

WOODFORD COUNTY LIBRARY DISTRICT
FINANCIAL STATEMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2020



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Woodford County Library District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Woodford County Library District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Woodford County Library District, as of June 30, 2020, 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.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, the schedule of pension contributions, the schedule of changes in benefits and assumptions- pension, schedule of proportionate share of the net OPEB liability, the schedule of OPEB contributions, and the schedule of changes in benefits and assumptions- OPEB on pages 3 through 5, and pages 25 through 31 be presented to supplement the basic financial statements. Such information, 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 December 9, 2020 on our consideration of the Woodford County 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 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 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 Woodford County Library District's internal control over financial reporting and compliance.

Craft, Waninger, Noble & Company, PLLC

Craft, Waninger, Noble & Company, PLLC
Richmond, Kentucky
December 9, 2020

The Woodford County Library District's management offers readers of the financial statements this narrative overview and analysis of the financial activities of the library for the fiscal year ended June 30, 2020. Please read this MD&A in conjunction with the Library's Financial Statements, which follow.

Financial Highlights

- I. The Library spent approximately 10.30% of its tax revenues on Library Materials.*
- II. The Library's income from property tax increased 5.95% from the previous fiscal year.*
- III. The Library continues to spend on improved computer equipment, facilities, and programming services.*

Overview of the Financial Statements

This annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of the Library. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The government-wide financial statements provide both long-term and short-term information about the Library's overall financial status. The fund financial statements focus on the current operational activity of the Library, reporting the Library's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year to year or government to government) and enhance the Library's accountability.

Government-Wide Statements

The government-wide statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the Library's finances is "Is the Library as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Library's activities in a way that will help answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net position of the Library and the changes in them. One can think of the Library's net position – the difference between assets and liabilities – as a way to measure the Library's financial position. Over time, increases or decreases in the Library's net position are one indicator of whether the Library is doing better or worse financially. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth and new or changed government legislation.

In the Statement of Net Position and the Statement of Activities, we look at the Library's overall activity.

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the Library's funds. The fund financial statements provide more information about the Library's funds and current year detail operations and not the Library as a whole.

The Library's fund statement encompasses the activity of the general fund. The general fund is the primary and only operating fund of the Library. It accounts for financial resources used for general types of operations. This statement offers a short-term view of the current year.

Financial Analysis of the Library as a Whole

Below is an analysis of the comparative statement of net position for the years ending June 30, 2020 and 2019:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Variance</u>
Capital assets, net of depreciation	\$ 5,929,457	\$ 5,660,933	\$ 268,524
Other assets	1,629,429	1,659,604	(30,175)
Deferred outflows	490,430	394,304	96,126
Long-term liabilities	1,812,290	1,557,871	254,419
Current liabilities	27,786	15,680	12,106
Deferred inflows	218,815	215,002	3,813
Invested in fixed assets	5,929,457	5,660,933	268,524
Unrestricted net position	60,968	265,355	(204,387)

Revenue and Expense Comparison for the years ended:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Variance</u>
Taxing district revenues	\$ 1,732,148	\$ 1,634,934	\$ 97,214
Grant revenues	16,336	16,336	-
Investment income	23,678	26,701	(3,023)
Public support	8,348	6,519	1,829
Other revenues	41,378	31,591	9,787
Total revenues	<u>1,821,888</u>	<u>1,716,081</u>	<u>105,807</u>
Personnel expenses	1,136,605	1,080,213	56,392
Library materials	178,431	177,578	853
General maintenance	29,670	39,063	(9,393)
Telecommunication	21,894	21,149	745
Postage	4,357	3,127	1,230
Utilities	54,114	45,530	8,584
Building repair and maintenance	43,715	32,540	11,175
Other operating expenses	445	155	290
Bookmobile operations	6,821	6,761	60
Computer expenses	73,502	66,289	7,213
Insurance	17,734	16,516	1,218
Continuing education	5,068	4,037	1,031
Public relations, dues	30,176	34,859	(4,683)
Professional services	17,132	16,299	833
Programming	16,686	28,375	(11,689)
Interest	-	-	-
Collection adjustment	(75,106)	(46,618)	(28,488)
Depreciation	194,511	191,160	3,351
Total expenditures	<u>1,755,755</u>	<u>1,717,033</u>	<u>38,722</u>
Change in net position	<u>\$ 66,133</u>	<u>\$ (952)</u>	<u>\$ 67,085</u>

The Library's main source of revenue is property tax, which is approximately 95.07% of the Library's total revenue. Other income sources included grants, donations, state aid, and fines and fees. The personnel expense represents 64.74% of total operating expenditures -- on par with the state average of 67%. Expenses related to the amortization of the CERS pension and OPEB expenses were \$151,509 for the year.

Capital Asset Activity

Capital asset activity included the purchase of new iPads, computers, servers, additional property, and the professional fees related to the purchase of the newly acquired property.

