

**REPORT OF THE AUDIT OF THE
LOGAN COUNTY
PUBLIC LIBRARY TAXING DISTRICT**

**For The Fiscal Year Ended
June 30, 2023**

**Tamara L Rice
Certified Public Accountant**

Member: Kentucky Society of Certified Public Accountants

LOGAN COUNTY
PUBLIC LIBRARY TAXING DISTRICT

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**TAMARA L RICE
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To the Board of Directors
Logan County Public Library Taxing District
Russellville, Kentucky

Independent Auditor's Report

Report on the Financial Statements

Opinions

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

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

Basis for Opinions

I conducted the audit in accordance with auditing standards generally accepted in the United State of America and standards applicable to financial statement audits contained in *Governmental 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 Financial Statements section of the report. I am required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to the audit. I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation of the 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 doubt about the Library's ability to continue as a going concern for twelve month beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To Logan County Public Library Taxing District
Board of Directors

Auditor's Responsibility

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance the generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detection a material misstatement resulting from fraud is higher than the 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 judgement 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess risk 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 amounts and disclosures in the financial statements.
- Obtain and 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 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charges with governance regarding among other matters, the planning scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

To Logan County Public Library Taxing District
Board of Directors

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, pension schedules, OPEB schedules and note to required supplementary information on pages 4, 34, 35 and 36 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Auditing 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurances of the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurances.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with Government Auditing Standards, I have also issued my report dated June 5, 2024 on my consideration of Logan County Public Library Taxing 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 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 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 Library's internal control over financial reporting and compliance.

Respectfully submitted,

Tamara L Rice

Tamara L Rice
Certified Public Accountant

June 5, 2024

**LOGAN COUNTY
PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD& A)
June 30, 2023**

As management of Logan County Public Library District (the Library) we offer readers of the Library's Financial statements this overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2023. Readers should consider the information presented here with additional information found in the audit.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Library's basis financial statements. The Library's financial statements and accompanying notes were prepared in accordance with Generally Accepted Accounting Principles applicable to governmental entities in the United States of America for governmental fund types. The report also contains other supplementary information in addition to the basic financial statements.

The governmental-wide financial statements are designed to provide readers with a broad overview of the Library's finances in a manner similar to that of the private sector businesses. The statements include:

Statement of net position presents the Library's assets, liabilities with the difference between the two reported as net position. Over time, the change in net position is an indicator of the improvement (an increase) or deteriorations (a decrease) in the Library's financial condition.

Statement of activities presents information showing how the Library's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flow. Some revenues and expenses reported in the statements will result in cash flow in future periods.

The fund financial statements provide information about the Library's general fund. This fund accounts for all financial resources of the Library which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) balances left at year-end that are available for spending. The governmental funds statement provides a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance Library's programs.

FINANCIAL HIGHLIGHTS

- The Library's total net position increased by \$206,941 over the course of this year's operations, representing an excess revenue over expenses of the District.
- The beginning cash and investment balance for the Library was \$2,589,609. The ending cash and investments balance for the Library was \$2,944,969 an increase of \$355,360.
- Total revenue increased by \$150,801 representing an increase of approximately 9% in total revenue from the previous year.
- Interest income increased by \$4,925 from the previous year interest income of \$1,998, to the current year interest income of \$6,923.
- Expenses increased by \$153,209, representing a 11% increase over expenditures from the previous year.

- Revenue exceeded expenditures indicating an increase in net position of \$206,941 for year ending June 30, 2023, as compared to an increase of \$355,668 for the previous year. A comparative analysis to the previous year is presented below:

Condensed Statement of Net Position		<u>June 30, 2023</u>	<u>June 30, 2022</u>
Current Assets:			
Cash		\$ 926,209	\$ 1,291,525
Investments		2,050,885	1,343,963
Total Current Assets		<u>2,977,094</u>	<u>2,635,488</u>
Noncurrent Assets:			
Capital Assets		3,386,993	3,589,371
Other Assets			7,116
Total Noncurrent Assets		<u>3,386,993</u>	<u>3,596,487</u>
Deferred Outflows of Resources			
Pension related		186,872	186,872
OPEB related		210,779	210,779
Total Deferred Outflow of Resources		<u>397,651</u>	<u>397,651</u>
Total Assets and Deferred Outflows		<u><u>6,761,738</u></u>	<u><u>6,629,626</u></u>
LIABILITIES			
Current Liabilities			
Accounts Payable		10,005	29,868
Accrued Payroll Liabilities		22,120	29,343
Current Portion of Long-Term Debt		80,000	
Total Current Liabilities		<u>112,125</u>	<u>59,211</u>
Noncurrent Liabilities			
Net Pension Liabilities		1,159,946	1,159,946
Net OPEB Liabilities		348,219	348,219
Bond Payable		2,130,000	2,257,743
Total Noncurrent Liabilities		<u>3,638,165</u>	<u>3,765,908</u>
Deferred Inflows of Resources			
Pension Related		242,178	242,178
OPEB related		192,090	192,090
Total Deferred Inflow of Resources		<u>434,268</u>	<u>434,268</u>
NET POSITION			
Net Investment in Capital Assets		1,176,993	1,331,628
Unrestricted		1,400,187	1,038,611
Total Net Position		<u>2,577,180</u>	<u>2,370,239</u>
TOTAL NET POSITION, DEFERRED INFLOWS AND LIABILITIES		<u>\$ 6,761,738</u>	<u>\$ 6,629,626</u>

As can be seen from the statement above nearly 47% of the Library's assets are current and mainly invested in cash as compared to 43% for the previous year.

