MARION COUNTY
PUBLIC LIBRARY
AUDIT REPORT
JUNE 30, 2023

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

June 28, 2024

Board of Directors
Marion County Public Library
Lebanon, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marion County Public Library, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Marion County Public Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Marion County Public Library as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1M to the financial statements, in 2023, Marion County Public Library adopted new guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* Our opinion is not modified with respect to this matter.

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will detect a material misstatement when it exists. The risk of not detecting misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Marion County Public Library's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, schedules of the library's proportionate share of net pension liabilities, and the schedules of the library's proportionate share of net other post-employment benefits on pages 3 through 8 and pages 31 through 34 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 a report dated June 28, 2024 on our consideration of Marion County Public Library'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 Marion County Public Library's internal control over financial reporting and compliance.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

MARION COUNTY PUBLIC LIBRARY
Lebanon, KY
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023

This section of the Marion County Public Library's annual financial report presents our discussion and analysis of the Library's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the transmittal letter at the end of this report and the Library's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The ending unrestricted cash balance for the Public Library Account was $951,363.
- A separate account was opened in FY16-17 to hold the income from the Public Library Building Grant provided by the State. This account had a balance of $114,240. The account is non-interest bearing and funds may only be utilized to pay the debt payments associated with the building project.
- A separate account was opened in FY 17-18 to hold proceeds from Bonds sold to fund the construction project. This account had a balance of $3,631. The account is interest bearing and funds may only be utilized to pay for expenses associated with the building project.
- The Public Library had a total of $1,060,481 of revenue for the year ended June 30, 2023.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements are comprised of four parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Library.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Library's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Library's government, reporting the Library's operations in more detail than the government-wide statements.
- The government fund statements tell how the Library's related activities were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains how the required parts of this annual report are arranged and are related to one another.

The government-wide statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities according to generally accepted accounting principles.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

ADDITIONAL FINANCIAL INFORMATION

The Marion County Public Library is a Special Purpose Government Entity authorized under KRS 173.720. The Library Board sets and approves the budget based on the annual fiscal year starting July 1st running through June 30th. The Governing Board is a five-member board with fixed terms as specified by law.

Over the course of the year, the Board monitors the budget. The estimated 2020 census shows a county population of 19,581. Marion County maintains a relatively low tax rate of 4.8 cents per $100 assessed value for real property and 4.8 cents per $100 assessed value for personal property in 2022-2023.

During the fiscal year 2022-2023, Marion County Public Library received $1,060,481 total revenue. Of that amount, $902,580 was from tax revenue. We received about 85% of the total revenue from local property, vehicle, and other taxes. As of June 30, 2023, the Library District had an available operating cash balance of $951,363.

In the 2016-17 FY the library was awarded a state funded Public Library Building Grant. Grant holdings must be held in an account separate of (non-interest bearing) the operating fund. The balance on this account was $114,240 on June 30, 2023. These funds may only be utilized in paying towards the bond payments associated with the Building Project that began its construction phase in December 2017.

In the 2017-18 FY the library received Bond Proceeds to fund the Building Project. These proceeds are held in an account separate of the operating fund. The balance in the account was $3,631 on June 30, 2023. These funds may only be utilized in paying costs associated with the Building Project.

Total cash, restricted cash, and certificates of deposit at June 30, 2023 were $1,079,234.

The library receives its tax income in uneven amounts. A large portion of the tax income is received when the real estate property taxes are collected and distributed sometime in the final calendar quarter of the year. The rest of the income comes in unequally and usually diminishing amounts throughout the year. Some of the apparent surplus is actually needed to tide us over well into the next fiscal year, as our fiscal year ends in June, but the majority of the tax receipts are not available to the Library until November and December. Any additional savings surplus becomes available for the library to use for capital improvements. It also serves as an emergency/contingency fund.

The Library's fund financial statements show expenditures of $965,174 for FY 2022-2023. The breakout of the expenditures shows 48% ($467,346) went toward payroll and related expenses. Debt service including interest made up 20% ($193,969) of expenses. A total of 15% ($141,475) of the expenditures went toward the purchase of materials, including books and audiovisual materials, and supplies. A total of 17% ($162,384) went toward other library and bookmobile operations.

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

Net position may serve over time as a useful indicator of a governmental agency's financial position. In the case of the Library, assets and deferred outflows exceeded liabilities and deferred inflows by $1,067,166 as of June 30, 2023.

A portion of the Library's net position reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment). The Library holds these capital assets to provide basic, needed library services; consequently, these assets are not available for future spending.

The Library's financial position is the product of several financial transactions including the net results of activities, the acquisition of capital assets, and the depreciation of capital assets.

