

BOONE COUNTY PUBLIC LIBRARY DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022
TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Boone County Public Library District
1786 Burlington Pike
Burlington, Kentucky 41005

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Boone County Public Library District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2022, 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 and 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 the Financial Statements section of our report. We are required to be independent of the District 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.

Responsibilities 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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 is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 District'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information, the Schedule of District's Proportionate Share of the Net Pension and OPEB Liability, and Schedule of Pension and OPEB Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Kelley Galloway Smith Goodby, PSC

Cincinnati, Ohio
December 12, 2022

BOONE COUNTY PUBLIC LIBRARY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2022

As management of the Boone County Public Library District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

OVERVIEW OF THE FINANCIAL STATEMENTS

The management's discussion and analysis is a required element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34. It provides management with the opportunity to present an overview of the financial activities of the District based on currently known facts, decisions or conditions. The District's basic financial statements are comprised of the components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

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

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

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal 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 district-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements – The fund financial statements focus on governmental activities and tell how these services were financed in the short term as well as what remains for future spending. This statement also reports the District's operations in more detail than the district-wide statements by providing information about the District's most significant funds – General and Capital Projects.

The District's services are reported in government funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future on services provided to residents. The basic governmental fund financial statements can be found on pages 11 through 14 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 district-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 28 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

The combined net position of the District decreased between FY 2021 and 2022 by \$404,743. The majority of the District's net position is invested in capital assets or investments. The unrestricted net position amount of \$10,337,717 represents the amount the District can use to fund programs and operations in the future.

The following is a summary of net position for the fiscal years ended June 30, 2022 and 2021:

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Year Ended June 30, 2022

	2022	(As Amended) 2021
Current Assets	\$ 20,779,109	\$ 20,633,968
Noncurrent and Other Assets	<u>33,691,233</u>	<u>34,227,105</u>
Total Assets	<u>54,470,342</u>	<u>54,861,073</u>
Deferred Outflows	2,726,404	3,175,546
Current Liabilities	488,064	781,034
Noncurrent Liabilities	<u>10,755,585</u>	<u>12,657,929</u>
Total Liabilities	<u>11,243,649</u>	<u>13,438,963</u>
Deferred Inflows	2,300,599	540,415
Net Position		
Net investment in capital assets	33,314,781	33,815,457
Unrestricted Fund Balance	<u>10,337,717</u>	<u>10,241,784</u>
Total Net Position	<u>\$ 43,652,498</u>	<u>\$ 44,057,241</u>

The following table presents a summary of revenue and expenses for the fiscal years ended June 30, 2022 and 2021. The most significant portion of revenues (90.8%) is local property tax. The District carefully invests its funds in a variety of investment types with the primary focus being safety of principal, but with attention to opportunities in increase yield. The District realized \$53,688 in investment revenue during fiscal year 2022.

	2022	2021
Revenues:		
Charges for services	\$ 6,552	\$ 2,259
Operating grants and contributions	97,542	15,491
Property taxes	8,659,095	8,263,512
Other taxes	656,072	580,722
Investment earnings	53,688	111,604
Gain (Loss) on disposal of property	-	(2,634)
Miscellaneous	<u>61,524</u>	<u>125,718</u>
Total Revenues	<u>9,534,473</u>	<u>9,096,672</u>
Expenses:		
Personnel	6,253,391	6,850,995
Materials	485,514	363,631
Facility	272,582	766,267
Support services	192,869	208,063
Maintenance	452,654	435,880
Program	257,872	562,009
Automation	389,334	302,134
Other	121,669	133,563
Depreciation	<u>1,513,331</u>	<u>1,480,845</u>
Total Expenses	<u>9,939,216</u>	<u>11,103,387</u>
Expenses in Excess of Revenues	<u>\$ (404,743)</u>	<u>\$ (2,006,715)</u>

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Information about the District's governmental funds begins on page 11. These funds are accounted for using the modified accrual basis of accounting. Several revenue sources fund governmental activities with property tax being the largest contributor. All governmental funds had total revenue of \$9,534,473 and expenditures of \$9,076,822. The most active fund is the General Fund with an unassigned fund balance at year-end of \$10,208,688.

CAPITAL ASSETS AND DEBT

Capital Assets – At the end of June 30, 2022, the District's investment in capital assets was \$33,314,781 representing a decrease of \$500,676, net of depreciation, from the prior year.

Debt - At June 30, 2022, the District has long-term debt of \$164,804, which consisted of a lease payable, and \$488,064 in current liabilities, consisting of accounts payable, accrued payroll, vacations, withholding, and the current portion of the lease payable.

The District is required, by Governmental Accounting Standards Board Statements No. 68 and 75, to display its proportionate share of the unfunded liability of the Kentucky Retirement System's County Employee Retirement System (CERS), a cost sharing multi-employer plan, in which the District is a participant. The net pension and OPEB liability, \$10,590,781, the deferred outflow of resources, \$2,726,404 and the deferred inflow of resources, \$2,300,599 on the Statement of Net Position at June 30, 2022 are a result of this required reporting. Detailed information on this pension and OPEB recognition can be found in Notes F and G in the Notes to the Financial Statements.

