

BRACKEN COUNTY PUBLIC LIBRARY
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION
And
INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2018

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BRACKEN COUNTY PUBLIC LIBRARY
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**DENISE M. KEENE
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INDEPENDENT AUDITOR'S REPORT

Board Members
Bracken County Public Library
Brooksville, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bracken County Public Library, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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 Bracken County Public Library, as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note I to the financial statements, the Library adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for July 1, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6, and the Budgetary Comparison on page 29, Schedule of the Proportionate Share of the Net Pension Liability, on page 30, Schedule of the Pension Contributions on page 31, Schedule of the Library's Proportionate Share of the Net OPEB Liability on page 32, and the Schedule of the Library OPEB Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 consists 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 issue our report dated April 3, 2020 on our consideration of the 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 the Library's internal control over financial reporting and compliance.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
April 3, 2020

**BRACKEN COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)
YEAR ENDED JUNE 30, 2018**

As management of the Bracken County Public Library (Library), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

The beginning cash balance for the Library was \$1,379,578.

The ending cash balance for the Library was \$1,334,828.

The Library continued to make substantial purchases of books and materials, which totaled \$60,891 for fiscal year ending June 30, 2018.

The provisions of GASB 75 were adopted by the Library for the fiscal year beginning July 1, 2017. The primary objective of the Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

The Library started a major construction project.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Library's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The statement of activities presents information showing how the Library's net position changed during the most recent 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the Library that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the Library include public service, operation and maintenance of plant, and administration. Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Library can be divided into three categories: governmental, proprietary funds and fiduciary funds. The Library does not currently have any proprietary or fiduciary funds. All other activities of the Library are included in the governmental funds. The basic governmental fund financial statements can be found on pages 9 through 12 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 through 27 of this report. Net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, assets exceeded liabilities by \$1,868,206 as of June 30, 2018. The largest portion of the Library's net assets reflects its investment in capital assets. The Library's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Position for the period ending June 30, 2017 and June 30, 2018

The Library is following GASB 34 the following is a comparison of assets, liabilities and net position. 2017 Government Wide compared to 2018 are as follows:

	Net Position	
	<u>2017</u>	<u>2018</u>
Total Assets	\$2,112,182	\$2,111,446
Deferred Outflows of Resources	\$42,043	\$177,996
Total Liabilities	\$224,649	\$385,809
Deferred Inflows of Resources	\$13,780	\$35,427
Net Position		
Investment in capital assets (net of related debt)	\$728,118	\$772,704
Unrestricted	<u>1,187,678</u>	<u>1,095,502</u>
Total Net Position	<u>\$1,915,796</u>	<u>\$1,868,206</u>

Changes in Net Position for the period ending June 30, 2017 and June 30, 2018

The following presents a summary of revenue and expense comparing 2017 to 2018.

	Changes in Net Position	
	<u>2017</u>	<u>2018</u>
Revenues		
Taxes	\$489,059	\$343,803
Intergovernmental-State	11,500	12,500
Earnings on Investments	1,174	1,230
Other Local Revenues	3,406	10,498
Donations	<u>0</u>	<u>50</u>
Total Revenues	505,139	368,081
Expenses		
Public Service	282,085	279,034
Plant Operations	31,874	66,595
Library Administration	<u>16,747</u>	<u>70,042</u>
Total Expenses	330,706	415,671
Change in Net Position	174,433	(47,590)
Beginning Net Position	1,816,595	1,991,028
Prior Period Adjustment - Note K	0	<u>(75,232)</u>
Ending Net Position	\$1,991,028	\$1,868,206

The government's overall financial position and results of operations decreased as a result of the year's operations as reflected in the decrease in net position for the year.

Budget Comments

The Library's fiscal year is July 1 to June 30. The original budget was for \$438,500. The budget was not amended.

INFRASTRUCTURE

The Library has not reported any infrastructure in the current financial statements.