Net Position for the period ended June 30, 2023 and June 30, 2022:

	2023	2022
Current Assets	1,102,261	999,360
Non-current Assets	3,229,413	3,372,048
Total Assets	4,331,674	$4,371,408
Deferred Outflows (Pension and other post-employment benefits)	238,484	197,467
Total Assets and Deferred Outflows	**$4,570,158**	**$4,568,875**
Current Liabilities	149,860	140,693
Non-current Liabilities	3,097,439	3,204,826
Total Liabilities	3,247,299	3,345,519
Deferred Inflows (Pension and other post-employment benefits)	255,693	295,987
Total Liabilities and Deferred Inflows	**$3,502,992**	**$3,641,506**
Net Position		
Investment in capital assets (net of debt)	804,947	825,788
Restricted for Construction	3,631	3,631
Restricted for Debt Service	114,240	107,500
Unrestricted	144,348	(9,550)
Total Net Position	**$1,067,166**	**$927,369**
Total Liabilities, Deferred Liabilities, and Net Position	**$4,570,158**	**$4,568,875**

Comments on Current Year / Prior Year Comparison

- The Library's total assets at June 30, 2023 were $4,331,674 compared to $4,371,408 in the prior year. The primary difference is a decrease in non-current assets.
- The Library's total liabilities as June 30, 2023 were $3,247,299 compared to $3,345,519 in the prior year. The primary changes are the reduction in bonds payable and decreases in both the net pension and other post-employment benefit liabilities.
- During 2022, the Library implemented GASB Statement No. 87, *Leases*, which recognizes the Library's leased copiers as intangible right of use assets. The Library also recognized a corresponding lease liability. Those changes were implemented as a restatement of beginning net position for July 1, 2021.

Comments on Budget Comparisons

- The Library's total General Fund revenues for the fiscal year ended June 30, 2023, were $1,060,481. Budgeted revenues for the same period were $1,018,280 a favorable variance of $42,201. This variance is mostly from increased tax revenue received.
- Budgeted expenditures were $1,018,280 compared to actual expenditures of $965,174, a favorable variance of $53,106 primarily due less payroll and benefit costs incurred and to less debt service expenses incurred compared to what was budgeted.
- The Library's total fund revenues exceeded total fund expenditures by $95,307.

The following table presents changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022:

	2023	2022
Program Revenues:		
Charges for Services	$7,685	$ 10,358
Operating Grants and Contributions	1,356	8,074
Capital Grants and Contributions	58,240	60,952
General Revenues:		
Taxes:		
Property	623,027	594,188
Motor Vehicle	52,373	46,196
Franchise	220,708	192,289
Other	6,472	16,276
Miscellaneous	3,150	1,915
Earning on investments	110	407
Reimbursements	0	0
Grants	87,360	84,648
Total Revenues	**$1,060,481**	**$ 1,015,303**
Library	839,399	757,020
Interest on Long-Term Debt	81,285	83,966
Total Expenses	**$920,684**	**$ 840,986**
Change in Net Position	**$ 139,797**	**$ 174,317**

Comments on Current Year / Prior Year Comparison

- Current year revenues totaled $1,060,481 compared to prior year total revenues of $1,015,303 an increase of $45,178. This increase is primarily due to additional franchise and property taxes received.
- Current year expenditures totaled $920,684 compared to prior year expenditures of $840,986, an increase of $79,698. This increase is primarily due to an increase in payroll costs and an increase in library materials purchased.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023 the Library had $4.3 million invested in land, buildings, equipment, and vehicles. The table below shows fiscal year 2023 and 2022 balances.

Capital Assets at June 30, 2023 and 2022
Net of Depreciation

	Governmental Activities	
	2023	**2022**
Land	108,578	108,578
Buildings and improvements	2,906,839	2,996,259
Equipment & Furnishings	209,245	254,316
Intangible Right of Use	4,751	12,895
Total	3,229,413	3,372,048

Changes in Capital Assets for the periods ended June 30, 2023 and 2022

	Governmental Activities	
	2023	**2022**
Beginning Balance	3,372,048	3,482,595
Additions	1,223	13,566
Retirements	-	(4,635)
Depreciation	(143,858)	(119,478)
Ending Balance	3,229,413	3,372,048

Debt

At June 30, 2023, the Library had $2,465,000 in bonds outstanding. $145,600 will be received each year for the next 14 years to assist the Library with these debt payments. A total of $120,000 is due within one year.

If you have any questions about this report or need addition financial information contact Jamie Collins, Director, at Marion County Public Library, 201 East Main Street, Lebanon KY 40033;
270-692-4698.

MARION COUNTY PUBLIC LIBRARY
STATEMENT OF NET POSITION
JUNE 30, 2023

Assets	
Current Assets	
Cash	951,363
Cash - Restricted for Construction	3,631
Cash - Restricted for Debt Service	114,240
Certificates of Deposit	10,000
Prepaid Expenses	19,586
Accounts Receivable	3,441
Total Current Assets	1,102,261
Noncurrent Assets	
Intangible Right of Use Assets - Net of Amortization	4,751
Property and Equipment (Note 3)	
Land	108,578
Buildings and Improvements	3,684,206
Furnishings and Equipment	484,081
Less: Accumulated Depreciation	(1,052,203)
Total Noncurrent Assets	3,229,413
Total Assets	4,331,674
Deferred Outflows Related to Other Post Employment Benefits	98,798
Deferred Outflows Related to Pensions	139,686
Total Assets and Deferred Outflows	4,570,158
Liabilities	
Current Liabilities:	
Accounts Payable	12,255
Payroll Liabilities	12,370
Lease Liability	5,235
Bonds Payable	120,000
Total Current Liabilities	149,860
Long-Term Liabilities:	
Bonds Payable	2,299,231
Net Other Post Employment Benefits Liability	171,163
Net Pension Liability	627,045
Total Long-Term Liabilities	3,097,439
Total Liabilities	3,247,299
Deferred Inflows Related to Other Post Employment Benefits	119,508
Deferred Inflows Related to Pensions	136,185
Total Liabilities and Deferred Inflows	3,502,992
Net Position	
Investment in Capital Assets, Net of Related Debt	804,947
Restricted for Construction	3,631
Restricted for Debt Service	114,240
Unrestricted	144,348
Total Net Position	1,067,166
Total Liabilities, Deferred Inflows and Net Position	4,570,158

