MARSHALL COUNTY
Public Library

Audit Report

June 30, 2023

AUDIT REPORT

of the

MARSHALL COUNTY PUBLIC LIBRARY

For the fiscal year ended

JUNE 30, 2023

KIM HAM

CERTIFIED PUBLIC ACCOUNTANT

TAXES ◆ BOOKKEEPING ◆ AUDITING ◆ PAYROLL ◆ CONSULTING

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MEMBER,
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◆
MEMBER,
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Marshall County Public Library
Benton, Kentucky

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities of the Marshall County Public Library, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Marshall County Public Library's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Marshall County Public Library, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinions

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Marshall County Public Library and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Marshall County Public Library'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.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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*, I:

- 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 Marshall County Public Library'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Marshall County Public Library's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 pension and other postemployment benefits other than pensions (OPEB) information on pages 4 through 8 and on pages 32 through 36 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated December 20, 2023, on my consideration of the Marshall County Public Library's internal control over financial reporting and on my 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 my 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 Marshall County Public Library'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 Marshall County Public Library's internal control over financial reporting and compliance.

Benton, Kentucky
December 20, 2023

MARSHALL COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR JULY 1, 2022 THROUGH JUNE 30, 2023

This discussion and analysis of the Marshall County Public Library District (the Library) is offered by management as a narrative overview of the financial activities of the Library for the fiscal year July 1, 2022 - June 30, 2023. This information should be considered in conjunction with the Library's financial statements, notes to financial statements, and additional information contained in the audit.

Report Layout

This report consists of the Management's Discussion and Analysis (MD&A), government-wide statements (Statement of Net Position and Statement of Activities), fund statements (Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance), notes to the financial statements, and supplementary information. The Library's annual financial statements provide both long-term and short-term information about the Library's overall status. The Library operates as a single governmental entity. Governmental activities include basic services such as lending books and audio-visual materials; access to the Internet; reference services; programming for children, youth, and adults; database access; and other library services.

Basic Financial Statements

- The Statement of Net Position and the Governmental Fund Balance Sheet are presented in separate columnar format on a combined statement. The Statement of Net Position column focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of assets the Library owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and amounts unrestricted. The Statement of Net Position is reported on the accrual basis of accounting. The Governmental Fund Balance Sheet column reports only the current financial assets and liabilities of the Library. The Governmental Fund Balance Sheet is reported on the modified accrual basis of accounting.
- The Statement of Activities and Governmental Statement of Revenues, Expenditures and Changes in Fund Balance are presented in separate, columnar format on a combined statement. The Statement of Activities reports how the Library's net position changed during the year. All revenues and expenses are included regardless when cash is received or paid. On the Governmental Statement of Revenues, Expenditures and Changes in Fund Balance revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures, including capital outlay, are recorded when each liability is incurred, except for principal and interest on long-term debt which are reported when due.
- The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Library's financial condition.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years. When possible, significant changes from the prior year are explained in the following paragraphs.

MARSHALL COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FISCAL YEAR JULY 1, 2022 THROUGH JUNE 30, 2023

The following is a condensed version of the Statement of Net Position:

	June 30, 2023	June 30, 2022
Assets and Deferred Outflows:		
Cash	$ 2,792,704	$ 2,639,810
Receivables	71.568	48,656
Prepaid expenses	22.934	25,092
Land, property, equipment, collection	9,376,828	9,664,019
Deferred amounts related to pension – outflows	462,160	279,194
Deferred amounts related to other post-employment benefits – outflows	267,706	305,950
Total Assets and Deferred Outflows	12,993,900	12,962,721
Liabilities and Deferred Inflows:		
Accounts payable	60,575	49,628
Accrued expenses	195,370	178,365
Unearned grant revenue	1,500	0
Bonds payable	5,490,000	5,630,000
Bonds premium	27,878	28,993
Net pension liability	1,976,051	1,847,957
Net other post-employment benefits	539,381	554,750
Deferred amounts related to pension – inflows	320,142	386,427
Deferred amounts related to other post-employment benefits – inflows	347,948	352,587
Total Liabilities and Deferred Inflows	8,958,845	9,028,707
Net Position:		
Net Investment in Capital Assets	3,858,950	4,005,026
Unrestricted	176,105	(71,012)
Total Net Position	$ 4,035,055	$ 3,934,014

The following is a condensed version of the Statement of Activities:

	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022
Revenues:		
Program revenues:		
Charges for services	$ 17,216	$ 12,702
Grants and contributions	11,811	32,028
General revenues:		
Taxes	2,564,351	2,463,618
Other	1,396	2,577
Gain on disposal of fixed assets	1,197	0
Interest	7,771	6,538
Total Revenues	2,603,742	2,517,463
Expenses:		
General government - education	2,502,701	2,361,639
Loss on disposal of fixed assets	0	433,645
Total Expenses	2,502,701	2,795,284
Change in Net Position	101,041	(277,821)
Beginning Net Position	3,934,014	4,211,835
Ending Net Position	$ 4,035,055	$ 3,934,014

Governmental Activities

The Library's governmental revenues totaled $2,603,742 with the greatest revenue source being property taxes, which make up 98.5 percent of total governmental revenue. Property tax revenue had a 4.1 percent increase from the prior year. State and local grants and contributions represent 0.5 percent of total revenue, and charges for services represent .7 percent of total revenue, a 35.5 percent increase from the prior year. Interest income had an increase of 18.9 percent from the prior year and makes up .3 percent of total revenue.