Budget Highlights

The Library adopts an annual budget at the May Board meeting after it has been presented in April for discussion. The budget is done through a cooperative team of Board members and staff members plus the Bookkeeper. Several meetings are held prior to the April Board meeting, and goals for the next year are established by the staff and possible expenditures related to those goals are identified. The Operating Budget includes proposed expenses and the means of financing them. The Library's operating budget is amended during the year if unusual events occur. A current Fiscal Year budget comparison for the current month and year to date is presented to management and the Board of Trustees as interim financial statements; however, they are not reported on, nor shown, on the financial statements section of this report. A procurement code, based on the KY Model Procurement Code has been established by the Board to give direction to larger spending amounts.

The Library has operated on a zero-balance budget so that at the end of the fiscal year each budget category reverts back to the new balance for the new year. Each year the library staff has worked diligently to keep the overall budget in line with the projected budget. Some categories may be over but in general the overall amounts are taken to the Board of Trustees for approval before the purchase is made. A summarized comparison of budget highlights is listed below:

	Budget Comparison for 2020 – 2019		
	<u>Budgeted</u>	<u>Actual Amount</u>	<u>Difference</u>
Net revenues	\$ 1,777,127	\$ 1,821,888	\$ 44,761
Personnel expenses	1,049,600	974,500	75,100
Library materials	182,000	178,431	3,569
General maintenance	43,000	29,670	13,330
Telecommunication	17,000	21,894	(4,894)
Postage	7,000	4,357	2,643
Utilities	53,000	54,114	(1,114)
Building repair and maintenance	50,000	43,715	6,285
Other operating expenses	2,500	445	2,055
Bookmobile operations	5,800	6,821	(1,021)
Computer expenses	100,000	73,502	26,498
Insurance	16,500	17,734	(1,234)
Continuing education	6,000	5,068	932
Public relations, dues	34,000	30,176	3,824
Professional services	21,000	17,132	3,868
Programming	25,000	16,686	8,314
Debt service and capital outlay	-	387,928	(387,928)
	<u>\$ 164,727</u>	<u>\$ (40,285)</u>	<u>\$ (205,012)</u>

Economic Factors and Next Year's Budget

The Library considered many factors when setting the fiscal year 2020 budget. One of the factors was the local economy and anticipated tax revenue to be expected from the property tax. This is the Library's main source of revenue. The Library's operating expense increases and future capital expansion plans are dependent upon growth in tax revenue.

Contacting the Library Management

The financial report is designed to provide the citizens of Woodford County with a general overview of the Library's finances and to demonstrate the Library's accountability of the money it receives. If you have questions about this report or need additional financial information, do not hesitate to contact the Director, Karen Kasacavage or the Treasurer, Patrick Hall.

Woodford County Library District
Statement of Net Position
June 30, 2020

Assets	
Cash and cash equivalents	\$ 1,590,916
Accounts receivable	16,171
Prepaid expenses	22,342
Fixed Assets:	
Depreciable buildings, property and equipment, net of depreciation	4,617,602
Nondepreciable assets including land and library collection	1,311,855
Total Fixed Assets	<u>5,929,457</u>
Total Assets	<u>7,558,886</u>
Deferred Outflows of Resources:	
Subsequent pension and OPEB contributions	127,606
Deferred outflows related to pensions	246,773
Deferred outflows related to OPEB	<u>116,051</u>
Total Deferred Outflows of Resources	<u>490,430</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 8,049,316</u>
Liabilities:	
Accounts payable	\$ 24,786
Current portion of compensated absences	3,000
Long-Term Obligations:	
Compensated absences	26,775
Net pension liability	1,441,000
Net OPEB liability	<u>344,515</u>
Total Liabilities	<u>1,840,076</u>
Deferred Inflows of Resources:	
Deferred inflows related to pensions	81,887
Deferred inflows related to OPEB	<u>136,928</u>
Total Deferred Inflows of Resources	<u>218,815</u>
Net Position:	
Invested in fixed assets	5,929,457
Unrestricted	<u>60,968</u>
Total Net Position	<u>5,990,425</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 8,049,316</u>

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

Woodford County Library District
Statement of Activities
For The Year Ended June 30, 2020

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
				Primary Government
Governmental activities				
Library Services	\$ (1,755,755)	14,516	24,684	\$ (1,716,555)
General Revenues:				
			Taxing district revenues	\$ 1,732,148
			Investment income	23,678
			Other income	26,862
			Total general revenues	1,782,688
			Change in net position	66,133
			Net position - beginning	5,924,292
			Net position - ending	\$ 5,990,425