Listed below is a comparative analysis from the statement of activities for the years ended June 30, 2023 and June 30, 2021

Condensed Statement of Activities

	FY 2023	FY 2022
Taxes	\$ 1,858,299	\$ 1,714,021
Grants and donations	23,254	7,223
Interest	6,923	1,998
Other	14,493	28,926
Total Revenues	<u>1,902,969</u>	<u>\$ 1,752,168</u>
EXPENDITURES		
Personnel	616,495	526,349
Fringe Benefits	301,033	296,380
General Operations	327,393	177,576
Library Materials	134,942	233,853
Continuing Education	12,199	8,760
Bookmobile Expense	1,753	1,138
Debt Service: Principal	80,000	75,000
Debt Service: Interest	73,794	75,344
Total Expenditures	<u>1,547,609</u>	<u>1,394,400</u>
Excess (Deficiency) of Revenues over Expenditures	<u>355,360</u>	<u>357,768</u>
Net Change in Fund Balances	355,360	357,768
Fund Balance Beginning	<u>2,589,609</u>	<u>2,231,841</u>
Fund Balance Ending	<u><u>2,944,969</u></u>	<u><u>2,589,609</u></u>

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statement provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements begin immediately following the basic financial statements. As of fiscal year ended June 30, 2022, the library had no material misstatements.

FINANCIAL ANALYSIS OF LIBRARY'S FUNDS

As discussed, government funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. Governmental funds reported ending fund balances of 2,944,969. The total ending fund balances of governmental funds show an increase of \$355,360 from the previous year.

CAPITAL ASSETS

Net book value of assets at June 30, 2023 is \$3,386,993, a decrease from 2022 of \$202,378.

LONG TERM DEBT

At June 30, 2023 the library had \$2,210,000 in general obligation bonds outstanding. This was a decrease of approximately 4% over last year. The decrease was due to normal repayment of bonds. Additionally, the library carried a \$1,159,946 net pension liability and a \$348,219 liability for other post-employment benefits.

BUDGET COMPARISONS

Actual revenue exceeded the budgeted revenue by \$85,469 representing 5% over budget. Budget appropriations for operating expenses and capital outlay were \$ 1,817,500 for the year while actual operating expenses and capital outlay were \$1,547,609. Additional comparisons are presented as required supplementary information on page 20.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, taxpayers, customers and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives. If you have questions about this report or need additional information contact the Logan County Public Library District 225 Armory Drive, Russellville, Kentucky 42276.

LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities
ASSETS	
Current Assets:	
Cash	\$ 926,209
Investments	2,050,885
Total Current Assets	2,977,094
Noncurrent Assets:	
Capital Assets	4,837,562
Accumulated Depreciation	(1,450,569)
Total Noncurrent Assets	3,386,993
Deffered Outflows of Resources	
Pension related	186,872
OPEB related	210,779
Total Deferred Outflow of Resources	397,651
Total Assets and Deferred Outflows	6,761,738
 LIABILITIES	
Current Liabilities	
Accounts Payable	10,005
Accrued Payroll Liabilities	22,120
Current Portion of Long-Term Debt	80,000
Total Current Liabilities	112,125
Noncurrent Liabilities	
Net Pension Liabilities	1,159,946
Net OPEB Liabilities	348,219
Bond Payable	2,130,000
Total Noncurrent Liabilities	3,638,165
Deffered Inflows of Resources	
Pension Related	242,178
OPEB related	192,090
Total Deferred Inflow of Resources	434,268
NET POSITION	
Net Investment in Capital Assets	1,176,993
Unrestricted	1,400,187
Total Net Position	2,577,180
TOTAL NET POSITION, DEFERRED INFLOWS AND LIABILITIES	\$ 6,761,738

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

LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2023

	<u>Governmental Activities</u>
Expenses	
Personnel	\$ 616,495
Fringe Benefits	301,033
General Operations	327,393
Library Materials	134,942
Continuing Education	12,199
Bookmobile Expense	1,753
Depreciation - Unallocated	202,377
Interest Expense	73,794
Other	26,041
TOTAL EXPENSES	<u>1,696,027</u>
PROGRAM REVENUE	
Charges for Services	13,926
Operating grants and Contributions	23,254
TOTAL PROGRAM REVENUES	<u>37,180</u>
NET PROGRAM EXPENSE	<u>1,658,847</u>
GENERAL REVENUES	
Taxes	1,858,299
Interest Income	6,923
Other	566
TOTAL GENERAL REVENUE	<u>1,865,788</u>
 CHANGE IN NET POSITION	 <u>206,941</u>
 NET POSITION , BEGINNING OF YEAR	 <u>2,370,239</u>
 NET POSITION, END OF YEAR	 <u>\$ 2,577,180</u>