Analysis of Balances and Transactions of Individual Funds

Fund	Beginning	Revenues	Expenses	Transfer	Ending
General Fund	\$1,375,009	\$368,081	\$356,891	(\$58,092)	\$1,328,107
Construction Fund	\$0	\$0	\$58,092	\$58,092	\$0

Capital Assets

Governmental	Beginning	Additions	Deductions	Ending
Capital Assets	\$1,694,404	\$114,139	\$0	\$1,808,543
Accumulated Depreciation	\$966,286	\$69,553	\$0	\$1,035,839

CURRENT ISSUES

no comments

Contacting the Library's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Library's finances and to reflect the Library's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to Christian Shroll, Director 606-735-3620, or by mail at 310 W Miami St, Brooksville, KY 41004.

BRACKEN COUNTY PUBLIC LIBRARY
STATEMENT OF NET POSITION
GOVERNMENT WIDE
As of June 30, 2018

	Governmental Activities
ASSETS	
Cash and equivalents	\$1,334,828
Accounts receivable	3,914
Capital Assets - Note C	1,808,543
Less: accumulated depreciation	<u>(1,035,839)</u>
Total assets	\$2,111,446
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pension	\$151,508
Deferred outflows from OPEB	<u>26,488</u>
Total Deferred Outflows of Resources	\$177,996
LIABILITIES	
Current Liabilities	
Accounts payable	\$3,012
Accrued wages	5,123
Accrued payroll taxes	2,500
Long-term liabilities	
Pension liability	279,261
OPEB liability	<u>95,913</u>
Total liabilities	385,809
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pension	\$30,406
Deferred inflows from OPEB	<u>5,021</u>
Total Deferred Inflows of Resources	\$35,427
NET POSITION	
Net investment in capital assets	\$772,704
Unrestricted	<u>1,095,502</u>
Total net position	\$1,868,206

See accompanying notes

BRACKEN COUNTY PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
GOVERNMENT WIDE
For the year ended June 30, 2018

FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Program Revenues		Governmental Activities	Net (Expense) Revenue and Changes in Net Position	
			Operating Grants and Contributions	Capital Grants and Contributions		Business-type Activities	Total
Governmental Activities							
Public service	\$279,034	\$0	\$10,498	\$0	(\$268,536)	\$	(\$268,536)
Plant operation and maintenance	66,595				(66,595)		(66,595)
Library administration	<u>70,042</u>				<u>(70,042)</u>		<u>(70,042)</u>
Total governmental activities	415,671	<u>0</u>	<u>10,498</u>	<u>0</u>	(405,173)		(405,173)
			General Revenues				
			Taxes		\$343,803		\$343,803
			Intergovernmental Contributions		12,500		12,500
			Investment earnings		<u>1,230</u>		<u>1,230</u>
			Total general		357,583		357,583
			Change in net position		(47,590)		(47,590)
			Net position - beginning		1,991,028		1,991,028
			Prior Period Adjustment - Note K		<u>(75,232)</u>		<u>(75,232)</u>
			Net position - ending		\$1,868,206		\$1,868,206

See accompanying notes

BRACKEN COUNTY PUBLIC LIBRARY
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2018

	General Fund	Construction Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$1,334,828	\$0	\$1,334,828
Other receivables	<u>3,914</u>		<u>3,914</u>
TOTAL ASSETS	\$1,338,742	\$0	\$1,338,742
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$3,012		\$3,012
Accrued payroll taxes	2,500		2,500
Accrued wages	<u>5,123</u>		<u>5,123</u>
Total liabilities	10,635		10,635
Fund Balances			
Restricted			
Construction		0	0
Unassigned	<u>1,328,107</u>		<u>1,328,107</u>
Total fund balances	1,328,107	0	1,328,107
Total Liabilities and Fund Balance	\$1,338,742	\$0	\$1,338,742

See accompanying notes

BRACKEN COUNTY PUBLIC LIBRARY
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
 THE STATEMENT OF NET POSITION
 June 30, 2018