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION	
FUNCTION/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:						
Library	839,399	7,685	1,356		(830,358)	(830,358)
Interest on Long-Term Debt	81,285			58,240	(23,045)	(23,045)
TOTAL GOVERNMENTAL ACTIVITIES	920,684	7,685	1,356	58,240	(853,403)	(853,403)
GENERAL REVENUES:						
Taxes:						
Property					623,027	623,027
Motor Vehicle					52,373	52,373
Franchise					220,708	220,708
Other					6,472	6,472
Investment Earnings					110	110
State Grants					87,360	87,360
Miscellaneous					3,150	3,150
TOTAL GENERAL & SPECIAL					993,200	993,200
CHANGE IN NET POSITION					139,797	139,797
NET POSITION - BEGINNING OF YEAR, AS RESTATED					927,369	927,369
NET POSITION - ENDING					1,067,166	1,067,166

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY PUBLIC LIBRARY
GOVERNMENTAL FUND
JUNE 30, 2023

	General Fund
Assets	
Cash	951,363
Cash - Restricted for Construction	3,631
Cash - Restricted for Debt Service	114,240
Certificates of Deposit	10,000
Accounts Receivable	3,441
Prepaid Expenses	19,586
Total Assets	1,102,261
Liabilities	
Payroll Liabilities	12,370
Accounts Payable	12,255
Total Liabilities	24,625
Fund Balance	
Restricted for Construction	3,631
Restricted for Debt Service	114,240
Unassigned	959,765
Total Fund Balance	1,077,636
Total Liabilities and Fund Balance	1,102,261

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY PUBLIC LIBRARY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

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

TOTAL GOVERNMENTAL FUND BALANCE		1,077,636
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Intangible Right of Use Assets	40,722	
Accumulated Amortization	(35,971)	
Cost of Capital Assets	4,276,865	
Accumulated Depreciation	(1,052,203)	
		3,229,413
Deferred Outflows Related to Pensions are not a current asset and therefore are not reported as assets in governmental funds.		139,686
Deferred Outflows Related to Other Post Employment Benefits are not a current asset and therefore are not reported as assets in governmental funds.		98,798
Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Lease Liability		(5,235)
Bonds Payable		(2,465,000)
Unamortized Bond Discount		45,769
Net Other Post Employment Benefits		(171,163)
Net Pension Liability		(627,045)
Deferred Inflows Related to Other Post Employment Benefits are not a current liabilities and therefore are not reported as liabilities in governmental funds.		(119,508)
Deferred Inflows Related to Pensions are not a current liabilities and therefore are not reported as liabilities in governmental funds.		(136,185)
TOTAL NET POSITION - GOVERNMENTAL		1,067,166

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund
General Revenues	
Tax Revenue:	
Property	623,027
Motor Vehicle	52,373
Franchise	220,708
Other	6,472
Desk Receipts	7,685
Contributions	1,356
Intergovernmental - State Support	145,600
Miscellaneous	3,150
Interest Income	110
Total General Revenues	1,060,481
Expenditures/Program Expenses	
Library:	
Books, Materials & Supplies	141,475
Payroll and Related Expenses	467,346
Bookmobile Expense	2,077
Computer Expense	9,592
Maintenance	21,056
Utilities	32,449
Contract Services	73,093
Professional Development	5,976
Miscellaneous	605
Capital Outlay	1,223
Insurance & Workmans Comp	16,313
Total Library	771,205
Debt Service	
Principal	115,000
Interest	78,969
Total Expenditures/Program Expenses	965,174
Excess (Deficit) Revenues over Expenditures	95,307
Other Financing Sources(Uses):	-
Net Change in Fund Balance	95,307
Fund Balance - Beginning of Year	982,329
Fund Balance - End of Year	1,077,636

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY PUBLIC LIBRARY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2023

NET CHANGES - GOVERNMENTAL FUNDS		95,307
Governmental funds report capital outlays as expenditures because they use current financial resources. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital for the year.		
Capital Outlays	1,223	
Lease Amortization Expense	(8,144)	
Depreciation Expense	(135,714)	
		(142,635)
Bond proceeds and leases are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.		
Bond Principal Payments	115,000	
Lease Principal Payments	8,662	
		123,662
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.		
Amortization Bond Discount		(1,868)
Library Pension Contributions		53,694
Cost of Benefits Earned Net of Employee Contributions - Pensions		10,993
Library Other Post Employment Benefits Contributions		14,660
Cost of Benefits Earned Net of Employee Contributions - OPEBS		(14,016)
CHANGES - NET POSITION GOVERNMENTAL FUNDS		139,797

See independent auditor's report and accompanying notes to financial statements.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The financial statements of the Marion County Public Library have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) applicable to state and local governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Library are described below.