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

**LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS**

June 30, 2023

	General Fund
ASSETS	
Cash	\$ 926,209
Cash-Restricted	2,050,885
TOTAL ASSETS	\$ 2,977,094
LIABILITIES AND FUND BALANCES	
Accounts Payable	\$ 10,005
Accrued Payroll Liabilities	22,120
TOTAL LIABILITIES	32,125
FUND BALANCE	
Unassigned	2,944,969
TOTAL FUND BALANCES	2,944,969
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,977,094

The accompanying notes are an integral part of the financial statements

**LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023
Continued**

**Reconciliation of the Balance Sheet - Governmental
Fund to the Statement of Net Position**

Total Fund Balance-Governmental Funds	\$ 2,944,969
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$4,837,562 and the accumulated depreciation is \$1450,569	3,386,993
Long-term liabilities are only recorded as paid per the District's modified cash basis of presentation. The government-wide financial statements include all long-term liabilities. Long-term liabilities at year-end consist of	
Bond Payable	(2,210,000)
Net Pension Liability	(1,159,946)
Net OPEB Liability	(348,219)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore not reported in the funds	
Deferred outflow of resources related to pensions	186,872
Deferred outflow of resources related to OPEB	210,779
Deferred inflow of resources related to OPEB	(192,090)
Deferred inflow of resources related to Pension Related	(242,178)
Net Position Of Governmental Activities	<u>\$ 2,577,180</u>

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

**LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended June 30, 2023**

	General Fund
REVENUES	
Taxes	1,858,299
Grants and donations	23,254
Interest	6,923
Other	14,493
Total Revenues	1,902,969
EXPENDITURES	
Personnel	616,495
Fringe Benefits	301,033
General Operations	327,393
Library Materials	134,942
Continuing Education	12,199
Bookmobile Expense	1,753
Debt Service: Principal	80,000
Debt Service: Interest	73,794
Total Expenditures	1,547,609
Excess (Deficiency) of Revenues over Expenditures	355,360
Net Change in Fund Balances	355,360
Fund Balance July 1, 2022	2,589,609
Fund Balance June 30, 2023	2,944,969

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

**LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For The Year Ended June 30, 2023

Total Net Change in Fund Balance - Governmental Funds	\$ 355,360
Current year bonds payable principal reported as expenditure in the governmental fund financial statements are shown as reduction in long-term debt in the government-wide financial statements.	80,000
Governmental funds report district pension and OPEB contributions as expenditures. However, in the Statement of Activities, the costs of benefits earned net of employee contributions was less than the costs of benefits earned net of employee contributions.	(26,042)
Depreciation is not recognized as an expense in the governmental funds since it does not require the use of the current financial resources. The effect of the current year's depreciation is to decrease net assets.	<u>(202,377)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 206,941</u></u>

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

LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. The Reporting Entity

The Logan Public Library Taxing District (District) is an independent special taxing district created for the purpose of providing library system services and facilities to the citizens of Logan County, Kentucky.

The District was established effective 1966, by Chapter 65.182 of the Kentucky Revised Statutes (KRS) and currently operates under the authority of KRS Chapter 173 with the exception of settling its tax rates, which are established according to KRS Chapter 132. It is governed by a five-member governing (Board of Trustees) board, appointed by the County Judge/Executive, with the approval of the Fiscal Court, from a list submitted from the Department of Libraries and Archives.

The District, for financial purposes, includes all of the funds relevant to the operations of the Logan County Public Library Taxing District. The financial statements presented herein do not include agencies which have been formed under applicable state law or separate and distinct units of government apart from Logan County Public Library Taxing District.

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

B. Basis of Presentation

Government-wide Statements: The statements of net position and the statement of activities display information about the primary government (the District). These statements include financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenue, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Library's governmental activities. Direct expenses are those that are specifically associated with a program or function, and therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenue, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Library's funds. Separate statements for each governmental fund category are presented. The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

**LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

The District reports the following major governmental funds:

The General Fund: The general fund is the Library's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

C. Budgets and Budgetary Accounting

The budgeted amounts in the financial statements are approved by the District board members on the cash receipts and disbursement basis of accounting prior to June 30. The treasurer presents a monthly report to the board explaining any variance from approved budget. The board may authorize supplemental appropriations during the year. Appropriations lapse at the end of each fiscal year.

D. Measurement Focus, Basis of Accounting

Government-wide financial statements. The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the year-end. Property taxes, franchise taxes, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

**LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Note 1. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus, Basis of Accounting (Continued)

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, and general revenue. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Library's policy to first apply cost-reimbursement grant resources to such program, and then apply general revenues.

E. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirement during the year. The District maintains a capitalization threshold of \$1,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

Property and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

	Years
Buildings and Improvements	25-50
Furniture and Equipment	10
Technology Equipment	5
Software	3
Books and Related Materials	7
Vehicle	10

F. Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual results may differ from those estimates.

**LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Note 1. Summary of Significant Accounting Policies (Continued)

G. Net position

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

H. Property Tax

Property taxes are assessed and collected each fiscal year according to the following property tax calendar.