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

Total Fund Balance - Governmental Funds		\$1,328,107
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position		772,704
Deferred outflows of resources are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position		177,996
Deferred inflows of resources are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position		(35,427)
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position		
	Pension Liability	(279,261)
	OPEB Liability	<u>(95,913)</u>
Total Net Position - Governmental Activities		\$1,868,206

See accompanying notes

BRACKEN COUNTY PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2018

	General Fund	Construction Fund	Total Governmental Funds
Revenues			
From local sources			
Taxes	343,803		343,803
Earnings on investments	1,230		1,230
Contributions	50		50
Other local revenues	10,498		10,498
Intergovernmental-State	<u>12,500</u>		<u>12,500</u>
Total revenues	368,081	<u>0</u>	368,081
Expenditures			
Public service	289,807		289,807
Plant operation and maintenance	41,137		41,137
Library administration	25,947		25,947
Facilities		<u>58,092</u>	<u>58,092</u>
Total expenditures	<u>356,891</u>	58,092	414,983
Excess(deficit)of revenues over expenditures	11,190	(58,092)	(46,902)
Other Financing Sources (Uses)			
Operating Transfers In		58,092	58,092
Operating Transfers Out	<u>(58,092)</u>		<u>(58,092)</u>
Total Other Financing Sources (Uses)	(58,092)	<u>58,092</u>	0
Change in Fund Balance on Statement of Revenues, Expenditures, and Changes in Fund Balances Government Funds	(46,902)	0	(46,902)
Fund balance, July 1, 2017	<u>1,375,009</u>	<u>0</u>	<u>1,375,009</u>
Fund balance, June 30, 2018	\$1,328,107	\$0	\$1,328,107

See accompanying notes

BRACKEN COUNTY PUBLIC LIBRARY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
 THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
 Year Ended June 30, 2018

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

Total net change in fund balances - governmental funds (\$46,902)

Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.

Depreciation Expense	(69,553)	
Capital Outlays	<u>114,139</u>	44,586

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Deferred Outflows	135,953
Deferred Inflows	(21,647)

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.

Change in Pension Liability	(138,899)
Change in OPEB Liability	<u>(20,681)</u>

Total Change in Net Position - Governmental Activities (\$47,590)

See accompanying notes

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Bracken County Public Library (The Library) was established pursuant to the provisions of Kentucky Revised Statutes Chapter 173, to serve all areas of Bracken County through its library and bookmobile services on August 13, 1990.

The Library is designated a Special Taxing District by the Commonwealth of Kentucky and derives its revenues from locally assessed taxes, from State aid, and grant funds. Due to its type of organization, the Library is exempt from federal and state income taxes.

The Library Board of Trustees is comprised of five members who are residents of Bracken County. The existing governing board of trustees is for four-year terms. Annually, the Library is required to prepare a report of its financial and service activities, and submit the report to the State Department of Libraries and Archives and the County Fiscal Court.

Basis of Presentation

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government.

The government-wide statements are prepared using the economic resources measurement focus. This differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities present a comparison between direct expenses and program revenues for each function or program of the Library's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Library, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Library.

Fund Financial Statements - Fund financial statements report detailed information about the Library. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

BRACKEN COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally included only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in net total assets.

The Library has the following funds:

1. Governmental Fund Types

- (A) The General Fund is the main operating fund of the Library. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the Library.
- (B) Construction Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment.

Fund Balance Classification Policies and Procedures

The Board intends that accounting practices follow state and federal laws and regulations and generally accepted accounting policies.

Nonspendable Fund Balance

Amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact will be classified as Nonspendable Fund Balance.

Restricted Fund Balance

Fund balance will be reported as restricted when constraints placed on the use of resources are either, (a) externally imposed by creditors, granters, contributors, or laws or regulations or other governments; (b) imposed by laws through constitutional provisions or enabling legislation. The Board will use restricted amounts before unrestricted amounts when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board will be reported as committed fund balance.