The Library incurred expenses of $2,502,701 during the year, a 10.5 percent decrease from the prior year. The majority of governmental expense is associated with the staffing of the Library, which provides all library services, and represents 56.3 percent of total governmental expenses.

Capital Assets

At June 30, 2023, the Library had $9,376,828 invested in capital assets, including land, buildings, motor vehicles, furniture, equipment, and collection, a 3.0 percent decrease from the prior year.

Capital Assets at Year End:		
Land	$	678,143
Buildings and improvements		9,583,805
Bookmobile		65,676
Furniture and equipment		1,603,544
Print and non-print collection		431,439
Total		12,362,607
Less: Accumulated depreciation		2,985,779
Capital Assets, net	$	9,376,828

Budgetary Highlights:

- An IMLS grant of $10,000 was not completely spent in the 2022 cycle, and an extension was provided for the additional $3,562.
- The library received a $4,000 LSTA grant in the fall of 2022 to assist with continuing education for staff members.
- The library received funding from the Emergency Connectivity Fund to provide a hotspot lending program in the prior year. The federal government did not renew the ECF in the current year, which has put the full financial responsibility of 100 hotspots on the library, approximately $1,780 per month.
- Due to inflation, the library's janitorial service increased their pricing by 10%.
- The library completed two capital improvement projects during this fiscal year – updating the Calvert City meeting room flooring and lighting and upgrading our computer servers.
- The outdoor classroom/meeting room project was expected to be completed in the 2023 fiscal year. However, there were many delays caused by scheduling issues with the surveyor and also a property line problem. The project is now expected to begin in early 2024.

Economic Environment and Next Year's Budgets and Rates

Costs are still on the rise across the board. The library is particularly noticing a sizable increase in the price of necessary office supplies, such as toner. Going forward, adjustments may need to be made to ensure the library can meet the rising costs of supplies and services.

The MCPL Board of Trustees has approved the following capital projects for the upcoming fiscal year – adding an outdoor sign to the Calvert City location to match the ones at Benton and Hardin; sidewalk work at the Benton and Hardin locations; converting hanging lights at Hardin to LED; purchasing solvent recyclers for 3D printers; and increased ventilation in the MakerSpace. Two projects not completed in the 2023 fiscal year, the outdoor classroom/meeting space and drainage work at Hardin, will also be completed in the 2024 fiscal year.

Tax rates for the 2023-2024 fiscal year will be 8.6 for Real Property and 9.65 for Personal Property, which were calculated by the state as the compensating rates for this time period.

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, and patrons with a general overview of the Library's finances, comply with finance-related laws and regulations, and demonstrate the Library's commitment to public accountability. If you have any questions about the report or need additional information, we welcome you to contact the Director at the address below.

Tammy Blackwell, Director
Marshall County Public Library System
1150 Birch Street
Benton, KY 42025.

MARSHALL COUNTY PUBLIC LIBRARY
STATEMENT OF NET POSITION
June 30, 2023

		Governmental Activities
ASSETS:		
Current Assets:		
Cash and cash equivalents	$	2,792,704
Receivables:		
Taxes		60,988
Other		10,580
Prepaid expenses		22,934
Total Current Assets		2,887,206
Noncurrent Assets:		
Capital assets		12,362,607
Less: Accumulated depreciation		(2,985,779)
Total Noncurrent Assets		9,376,828
TOTAL ASSETS	$	12,264,034
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows related to pensions	$	462,160
Deferred outflows related to other postemployment benefits		267,706
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$	729,866
LIABILITIES:		
Current Liabilities:		
Accounts payable	$	60,575
Accrued compensated absences		153,840
Unearned grant revenue		1,500
Payroll liabilities		41,530
Current portion of outstanding bonds		145,000
Total Current Liabilities		402,445
Noncurrent Liabilities:		
Net pension liability		1,976,051
Net other postemployment benefits liability		539,381
Outstanding bonds, less current portion		5,345,000
Bonds premium		27,878
Total Noncurrent Liabilities		7,888,310
TOTAL LIABILITIES	$	8,290,755
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to pensions	$	320,142
Deferred inflows related to other postemployment benefits		347,948
TOTAL DEFERRED INFLOWS OF RESOURCES	$	668,090
NET POSITION:		
Net investment in capital assets	$	3,858,950
Unrestricted		176,105
TOTAL NET POSITION	$	4,035,055

The accompanying notes are an integral part of the financial statements.

MARSHALL COUNTY PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

		Program Revenues		Net Expense (Revenue) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS				
Governmental Activities:				
Education	$ 2,502,701	$ 17,216	$ 11,811	$ (2,473,674)
Total governmental activities	2,502,701	17,216	11,811	(2,473,674)
Total primary government	$ 2,502,701	$ 17,216	$ 11,811	(2,473,674)
General Revenues:				
Taxes				2,564,351
Investment earnings				7,771
Gain on disposal of fixed assets				1,197
Miscellaneous				1,396
Total general revenues				2,574,715
Change in net position				101,041
Net Position, beginning of year				3,934,014
Net Position, end of year				$ 4,035,055

The accompanying notes are an integral part of the financial statements.

MARSHALL COUNTY PUBLIC LIBRARY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	General Fund
ASSETS:	
Cash and cash equivalents	$ 2,792,704
Prepaid expenses	22,934
Receivables:	
Taxes	60,988
Other	10,580
TOTAL ASSETS	$ 2,887,206
LIABILITIES AND FUND BALANCES:	
LIABILITIES:	
Accounts payable	$ 60,575
Unearned grant revenue	1,500
Payroll liabilities	41,530
TOTAL LIABILITIES	103,605
FUND BALANCES:	
Unassigned	2,783,601
TOTAL FUND BALANCES	2,783,601
TOTAL LIABILITIES AND FUND BALANCES	$ 2,887,206

The accompanying notes are an integral part of the financial statements.