A. Reporting Entity

The Marion County Public Library (Library) is a special taxing Library of Marion County, Kentucky. A Board appointed by the Marion County Fiscal Court governs the activities of the Library. Board members serve four-year terms, which expire at different intervals.

B. Fixed Assets

Property, plant, and equipment are stated at historical cost. Assets are depreciated on a straight-line method. The Library does not capitalize Library books. They are deemed to have a useful life of less than three years. All Library books acquired are considered a period expense at the time of acquisition. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings and improvements	25-50 years
Land improvements	20 years
Vehicles	5-10 years
Equipment	10-12 years
Furniture and fixtures	5-10 years

C. Measurement Focus, Basis Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement focus applied. The government-wild financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Property taxes are recognized as revenues for the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting.

Investment income (including unrealized gains and losses) are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

When fund balance resources are available are available for a specific purpose in more than one classification, it is the Library's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned, as they are needed.

D. Budgetary Data

The Library Board adopts an annual budget following the procedures established pursuant to Section 65A.020 of the Kentucky Revised Statutes. The annual budget is prepared and adopted on a basis of accounting consistent with the fund basis of accounting. Revenues are budgeted by source and expenditures are budgeted by class. Budget revisions are subject to final review by the Library Board.

E. Fund Equity

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Library classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Library Director.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Library uses *restricted/committed* amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, the Library would first use *committed,* then *assigned,* and lastly *unassigned* amounts for unrestricted fund balance when expenditures are made.

The Library does not have a formal minimum fund balance policy.

F. Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

G. Pensions

County Employees Retirement System - 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 CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Since certain expense items are amortized over the closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense the amounts are labeled deferred outflows. If amounts will increase pension expense the amounts are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average expected remaining service life of the active and inactive plan members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

H. Postemployment Benefits Other Than Pensions

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

Since certain expense items are amortized over the closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense the amounts are labeled deferred inflows. If amounts will increase pension expense the amounts are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average expected remaining service life of the active and inactive plan members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

I. Cash and Investments

Investments are reported at fair value, which is determined using selected basis. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amounts, which reasonably estimate fair value. The Library considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. Property Tax Revenues

Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are deposited into the General fund.

The property tax rates assessed for the year ended June 30, 2023, to finance the General Fund operations were \$0.048 per \$100 valuation for real property, \$0.048 per \$100 valuation for business personal property, and \$0.0219 per \$100 valuation for motor vehicles.

The Library levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial, and mixed gases.

L. Program Revenues

Program revenues for the Library include charges for services such as book fines, copier charges, and program fees; operating grants and contributions; and capital grants and contributions.

M. Changes In Accounting Principle

Effective July 1, 2022, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements*. GASB No. 96 establishes accounting and financial reporting guidance for subscription-based technology contracts and vendor-provided technology. This implementation had no adjustment on beginning net position. It is noted that many of the Library's technology-related contracts are reviewed annually to ensure the Library has the right to change, renegotiate, or not renew for both educational and financial reasons. Beginning net position has not been restated as the net impact on the Library's Net Investment in Capital Assets is not material to the Library.

NOTE 2 – RETIREMENT PLAN

The Library's employees are provided with two pension plans, based on each position's college degree requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification.

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 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 or 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.

Notes to Financial Statements (Continued)

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

	Required Contributions
Tier 1	5%
Tier 2	5% +1% for insurance
Tier 3	5% +1% for insurance

Library's proportionate share of the CERS net pension liability	$ 627,045

The net pension liability for each plan was measured as of June 30, 2022, 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, 2022, the Library's proportion was 0.008674% percent.

For the year ended June 30, 2023, the Library recognized pension expense of $(10,933) related to CERS. At June 30, 2023, 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**
Differences between expected and actual experience	670	5,584
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	85,322	69,247
Changes in proportion and differences between Library contributions and proportionate share of contributions	-	61,354
Library contributions subsequent to the measurement date	53,694	-
Total	139,686	136,185

$ 53,694 of the amount 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	(44,757)
2025	(17,979)
2026	(5,269)
2027	17,812
2028	0

<u>County Employees' Retirement System (CERS)</u>

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 years, closed period at June 30, 2019 *Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases*
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll Growth Rate	2.0%
Investment rate of return	6.25%
Projected salary increases	3.30 to 10.30%, varies by service
Inflation rate	2.30%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvements scale using a base year of 2019
Phase-In provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

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 target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.30% per annum.

For CERS the target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by CERS's investment consultant, are summarized in the following table:

Notes to Financial Statements (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	**60.00%**	
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income	**20.00%**	
Core Bonds	10.00%	0.28%
Specialty Credit / High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected	**20.00%**	
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
Total	100.0%	4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		6.58%

Discount rate—For CERS, projection of cash flows used to determine the discount rate of 6.25% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability.

Sensitivity of CERS proportionate share of net pension liability to changes in the discount rate—The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District'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:

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.25%	6.25%	7.25%
Library's proportionate share of net pension liability	783,728	627,045	497,454

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.