COMMENTS ON BUDGET, ECONOMIC FACTORS AND NEXT YEARS BUDGET

The Library continues to provide excellent service to the public by constantly monitoring changes, or improvements to evaluate and re-evaluate internal processes and procedures. BCPL continued to work with a consulting engineering firm to tighten the building envelope at all locations and to make sure that all energy usage systems are operating at peak efficiencies. We are seeing savings in our utility costs.

The rising cost of healthcare and retirement continues to be an ongoing concern so we are always on the lookout for alternative forms of revenue.

Fiscal year 2022 which covered July 1, 2021 to June 30, 2022, was about getting back to normal at Boone County Public Library. We looked at fiscal year 2021 as the reset year. The Library received several grants in FY2022. Some of the funds were spent in FY2022 and the rest is scheduled to be spent in FY2023.

By the end of the fiscal year, circulation of physical materials had increased by 6% over last fiscal year. Program attendance increased by 137% and visitors to the Library increased by 44%.

BCPL's Youth Services staff has positioned the library to help meet the needs of Early Literacy. The Library's Early Literacy Learning services and programs support the foundation of pre-reading and language enrichment skills so crucial to the young child's cognitive and social development. Our professional librarians and early childhood educators work with parents, educators and caregivers throughout the state to provide the collections, resources and support they need to assist these young minds in being ready to read, and most importantly, in beginning their lifelong habit of reading for pleasure and knowledge.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Year Ended June 30, 2022

The Library has 4 key Early Literacy initiatives—Storytimes, 1,000 Books Before Kindergarten, Read with a Teen and Pages and Paws/Paws to Read. BCPL offered 2,792 early literacy programs to 54,076 attendees.

Summer Reading is designed to keep people of all ages reading and learning all summer long and help prevent the summer slide. It includes hands-on activities and incentives-based reading. Preschool children (ages 0-4) read 52,792 books, adults read 33,915 books, and school aged children (grades k-12) read 2,586,806 minutes during the summer reading program.

BCPL aligns our programs with the Institute of Museum and Library Services (IMLS) 21st century skills. Today's world is very different than it was only a few years ago. The ability to live and work in today's world depends on utilizing 21st century skills. Obtaining new skills as an adult is important because adults' cognitive abilities continue to develop after they leave formal education. Furthermore, for older adults, educational activities increase the brain's ability to compensate for age-related changes and regular social interaction is an important predictor of healthy brain aging. All 5,837 adult programs offered to 22,078 attendees was mapped to a 21st century skill.

During fiscal year 2022, BCPL hosted 4 museum quality traveling exhibits—September 11, 2001: The Day that Changed the World; Telling a People's Story: African-American Children's Illustrated Literature; Dinosaurs: Land of Fire and Ice; and Measurement Rules. The community was happy to see the return of the traveling exhibits, however, 4 in one year was too many for the staff. We will limit this to one per year in the future.

Due to staffing issues the Chapin Memorial Library closed in March 2022. The senior management team has worked to reimagine this location as an unstaffed Express Location that will open in fiscal year 2023. A Locker System was purchased for the Library.

The Local History Department made the transition to the Boone County Borderlands Archive and History Center. BCPL will be the repository for historical records from the County Clerk and the Circuit Clerk's office.

In June 2022, the Boone County Public Library Foundation, a 501(c)3 nonprofit, was approved by the Kentucky Secretary of State and the IRS. The purpose of the Foundation is to encourage voluntary financial support for Boone County Public Library to enhance the programs, services, collections, projects, and facilities of the Library, to apply for grants for the Library, and to acquire and administer funds devoted to these purposes.

Several Capital Projects were budgeted for FY2022; however, some were not completed due to lack of workforce and shipping delays. The cost of the work will be split between FY2022 and FY2023. The Library purchased a new courier vehicle to move materials around the system. Security cameras were updated and the IT Department installed a disaster recovery server.

The Library hired Omni Architects in January 2022, to design a new location to replace the Walton Branch that is too small and landlocked. The Library had purchased the land a decade ago. Work on this project will continue through fiscal year 2025.

At the Main Library, a new heat pump was installed for the lower level, the Teen Scene was moved to the second floor, the Book Cellar was moved to the first floor and rebranded, an early literacy playscape was purchased and installed, and office space was created on the garden level to bring the entire outreach department together in one space.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the Year Ended June 30, 2022

At the Florence Branch, a new public computer desk was purchased. It did not arrive by the end of the fiscal year. And, at the Hebron Branch the lighting and HVAC controls were updated.

At the Scheben Branch three large projects took place: new carpet was installed throughout the building; the interior of the building was painted; and new countertops were installed in the bathrooms. These projects started in FY2021 and were completed in FY2022. The Teen Scene was remodeled and new chairs for the public and staff were purchased.