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

Woodford County Library District
Balance Sheet
Governmental Fund
June 30, 2020

	Governmental Fund
Assets	
Cash and cash equivalents	\$ 1,590,916
Accounts receivable	16,171
Prepaid expenses	22,342
Total Assets	\$ 1,629,429
Liabilities	
Accounts payable	\$ 24,786
Compensated absences	3,000
Total Liabilities	\$ 27,786
Fund Balances	
Nonspendable	\$ 22,342
Unassigned	1,579,301
Total Fund Balances	\$ 1,601,643
 Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the fund	\$ 5,929,457
Deferred outflows, inflows, and net pension and OPEB liabilities related to the implementation of GASB 68 and 75 which are not receivable or payable in the current period and therefore, not reported in the fund	(1,513,900)
Certain liabilities (including compensated absences) are not due and payable in the current period and therefore, not reported in the fund	(26,775)
Net position of governmental activities	\$ 5,990,425

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

Woodford County Library District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For The Year Ended June 30, 2020

	Governmental Fund
Revenues	
Taxing district revenues	\$ 1,732,148
Grant revenues	16,336
Investment income	23,678
Public support	8,348
Other revenues	41,378
	1,821,888
Total Revenues	
Expenditures	
Personnel expenses	974,500
Library materials	178,431
General maintenance	29,670
Telecommunication	21,894
Postage	4,357
Utilities	54,114
Building repair and maintenance	43,715
Other operating expenses	445
Bookmobile operations	6,821
Computer expenses	73,502
Insurance	17,734
Continuing education	5,068
Public relations, dues	30,176
Professional services	17,132
Programming	16,686
	1,474,245
Total Current Expenditures	
Operating capital outlays	387,928
	1,862,173
Total Expenditures	
Net change in fund balance	(40,285)
Fund balance - beginning	1,641,928
Fund balance - ending	\$ 1,601,643

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

Woodford County Library District
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
 Balance of Governmental Fund to the Statement of Activities
 For The Year Ended June 30, 2020

Reconciliation to the Statement of Activities:

Net Change in Fund Balance - Governmental Fund	\$	(40,285)
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Government Funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets are allocated over their useful lives and reported as depreciation expenses.

Capital Outlay		387,928
Depreciation Expense		(194,511)
Collection Adjustment		75,106

Governmental Funds report pension and OPEB related expenses of \$127,606		
However, the Statement of Net Position reports pension and OPEB expenses calculated pursuant to GASB 68 and 75 of \$279,115.		(151,509)

Government Funds report expense as paid by the Organization; however, in the Statement of Activities, expenses are reported as due based on a 60-day accrual. Accordingly, the Statement of Activities recorded more expenses than the fund accounting due to accrued compensated absences.		(10,596)
		(10,596)

Change in Net Position of Governmental Activities	\$	66,133
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Woodford County Library District
Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Woodford County Library District was created in 1978 as a taxing district. This public library district was formed by the Woodford County Fiscal Court pursuant to K.R.S. 65.182 et. seq. and K.R.S. 173.450 et. seq. The public library district was created to provide all Woodford County residents with access to public library services, and to establish, equip, maintain and administer a countywide public library system. A countywide tax shall be collected for the public library district in the manner described in K.R.S. 65.182 and other applicable law. The affairs of the public library district shall be operated by a Board of Trustees as set forth by K.R.S. 173.450.

The Library opened at its present locations in 1904, and to preserve the historic location, underwent extensive renovations and expansion in 2006. To better serve the citizens of Woodford County a second branch was opened in Midway in 2009.

Basis of Presentation

The financial statements of the Woodford County Library District have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Standards Board is the accepted standards-setting body for establishing governmental accounting and financial reporting principles.

Government-Wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the library’s taxing district as a whole.

Fund Financial Statements – are organized into funds, each of which is considered separately. The library has only one such governmental fund that accounts for the daily operating activity of the library. A description of such fund is as follows:

- The General Fund is the primary and only operating fund of the library. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use.

Basis of Accounting

In the government-wide Statement of Net Position and the Statement of Activities, all activities are presented under the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available. Property taxes are recorded as revenue when collected and available to be remitted to the Library by county tax collection agencies. Expenditures are recognized when the related fund liability is incurred.

Cash and Cash Equivalents

The Library considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Budgeting

The Organization follows the procedures established pursuant to Section 91A.030 of the Kentucky Statutes in establishing the budgetary data reflected in the financial statements. Budgets for the general fund are adopted on a basis consistent with United States generally accepted accounting principles.

Woodford County Library District
Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Property Tax Revenues

In the government-wide statements, property tax revenues are recognized when they become available. Available property tax revenues include those property tax receivables expected to be collected within sixty days after year-end. Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided.

Property, Equipment and Depreciation

Property and equipment is stated at cost or, if donated, at the approximate fair value at the date of donation. All property and equipment purchases have been capitalized and recorded in the government-wide financial statements. Additionally, as all capital assets are directly utilized in the Library’s operating activities, an expense for capital outlays has been reported in the fund financial statements. The Library expenses all books and materials as purchased and does not capitalize such items.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation for the year ended June 30, 2020 was \$194,511.