MARSHALL COUNTY PUBLIC LIBRARY
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2023

Total fund balance per fund financial statements	$	2,783,601
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets are not reported in the fund financial statements because they are not current financial resources, but they are reported in the statement of net position		9,376,828
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds		142,018
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the governmental funds		(80,242)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds		(8,033,310)
Liabilities for compensated absences are reported in the statement of net position when an employee is entitled to a compensated absence, but they are not reported in the fund financial statement until the financial resources are expended		(153,840)
Net position of governmental activities	$	4,035,055

The accompanying notes are an integral part of the financial statements.

MARSHALL COUNTY PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund
REVENUES:	
Property taxes	$ 2,564,351
State aid and other grants	9,181
Desk receipts	17,216
Interest	7,771
Donations	2,630
Other	1,396
TOTAL REVENUES	2,602,545
EXPENDITURES:	
Current:	
Advertising	21,134
Bookmobile	992
Building and grounds maintenance	107,874
Electronic expense	70,495
Employee benefits	123,156
Collection-database & other	92,832
Continuing education	21,615
Dues, memberships and licenses	6,406
Insurance	53,553
Miscellaneous	3,355
Office and program supplies	64,597
Payroll taxes	75,022
Professional fees	11,690
Retirement plan	218,654
Salaries	992,664
Utilities and telephone	77,765
Capital Outlay:	
Building, equipment, expansion, upgrade	75,814
Print and non-print collection	91,961
Debt Service:	
Principal	140,000
Interest and other charges	195,550
TOTAL EXPENDITURES	2,445,129
Excess (deficit) of revenues over expenditures before other financing sources (uses)	157,416
OTHER FINANCING SOURCES (USES):	
Proceeds from sale of surplus property	1,197
TOTAL OTHER FINANCING SOURCES (USES)	1,197
Net change in fund balance	158,613
Fund Balance, beginning of year	2,624,988
FUND BALANCE, END OF YEAR	$ 2,783,601

The accompanying notes are an integral part of the financial statements.

MARSHALL COUNTY PUBLIC LIBRARY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Net change in total governmental fund balances per fund financial statements	$ 158,613
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 was exceeded by depreciation expense	(287,191)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes financial resources of the governmental funds. Neither transaction however, has any effect on net position.	140,000
Certain expenditures reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds:	
Decrease in pension expense	121,157
Decrease in OPEB expense	(18,236)
Bond premium amortization	1,115
Increase in compensated absences	(14,417)
Change in net position of governmental activities	$ 101,041

The accompanying notes are an integral part of the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The basic financial statements of the Marshall County Public Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the Marshall County Public Library are described below.

B. Reporting Entity

The Marshall County Public Library was formed and operates as a public taxing district. The Marshall County Public Library was established in June 1954 by the Marshall County Fiscal Court.

The Marshall County Public Library is considered a separate entity, not a component unit subject to inclusion in the financial statements of any other government unit. Criteria considered in determining the reporting entity include evaluating oversight responsibility, financial interdependence, selection of board members and management personnel, influence over operations and accountability for fiscal matters.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the Library's operations include how the budget is adopted, whether debt is secured by general obligation of the Library, the Library's duty to cover any deficits that may occur and supervision over the accounting functions. Based on this, the primary government of the Library includes only the general fund.

As required by generally accepted accounting principles, these financial statements present the governmental activities of the Marshall County Public Library for the fiscal year ended June 30, 2023.

The Library does not have any discretely presented component units.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities. The Marshall County Public Library does not have any business-type activities.

The statement of activities demonstrates the degree to which direct expenses, of a given function or segment, are offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and Fund Financial Statements (Continued)

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported 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 were levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

The government reports the following fund of the financial reporting entity:

> The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government.

E. Assets, Liabilities and Net Position or Equity

Cash and Investments
Cash consists entirely of amounts in demand deposits as well as short-term investments with an initial maturity date within three months of the date acquired by the Marshall County Public Library. The Marshall County Public Library is permitted to invest in U.S. Treasury and Agency Obligations, certain other federal investments, repurchase agreements, the Commonwealth of Kentucky Investment Pool, and commercial banks' certificates of deposit.

Compensated Absences
Library employees are entitled to certain compensated absences based on their length of employment. Compensated absences are accrued when they are earned in the government-wide financial statements. A liability for these amounts is not reported in governmental funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (continued)

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Library has both deferred outflows and deferred inflows related to its pension plan and other postemployment benefits.

Net Pension Liability
For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS 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. The Library's proportionate share of pension amounts were further allocated to each participating employer based on the salaries paid by each employer. Pension investments are reported at fair value. Note 6 provides further detail on the net pension liability.

Net Other Postemployment Benefits (OPEB) Liability
For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and additions to/deductions from CERS fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The Library's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. OPEB investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. Note 6 provides further detail on the net OPEB liability.