Assigned Fund Balance

Amounts that have been assigned for a specific purpose by formal resolution of the Board will be reported as assigned fund balance for a specific purpose.

Unassigned Fund Balance

Unassigned Fund Balance is the residual classification for the general fund.

When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classification could be used, the funds will first be spent from committed, then assigned, and then finally unassigned.

BRACKEN COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues - Exchanges and Non-exchange Transactions - Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Library available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the Library receives value without directly giving equal value in return, 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 in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Library must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the Library on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirement are met are recorded as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

BRACKEN COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Property Taxes

Property Tax Revenues - Property taxes are levied each November 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.

The property tax rates assessed for the year ended June 30, 2018, to finance the General Fund operations were \$.092 per \$100 valuation for real property, \$.092 per \$100 valuation for personal property, and \$.05 per \$100 valuation for motor vehicles.

Capital Assets

Capital assets include land, building, improvements, the library collection, furniture and equipment. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Library maintains a capitalization threshold of one thousand dollars (\$1,000) with the exception of library books and real property for which there is no threshold. The Library 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.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	10 - 40 years
Technology Equipment	5 years
Furniture and Equipment	8 years
Vehicles	5 years
Library Books	10 years

BRACKEN COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statements of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Budgetary Process

Budgetary Basis of Accounting: The Library's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

Cash and Cash Equivalents

The Library considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2018 are recorded as prepaid items using the consumption method. Prepaid assets are only recorded if material to the financial statements.

Subsequent Events

Subsequent events were considered through April 3, 2020, which represents the date of my report.

BRACKEN COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance Reserves

The Library reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods.

Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt 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 are 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.

Interfund Activity

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

BRACKEN COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Postemployment Benefits Other than Pensions (OPEB). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and expense, information about the fiduciary net position of the CERS and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by CERS. The plans recognizes benefit payments when due and payable in accordance with the benefit term.

Uses of Estimates

The process of preparing financial statements in conformity with general accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE B - PROPERTY TAX CALENDAR

Property taxes for fiscal year 2018 were levied on the assessed valuation of property located in the County as of January 1, 2017 lien date. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

Description	per KRS 134.015
Due date for payment of taxes	Upon receipt
Face value amount payment date	December 31
Delinquent date, 5% penalty	January 1 -31
Delinquent date, 10% penalty	February 1

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

BRACKEN COUNTY PUBLIC LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE C - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Governmental Activities				
Land and improvements	\$93,000	\$0	\$0	\$93,000
Buildings and improvements	840,872	23,251		864,123
Technology equipment	30,462	6,902		37,364
Vehicle	17,400			17,400
Other equipment	47,061			47,061
Library books	665,609	45,836		711,445
Construction in Process	<u>0</u>	<u>38,150</u>		<u>38,150</u>
Totals at historical cost	1,694,404	114,139	<u>0</u>	1,808,543
Less: accumulated depreciation				
Land improvements	16,217	1,400		17,617
Buildings and improvements	404,475	24,058		428,533
Technology equipment	17,717	5,402		23,119
Vehicle	17,400			17,400
Other equipment	36,360	3,804		40,164
Library books	<u>474,117</u>	<u>34,889</u>		<u>509,006</u>
Total accumulated depreciation	966,286	69,553	<u>0</u>	1,035,839
Governmental Activities - Capital Assets - Net	\$728,118	\$44,586	\$0	\$772,704

NOTE D - CONTINGENCIES

The District sometimes receives funding from federal, state and local government agencies. These funds are to be used for designated purposes only. For government agency grants, if the grantor's review indicates that the funds have not been used for the intended purpose, the grantor's may request a refund of monies advanced or refuse to reimburse the Library for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant.

NOTE E - INSURANCE AND RELATED ACTIVITIES

The Library is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, accidents, errors and omissions, fiduciary responsibilities, etc. Each of these risk areas are covered through the purchase of commercial insurance.