Fund Balance

As of June 30, 2012, the Library implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision-making authority for the Library. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Only the Board may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

As of June 30, 2020 fund balances are comprised of the following:

	<u>General Fund</u>
Nonspendable	\$ 22,342
Unassigned	\$ 1,579,301

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Woodford County Library District
Notes to Financial Statements
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plan

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 County Employees Retirement System Non-Hazardous (“CERS”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions. 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.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Library maintains cash and cash equivalents in local banks which may, at times, exceed the FDIC limits. The Library’s cash and cash equivalents are categorized as either (1) insured or collateralized with securities held by the entity or by its agent in the entity’s name, (2) collateralized with securities held by the pledging financial institution’s trust department or agent in the entity’s name or (3) uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity’s name). The Library’s categorization as of June 30, 2020 was as follows:

Category 1	\$	500,000
Category 2	\$	1,125,828
Category 3	\$	-

NOTE 3 – CAPITAL ASSETS

The Library purchases various educational materials each year, some of which increase in value and some that depreciate. Rather than attempting to depreciate each unit, the Library values these materials based on a five-year rolling average. The average takes the costs of library materials over the most recent five-year period. During the year, the Library thoroughly reviewed and evaluated the collection resulting in an increase in the value of the collection of \$75,106.

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

<u>Governmental Activities</u>	<u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Construction in progress	12,100	341,891	-	353,991
Library collection	1,196,749	75,106	-	1,271,855
Buildings & Improvements	6,498,343	9,945	-	6,508,288
Furniture and equipment	1,031,605	36,092	-	1,067,697
Vehicles	79,185	-	-	79,185
Total at historical cost	<u>8,857,982</u>	<u>463,034</u>	<u>-</u>	<u>9,321,016</u>
Less: Accumulated Depreciation	<u>(3,197,048)</u>	<u>(194,511)</u>	<u>-</u>	<u>(3,391,559)</u>
Capital assets – net	<u>\$ 5,660,934</u>	<u>\$ 268,523</u>	<u>\$ -</u>	<u>\$ 5,929,457</u>

Woodford County Library District
Notes to Financial Statements
June 30, 2020

NOTE 4 – COMPENSATED ABSENCES

It is the Library’s policy to compensate all employees for certain absences not used at the end of their employment. As of June 30, 2020, the liability for these absences was \$29,775 and has been included in the personnel expenses. Such liability is recorded in the government-wide financial statements.

NOTE 5 – LONG-TERM OBLIGATIONS

A summary of changes in long-term debt follows:

	<u>Compensated Absences</u>	<u>Net Pension Liability</u>	<u>Net OPEB Liability</u>	<u>Total</u>
Payable at June 30, 2019	\$ 19,179	\$ 1,193,700	\$ 416,961	\$ 1,212,879
Increase in obligation	10,596	247,300	-	257,896
Decrease in obligation	-	-	(72,446)	(72,446)
Payable at June 30, 2020	<u>\$ 29,775</u>	<u>\$ 1,441,000</u>	<u>\$ 344,515</u>	<u>\$ 1,398,329</u>

NOTE 6 – STATE AID, GRANTS AND CONTRIBUTIONS

In the normal course of operations, the Library received grant funds from various Federal and State agencies. The grant programs are subject to audit of agents of the granting authority, the purpose of which is to ensure compliance with conditions pursuant to the granting of funds. Any liability for reimbursement, which may arise as the result of these audits, is not believed to be material. During the year ending June 30, 2020, the Library received state aid from the Kentucky Department of Libraries and Archives of \$16,336 for operations which were fully expended for Library materials.

Contributions were received from various donors and sources during the year. These contributions totaling \$8,348 were unrestricted and were spent on operations.

NOTE 7 – PROPERTY TAX CALENDAR

Property taxes for fiscal year 2020 were levied on October 1, 2019 on the assessed property located in Woodford County as of the preceding January 1. The assessments are determined by the County Property Valuation Administrator in accordance with Kentucky Revised Statutes. The due date collection periods for all taxes exclusive of vehicle taxes are as follows:

<u>Description</u>	<u>Date Per K.R.S. 134.020</u>
1. Due date for payment	Upon receipt
2. 2% discount applies	To November 30
3. Face value payment period	To December 31
4. Past due date, 5% penalty	January 1
5. Interest charge	16% effective January 1

Vehicle taxes are collected by the County Clerk of Woodford County and are due and collected in the birth month of the vehicle’s licensee.

Woodford County Library District
Notes to Financial Statements
June 30, 2020

NOTE 8 – RETIREMENT PLAN

The Library’s employees are provided with the County Employees Retirement System.

General information about the County Employees Retirement System Non-Hazardous (“CERS”)

Plan description—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided—CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years’ service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or at least 4 years of service and 65 years old
	Reduced retirement	At least 5 years service and 55 years old 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	After 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	Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years’ service and hire date multiplied by the average of the highest five years’ earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years’ service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent’s beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent’s monthly final rate of pay and any dependent child will receive 10% of the decedent’s monthly final rate of pay up to 40% for all dependent children. Five years’ service is required for nonservice-related disability benefits.