NOTE 3 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

County Employees' Retirement System of Kentucky

Plan description – Classified (non-certified) employees of the Kentucky School Library are provided OPEBs through the County Employees Retirement System of the State of Kentucky (CERS)—a cost-sharing multiple-employer defined benefit OPEB plan retirement annuity plan coverage for local school districts and other public agencies in the state. CERS was established July 1, 1958 by the state legislature. CERS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. CERS issues a publicly available financial report that can be obtained at https://kyret.ky.gov/About/Board-of-Trustees/Pages/CAFR-and-SAFR.aspx.

The state reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the CERS Medical Insurance. The following information is about the CERS plans:

Medical Insurance Plan

Plan description –The Kentucky Retirement Systems' Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from KERS, CERS, and SPRS, the state retirement options. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. It is noted that while this insurance fund covers employees eligible through KERS, CERS, and SPRS, only the portion related to CERS is applicable to Burgin Independent School District since the District does not have or qualify to have employees participate in KERS or SPRS.

Benefits provided – Medical Insurance coverage is provided based on the member's initial participation date and length of service. Members received either a percentage or dollar amount for insurance coverage. The amount of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	Paid by Insurance Fund (%)
20+	100%
15-19	75%
10-14	50%
4-9	25%
Less than 4	0%

Medical insurance benefits are calculated differently for members who began participating on or after July 1, 2003. Once members reach a vesting period of 10 years, non-hazardous employees whose participation began on or after July 1, 2003 earn $10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands. Only benefit descriptions applicable to CERS Non-Hazardous have been included with this information since only that portion is applicable to the Library.

Contributions – In order to fund the post-retirement healthcare benefit, 3.39% of the gross annual payroll of members is contributed for the year ended June 30, 2023 for CERS Non-Hazardous, which is the portion of the plan applicable to the Library, and this portion is paid 100% paid by employer contributions. One percent (1.00%) is contributed by employees hired on or after September 1, 2008.

At June 30, 2023, the Marion County Public Library reported a liability of $171,163 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the Library. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the Library's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Library's proportion was .008673 percent, compared to .0009434 percent at June 30, 2022.

The amount recognized by the Library as its proportionate share of the OPEB liability, the related State 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 net OPEB liability	$ 171,163

For the year ended June 30, 2023, the Library recognized OPEB expense of $14,016. At June 30, 2023, 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
Differences between expected and actual experience	$ 17,229	$ 39,252
Changes of assumptions	27,071	22,306
Net difference between projected and actual earnings on pension plan investments	31,872	24,925
Changes in proportion and differences between Library contributions and proportionate share of contrbutions	1,795	33,025
Library contributions subsequent to the measurement date	20,831	-
Total	98,798	119,508

Of the total amount reported as deferred outflows of resources related to OPEB, $14,660 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year and implicit subsidy of $6,171 totaling $20,831 will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Library's OPEB expense as follows:

Year ended June 30:	
2024	$ (10,344)
2025	(11,582)
2026	(17,755)
2027	(1,860)
2028	-
Thereafter	-

Actuarial assumptions – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2021
Inflation	2.30%
Payroll Growth Rate	2.00%
Investment rate of return	6.25%
Salary Increases	3.30% to 10.30%, varies by service
Healthcare cost trend rates	
Pre - 65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post - 65	Initial trend starting at 9.00% at January 1, 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table
Post-retirement (non-disabled)	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
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

The single discount rate of 5.70% for CERS Nonhazardous was used to measure the total OPEB liability as of June 30, 2022. 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 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. Based on the assumptions and the projection of cash flows of each fiscal year ending, the plan's fiduciary net position and future contributions were projected and were 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 paid from the plan. However, the cost associated with the implicit subsidy was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The long-term (10-year) expected rates of return were determined using a building block method in which best estimate ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth	**68.50%**	
U.S. Equity	21.75%	5.70%
Non-U.S. Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity	**11.50%**	
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies	**20.00%**	
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Total	100.0%	

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.70%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.70%) or 1-percentage-point higher (6.70%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	4.70%	5.70%	6.70%
Library's proportionate share of net OPEB liability	247,975	171,163	124,324

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

	1% Decrease	Current Trend Rate	1% Increase
Systems' net OPEB liability	127,256	171,163	223,887

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

Notes to Financial Statements (Continued)

NOTE 4 – PROPERTY AND EQUIPMENT

A summary of changes in property and equipment is as follows:

	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
Non-depreciable Assets:				
Land	108,578	-	-	108,578
Depreciable Assets:				
Building	3,684,206	-	-	3,684,206
Library Equipment & Furnishings	482,858	1,223	-	484,081
Intangible Right of Use Asset -Copiers	40,722	-		40,722
Totals at Historical Cost	4,316,364	1,223	-	4,317,587
Less Accumulated Depreciation & Amortization for:				
Building	687,947	89,420	-	777,367
Library & Equipment & Furnishings	228,542	46,294	-	274,836
Intangible Right of Use Asset-Copiers	27,827	8,144		35,971
Total Accumulated Depreciation	944,316	143,858	-	1,088,174
Fixed Assets Net	3,372,048	(142,635)	-	3,229,413

Depreciation Expense Charged to Governmental Functions as Follows:	
Library	135,714
Amortization Expense Charged to Governmental Functions as Follows:	
Library	8,144
Total Depreciation & Amortization	143,858

No interest was capitalized for the year ended June 30, 2023.