NOTE F - CASH AND CASH EQUIVALENTS

At year end, the carrying amounts of the Library's cash and cash equivalents was \$1,334,828. The bank balance was \$1,346,212. The difference is the result of deposits in transit, outstanding checks and cash on hand. Of the total bank balance \$250,000 was covered by federal deposit insurance and the balance was not covered. Therefore, at June 30, 2018 all deposit bank balances were not fully collateralized or insured.

NOTE G - CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library's cash and cash equivalents consist of checking and savings accounts, and certificates of deposit with a local bank. The Library does not have a deposit policy for custodial credit risk. As of June 30, 2018, \$1,084,828 of the bank balance was exposed to custodial credit risk.

NOTE H - GASB 68, 71 and 75

In March 2009, the Governmental Accounting Standards Board (GASB) approved Statement No. 68, Accounting and Financial Reporting for Pensions. Statement 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. In November 2013, the GASB approved Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of the statement were adopted by the District for the fiscal year beginning July 1, 2014.

The provisions of GASB 75 were adopted by the Library for the fiscal year beginning July 1, 2017. The primary objective of the Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

NOTE I - RETIREMENT PLAN

Library employees who work at least 100 hours per month participate in the County Employees Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the CERS.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by calling (502) 564-4646 or at <https://kyret.ky.gov>

CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each county and school board, and any additional eligible local agencies electing to participate in the System. 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. Cost-of-living (COLA) adjustments are provided at the discretion of the state legislature.

Non-hazardous Contribution - For the year ended June 30, 2018 plan members were required to contribute 5% of their annual compensation. Members with a participation date on or after September 1, 2008 must contribute an additional 1%. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute 61.565(3), normal contribution and past service contribution rates shall be determined by the Board on the 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 the biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2017, participating employer's contributed 18.68% of each employee's creditable compensation. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

Benefits provided: Benefits under the plan will vary based on final compensation, years of service and other factors as fully described in the plan documents.

Contributions: Funding for CERS is provided by members who contribute 5% (6% for employees hired after September 1, 2008) of their salary through payroll deductions and by employers of members who contribute 13.95% of the member's salary. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

At June 30, 2018, the Library reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2017 was determined using standard roll-forward techniques. The Library's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2017. At June 30, 2017 the Library's proportion was 0.004771%

BRACKEN COUNTY PUBLIC LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

For the year ended June 30, 2018, the Library recognized pension expense of \$63,367. At June 30, 2018, the Library reported deferred outflows of resources for Library contributions subsequent to the measurement date of \$17,308 and deferred outflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments in the amount of \$134,200.00.

Library contributions subsequent to the measurement date of \$17,308 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to CERS will be recognized in pension expense as follows:

<u>Year:</u>	Outflows
2018	\$41,604
2019	44,904
2020	20,872
2021	(3,586)
2022	<u>0</u>
Total	\$103,794

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2017. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement.

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age
Experience Study	July 1, 2008 - June 30, 2013
Remaining Amortization Period	28 years, closed
Inflation	2.30%
Salary Increase	2.0%, average, including inflation
Investment Rate of Return	6.25%, net of pension plan investment expense, including inflation

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

BRACKEN COUNTY PUBLIC LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

Discount rate: The discount rate used to measure the total pension liability was 6.25%.

Projected cash flows: The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 28 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

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 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, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produced 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 covers 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 that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class, as provided by KRS's investment consultant, are summarized in the following table;

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Combined Equity	44.00%	5.40%
Combined Fixed Income	19.00%	1.50%
Real Return (Diversified Inflation Strategies)	10.00%	3.50%
Private Equity	10.00%	8.50%
Real Estate	5.00%	4.50%
Absolute Return (Diversified Hedge Funds)	10.00%	4.25%
Cash Equivalent	2.00%	-0.25%
	100.00%	

Sensitivity of the Library's proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease 5.25%	Current Discount Rate 6.25	1% Increase 7.25
Library's proportionate share of the net pension liability	\$352,209	\$279,261	\$218,241

BRACKEN COUNTY PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report which is publicly available at <https://kyret.ky.gov>

Payables to the pension plan: At June 30, 2018 the Library had payables to CERS in the amount of \$0 for June's covered payroll with contributions required to be paid in July.