Lien Date	January 1
Levy Date	October 1
Due Dates:	
With 2% Discount	
Without Discount	November 1
Past Due with 5% Penalty	December 31
Past Due with 10% Penalty	January 31
and 10% Sheriffs Fee	After January 31

The Logan County Sheriff bills and collects the Library's property taxes and remits collections to the District on a monthly basis.

I. Grants

The District records revenue from unrestricted grants in the period designated by the grantor. Revenue from restricted grants is recorded as revenue when the District has paid expenditures in compliance with the grant restrictions.

**LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Note 1. Summary of Significant Accounting Policies (Continued)

J. Pension and Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net pension and OPEB liabilities, deferred outflow of resources and deferred inflow of resources related to pensions and OPEB, and pension and OPEB expense information about the fiduciary net position of the County Employee Retirement System (CERS) for each, and additions to/deductions from fiduciary net position for each 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 term. 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.

K. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports the deferred amounts related to pensions and OPEB in the Statement of Net Position in this category. Deferred amounts related to pensions and OPEB include pension and OPEB contributions made during the current fiscal year but applicable to a future measurement period of the net pension and OPEB liabilities, respectively.

L. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to the future periods and so will not be recognized as an inflow of resource (revenue) until then. The District reports deferred amounts related to pensions and OPEB in the Statement of Net Position in this category.

M. New Financial Reporting Standards

In June 2017, GASB issued Statement No 87, Leases. The object of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increased the usefulness of governments financial statement by requiring recognition of certain leases assets and liabilities for leases that previously were classified as operating leases and recognized as inflow of resources or outflow of resources based on the payment provisions of the contract. It establishes a single model for lease accounting on the foundational principle that leases are financing of the right to use an underlying asset. Under this Statement; a lessee is required to recognize the lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the governments leasing activities. The Statement is effective for periods beginning after December 15, 2021. On May 8, 2021 the GASB, in light of the COVID-19 pandemic, provides temporary relief to governments by postponing the effective date for the fiscal years beginning after June 15, 2023. The District has not determined when impact, if any, this Statement will have on its financial statements.

**LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Note 2. Cash Deposits and Investments

A. Deposits

At June 30, 2023, the reported amount of District cash book balance was \$2,977,094, The bank balance was \$2,849,129. Of the bank balance \$750,000 was covered by federal depository insurance and \$2,096,130 was collateralized by securities held by the pledging financial institution's trust department or agent in the Library's name.

B. Credit Risk

Custodial credit risk is the risk that, in the event of failure of the custodian, the District may not be able to recover the value of the investments or collateral securities that are in possession of an outside party.

Under Kentucky Revised Statutes Section 66.480, the District is authorized the invest in obligations of the United States and its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or of its agencies, obligations of any corporation of the United States government, certificates of deposit, commercial paper, rated in one of the three highest categories nationally recognized rating agencies and shares in mutual funds. The district does not have an investment policy. The Library's exposure to losses arising from the credit risk and custodial risk is limited by the fact that all investments held by the District are insured or collateralized with securities held by the District or by its agent in the Library's name.

LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 3. Capital Assets

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

	Reporting Entity			Ending Balance
	Beginning Balance	Increases	Decreases	
Primary Government				
<u>Governmental Activities:</u>				
Capital Assets:				
Land	\$ 139,692			\$ 139,692
Building	3,517,085			3,517,085
Building Improvements	56,964			56,964
Collections	516,299			516,299
Furniture	289,796			289,796
Computers	116,731			116,731
Electronic	52,300			52,300
Equipment	98,741			98,741
General	2,086			2,086
Vehicle	47,868	-	-	47,868
Total Other Capital Assets	<u>4,837,562</u>	<u>-</u>	<u>-</u>	<u>4,837,562</u>
Less Accumulated Depreciation For:				
Building	596,749	70,783		667,532
Building Improvements	2,345	3,798		6,143
Collections	299,024	62,798		361,822
Furniture	160,918	24,497		185,415
Computers	84,513	15,072		99,585
Electronic	23,791	9,806		33,597
Equipment	61,366	11,686		73,052
General	2,086			2,086
Vehicle	17,400	3,937		21,337
Total Accumulated Depreciation	<u>1,248,192</u>	<u>202,377</u>	<u>-</u>	<u>1,450,569</u>
Governmental Activities Capital Assets, Net	<u><u>3,589,370</u></u>	<u><u>(202,377)</u></u>		<u><u>3,386,993</u></u>

**LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Note 4: Defined Benefit Pension and Other Post Employment Benefit Plan – Cost Sharing

Defined Benefit Plan

Plan Description – All full-time employees of the Logan County Public Library Taxing District are covered by the County Employees Retirement System (CERS). CERS is a cost-sharing multiple-employer defined benefit pension plan that covers all regular full-time members employed in non-hazardous duty positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. The plan provides for retirement, disability and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Prior to July 1, 2009 COLAs were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009 and on July 1 each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for more than 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month, the recipient has not been receiving benefits in the 12-month preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgement, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

The County Employee Retirement System issues a publicly available financial report that includes financial statement and required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Rd, Frankfort, KY 40601-6124, calling 502-696-8822, or on the internet at www.kyret.gov.