Contributions—Required contributions by the employee are based on the tier:

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

Woodford County Library District
Notes to Financial Statements
June 30, 2020

NOTE 8 – RETIREMENT PLAN (CONTINUED)

All current employees participating in County Employees Retirement Systems (CERS) are eligible for healthcare benefits provided by KRS in conjunction with their pension service benefits described. Retiree cost depends on length of service prior to retirement. Employer contribution rates are established annually by the KRS Board of Trustees. KRS issues separate stand-alone financial statements for the statewide multiple employer cost-sharing plan that provides other post-employment benefits for local government employees participating in CERS.

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

At June 30, 2020, the Library reported a liability for its proportionate share of the net pension liability for CERS. The amount recognized by the Library as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the Library were as follows:

Library's proportionate share of the CERS net pension liability	\$	1,441,000
Commonwealth's proportionate share of the CERS net pension liability associated with the Library		7,031,603,552
	\$	7,033,044,552

The net pension liability for each plan was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The Library's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2019, the Library's proportion was 0.020489% percent.

For the year ended June 30, 2020, the Library recognized pension expense of \$248,291 to CERS. At June 30, 2020, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual experience	\$ 36,793	\$ 6,089
Changes of assumptions	145,844	-
Difference between projected and actual earnings on plan investments	27,661	50,890
Changes in proportion and differences between Company contributions and proportionate share of contributions	36,475	24,908
Library contributions subsequent to the measurement date	102,361	-
Total	\$ 349,134	\$ 81,887

The \$102,361 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows on the next page.

Woodford County Library District
Notes to Financial Statements
June 30, 2020

NOTE 8 – RETIREMENT PLAN (CONTINUED)

Year ending June 30,

2021	\$	98,429
2022		44,140
2023		20,668
2024		1,649

Actuarial assumptions—The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.30%, average, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation

For CERS, the mortality table used for active members is Pub-210 General Mortality table, for the Non-Hazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, project with the ultimate rates from the MP-2014 mortality improvements scale using a base year of 2010. The mortality table used for health 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, project with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

For CERS, the long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates 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 current long-term inflation assumption is 2.30% per annum for both the non-hazardous and hazardous systems.

The target allocation and best estimates of nominal real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	18.75%	4.30%
International Equity	18.75%	4.80%
Core Bonds	13.50%	1.35%
Cash Equivalent	1.00%	0.20%
High Yield	15.00%	2.60%
Opportunistic	3.00%	2.97%
Real Estate	5.00%	4.85%
Real Return	15.00%	4.10%
Private Equity	<u>10.00%</u>	<u>6.65%</u>
Total	100.00%	3.89%

Woodford County Library District
Notes to Financial Statements
June 30, 2020

NOTE 8 – RETIREMENT PLAN (CONTINUED)

Discount rate—For CERS, the discount rate used to measure the total pension liability was 6.25%. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan’s fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each system. The projection of cash flows used to determine the single discount rate assumes that 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).

Sensitivity of the Library’s proportionate share of net pension liability to changes in the discount rate—The following table presents the net pension liability of the Library, calculated using the discount rates selected by each pension system, as well as what the Library’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	Discount rate	Library’s proportionate share of net pension
1% decrease	5.25%	\$ 1,802,283
Current discount rate	6.25%	\$ 1,441,000
1% increase	7.25%	\$ 1,139,875

Pension plan fiduciary net position—Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports of CERS.

The Library’s employees are provided with the County Employees Retirement System.

Other Post-Employment Benefits (OPEB) Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, the Library reported a liability for its proportionate share of the OPEB liability for CERS. The amount recognized by the Library as its proportionate share of the net OPEB liability, the related Commonwealth support, and the total portion of the net OPEB liability that was associated with the Library were as follows:

Library's proportionate share of the CERS net OPEB liability	\$ 344,515
Commonwealth’s proportionate share of the CERS net OPEB liability associated with the Library	1,681,610,435
	\$ 1,681,954,950

The net OPEB liability for each plan was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The Library’s proportion of the net OPEB liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2019, the Library’s proportion was 0.020489% percent.

Woodford County Library District
Notes to Financial Statements
June 30, 2020

NOTE 8 – RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2020, the Library recognized OPEB expense of \$30,824 related to CERS. At June 30, 2020, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual experience	\$ -	\$ 103,949
Changes of assumptions	101,946	682
Difference between projected and actual earnings on Plan investments	2,269	17,571
Changes in proportion and differences between Company contributions and proportionate share of contributions	11,836	14,726
Library contributions subsequent to the measurement date	25,245	-
Total	\$ 141,296	\$ 136,928

The \$25,245 reported as deferred outflows of resources related to OPEBs 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows related to OPEBs will be recognized as a decrease in OPEB expense as follows:

Year ending June 30,	
2021	\$ (3,786)
2022	(3,786)
2023	1,079
2024	(8,238)
2025	(5,559)
2026 and thereafter	(587)