OPEB

CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Postemployment Benefits (OPEB) plan for members that cover all regular full-time members. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

The net OPEB liability is the total OPEB liability, less the amount of the plan's fiduciary net portion. The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2016. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2017, using generally accepted actuarial principles. There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for any of the systems. However, subsequent to the actuarial valuation date, but prior to the measurement date, the KRS Board of Trustees adopted updated actuarial assumption which will be used in performing the actuarial valuation as of June 30, 2017. Specially, Total OPEB Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption and an assumed rate of return of 6.25%.

The single discount rate of 5.84% was used to measure the total OPEB liability as of June 30, 2017. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.56%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2017. Future contributions are projected in accordance with the Board's current funding policy, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period (26 years as of June 30, 2017) and the actuarial assumptions and methods adopted by the Board of Trustees. Current assets, future contribution, 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 of the System's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The Library's proportionate share of the Net OPEB Liability as of June 30, 2017 is \$95,913. The Library's proportionate share is 0.004771%. The Library's proportionate share of the OPEB expense is \$10,930. The total Deferred Outflows of Resources is \$20,870 and the total Deferred Inflows of Resources is \$5,021. Total employer contributions were \$5,495, implicit subsidy was \$602 for a total contributions of \$6,097.

BRACKEN COUNTY PUBLIC LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

Investment return rate: Assumed annual rate of 6.25% net of investment expenses.
 Discount Rate: 5.84%.
 Price Inflation: Assumed annual rate of 2.30%.
 Payroll Growth Assumption (used for amortization of unfunded accrued liabilities): Assumed annual rate of 2.00%.
 Rates of Annual Salary Increase is available in the report on the state's website.

	Discount Rate Sensitivity		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	4.84%	5.84%	6.84%
Net OPEB Liability	\$122,045	\$95,913	\$74,168

	Healthcare Cost Trend Rate Sensitivity		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	\$73,571	\$95,913	\$124,958
Net OPEB Liability			

The actuarially determined contribution rates effective for fiscal year ending 2017 are calculated as of June 30, 2015. Based on the June 30, 2015 actuarial valuation report the actuarial methods and assumptions used to calculate these contribution rates are below:

<u>Item</u>	<u>CERS Non-Hazardous</u>
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and expected actuarial value of assets is recognized
Amortization Method	Level Percent of Pay
Amortization Period	28 Years, Closed
Payroll Growth Rate	4.00%
Investment Return	7.50%
Inflation	3.25%
Salary Increases	4.00%, average
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)
Healthcare Trend Rates (Pre-65)	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years.
Healthcare Trend Rates (Post-65)	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years.

BRACKEN COUNTY PUBLIC LIBRARY
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

The following is a summary of collective Deferred Outflows and Inflows of Resources arising from current and prior reporting periods.

Deferred Amounts to be recognized in Fiscal Years Ending		Deferred Outflows/ (Inflows) of Resources MIF
2018		2,727
2019		2,727
2020		2,727
2021		2,727
2022		3,860
thereafter		<u>1,081</u>
Total		15,849

NOTE J - NONCAPITAL LEASES

The Library leases a Konica Minolta C258 copier for 60 months at \$140.50 per month. The following is a schedule of the minimum lease payments as of June 30,

2019	\$1,686
2020	1,686
2021	1,686
2022	1,686
2023	0
thereafter	<u>0</u>
Total	\$6,744

NOTE K - PRIOR PERIOD ADJUSTMENT

Restatement of Net Position - District Wide

OPEB Liability 7-1-2017	(\$75,232)
Net Position 7-1-2017	<u>1,991,028</u>
Restatement of Beginning Net Position	\$1,915,796

The Library adopted GASB 75 during the fiscal year, recording their proportionate share of the OPEB liability.