Contributions – For the fiscal year ended June 30, 2019, plan members who began participation prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. The participating employers were required to contribute an actuarially determined rate. Per Kentucky Revised Statutes Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contributions rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the fiscal year ended June 30, 2021, participating employers contributed 19.30%, respectively, of each employee's creditable compensation. The actuarially determined rates set by the Board for the fiscal year ended was 19.30%. Administrative costs of KRS are financed through employer contributions and investment earnings.

Plan members who began participating on, or after, September 1, 2008, were required to contribute 6% of their annual creditable compensation. Five percent of the contribution was deposited to the member's account while 1% was deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (See Kentucky Administrative Regulation 105 KAR 1:420E). Interest is paid each June 30 on member accounts at a rate of 2.5%. If a member terminated employment and applies to take a refund, the member is entitled to a full refund of contributions and interest, however, the 1% contribution to the 401(h) account is non-refundable and is forfeited. For plan members who began participating prior to September 1, 2008, their contributions remain at 5% of their annual creditable compensation.

LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 4: Defined Benefit Pension and Other Post Employment Benefit Plan – Cost Sharing (Continued)

Plan members who began participating on, or after, January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Non-hazardous members contribute 5% of their annual creditable compensation and 1% to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, and employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

The District has met 100% of its contribution funding requirement for the fiscal year ended June 30, 2023.

Pension Liabilities, Pension Expenses, Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability of \$1,159,946 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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 was based on a projection of the Library's long-term share of the contributions to the pension plan relative to the projected contribution of all participating entities, actuarially determined at June 30, 2021, the Library's proportion was 0.010528 percent which is an increase from 0.009259 percent, the Library's proportion at June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$119,162. At June 30, 2023, the District 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
Differences between expected and actual results	\$ 13,320	\$ 11,258
Changes of assumptions	15,568	-
Net differences between projected and actual earnings of Plan Investments	44,998	199,600
Changes in proportion and differences between District contributions and proportionate share of contributions	8,101	31,320
District contributions subsequent to the measurement date	104,885	-
Total	\$ 186,872	\$ 242,178

**LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

**Note 4: Defined Benefit Pension and Other Post Employment Benefit Plan – Cost Sharing
(Continued)**

**Pension Liabilities, Pension Expenses, Deferred Outflow of Resources and Deferred Inflows of
Resources Related to Pensions (Continued)**

Total pension liability

The total pension liability was determined by applying procedure to the actuarial valuation as of June 30, 2021 using actuarial methods and assumptions, applied to all prior periods included in the measurement:

Inflation	2.30 percent
Salary increases	3.30 to 10.30 percent, varies by service, including inflation
Investment rate of return	6.25 percent, net of pension plan investment expense, including inflation

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. The mortality table used for healthy 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 disabled member was Pub-2010 Disables Mortality Table, with a 4-year set forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using base year of 2010

The long-term expected return on plan assets is reviewed as a part of the regular experience studies prepared every five years for KRS. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimated inherent in current market data, and long-term distribution analysis in which best-estimate ranges of expected future real rated of return (expected return, net investment expense and inflation) were developed by the investment consultant for each major asset class.

These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market the alters expected returns in future years

**LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Actuarial Methods and Assumptions (Continued)

The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and adding the expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class as summarized in the following table:

<u>Asset Class</u>	<u>Allocation</u>	Long-Term Expected Real Rate of Return
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Cash	<u>1.50%</u>	-0.60%
Total	<u>100.00%</u>	

The long-term expected rate of return on pension plan assets was established by the KRS Board of Trustees at 6.25% based on a blending of the factors described above.

**LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Discount Rate

The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to describe the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. The long-term assumed investment rate of return was applied to all periods of benefit payments to determine the total pension liability.

Sensitivity of the Library's Proportionate Share of the Net Pension Liability to Change in the Discount Rate

The following presents the Library's proportionate share of net pension liability calculated using the discount rate of 6.25 percent, as well as what the Library's proportionate share of the net pension liability would be if it were calculated using discounted rate that is 1 percentage point lower (5.25 percent) or 1 percentage point higher (7.25 percent) than the current rate:

Plan Fiduciary Net Position – Detailed information about the plan fiduciary net position is available in the separately issued CERS financial report.

Other Post Retirement Benefit Plan

Plan Description – Employees of the District are provided hospital and medical insurance through the Kentucky Retirement System' Insurance Fund (Insurance Fund), a cost sharing multiple-employer defined benefit OPEB plan. The KRS was created by the state statute under Kentucky Revised Statute Section 61.645. The KRS Boar of Trustees is responsible for the proper operation and administration of the KRS. The KRS issues a publicly available financial report the can be obtained by writing to Kentucky Retirement System, Perimeter Park West, 1260 Louisville Rd, Frankfort, KY 40601 or by telephone at 502-564-4646.

Benefits Provided – the Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. The Insurance Fund pays the same proportion of hospital and medical insurance premiums for the spouse and dependents of retired hazardous members killed in the line of duty. As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on or after July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after July 12, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on, or after, July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard for a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5% based on Kentucky Revised Statutes, The Kentucky General Assembly reserves the right to suspend or reduce this benefit it, in its judgement the welfare of the Commonwealth so demands.

LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Other Post Retirement Benefit Plan (Continued)

Contributions – Contributions requirements of the participating employers are established and may be amended by KRS Board of Trustees. The Library’s contractually required contribution rate for the year ended June 30, 2023 was 5.78% of covered payroll. Contributions to the Insurance Fund from the District were \$28,636 for the year ended June 30, 2023. Employees that entered the plan prior to September 1, 2008 are not required to contribute to the Insurance Fund. Employees that entered the plan after September 1, 2008 are required to contribute 1% of their annual creditable compensation which is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:140E)

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

At June 30, 2023, the District reported a liability of \$348,219 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The Library’s proportion of the collective net OPEB liability and OPEB expense was determined using the employer’s actual contribution for fiscal year ended June 30, 2021. This method is expected to be relative of the employer’s long-term contribution effort. At June 30, 2021 the Districts’ proportion was .010526 percent which is an increase from 0.009257 percent, the Library’s proportion at June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$46,561. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	\$ 54,758	\$ 103,967
Changes of assumptions	92,320	324
Net differences between projected and actual earnings of Plan Investments	17,544	72,018
Changes in proportion and differences between District contributions and proportionate share of contributions	17,521	15,781
District contributions subsequent to the measurement date	28,636	-
Total	\$ 210,779	\$ 192,090

Deferred outflows of resources resulting from employer contributions subsequent to the measurement date of \$28,636 will be recognized as a reduction of net OPEB liability in the year ending June 30, 2023.

LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Other Post Retirement Benefit Plan (Continued)

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The remainder of the deferred outflows and deferred inflows of resources are amortized over three to five years with the remaining amortization as follows:

Year Ended Jun 30,	
2023	\$ 10,301
2024	2,018
2025	(931)
2026	(21,336)

Actuarial Assumptions

The total other postemployment benefit plan (OPEB) was determined by an actuarial valuation as of June 30, 2017 rolled forward to 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.30%
Payroll Growth	2.00%
Salary Increase	3.3% to 10.3%, varies by service
Investment rate of return	6.25%
Healthcare trend rates	

Pre-65 Initial trend starting at 6.25 percent January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05 percent over a period of 13 years.

Post-65 Initial trend starting at 5.05 percent January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05 percent over a period of 14 years.

The mortality table used for active members is Pub-2010 General Mortality Table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy 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 disabled member was Pub-2010 Disables Mortality Table, with a 4-year set forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using base year of 2010. Discount rate assumptions:

**LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Other Post Retirement Benefit Plan (Continued)

Discount Rate Assumptions

Discount Rate: The Discount rate used to measure the total OPEB was 5.20% which was the discount rate used in the prior year.

Projected Cash Flows: The projection of cash flows used to determine the discount rate of the local employers and plan members would contribute the actuarially determined contribution of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability

Long-Term Rate of Return: The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering fiscal years 2013 through 2018 is outline in a report dated April 30, 2021. However, the Board of KRS has the authority to review assumptions on a more frequent basis and adopt new assumptions prior to the next scheduled experience study. The long-term expected rate of return was determined by using a building-block method in which the best estimate ranges of expected future real rate of return 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.

Municipal Bond Rate: The discount rate determination used a municipal bond rate of 1.92% as reported in Fidelity Index "20- Year Municipal GO AA Index" as of June 30, 2021.

Period Projected Benefit Payments: Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation for the system's actuarial determined contribution, and it is the actuary's 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 the future expected benefit payments associated with the implicit subsidy.

Assumed Asset Allocations: The target asset allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0.00%
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Cash	1.50%	-0.60%
Total	<u>100.00%</u>	

LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Other Post Retirement Benefit Plan (Continued)

The long-term expected rate of return on pension plan assets was established by KRS Board of Trustees at 6.25% based on a blending of the factors described above.

Sensitivity Analysis: This paragraph requires disclosure of the sensitivity of the net OPEB liability to changes in the discount rate and changes in the healthcare cost trend rate.

The following presents the Library's allocated portion of the net OPEB liability of the System, calculated using the discount rate of 5.20% percent, as well as what the Library's allocated using a discount rate that is 1 percentage point lower (4.20 percent) or 1 percentage point higher (6.20 percent) than the current

	1% Decrease 4.20%	Current Discount Rate 5.20%	1% Increase 6.20%
Net OPEB Liability	478,102	348,219	241,626

The following presents the Library's allocated portion of the net OPEB liability of the System calculated using the healthcare cost trend rate of percentage as well as the Library's allocated portion of the Systems 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:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	250,677	348,219	465,955

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

Deferred Compensation Plan

The District participates in the Commonwealth of Kentucky Employees' Deferred Compensation Plan (Plan I) and the Kentucky Public Employed 401 (k) Deferred Compensation Plan (Plan II). Participation in the plan is voluntary and contributions are withheld from the participating employees' wages. No contributions are made by the District.

Note 5: Compensated Absences

Employees are allowed to accrue vacation hours, which are vested up to 140 hours. Accordingly, the employees can be paid for unused vacation days upon termination of employment up to 140 hours.

LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

Note 6: Debt

On November 20, 2012, the Library issued \$2,940,000 General Obligation Bonds for the construction of the library facility in Russellville, Kentucky. The Series 2012 Bond maturity date is June 30, 2043. The rates are 3.25%-3.50%

The Library, through the General Fund, is obligated to make payments in the amounts sufficient to satisfy debt service requirements on bonds issued by the Logan County Public Library District Property Corporation to construction facility.

Annual requirements to retire the debt as of June 30, 2023 are as follows:

<u>FYE</u> <u>June 30</u>	<u>Principal</u>	<u>Interest &</u> <u>Fees</u>	<u>Total Debt</u> <u>Service</u>
2024	\$ 80,000	\$ 71,794	\$ 151,794
2025	85,000	69,318	154,318
2026	85,000	66,769	151,769
2027	90,000	64,144	154,144
2028	90,000	61,444	151,444
2029-2033	495,000	262,131	757,131
2034-2038	585,000	173,041	758,041
2039-2043	700,000	63,000	763,000
	<u>\$2,210,000</u>	<u>\$ 831,641</u>	<u>\$3,041,641</u>

A summary of long-term liability activity for the year ended June 30, 2023 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Revenue Bonds	\$ 2,290,000	\$ 0	\$ 80,000	\$ 2,210,000	\$ 80,000
Governmental Activities Long-term Liabilities	<u>\$ 2,290,000</u>	<u>\$ 0</u>	<u>\$ 80,000</u>	<u>\$ 2,210,000</u>	<u>\$ 80,000</u>

**LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Note 7: Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), Fair Value Measurements and Disclosures provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritized the inputs to valuation used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable Inputs (Level 3 measurements).

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in an active market. This level includes common stocks, corporate bond or mutual fund based on the closing price reported in the active market where the securities are traded.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, inputs that are derived principally from or corroborated by observable market data by correlation, or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Liabilities itemized below were measured at fair value during the year ended using market and income approaches. The market approach was used for Level 2.

**LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2023**

Note 8. Fund Balance Reporting

As of March 2009, the Governmental Accounting Standards Board (CASB) issued Statement No.54 Fund Balance and Governmental Fund Type Definitions. In order to enhance how fund balance information is reported.

The District adopted GASB No. 54 at the beginning of its 2010-2011 year. In the governmental fund financial statements, fund balances 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 purpose because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws and regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the District Board. Commitments may be established, modified, or rescinded only through resolutions approved by the District 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 purpose. Only the District Board may assign amounts for specific purpose.

Unassigned – all other spendable amounts.

Note 9: Risk Assessment

The library is exposed to various risk 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 risk of loss such as worker's compensation and accident insurance. Any claims resulting from these risk have not exceeded commercial insurance coverage

Note 10: Subsequent Events

Management has evaluated subsequent events through June 5, 2024, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2023.

SUPPLEMENTAL INFORMATION

LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
BUDGETARY COMPARISON SCHEDULE
Required Supplementary Information
For The Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget (Over) Under
	Original	Final		
REVENUES				
Taxes	\$ 1,592,000	\$ 1,757,500	1,858,299	\$ (100,799)
Grants and Donations		20,000	23,254	(3,254)
Interest			6,923	(6,923)
Other	18,000	40,000	14,493	25,507
Total Revenues	<u>1,610,000</u>	<u>1,817,500</u>	<u>1,902,969</u>	<u>(85,469)</u>
EXPENDITURES				
Personnel	660,000	680,000	616,495	63,505
Fringe Benefits	323,000	330,000	301,033	28,967
General Operations	274,800	388,600	327,393	61,207
Library Materials	124,000	141,000	134,942	6,058
Continuing Education	10,000	14,000	12,199	1,801
Bookmobile Expense	4,000	4,000	1,753	2,247
Contingency	60,200	105,900		105,900
Debt Service: Principal	80,000	80,000	80,000	-
Debt Service: Interest	74,000	74,000	73,794	206
Total Expenses	<u>1,610,000</u>	<u>1,817,500</u>	<u>1,547,609</u>	<u>269,891</u>
Excess Revenue over expenses			355,360	(355,360)
Net changes in fund balance	<u>-</u>	<u>-</u>	<u>355,360</u>	<u>(355,360)</u>
Fund balance July 1, 2022	<u>2,589,609</u>	<u>2,589,609</u>	<u>2,589,609</u>	<u>-</u>
Fund Balance June 30, 2023	<u>\$ 2,589,609</u>	<u>\$ 2,589,609</u>	<u>\$ 2,944,969</u>	<u>\$ (355,360)</u>

LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
Required Supplementary Information

Schedule of the Library's Proportional Share of Net Pension Liability
County Employees' Retirement System
Last 10 Fiscal Years

Year Ended June 30	Contractually required contribution	Contributions relative to Contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2022	\$ 104,885	\$ 104,885	\$ -	\$ 495,442	21.17%
2021	\$ 89,689	\$ 89,689	\$ -	\$ 467,710	19.30%
2020	\$ 91,932	\$ 91,932	\$ -	\$ 476,332	19.30%
2019	\$ 78,969	\$ 78,969	\$ -	\$ 486,862	16.22%
2018	\$ 65,337	\$ 65,337	\$ -	\$ 451,222	14.48%
2017	\$ 54,923	\$ 54,923	\$ -	\$ 393,713	13.95%
2016	\$ 52,978	\$ 52,978	\$ -	\$ 426,554	12.42%
2015	\$ 48,643	\$ 48,643	\$ -	\$ 381,514	12.75%

Notes:

- 1) The amounts presented for each fiscal year were determined as of the prior year end which is the valuation date of the related liability.
- 2) This schedule is presented to illustrate the requirement to show information for 10 years. However, until 10-year trend is complied, governments should present information for those years which information is available.
- 3) Changes in Assumptions and Benefit Terms: Since the prior measurement date, the demographic and economic assumptions that affect the measurement of the total pension liability have not been updated.

LOGAN COUNTY PUBLIC LIBRARY TAXING DISTRICT
Required Supplementary Information

Schedule of the Library's Proportional Share of the OPEB Liability
County Employees' Retirement System
Last 10 Fiscal Years

Year Ended June 30	Contractually required contribution	Contributions relative to Contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2022	\$ 28,636	\$ 28,636	\$ -	\$ 495,442	5.78%
2021	\$ 2,220	\$ 2,220	\$ -	\$ 467,710	4.76%
2020	\$ 22,692	\$ 22,692	\$ -	\$ 476,332	4.76%
2019	\$ 25,609	\$ 25,609	\$ -	\$ 486,862	5.26%
2018	\$ 21,208	\$ 21,208	\$ -	\$ 451,222	4.61%

Notes:

- 1) The amounts presented for each fiscal year were determined as of the prior year end.
- 2) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present for those years, which information is available.

**LOGAN COUNTY
PUBLIC LIBRARY TAXING DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2023

Notes to Budgetary Comparison Schedule

Basis of Presentation

The District prepares its financial statements using accounting principle generally accepted in the United States of America (GAAP). The budget is prepared using the cash basis of accounting (budgetary basis), which is a comprehensive basis of accounting other than GAAP.

In the Budgetary Comparison Schedule – General Fund, the actual results of operations are presented in accordance with GAAP, and the budget is presented in accordance with the Library’s budgetary basis. No adjustments have been made to convert the actual data presented on the GAAP basis to the cash basis of accounting because the differences were deemed immaterial.

The amount reported as fund balance on the budgetary basis of accounting derives from the basis of accounting used in preparing the Library’s budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditure, and Changes in Fund Balances – Governmental Funds because of the cumulative effect of transactions such as those described above.

Notes to Pension Schedules

Benefits Change -During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25 percent of the member’s final rate of pay to 75 percent of member’s average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10 percent of members final pay rate to 50 percent of the average pay for one child, 65 percent of average pay for two children, or 75 percent of average pay for three children.

Changes In Assumptions- There have been no assumptions changes since the June 30, 2019. Senate Bill 249 passed during the 2021 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized of separate 20-year amortization basis. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2021.

The 2017 valuation, which is used to determine the Library’s proportionate share of the net pension liability at June 30, 2018, updated certain assumptions, including a decrease investment rate of return from 7.5 to 6.25 percent. The assumed rate of inflation was reduced from 3.25 to 2.30 percent. The payroll growth assumption was reduced from 4.00 to 2.00 percent.

The 2015 valuation, which is used to determine the Library’s proportionate share of net pension liability at June 30, 2016, updated certain assumptions, including a decrease in the assumed investment rate of return from 7.75 to 7.50 percent. The assumed rate of inflation was reduced from 3.50 to 3.25 percent. The assumed rate of wage inflation was reduced from 1.00 to .75 percent. The payroll growth assumption was reduced from 4.5 to 4.0 percent. The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013(multiplied by 50 percent for males and 30 percent for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB (set back one year for females). For disabled members, the RP-2000 Combined Mortality Table projected with Scales BB to 2013(set back four years for males) is used for the period after disability retirement. The assumed rates of retirement, withdrawal and disability were updated to more accurately reflected experience.

**LOGAN COUNTY
PUBLIC LIBRARY TAXING DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023 (Continued)**

OPEB Information

Benefit Changes -During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for the active members who die in the line of duty. The system shall now pay 100 percent of the insurance premiums for spouse and children of all active members who die in the line of duty.

Changes in Assumptions -The rate discount rate used to calculate the total OPEB liability decreased from 5.68 to 5.34 percent for Non-Hazardous Fund. The assumed increase in future healthcare costs, or trend assumptions, was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in medical costs. Also, the June 30, 2021 GASB 75 actuarial information reflects anticipated savings from the repeal of the "Cadillac Tax" and Health Insurer Fee" which occurred in December 2019. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee.

**TAMARA L RICE
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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

Board of Directors
The Logan County Public Library Taxing District
Russellville, KY

I have audited the financial statements of the governmental activities and each major fund of Logan County Public Library Taxing District as and for the year ended June 30, 2023 and the related notes to the financial statement, which collectively comprise the Library's basic financial statements, as listed in the table of contents and have issued my report thereon dated June 5, 2024. The Library's financial statements are prepared in accordance with generally accepted accounting principles accepted in the United States of America. 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Logan County Public Library Taxing Library's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Logan County Public Library Taxing Library's financial statements are free of 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 determination of financial statement amounts. 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 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.

Respectfully submitted,

Tamara L Rice

Tamara L Rice
Certified Public Accountant

June 5, 2024