Actuarial assumptions—The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Healthcare Cost Trend Rate	7.25%
Salary increases	3.30%, average, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation

For CERS, the mortality table used for active members is Pub-210 General Mortality table, for the Non-Hazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, project with the ultimate rates from the MP-2014 mortality improvements scale using a base year of 2010. The mortality table used for health 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, project with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

Woodford County Library District
Notes to Financial Statements
June 30, 2020

NOTE 8 – RETIREMENT PLAN (CONTINUED)

For CERS, the long-term expected rate of return was determined by using a building block method in which best estimates ranges of expected future real rates 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 current long-term inflation assumption is 2.30% per annum for both the non-hazardous and hazardous systems.

The target allocation and best estimates of nominal real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Equity	18.75%	4.30%
International Equity	18.75%	4.80%
Core Bonds	13.50%	1.35%
Cash Equivalent	1.00%	0.20%
High Yield	15.00%	2.60%
Opportunistic	3.00%	2.97%
Real Estate	5.00%	4.85%
Real Return	15.00%	4.10%
Private Equity	<u>10.00%</u>	<u>6.65%</u>
Total	100.00%	3.89%

Discount rate—For CERS, the discount rate used to measure the total OPEB liability was 5.68%. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.13%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 28, 2019. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan’s fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System’s actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System’s trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The projection of cash flows used to determine the single discount rate assumes that the funds receive the required employer contributions for future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018).

Sensitivity of the Library’s proportionate share of net OPEB liability to changes in the discount rate—The following table presents the net OPEB liability of the Library, calculated using the discount rates selected by each OPEB system, as well as what the Library’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	Discount rate	Library’s proportionate share of net OPEB liability
1% decrease	4.68%	\$ 461,508
Current discount rate	5.68%	\$ 344,515
1% increase	6.68%	\$ 248,120

Woodford County Library District
Notes to Financial Statements
June 30, 2020

NOTE 8 – RETIREMENT PLAN (CONTINUED)

Sensitivity of the Library’s proportionate share of net OPEB liability to changes in the healthcare cost trend rate—
The following table presents the net OPEB liability of the Library, calculated using the current healthcare cost trend rate selected by each OPEB system, as well as what the Library’s net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	Library’s proportionate share of net OPEB liability
1% decrease	\$ 256,217
Current healthcare cost trend rate	\$ 344,515
1% increase	\$ 451,586

*OPEB plan fiduciary net position—*Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued financial reports of CERS. The reports are available on the Kentucky Retirement Systems website.

NOTE 9 – RISK MANAGEMENT

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In addition to its general liability insurance, the library also carries commercial insurance for all other risks of loss such as worker’s compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 10- CORONAVIRUS (COVID-19) IMPACT

Prior to the year ending June 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a pandemic. COVID-19 continues to spread across the globe and is impacting worldwide economic activity and financial markets. The continued spread of the disease represents a significant risk that operations could be disrupted in the near future. The Organization was shut down to patrons from March 15, 2020 through June 15, 2020. All full-time staff continued to work from home with the exception of the Director and Assistant Director who worked at the library. All part-time staff were laid off. Staff were gradually brought back into the building when government restrictions allowed. At the current time the staff is still limited to 50% capacity due to government regulations. The extent to which COVID-19 may impact the Organization will depend on future developments and government regulations, which are highly uncertain and cannot be predicted. As a result, the Organization has not yet determined the impact this disruption may have on its financial statements for the year ending June 30, 2021.

NOTE 11 – SUBSEQUENT EVENTS

The Library is in the process of constructing a new library to better serve the patrons with increased space and services. This is an ongoing process and more will be represented in the following year financial statements as the Library continues to service its patrons to the best of its abilities.

Management of the Organization has considered subsequent events through December 9, 2020, the date this report became available for issuance.

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
Woodford County Library District
Versailles, 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 of Woodford County Library District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Woodford County Library District's basic financial statements, and have issued our report thereon dated December 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Woodford County 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 Woodford County Library District's internal control. Accordingly, we do not express an opinion on the effectiveness of Woodford County 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. (2020-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodford County 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*.



Woodford County Library District's Response to Findings

Woodford County Library District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Woodford County Library District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Craft, Waninger, Noble & Company, PLLC

Craft, Waninger, Noble & Company, PLLC
Richmond, Kentucky
December 9, 2020

WOODFORD COUNTY LIBRARY DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2020

FINDINGS- FINANCIAL STATEMENT AUDIT

2020-1

Criteria:

As discussed in *Standards for Internal Control in the Federal Government* published by the General Accounting Office of the United States, internal control is an integral component of an organization's management that provides reasonable assurance that an objective of reliable financial reporting is being achieved. Organizations should implement procedures to ensure this objective is achieved.

Condition:

During the audit procedures performed, instances of this objective not being completely achieved were noted.