NOTE 5 – DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits. Custodial Credit is the risk that in the event of a bank failure, the Library’s deposits may not be returned to it. The Library’s policy is to have all deposits secured by pledged securities.

At year-end, the carrying amount of the Library’s total cash and cash equivalents were $1,079,234. Of the total cash balance, $376,136 was covered by Federal Depository Insurance and $702,854 was covered by collateral agreements and collateral held by the pledging banks’ trust departments in the Library’s name and $244 was held at the library as petty cash.

Cash and cash equivalents at June 30, 2023, consisted of the following:

	Bank Balance	**Book Balance**
U.S. Bank	968,369	952,854
Farmers National Bank	126,136	126,136
Petty Cash	0	244
Total	1,094,505	1,079,234

NOTE 6 – LONG-TERM LIABILITIES

On December 20, 2017, the Library issued $3,020,000 in Revenue Bonds with an average interest rate of 3.5 percent to fund the Library addition and renovation.

The Library, through the General Fund is obligated to make bond payments in amounts sufficient to satisfy debt service requirements on the bonds. The Library has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

The Library was awarded a grant by the Kentucky Department of Library Archives (KDLA). The Library will receive 20 annual payments of $145,600. These funds are restricted for debt service for the payment of these revenue bonds issues for the renovation of the Library.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the Library, including amounts to be paid with funds received from the KDLA Grant, at June 30, 2023, for debt service (principal and interest) are as follows:

Year	Principal	Interest	Annual Total
2023-24	120,000	76,018	196,018
2024-25	120,000	72,418	192,418
2025-26	125,000	68,743	193,743
2026-27	130,000	64,918	194,918
2027-28	135,000	60,944	195,944
2028-29	135,000	56,894	191,894
2029-30	140,000	52,769	192,769
2030-31	145,000	48,494	193,494
2031-32	150,000	44,069	194,069
2032-33	155,000	39,397	194,397
2033-34	160,000	34,475	194,475
2034-35	165,000	29,294	194,294
2035-36	170,000	23,850	193,850
2036-37	175,000	18,244	193,244
2037-38	35,000	14,788	49,788
2038-39	35,000	13,563	48,563
2039-40	35,000	12,338	47,338
2040-41	35,000	11,113	46,113
2041-42	40,000	9,800	49,800
2042-43	40,000	8,400	48,400
2043-44	40,000	7,000	47,000
2044-45	45,000	5,513	50,513
2045-46	45,000	3,938	48,938
2046-47	45,000	2,363	47,363
2047-48	45,000	788	45,788
	2,465,000	780,131	3,245,131

Notes to Financial Statements (Continued)

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Due Within One Year
Governmental Activities:					
Bonds Payable	2,580,000		(115,000)	2,465,000	120,000
Less: Bond Discount	(47,637)		1,868	(45,769)	
Net Revenue Bond Payable	2,532,363	-	(113,132)	2,419,231	120,000
Lease Payable	13,897		(8,662)	5,235	5,235
Net Other Postemployment Benefits Liability	180,609		(9,446)	171,163	-
Net Pension Liability	601,619	25,426	-	627,045	-
Total Long-Term Liabilities	3,328,488	-	(131,240)	3,222,674	125,235

NOTE 7 – LEASES: COPIERS

The Library is committed under a noncancellable operating lease for two copiers with a monthly payment of $845.78. The total lease liability measured at present value is $40,722. The ending balance at June 30, 2023 is $5,235. The Library has recognized an intangible right of use asset for the term of the lease. Annual requirements to amortize long-term obligations and related interest are as follows:

Year	Principal	Interest
2024	5,235	79

The following assets and amortization have been recognized.

Intangible Right of Use Asset – Copiers	$ 40,722
Accumulated Amortization	(35,971)
Net Ending Balance	4,751

NOTE 8 – SUBSEQUENT EVENTS

Management has reviewed subsequent events through June 28, 2024. There are no material subsequent events to disclose.

REQUIRED SUPPLEMENTARY INFORMATION

MARION COUNTY PUBLIC LIBRARY
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	859,180	902,580	43,400
Intergovernmental - State Support	145,600	145,600	-
Charges for Services	8,000	7,685	(315)
Other Revenues	4,500	4,506	6
Interest	1,000	110	(890)
Total Revenues	1,018,280	1,060,481	42,201
Expenses			
Books, Materials & Supplies	147,049	141,475	5,574
Payroll and Related Expenses	487,798	467,346	20,452
Bookmobile Expense	5,200	2,077	3,123
Computer Expense	21,160	9,592	11,568
Maintenance	9,500	21,056	(11,556)
Utilities	30,000	32,449	(2,449)
Contract Services	55,820	73,093	(17,273)
Professional Development	8,000	5,976	2,024
Insurance	17,661	16,313	1,348
Capital Outlay	7,500	1,223	6,277
Debt Service	220,000	193,969	26,031
Contingency & Misc.	8,592	605	7,987
Total Expenditures	1,018,280	965,174	53,106
Excess Revenue over Expenditures	-	95,307	95,307
Fund Balance - Beginning of Year		982,329	
Fund Balance - End of Year		1,077,636	

See independent auditor's report and accompanying notes to financial statements.

MARION COUNTY PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LIBRARY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2015	2016	2017	2018	2019 #	2020	2021	2022	2023
District's proportion of net pension liability	0.009950%	0.010100%	0.010700%	0.011016%	0.011593%	0.011200%	0.010499%	0.009436%	0.008674%
District's proportionate share of the net pension liability	323,000	434,160	526,324	644,800	706,049	787,701	805,265	601,619	627,045
State of Kentucky's share of the net pension liability associated with the district	-	-	-	-	-	-	-	-	-
TOTAL	$ 323,000	$ 434,160	$ 526,324	$ 644,800	$ 706,049	$ 787,701	$ 805,265	$ 601,619	$ 627,045
District's covered-employee payroll	235,597	255,004	268,204	287,320	282,429	268,930	241,027	239,868	253,634
District's proportionate share of the net pension liability as a percentage of its covered-payroll	137.10%	170.26%	196.24%	224.42%	249.99%	292.90%	334.10%	250.81%	247.22%
Plan fiduciary net position as a percentage of the total pension liability	65.96%	63.46%	55.50%	53.30%	53.54%	50.45%	47.81%	57.33%	52.42%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

MARION COUNTY PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE
COUNTY EMPLOYEES RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contributions (actuarially determined)	$ 30,039	$ 31,671	$ 37,414	$ 41,604	$ 45,810	$ 51,904	$ 46,518	$ 50,780	$ 59,350
Contributions in relation to the actuarially determined contributions	30,039	31,671	37,414	41,604	45,810	51,904	46,518	50,780	59,350
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 235,597	$ 255,004	$ 268,204	$ 287,320	$ 282,429	$ 268,930	$ 241,027	$ 239,868	$ 253,634
Contributions as a percentage of Covered employee payroll	12.75%	12.42%	13.95%	14.48%	16.22%	19.30%	19.30%	21.17%	23.40%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

MARION COUNTY PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY - MEDICAL INSURANCE
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2018	2019	2020	2021	2022	2023
District's proportion of net OPEB liability	0.011016%	0.011592%	0.011197%	0.010496%	0.009434%	0.008673%
District's proportionate share of the net OPEB liability	221,459	205,814	188,328	253,446	180,609	171,163
State of Kentucky's share of the net OPEB liability associated with the district	-	-	-	-	-	-
TOTAL	221,459	205,814	188,328	253,446	180,609	171,163
District's covered-employee payroll	$ 287,320	$ 282,429	$ 268,930	$ 241,027	$ 239,868	$ 253,634
District's proportionate share of the net OPEB liability as a percentage of its covered-payroll	77.08%	72.87%	70.03%	105.15%	75.30%	67.48%
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%	57.62%	60.44%	51.67%	62.91%	60.95%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

MARION COUNTY PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE MEDICAL INSUARANCE PLAN
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

	2018	2019	2020	2021	2022	2023
Contractually required contributions (actuarially determined)	$ 13,504	$ 14,856	$ 12,801	$ 11,473	$ 13,864	$ 8,598
Contributions in relation to the actuarially determined contributions	13,504	14,856	12,801	11,473	13,864	8,598
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 287,320	$ 282,429	$ 268,930	$ 241,027	$ 239,868	$ 253,634
Contributions as a percentage of Covered employee payroll	4.70%	5.26%	4.76%	4.76%	5.78%	3.39%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2015
The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

The assumed investment rate of return was decreased from 7.75% to 7.50%

The assumed inflation rate was reduced from 3.5% to 3.255%

The assumed rate of wage inflation was reduced from 1.00% to .75%

Payroll growth assumption was reduced from 4.5% to 4%

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 20013 (set back 1 year for females). For disabled members, the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2016
There were no changes of assumptions for the year ended June 30, 2016.

2017
The following changes were made by the KRS Board of Trustees and reflected in the valuation performed as of June 30, 2017:

The assumed rate of inflation was reduced to 2.30% from 3.25%

The assumed salary increases were reduced to 3.05%, average, from 4.00%, average including inflation

The assumed investment rate of return was reduced to 6.25% from 7.50%

2018
There were no changes in assumptions.

2019
The following changes were made by the KRS Board of Trustees and reflected in the valuation performed as of June 30, 2019:

COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

The projected salary increase was changed to 3.3-11.5% from 3.05%

The asset valuation method was changed to 20% of the difference between the market value assets and the expected actuarial value of assets if recognized from 5-year smoothed market.

The payroll growth rate was changed to 2.0% from 4.0%.

The investment rate of return was change to 6.25% from 7.5%

The inflation rate was changed to 2.3% from 3.25%.

2020
There were no changes of assumptions for the year ended June 30, 2020.

2021
There were no changes of assumptions for the year ended June 30, 2021.

2022
There were no changes of assumptions for the year ended June 30, 2022.

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The following actuarial methods and assumptions were used to determine the rates reported in that schedule:

Valuation Date	June 30, 2020
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, Closed *Gains/losses incurring after 2019 will be amortized over separate 20-year amortization basis*
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30 percent
Salary Increase	3.30-10.30 percent, varies by service
Investment Rate of Return	6.25 percent
Phase-In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for CERS

COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

The retiree mortality is a System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

NOTE C – CHANGES OF BENEFITS

There were no changes in benefits for CERS non-hazardous pensions.

COUNTY EMPLOYEES RETIREMENT SYSTEM

NOTE A – CHANGES OF ASSUMPTIONS

2017

The assumed investment return was changed from 7.5% to 6.2%

The price inflation assumption was changed from 3.25% to 2.30% which resulted in a .95% decrease in the salary increase assumption at all years of service

The payroll growth assumption (*applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.0% to 2.0%

For the non-hazardous plan, the single discount rate changed from 6.89% to 5.84%. For the hazardous plan the single discount rate changed from 7.37% to 5.96%

2018

There were no changes in assumptions.

2019

The investment rate of return was changed to 6.25% from 7.0%

The projected salary increases changed to 3.05-11.55% from 4.0%

The inflation rate changed to 2.3% from 3.25%

The payroll growth rate changed to 2.0% from 4.0%

2020

There were no changes in assumptions.

2021

The single discount rates used to calculate the total OPEB liability changed since the prior year. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2020 valuation process and was updated to better reflect the plan's long-term healthcare costs.

2022

There were no changes in assumptions.

COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

Methods and assumptions used in the actuarially determined contributions – The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2022:

Valuation Date	June 30, 2020
Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	30 years, closed *Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases*
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30%-10.30%, varies by service
Investment Rate of Return	6.25 %
Healthcare cost trend rates	
Pre - 65	Initial trend starting at 6.40% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of valuation and were incorporated into the liability measurement.
Post - 65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of valuation and were incorporated into the liability measurement.

NOTE C – CHANGES OF BENEFITS

There were no changes in benefits for CERS OPEB.

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June 28, 2024

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
Marion County Public Library
Lebanon, 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, each major fund, and the aggregate remaining fund information of Marion County Public Library, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Marion County Public Library's basic financial statements, and have issued our report thereon dated June 28, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining a reasonable assurance about whether the Marion County Public Library'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

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Charles M. White, CPA
Stephanie A. Abell, CPA
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June 28, 2024

Board of Directors
Marion County Public Library
Lebanon, Kentucky

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marion County Public Library for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 3, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters:

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting polices used by Marion County Public Library are described in Note A to the financial statements. As described in Note 1M to the financial statements, the Library changed policies related to subscription-based technology agreements by adopting Statement of *Governmental Accounting Standards No. 96, Subscription-Based Information Technology Agreements*, in 2023. No other new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by Marion County Public Library during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

> Management's estimate of the useful lives of capital assets for computation of depreciation. We evaluated the key factors and assumptions used to develop the computation of depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management had corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 28, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Marion County Public Library's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were not such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Marion County Public Library's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Matters</u>

We applied certain limited procedures to management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the budgetary comparison information on page 30, or on the schedules of the library's proportionate share of net pension liabilities and other post-employment benefit plans on pages 31 and 33 or on the schedules of contributions to the County Employees Retirement System and pension plans or the County Employees Retirement System other post-employment benefit plans on pages 32 and 34, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of members of the Board of Directors and management of Marion County Public Library and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants

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June 28, 2024

MANAGEMENT LETTER

Marion County Public Library
Board of Directors
Lebanon, Kentucky

In planning and performing our audit of the financial statements of Marion County Public Library for the year ended June 30, 2023, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. Our professional standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We feel that the Library's financial statements are free of material misstatement. However, we offer the following suggestions that we feel will strengthen your organization's internal control structure.

<u>Prior Year Recommendation:</u>

During the prior year, we recommended that the Library continue to monitor documentation of credit card expense and ensure bills are paid in full by the due date.

<u>Current Year Status and Recommendation:</u>

During the current year, instances of a lack of supporting documentation were noted. Again, these have become fewer and do tend to be for smaller dollar amounts. We recommend that all documentation be gathered at the time the bill is received. This will avoid the crunch and uncertainties that go with gathering this information after-the-fact.

Further, during the fiscal year ended June 30, 2023, it was noted that the Board elected to ensure the credit card was caught up and paid in full. However, after that billing period, interest charges again returned as the payments were submitted. We recommend that all credit card payments be made timely to ensure that late fees and interest charges are not incurred by the Library.

<u>Current Year Recommendation:</u>

During the current year audit, several deposits were reviewed as a part of revenue testing. We noted that several deposits included checks received at a date well before the deposit date. Those items had to have been on hand for more than one to two weeks at a time. In fact, in a couple of instances payments were likely received a month or more prior to the deposit date. We recommend that the Library ensure that deposits are made at least one each week.

Current Year Status and Recommendation:

Deposits were made more timely, particularly toward the last few months of the fiscal year. We again recommend that deposits be made at least once a week unless the amount received for the week is only a trivial amount of cash for fines, copies, etc.

We would like to offer our assistance throughout the year if and when new or unusual situations arise. Our awareness of new developments when they occur would help to ensure that the Library is complying with requirements such as those mentioned above.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with Library personnel, and we will be pleased to discuss them in further detail at your convenience to perform any additional study of these matters or to assist you in implementing the recommendations.

Sincerely,

White and Company, P.S.C.

Certified Public Accountants