Receivables and Payables
Property tax receivable is shown at the amount collected by county fee officials through June 30, 2023 and remitted to the Library thereafter for current taxes. Delinquent taxes are shown in receivables if received within 60 days after year end. Delinquent taxes not received within 60 days after year end are considered to be uncollectible. Property taxes are secured by a lien on the property, but uncollected amounts are fully reserved as of June 30.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (continued)

Fixed Assets
General capital assets are reported in the governmental activities' column of the government-wide statement of net position. The accounting and reporting treatment applied to capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets. When purchased, such assets are recorded as expenditures in the governmental funds. In accordance with provisions of GASB 34, the Library is not required to retroactively report infrastructure. Therefore, the Library has elected to only report infrastructure additions from July 1, 2003 and forward.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net position. The ranges of lives for depreciation purposes for each class are as follows:

Assets	Capitalization Threshold	Useful Life (Years)
Buildings and Building Improvements	$ 500	10-40
Furniture and Equipment	500	3-10
Print and Non-print Collections	500	3-5

Long-Term Obligations
In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as revenue and repayment of principal and interest reported as expenditures.

Fund Equity
In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into non-spendable and spendable components, if applicable.

Non-spendable includes amounts that must be maintained intact legally or contractually.

Spendable include the following:

- Restricted - amount constrained for a specific purpose by external parties, constitutional provisions, or enabling legislation.
- Committed - amounts constrained for a specific purpose by the board using its highest level of decision-making authority.
- Assigned - for all governmental funds, other than general fund, any remaining positive amounts not classified as non-spendable, restricted, or committed.
- Unassigned - for the general fund, amounts not classified as non-spendable, restricted, committed, or assigned. For all other governmental funds, amount expended in excess of resources that are non-spendable, restricted, committed or assigned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position or Equity (continued)

Fund Equity (Continued)
For resources considered committed, the Board issues an ordinance or resolution that can only be changed with another corresponding ordinance or resolution.

For resources considered assigned, the Board has designated the director to carry out the intent of the Board.

It is the policy of the Board to spend restricted resources first, when both restricted and unrestricted resources are available to spend on the activity. Once restricted resources are exhausted, then committed, assigned and unassigned resources will be spent in that order on the activity.

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in capital assets - this category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted - this category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - this resulting category presents the remaining library net position and this measure of equity is unrestricted, legally or otherwise.

Use of Estimates
Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

F. Reconciliation of Government-Wide and Fund Financial Statements

The statements include reconciliation between fund balances in the governmental funds and net position reported in the government-wide statements. These adjustments reflect the changes necessary to report the governmental fund balances on the economic resources measurement focus and accrual basis of accounting. A similar reconciliation is included in the statements to reflect the transition from the modified accrual basis of accounting for governmental funds to the accrual basis of accounting for the statement of activities. Capital outlay is replaced with depreciation expense and principal payments are not reported as an expense.

NOTE 2 - DEPOSITS

The primary government maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits
Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of June 30, 2023, all deposits were covered by FDIC insurance or a properly executed collateral agreement.

NOTE 3 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property, plus tangible personal property that is located within the Library's boundaries. All property taxes are levied as of July 1 based on the assessment values as of the previous January 1. Property taxes are due within 60 days after mailing by the sheriff's office. After that date, a penalty is imposed.

Assessed values are established by the County Property Valuation Administrator at 100% of appraised market value. The Library's tax rate applicable to the 2023 fiscal year was $.092 per $100 of assessed valuation for real estate and $.107 for tangible personal property.

NOTE 4 - INSURANCE

For the fiscal year ended June 30, 2023, Marshall County Public Library was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Not Being Depreciated:				
Land	$ 678,143	$ 0	$ 0	$ 678,143
Capital Assets Being Depreciated:				
Building and Improvements	9,542,700	41,105	0	9,583,805
Furniture and Equipment	1,753,776	34,708	119,264	1,669,220
Print, Non-print Collection	435,448	91,962	95,971	431,439
Total Capital Assets Being Depreciated	11,731,924	167,775	215,235	11,684,464
Less Accumulated Depreciation For:				
Buildings and Improvements	1,327,443	241,426	0	1,568,869
Furniture and Equipment	1,201,541	121,715	119,264	1,203,992
Print, Non-print Collection	217,064	91,825	95,971	212,918
Total Accumulated Depreciation	2,746,048	454,966	215,235	2,985,779
Total Capital Assets Net of Depreciation	$ 9,664,019	$ (287,191)	$ 0	$ 9,376,828

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:	
General Government	$ 454,966

NOTE 6 - RETIREMENT PLAN

County Employees Retirement System (CERS) Pension and Insurance Funds

Plan descriptions and benefits provided:

The Marshall County Public Library has elected to participate in the County Employees Retirement System (CERS), a cost sharing, multiple-employer, defined benefit pension plan pursuant to KRS 78.530 and is administered by Kentucky Public Pensions Authority (KPPA). The purpose of CERS is to provide retirement benefits to all regular full-time members employed in positions of each county, city, school board, and any additional eligible local agencies electing to participate. CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost of living (COLA) adjustments are provided at the discretion of the State Legislature. Under the provisions of Kentucky Revised Section 61.645, the Board of Trustees of Kentucky Public Pensions Authority administers the CERS.

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Pension and Insurance Funds (Continued)

Plan descriptions and benefits provided (Continued):

The CERS also provides other post-employment benefits through the Kentucky Public Pensions Authority Insurance Fund (Insurance Fund), which was established to provide hospital and medical insurance for members receiving benefits from CERS. The Insurance Fund is a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Kentucky Public Pensions Authority. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. The amount of contribution paid by the Insurance Fund is based upon years of service. All participants enrolled in CERS are automatically enrolled in both the insurance fund and the pension fund. Information regarding the Insurance Fund is contained in the financial statements of Kentucky Public Pensions Authority.

The Kentucky Public Pensions Authority issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained by writing or calling the plan.