Cause:

At present the Library does not have an individual with the required expertise for financial accounting and reporting necessary to successfully apply generally accepted accounting principles in regard to recording the entity's financial transactions and in drafting the financial statements and related disclosures.

Effect:

The Library did not have effective procedures in place to ensure that all accruals and adjustments that are needed have been appropriately recorded. Additionally, the Library's staff or contracted personnel did not collectively possess a full working knowledge of generally accepted accounting principles.

Organization Response and Corrective Action Plan:

At current the Library does not feel that it would be feasible to contract an individual with the required skill and knowledge at the cost to taxpayers. The constant board supervision will remain an integral part of the Library's interim financial statements.

We did not audit the Library's response and, accordingly, we express no opinion on it.

Woodford County Library District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For The Year Ended June 30, 2020

Revenues	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
Taxing district revenues	\$ 1,721,627	\$ 1,721,627	\$ 1,732,148	\$ 10,521
Grant revenues	16,500	16,500	16,336	(164)
Investment income	15,000	15,000	23,678	8,678
Public support	5,000	5,000	8,348	3,348
Other revenues	19,000	19,000	41,378	22,378
Total Revenues	<u>1,777,127</u>	<u>1,777,127</u>	<u>1,821,888</u>	<u>44,761</u>
Expenditures				
Current				
Personnel expenses	1,049,600	1,049,600	974,500	75,100
Library materials	182,000	182,000	178,431	3,569
General maintenance	43,000	43,000	29,670	13,330
Telecommunication	17,000	17,000	21,894	(4,894)
Postage	7,000	7,000	4,357	2,643
Utilities	53,000	53,000	54,114	(1,114)
Building repair and maintenance	50,000	50,000	43,715	6,285
Other operating expenses	2,500	2,500	445	2,055
Bookmobile operations	5,800	5,800	6,821	(1,021)
Computer expenses	100,000	100,000	73,502	26,498
Insurance	16,500	16,500	17,734	(1,234)
Continuing education	6,000	6,000	5,068	932
Public relations, dues	34,000	34,000	30,176	3,824
Professional services	21,000	21,000	17,132	3,868
Programming	25,000	25,000	16,686	8,314
Building fund	164,727	164,727	-	164,727
Total Current Expenditures	<u>1,777,127</u>	<u>1,777,127</u>	<u>1,474,245</u>	<u>302,882</u>
Operating capital outlays	-	-	387,928	(387,928)
Total Expenditures	<u>1,777,127</u>	<u>1,777,127</u>	<u>1,862,173</u>	<u>(85,046)</u>
Net change in fund balance	-	-	(40,285)	(40,285)
Fund balance - beginning	<u>1,641,928</u>	<u>1,641,928</u>	<u>1,641,928</u>	
Fund balance - ending	<u>\$ 1,641,928</u>	<u>\$ 1,641,928</u>	<u>\$ 1,601,643</u>	

See Independent Auditor's Report.

Woodford County Library District
Schedule of Proportionate Share of the Net Pension Liability
For the Years Ended June 30, 2020, 2019, 2018, 2017, 2016, 2015 and 2014

	2020	2019	2018	2017	2016	2015	2014
Library's proportion of the net pension liability	0.020489%	0.019600%	0.020741%	0.021053%	0.020510%	0.019834%	0.019834%
Library's proportionate share of the net pension liability	\$ 1,441,000	\$ 1,193,700	\$ 1,214,333	\$ 1,035,699	\$ 881,820	\$ 643,505	\$ 728,140
Library's covered employee payroll	\$ 530,366	\$ 517,798	\$ 501,224	\$ 509,742	\$ 501,924	\$ 478,520	\$ 455,035
Library's share of the net pension liability as a percentage of its covered employee payroll	271.70%	230.53%	242.27%	203.18%	175.69%	134.48%	160.02%
Plan fiduciary net position as a percentage of the total pension liability	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%	61.22%

Notes:

Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

See the following Schedule of Changes in Benefits and Assumptions for any changes during the periods shown above.

The amounts presented for each fiscal year were determined (measured) as of the previous fiscal year.

See Independent Auditor's Report.

Woodford County Library District
Schedule of Pension Contributions
For the Years Ended June 30, 2020, 2019, 2018, 2017, 2016, 2015, 2014 and 2013

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required employer contribution	\$ 102,361	\$ 83,987	\$ 72,577	\$ 71,108	\$ 62,339	\$ 61,012	\$ 62,522	\$ 52,693
Contributions relative to contractually required employer contribution	<u>\$ 102,361</u>	<u>\$ 83,987</u>	<u>\$ 72,577</u>	<u>\$ 71,108</u>	<u>\$ 62,339</u>	<u>\$ 61,012</u>	<u>\$ 62,522</u>	<u>\$ 52,693</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Company's covered employee payroll	\$ 530,366	\$ 517,798	\$ 501,224	\$ 509,742	\$ 501,924	\$ 478,520	\$ 455,035	\$ 417,531
Employer contributions as a percentage of covered-employee payroll	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%	12.62%

Notes:

Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

See the following Schedule of Changes in Benefits and Assumptions for any changes during the periods shown above.