SUPPLEMENTAL INFORMATION

BRACKEN COUNTY PUBLIC LIBRARY
 BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
 Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$425,000	\$425,000	\$343,803	(\$81,197)
Earnings on investments	500	500	1,230	730
Other local revenues	3,000	3,000	10,548	7,548
Intergovernmental-State	<u>10,000</u>	<u>10,000</u>	<u>12,500</u>	<u>2,500</u>
TOTAL REVENUES	438,500	438,500	368,081	(70,419)
EXPENDITURES				
Public service	346,360	346,360	289,807	56,553
Plant operation and maintenance	26,750	26,750	41,137	(14,387)
Library administration	<u>23,890</u>	<u>23,890</u>	<u>25,947</u>	<u>(2,057)</u>
TOTAL EXPENDITURES	397,000	397,000	356,891	40,109
Excess (Deficit) of Revenues Over Expenditures	41,500	41,500	11,190	(30,310)
Other Financing Sources (Uses)				
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>(58,092)</u>	<u>(58,092)</u>
Total Other Financing Sources (Uses)	0	0	(58,092)	(58,092)
Change in Fund Balance on Statement of Revenues, Expenditures, and Changes In Fund Balances Government Funds				
	41,500	41,500	(46,902)	(88,402)
Fund balance, July 1, 2017	<u>1,225,000</u>	<u>1,225,000</u>	<u>1,375,009</u>	<u>150,009</u>
Fund balance, June 30, 2018	\$1,266,500	\$1,266,500	\$1,328,107	\$61,607

BRACKEN COUNTY PUBLIC LIBRARY
 SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 For The Year Ended June 30, 2018

	2018
Library's proportion of the net pension liability (asset) CERS	\$279,261
Library's proportionate share of the net pension liability (asset) CERS	0.004771%
Library's covered employee payroll CERS	\$137,030
Library's proportionate share of the net pension liability (asset) as a percentage of its covered payroll CERS	203.80%

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

BRACKEN COUNTY PUBLIC LIBRARY
 SCHEDULE OF THE LIBRARY PENSION CONTRIBUTIONS
 For The Year Ended June 30, 2018

	2018
Contractually required contributions CERS	\$16,206
Contributions in relation to the contractually required contribution CERS	\$16,206
Contribution deficiency (excess) CERS	\$0
Library's covered employee payroll CERS	\$138,998
Contributions as a percentage of covered employee payroll CERS	11.66%

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

BRACKEN COUNTY PUBLIC LIBRARY
 SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 For The Year Ended June 30, 2018

	2018
Library's proportion of the net OPEB liability (asset)	\$95,913
Library's proportionate share of the net OPEB liability (asset)	0.004771%
Library's covered employee payroll CERS	\$137,030
Library's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	69.99%
Plan fiduciary net position as a percentage of the total OPEB liability CERS	52.40%

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

BRACKEN COUNTY PUBLIC LIBRARY
SCHEDULE OF THE LIBRARY OPEB CONTRIBUTIONS
For The Year Ended June 30, 2018

	2018
Contractually required contributions	\$6,097
Contributions in relation to the contractually required contribution	\$6,097
Contribution deficiency (excess)	\$0
Library's covered employee payroll	\$138,998
Contributions as a percentage of covered employee payroll	4.39%

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

BRACKEN COUNTY PUBLIC LIBRARY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2018

PENSIONS

Changes of benefit terms

CERS -none

Changes of assumptions

CERS

The assumed investment return was changed from 7.50% to 6.25%.

The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service.

The payroll growth assumption (applicable for the amortization unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.

OPEB

Changes of benefit terms

CERS - none

**DENISE M. KEENE
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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 THE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Bracken County Public Library
Members of the Board of Directors
Brooksville, 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 the Bracken County Public Library, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated April 3, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of 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.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
April 3, 2020