Kentucky Public Pensions Authority
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601-6124
(502)564-4646

Contributions:

Contribution rates are established by the Kentucky Revised Statutes. The Library only had employees in non-hazardous positions. Non-hazardous plan members who began participating prior to September 1, 2008 are required to contribute 5% of their annual creditable compensation. Plan members who began participating on or after September 1, 2008 and before January 1, 2014 are required to contribute an additional 1% for retirement health insurance coverage. Plan members who began participating on or after January 1, 2014 are required to contribute to the Cash Balance Plan which is a hybrid plan with characteristics of both a defined benefit plan and a defined contribution plan. Members in the Cash Balance Plan are required to contribute at the same rates as plan members who began participating on or after September 1, 2008. The employer contribution plan rates for non-hazardous plan members were 26.79% for the year ended June 30, 2023. The required contribution rate is made up of a portion that is attributed to the insurance fund and a portion attributed to the pension fund. For non-hazardous contributions, 23.40% is the rate for the pension fund and 3.39% is the rate for the insurance fund. The pension contributions for the fiscal year ended June 30, 2023 were $190,986. The insurance contributions for the fiscal year ended June 30, 2023 were $27,668. The actuarially determined contribution requirements of plan members and the Library are established and may be amended by the KPPA Board of Trustees.

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Pension Fund

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

At June 30, 2023, the Library reported a liability of $1,976,051 for its proportionate share of the net pension liability. The total pension liability was rolled-forward from the actuarial valuation date of June 30, 2021 to the plan's fiscal year ended June 30, 2022, using generally accepted actuarial principles. The Library's proportion of the net pension liability was based on a projection of the Library's share of contributions to the pension plan relative to the total contributions of all participating employers, actuarially determined. At June 30, 2022, the Library's proportion was .027335%.

As a result of its requirement to contribute to the CERS pension fund, the Library recognized pension expense of $81,999 for the year ended June 30, 2023. At June 30, 2023, the Library reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirements to contribute to CERS:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability experience	$ 2,113	$ 17,598
Assumption changes	0	0
Investment experience	268,881	218,223
Change in proportion and differences between employer contributions and proportionate share of plan contributions	180	84,321
Library contributions subsequent to the measurement date	190,986	0
Total	$ 462,160	$ 320,142

Deferred outflows of resources in the amount of $190,986 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 ending June 30, 2024. 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	Amount
2024	$(52,928)
2025	(35,570)
2026	(16,606)
2027	56,136

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Pension Fund (Continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (Continued):

The net pension liability as of June 30, 2023, is based on the June 30, 2021 actuarial valuation as rolled-forward to the plan's fiscal year end of June 30, 2022 using generally accepted actuarial principles. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Deferred outflows and inflows related to differences between expected and actual experience, changes of assumptions, and changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over a period that represents the weighted average service life of active and inactive members of the plan (2.90 years for non-hazardous plans).

Actuarial assumptions:

The total pension liability, net pension liability, and sensitivity information for the actuarial valuation as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ended June 30, 2022, using generally accepted actuarial principles. An actuarial experience study was conducted for the five-year period July 1, 2013 to June 30, 2018. Subsequent to the actuarial valuation date (June 30, 2021), but prior to the measurement date, the KPPA Board of Trustees reviewed investment trends, inflation, and payroll growth historical trends. The Board did not update any actuarial assumptions in performing the actuarial valuation as of June 30, 2022 (a complete list of actuarial assumptions is listed in the Required Supplementary Information section of this report).

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 a System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is PUB-2010 Disabled Mortality Table, with a four-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 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 rates of return for each major asset class are summarized in the table on the following page:

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Pension and Insurance Funds (Continued)

Actuarial assumptions (Continued):

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Specialty Credit/High Yield	10.00%	2.28%
Core Bonds	10.00%	0.28%
Cash Equivalent	0.00%	-0.91%
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Total	100.00%	

Discount rate:

The discount rate used to measure the total pension liability was 6.25%. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the actuarially determined contribution rate of projected compensation over a closed 30-year amortization period of the unfunded actuarial accrued liability. The projection of cash flows includes an assumption regarding actual employer contributions made each future year. The future contributions are projected assuming each participating employer in KPPA contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy. This includes the phase-in provisions from House Bill 362 as well as the provisions which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028. Once the unfunded actuarial accrued liability is fully amortized, the employer will only contribute the normal cost rate and the administrative expense rate on the closed payroll for existing members.

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.

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Pension Fund (Continued)

Sensitivity of the Library's proportionate share of the net pension liability to changes in the discount rate (Continued):

	1% Decrease (5.25%)	Current Discount (6.25%)	1% Increase (7.25%)
Library's proportionate share of the net pension liability	$ 2,469,818	$1,976,051	$1,567,664

Pension plan fiduciary net position:

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

Payables to the pension plan:

At June 30, 2023, the financial statements include $22,951 in payables to CERS for the pension and insurance funds. These are legally required contributions to the plan. These amounts are not accounted for in the net pension liability.

County Employees Retirement System Insurance Fund (OPEB)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB:

At June 30, 2023, the Library reported a liability of $539,381 for its proportionate share of the net OPEB liability of non-hazardous employees. The total OPEB liability was rolled-forward from the actuarial valuation date of June 30, 2021 to the plan's fiscal year ended June 30, 2022, using generally accepted actuarial principles. The Library's proportion of the net OPEB liability was based on a projection of the Library's share of contributions to the OPEB plan relative to the total contributions of all participating employers, actuarially determined. At June 30, 2022, the Library's proportion was .027331% for non-hazardous employees.

The fully-insured premiums KPPA pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB Statement No. 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Insurance Fund (OPEB) (Continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB (continued):

As a result of its requirement to contribute to the CERS insurance fund, the Library recognized OPEB expense of $51,181 for the year ended June 30, 2023. At June 30, 2023, the Library reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirements to contribute to CERS:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability experience	$ 54,293	$ 123,693
Assumption changes	85,307	70,292
Investment experience	100,438	78,546
Change in proportion and differences between employer contributions and proportionate share of plan contributions	0	75,417
Library contributions subsequent to the measurement date	27,668	0
Total	$ 267,706	$ 347,948

Deferred outflows of resources in the amount of $27,668 for non-hazardous 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 ending June 30, 2024. 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	Amount
2024	$(31,568)
2025	(27,716)
2026	(45,294)
2027	(3,332)
2028	0

The net OPEB liability as of June 30, 2023 is based on the June 30, 2021 actuarial valuation as rolled-forward to the plan's fiscal year end of June 30, 2022 using generally accepted actuarial principles. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Deferred outflows and inflows related to differences between expected and actual experience, changes of assumptions, and changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over a period that represents the weighted average of the remaining service life of active and inactive members of the plan (4.82 years for non-hazardous plans).

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Insurance Fund (OPEB) (Continued)

Actuarial assumptions:

The total OPEB liability, net OPEB liability, and sensitivity information for the actuarial valuation as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ended June 30, 2022, using generally accepted actuarial principles. An actuarial experience study was conducted for the five-year period July 1, 2013 to June 30, 2018. Subsequent to the actuarial valuation date (June 30, 2021), but prior to the measurement date, the KPPA Board of Trustees reviewed investment trends, inflation, and payroll growth historical trends. Based on this review, the Board adopted the following updated actuarial assumptions which were used in performing the actuarial valuation as of June 30, 2022 (a complete list of actuarial assumptions is listed in the Required Supplementary Information section of this report):

Single discount rate - Prior measurement date: 5.20% for non-hazardous; Measurement date: 5.70% for non-hazardous
Municipal bond rate - Prior measurement date of 1.92%; Measurement date of 3.69%
Healthcare trend rates - Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years (Pre-65). Initial trend rate starting at 9.00% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years (Post-65)

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 a System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is PUB-2010 Disabled Mortality Table, with a four-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.

Senate Bill 209 increased the insurance dollar contribution for members hired on or after July 1, 2003, by $5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees when the member's applicable insurance fund is at least 90% funded. This is effective January 1, 2023. The bill allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA. There were no other material plan provision changes.

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Insurance Fund (OPEB) (Continued)

Actuarial assumptions (Continued):

The long-term expected rate of return on plan assets 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 following table:

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Specialty Credit/High Yield	10.00%	2.28%
Core Bonds	10.00%	0.28%
Cash Equivalent	0.00%	-0.91%
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Total	100.00%	

Discount rate:

The discount rate used to measure the total OPEB liability was 5.70% for non-hazardous. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the actuarially determined contribution rate of projected compensation over a closed 30-year amortization period of the unfunded actuarial accrued liability. The projection of cash flows includes an assumption regarding actual employer contributions made each future year. The future contributions are projected assuming that each participating employer in KPPA contributes the actuarially determined employer contribution rate each future year calculated in accordance with the current funding policy. The cost associated with the implicit employer subsidy was not included in the calculation of the KPPA's actuarial determined contributions and any cost associated with the implicit subsidy will not be paid out of the KPPA's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments from the retirement system; as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent interest rate. There was a change in the Municipal Bond Index Rate from the prior measurement date to the measurement date, so as required under GASB Statement No. 75, the single equivalent interest rate at the measurement date of 5.70% was calculated using the Municipal Bond Index Rate as of the measurement date of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. This change in the discount rate is considered a change in actuarial assumptions or other inputs under GASB Statement No. 75.

NOTE 6 - RETIREMENT PLAN (Continued)

County Employees Retirement System Insurance Fund (OPEB) (Continued)

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 for CERS non-hazardous calculated using the discount rate of 5.70%, 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 (4.70%) or 1-percentage-point higher (6.70%) than the current rate.

	1% Decrease (4.70%)	Current Discount (5.70%)	1% Increase (6.70%)
Library's proportionate share of the net OPEB liability	$ 721,066	$ 539,381	$ 389,188

The following presents the Library’s proportionate share of the net OPEB liability, as well as what the Library’s proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Library’s proportionate share of the net OPEB liability	$ 401,018	$ 539,381	$705,529

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued KPPA financial report.

Payables to the OPEB plan:

At June 30, 2023, the financial statements include $22,951 in payables to CERS for the pension and insurance funds. These are legally required contributions to the plan. These amounts are not accounted for in the net OPEB liability.

NOTE 7 - LONG-TERM DEBT

During 2018, the Library sold Marshall County Public Library General Obligation Bonds, Series 2018, in the amount of $6,130,000. The bonds were issued for the construction of a new facility. The bonds bear interest rates of 3% to 4% and interest payments are to be made semiannually beginning December 1, 2018. Principal payments are to be made annually on June 1 with final payment due June 1, 2048. The bonds were issued at a premium and as of June 30, 2023 the amortized bond premium was $27,878. Future bond maturities are as follows:

NOTE 7 - LONG-TERM DEBT (Continued)

Fiscal Year Ended June 30	Interest	Principal	Total
2024	$ 191,350	$ 145,000	$ 336,350
2025	187,000	150,000	337,000
2026	182,500	150,000	332,500
2027	178,000	155,000	333,000
2028	173,350	160,000	333,350
2029-2033	789,950	880,000	1,669,950
2034-2048	610,850	1,060,000	1,670,850
2039-2043	396,888	1,280,000	1,676,888
2044-2048	162,575	1,510,000	1,672,575
	$ 2,872,463	$ 5,490,000	$ 8,362,463

Changes in Long-Term Debt

Changes in long-term debt for the year ended June 30, 2023 consisted of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	$ 5,630,000	$ 0	$ 140,000	$ 5,490,000	$ 145,000
Total Long-Term Debt	$ 5,630,000	$ 0	$ 140,000	$ 5,490,000	$ 145,000

NOTE 8 - SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated events and transactions for potential recognition or disclosure through December 20, 2023, the date financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

MARSHALL COUNTY PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes	$ 2,437,275	$ 2,492,275	$ 2,564,351	$ 72,076
State aid and other grants	3,000	9,200	9,181	(19)
Interest	6,000	6,000	7,771	1,771
Other	15,000	18,000	21,242	3,242
Reserve	120,000	183,000	0	(183,000)
TOTAL REVENUES	2,581,275	2,708,475	2,602,545	(105,930)
EXPENDITURES:				
Current:				
Advertising/public relations	15,000	20,000	21,134	(1,134)
Bookmobile	2,000	2,000	992	1,008
Building and grounds maintenance	115,000	156,500	107,874	48,626
Electronic expense	75,000	75,000	70,495	4,505
Employee benefits	157,100	157,100	123,156	33,944
Collection-database & other	195,000	198,500	92,832	105,668
Continuing education	15,000	30,000	21,615	8,385
Dues, memberships and licenses	0	0	6,406	(6,406)
Insurance	55,000	54,000	53,553	447
Miscellaneous	3,000	3,000	3,355	(355)
Office and program supplies	54,525	63,135	64,597	(1,462)
Payroll taxes	83,500	83,500	75,022	8,478
Professional fees	18,100	19,190	11,690	7,500
Retirement plan	185,000	218,000	218,654	(654)
Salaries	1,041,500	1,041,500	992,664	48,836
Utilities and telephone	86,000	86,000	77,765	8,235
Capital Outlay	145,000	165,500	167,775	(2,275)
Debt service	335,550	335,550	335,550	0
Reserve	0	0	0	0
TOTAL EXPENDITURES	2,581,275	2,708,475	2,445,129	263,346
Excess (deficit) of revenues over expenditures before other financing sources (uses)	0	0	157,416	157,416
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of surplus	0	0	1,197	1,197
TOTAL OTHER FINANCING SOURCES (USES)	0	0	1,197	1,197
Net change in fund balance	0	0	158,613	158,613
Fund Balance, Beginning of Year	2,439,755	2,713,555	2,624,988	(88,567)
FUND BALANCE, END OF YEAR	$ 2,439,755	$ 2,713,555	$ 2,783,601	$ 70,046

The annual budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. The budget is submitted to the Board of Trustees, which revises and adopts the budget prior to the beginning of the fiscal year. The budget is presented in summary form to minimize necessary amendments; however, it also contains more detailed line item amounts for administrative control. Amendments may be adopted during the year as necessary to comply with KRS 91A.030.

The accompanying notes are an integral part of the financial statements.

MARSHALL COUNTY PUBLIC LIBRARY
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS) PENSION FUND
LAST NINE FISCAL YEARS*

	2023	2022
Employer's proportion of the net pension liability	0.027335%	0.028984%
Employer's proportionate share of the net pension liability (asset)	$ 1,976,051	$ 1,847,957
Employer's covered payroll	$ 816,179	$ 755,886
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	242.11%	244.48%
Plan fiduciary net position as a percentage of the total pension liability	52.42%	57.33%

* The amounts presented for each fiscal year were determined as of June 30 of the prior year. Until a full ten year trend is compiled, governments will present information only for those years for which information is available.

The total pension liability and net pension liabiltiy as of June 30, 2023 is based on the June 30, 2021 actuarial valuation as rolled-forward to the plan's fiscal year end of June 30, 2022 using generally accepted actuarial principles. The financial reporting actuarial valuation used the following actuarial methods and assumptions, applied to all prior periods included in the measurement.

Valuation date	June 30, 2021
Experience study:	July 1, 2013 - June 30, 2018 for 2020 through 2023; July 1, 2008 - June 30, 2013 for prior years
Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of payroll
Amortization period:	30 years
Asset valuation method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized each year
Inflation:	2.30%
Payroll growth:	2.00%
Salary increase:	3.30% to 10.30%, varies by service
Investment rate of return:	6.25%, net of pension plan investment expense, including inflation
Mortality:	For active members: PUB-2010 General Mortality Table projected with ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For non-disabled retired members and beneficiaries: System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For disabled members: PUB-2010 Disabled Mortality Table with a four-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 accompanying notes are an integral part of the financial statements.

2021	2020	2019	2018	2017	2016	2015
0.029540%	0.029565%	0.034070%	0.036690%	0.038310%	0.035240%	0.034150%
$ 2,265,694	$ 2,079,320	$ 2,074,723	$ 2,147,344	$ 1,886,168	$ 1,514,964	$ 1,108,000
$ 740,316	$ 793,296	$ 745,764	$ 840,584	$ 897,093	$ 911,660	$ 822,254
306.04%	262.11%	278.20%	255.46%	210.25%	166.18%	134.75%
47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%

NOTE: This schedule is based on the last measurement date of the net pension liability.