Contractually required employer contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of CERS. The above contributions only include those contributions allocated directly to the CERS pension fund.

See Independent Auditor's Report.

Woodford County Library District
 Schedule of Changes in Benefits and Assumptions- Pension
 For the Year Ended June 30, 2020

County Employee Retirement System

Changes of benefit terms – The following changes were adopted during the 2018 legislative session.

- Benefits paid to the spouses of deceased members have been increased from 25% of the member’s final pay rate to 75% of the member’s average pay. If the member does not have a surviving spouse, benefits paid to surviving children have been increased from 10% of the member’s final pay to 50% of the average pay for one child, 65% of the average pay for two children, or 75% of the average pay for three children.

Changes in assumptions – The following changes were adopted by the Board of Trustees and reflected in the valuation performed as of June 30, listed below:

2019

- Updated the mortality tables from RP-2000 to Pub-2010

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 rate of wage inflation decreased by 0.95%
- The payroll growth assumption was reduced from 4.00% to 2.00%

2015

- 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 (setback one year for females). For disabled members the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (setback four year 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.
- Assumed rates of retirement, withdrawal, and disability were updated to more accurately reflect experience.

Method and assumptions used in calculations of actuarially determined contributions – The actuarially determined contributions rates are determined on an annual basis beginning with the fiscal years ended 2017, determined as of June 30, 2015. The amortization period of the unfunded liability has been reset as of July 1, 2014 to a closed 28-year period. The following actuarial methods and assumptions were used to determine contribution rates reports in that schedule:

Actuarial cost method	Entry age normal
Amortization method	Level of percentage of payroll
Remaining amortization period	28 years
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	3.25%
Salary increase	4.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

See Independent Auditor’s Report.

Woodford County Library District
Schedule of Proportionate Share of the Net OPEB Liability
For the Years Ended June 30, 2020, 2019, 2018, and 2017

	2020	2019	2018	2017
Library's proportion of the net OPEB liability	0.020489%	0.019600%	0.020741%	0.021053%
Library's proportionate share of the net OPEB liability	\$ 344,515	\$ 347,994	\$ 416,961	\$ 327,053
Library's covered employee payroll	\$ 530,366	\$ 517,798	\$ 501,224	\$ 509,742
Library's share of the net OPEB liability as a percentage of its covered employee payroll	64.96%	67.21%	83.19%	64.16%
Plan fiduciary net position as a percentage of the total OPEB liability	60.44%	57.62%	52.39%	55.24%

Notes:

Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

See the following Schedule of Changes in Benefits and Assumptions for any changes during the periods shown above.

The amounts presented for each fiscal year were determined (measured) as of the previous fiscal year.

See Independent Auditor's Report.

Woodford County Library District
Schedule of OPEB Contributions
For the Years Ended June 30, 2020, 2019, 2018, and 2017

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required employer contribution	\$ 25,245	\$ 27,236	\$ 23,558	\$ 24,111
Contributions relative to contractually required employer contribution	<u>\$ 25,245</u>	<u>\$ 27,236</u>	<u>\$ 23,558</u>	<u>\$ 24,111</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Company's covered employee payroll	 \$ 530,366	 \$ 517,798	 \$ 501,224	 \$ 509,742
Employer contributions as a percentage of covered-employee payroll	4.76%	5.26%	4.70%	4.73%

Notes:

Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

See the following Schedule of Changes in Benefits and Assumptions- OPEB for any changes during the periods shown above.

Contractually required employer contributions exclude the portion of contributions paid to CERS but allocated to the pension fund of CERS. The above contributions only include those contributions allocated directly to the CERS insurance fund.

See Independent Auditor's Report.

Woodford County Library District
Schedule of Changes in Benefits and Assumptions- OPEB
For the Year Ended June 30, 2020

County Employee Retirement System

Changes of benefit terms – The following changes were adopted during the 2018 legislative session.

- The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty.

Changes in assumptions – The following changes were adopted by the Board of Trustees and reflected in the valuation performed as of June 30, listed below:

2019

- Updated the mortality tables from RP-2000 to Pub-2010
- The single discount rate was decreased from 5.84% to 5.68%

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 rate of wage inflation decreased by 0.95%
- The payroll growth assumption was reduced from 4.00% to 2.00%

Method and assumptions used in calculations of actuarially determined contributions – The actuarially determined contributions rates are determined on an annual basis beginning with the fiscal years ended 2017, determined as of June 30, 2015. The amortization period of the unfunded liability has been reset as of July 1, 2014 to a closed 28-year period. The following actuarial methods and assumptions were used to determine contribution rates reports in that schedule:

Actuarial cost method	Entry age normal
Amortization method	Level of percentage of payroll
Remaining amortization period	28 years
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	3.25%
Salary increase	4.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation