$ (281,562)</u>	<u>\$ (238,942)</u>	<u>\$ (194,615)</u>	<u>\$ (155,746)</u>	<u>\$ (134,182)</u>	<u>\$ (132,991)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Library's covered-employee payroll	\$ 1,893,681	\$ 1,787,427	\$ 1,760,910	\$ 1,671,725	\$ 1,600,904	\$ 1,366,451	\$ 1,253,993	\$ 1,052,406	\$ 967,910	
Contributions as a percentage of covered-employee payroll	21.33%	20.01%	20.04%	16.84%	14.93%	14.24%	12.40%	12.75%	13.74%	

The accompanying notes are an integral part of this statement.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**NOTES TO REQUIRED PENSION SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

*Changes of benefit terms:* The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

1. Tiered structure for benefit accrual rates
2. New retirement eligibility requirements
3. Difference rules for the computation of final average compensation

2014: A cash balance plan was introduced for members whose participation date is on or after January 1, 2014.

*Changes of assumptions.* The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2015

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set-back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

2017

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The assumed payroll growth was reduced from 4.00% to 2.00%.
- The assumed salary increase was reduced from 4.00% to 3.05%.

2019

- The assumed salary increase was adjusted from 3.05% to between 3.30% and 10.30%, depending on service.
- For active members, the mortality table used is a Pub-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For non-disabled retired members, the mortality table used is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled retired members, the mortality table used is a PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**

**SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**

**County Employees Retirement System**

Last 10 Fiscal Years\*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Library's proportion of the net OPEB liability (asset)	0.069699%	0.068726%	0.066427%	0.064486%	0.056123%					
Library's proportionate share of the net OPEB liability (asset)	\$ 1,334,352	\$ 1,659,524	\$ 1,117,272	\$ 1,144,936	\$ 1,128,264					
Library's covered-employee payroll	\$ 1,787,427	\$ 1,760,910	\$ 1,671,725	\$ 1,600,904	\$ 1,366,451					
Library's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	74.65%	94.24%	66.83%	71.52%	82.57%					
Plan fiduciary net position as a percentage of the total pension liability	62.91%	51.67%	60.44%	57.62%	52.39%					

\* The amounts presented for each fiscal year were determined as of one-year prior to the fiscal year end

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**SCHEDULE OF LIBRARY OPEB FUND CONTRIBUTIONS**

**County Employees Retirement System**

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 110,270	\$ 88,192	\$ 87,036	\$ 91,308	\$ 77,557	\$ 65,988				
Contributions in relation to the contractually required contribution	<u>\$ (110,270)</u>	<u>\$ (88,192)</u>	<u>\$ (87,036)</u>	<u>\$ (91,308)</u>	<u>\$ (77,557)</u>	<u>\$ (65,988)</u>				
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Library's covered-employee payroll	\$ 1,893,681	\$ 1,787,427	\$ 1,760,910	\$ 1,671,725	\$ 1,600,904	\$ 1,366,451				
Contributions as a percentage of covered-employee payroll	5.82%	4.93%	4.94%	5.46%	4.84%	4.81%				

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

*Changes of benefit terms:* The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2003: Medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003.

*Changes of assumptions.* The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2017

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The assumed payroll growth was reduced from 4.00% to 2.00%.
- The assumed salary increase was reduced from 4.00% to 3.05%.
- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years to an initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
- The assumed healthcare trend rates for post – 65 members reduced from an initial trend starting at 5.5% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years to an initial trend starting at 5.10% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.

2018

- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years to an initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
- The assumed healthcare trend rates for post – 65 members reduced from an initial trend starting at 5.10% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years to an initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.

2019

- The assumed salary increase was adjusted from 3.05% to between 3.30% and 10.30%, depending on service.
- For active members, the mortality table used is PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For non-disabled retired members, the mortality table used is the system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled retired members, the mortality table used is a PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

2020

- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years to an initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
- The assumed healthcare trend rates for post – 65 members reduced from an initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years to an initial trend starting at 2.90%, and increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.



**BULLITT COUNTY PUBLIC LIBRARY DISTRICT**  
**NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION (CONTINUED)**  
**June 30, 2022**

2021

- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years to an initial trend starting at 6.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
- The assumed healthcare trend rates for post – 65 members increased from an initial trend starting at 2.90% and increasing to a 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years to an initial trend starting at 5.50%, and gradually decreasing to an ultimate rate of 4.05% over a period of 14 years.



BRAMEL & ACKLEY, PSC

Certified Public Accountants and Business Advisors

859-341-6700 www.bramelackley.com  
1-877-585-6454 1885 Dixie Highway,  
Fax 859-578-3542 Suite 310  
info@bramelackley.com Ft. Wright, Kentucky 41011

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
Bullitt County Public Library District  
Sheperdsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Bullitt County Public Library District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Bullitt County Public Library District's basic financial statements, and have issued our report thereon dated November 30, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Bullitt County Public Library District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bullitt County Public Library District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bullitt County Public Library District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Bullitt County Public Library District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bramel & Ackley, P.S.C.*

November 30, 2022