Changes in plan provisions: None
Changes of benefit terms: None
Changes of assumptions: None

MARSHALL COUNTY PUBLIC LIBRARY
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS) PENSION FUND
LAST NINE FISCAL YEARS*

	2023	2022
Contractually required contribution	$190,986	$160,021
Contributions in relation to the contractually required contribution	190,986	160,021
Contribution deficiency (excess)	$ 0	$ 0
Employer's covered payroll	$816,179	$755,886
Contributions as a percentage of covered payroll	23.40%	21.17%

* The amounts presented for each fiscal year were determined as of June 30. Until a full ten year trend is compiled, governments will present information only for those years for which information is available.

NOTE: This schedule is determined as of the employer's most recent fiscal year-end.

The accompanying notes are an integral part of the financial statements.

2021	2020	2019	2018	2017	2016	2015
$ 142,881	$ 153,106	$ 120,963	$ 121,717	$ 167,577	$ 155,536	$ 145,028
142,881	153,106	120,963	121,717	167,577	155,536	145,028
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 740,316	$ 793,296	$ 745,764	$ 840,584	$ 897,093	$ 911,660	$ 822,254
19.30%	19.30%	16.22%	14.48%	18.68%	17.06%	17.64%

MARSHALL COUNTY PUBLIC LIBRARY
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS) INSURANCE FUND
LAST SIX FISCAL YEARS*

	2023	2022
Employer's proportion of the net OPEB liability (asset)	0.027331%	0.028977%
Employer's proportionate share of the net OPEB liability (asset)	$ 539,381	$ 554,750
Employer's covered payroll	$ 816,179	$ 755,886
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	66.09%	73.39%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%

NOTE: This schedule is based on the last measurement date of the net OPEB liability.

The total OPEB liability and net OPEB liabiltiy as of June 30, 2023 is based on the June 30, 2021 actuarial valuation as rolled-forward to the plan's fiscal year end of June 30, 2022 using generally accepted actuarial principles. The financial reporting actuarial valuation used the following actuarial methods and assumptions, applied to all prior periods included in the measurement.

Valuation date	June 30, 2021
Experience study:	July 1, 2013 - June 30, 2018 for 2020 through 2023; July 1, 2008 - June 30, 2013 for prior years
Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of payroll
Amortization period:	30 years
Asset valuation method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized each year
Inflation:	2.30%
Payroll growth:	2.00%
Salary increase:	3.30% to 10.30%, varies by service
Investment rate of return:	6.25%, net of OPEB plan investment expense, including inflation
Mortality:	For active members: PUB-2010 General Mortality Table projected with ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For non-disabled retired members and beneficiaries: System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For disabled members: PUB-2010 Disabled Mortality Table with a four-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.

2021	2020	2019	2018
0.029532%	0.029558%	0.034070%	0.036690%
$ 713,108	$ 497,152	$ 604,906	$ 737,514
$ 740,316	$ 793,296	$ 745,764	$ 840,584
96.32%	62.67%	81.11%	87.74%
51.67%	60.44%	57.62%	52.39%

* The amounts presented for each fiscal year were determined as of June 30 of the prior year. Until a full ten year trend is compiled, governments will present information only for those years for which information is available.

Healthcare trend rates:	Initial trend starting at 6.20% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years (Pre-65). Initial trend starting at 9.00% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years (Post-65).
Changes in plan provisions:	Increased the insurance dollar contribution for members hired on or after July 1, 2003, by $5 for each year of service.
Changes of benefit terms:	None
Changes of assumptions:	The single discount rate changed from 5.20% to 5.70%. The municipal bond rate increased from 1.92% to 3.69%. The healthcare trend rates for Medicare Plans was increased from 6.20% to 9.00% based on a review of the healthcare per capita claims costs.

MARSHALL COUNTY PUBLIC LIBRARY
SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS) INSURANCE FUND
LAST SIX FISCAL YEARS*

	2023	2022
Contractually required contribution	$ 27,668	$ 43,690
Contributions in relation to the contractually required contribution	27,668	43,690
Contribution deficiency (excess)	$ 0	$ 0
Employer's covered payroll	$ 816,179	$ 755,886
Contributions as a percentage of covered payroll	3.39%	5.78%

* The amounts presented for each fiscal year were determined as of June 30. Until a full ten year trend is compiled, governments will present information only for those years for which information is available.

NOTE: This schedule is determined as of the employer's most recent fiscal year-end. Contractually required contributions do not include the expected implicit subsidy used in calculating the net OPEB liability.

The accompanying notes are an integral part of the financial statements.

2021	2020	2019	2018
$ 35,239	$ 37,761	$ 39,227	$ 39,507
35,239	37,761	39,227	39,507
$ 0	$ 0	$ 0	$ 0
$ 740,316	$ 793,296	$ 745,764	$ 840,584
4.76%	4.76%	5.26%	4.70%

ADDITIONAL REPORTS

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INDEPENDENT AUDITOR'S 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
Marshall County Public Library
Benton, Kentucky

I 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 of the Marshall County Public Library, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Marshall County Public Library's basic financial statements, and have issued my report thereon dated December 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Marshall County Public Library'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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Marshall County Public Library's internal control. Accordingly, I do not express an opinion on the effectiveness of the Marshall County Public Library'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.

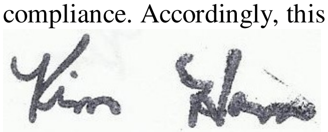
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Marshall County Public Library's financial statements are free from material misstatement, I 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 my audit and accordingly, I do not express such an opinion. The results of my 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 my 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.



Benton, Kentucky
December 20, 2023