The operating budget has several line items that were over budget due to unanticipated expenses and increased expenses. However, due to not filling 12 positions vacated either just before the pandemic shutdown or during the shutdown the Salary line item was not expended and covers these additional expenditures.

The Public Relations Department continues to work on original content creation through blogs and videos. Through their work, BCPL's Facebook page has more followers than any other public library in Kentucky. They continue to see a high level of engagement on all social media platforms BCPL uses—Facebook, Twitter, Instagram, LinkedIn, and YouTube.

Our strategic plan emphasizes lifelong learning opportunities for early childhood and retired adults; and local history research and programs. We have continued to expand our offerings to the educational community and strengthened our partnerships with Boone County Parks, Boone County Early Childhood Fund, Northern Kentucky Early Childhood Council, Northern Kentucky Forum, Boone County Schools, and Walton Verona Schools during this past fiscal year.

REQUESTS FOR INFORMATION

Questions regarding this report should be directed to Carrie Herrmann, Boone County Public Library District, 1786 Burlington Pike, Burlington, KY 41005, telephone (859) 292-3387, or email director@bcpl.org.

BOONE COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 11,928,530
Taxes receivable	188,406
Other receivable	60,300
Investments	8,601,873
Total current assets	20,779,109
Capital Assets:	
Capital assets, not being depreciated	9,309,534
Capital assets, net of accumulated depreciation	24,005,247
Net capital assets	33,314,781
Other assets	
Right to use leased assets, net	217,758
Other assets	158,694
Total other assets	376,452
TOTAL ASSETS	54,470,342
Deferred Outflows of Resources	
Deferred outflows related to pensions and OPEB - CERS	2,726,404
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	57,196,746
LIABILITIES	
Current Liabilities:	
Accounts payable	187,241
Accrued wages and vacations payable	244,250
Accrued payroll withholdings	2,728
Leases payable	53,845
Total current liabilities	488,064
Non-Current Liabilities:	
Leases payable	164,804
Net pension and OPEB liability - CERS	10,590,781
Total non-current liabilities	10,755,585
TOTAL LIABILITIES	11,243,649
Deferred Inflows of Resources	
Deferred inflows related to pensions and OPEB - CERS	2,300,599
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	13,544,248
NET POSITION	
Net investment in capital assets	33,314,781
Unrestricted	10,337,717
TOTAL NET POSITION	\$ 43,652,498

The accompanying notes to financial statements
are an integral part of this statement.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Library Operations	\$ -	\$ 6,552	\$ 97,542	\$ -	\$ 104,094
Personnel	6,253,391	-	-	-	(6,253,391)
Materials	485,514	-	-	-	(485,514)
Facility	272,582	-	-	-	(272,582)
Support Services	192,869	-	-	-	(192,869)
Maintenance	452,654	-	-	-	(452,654)
Program	257,872	-	-	-	(257,872)
Automation	389,334	-	-	-	(389,334)
Other	121,669	-	-	-	(121,669)
Depreciation	1,513,331	-	-	-	(1,513,331)
Total Governmental Activities	<u>\$ 9,939,216</u>	<u>\$ 6,552</u>	<u>\$ 97,542</u>	<u>\$ -</u>	<u>\$ (9,835,122)</u>
General Revenue -					
Tax Revenue					8,659,095
Taxes - Other					656,072
Miscellaneous Income					61,524
Interest Income					<u>53,688</u>
Total General Revenues					<u>9,430,379</u>
CHANGE IN NET POSITION					(404,743)
NET POSITION-BEGINNING OF YEAR					<u>44,057,241</u>
NET POSITION-END OF YEAR					<u>\$ 43,652,498</u>

The accompanying notes to financial statements
are an integral part of this statement.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 8,598,677	3,329,853	\$ 11,928,530
Taxes receivable	188,406	-	188,406
Other receivables	60,300	-	60,300
Due from capital projects fund	1,795,524	-	1,795,524
Investments	-	8,601,873	8,601,873
Total current assets	<u>10,642,907</u>	<u>11,931,726</u>	<u>22,574,633</u>
Other assets	68,383	-	68,383
Other prepaid expenses	89,090	-	89,090
Deposits	1,221	-	1,221
Total other assets	<u>158,694</u>	<u>-</u>	<u>158,694</u>
TOTAL ASSETS	<u>\$ 10,801,601</u>	<u>\$ 11,931,726</u>	<u>\$ 22,733,327</u>
LIABILITIES			
Accounts payable	\$ 187,241	\$ -	\$ 187,241
Due to general fund	-	1,795,524	1,795,524
Accrued wages and vacations payable	244,250	-	244,250
Accrued payroll withholdings	2,728	-	2,728
Total current liabilities	<u>434,219</u>	<u>1,795,524</u>	<u>2,229,743</u>
FUND BALANCES			
Non-spendable	158,694	-	158,694
Committed for capital projects	-	10,136,202	10,136,202
Unassigned	10,208,688	-	10,208,688
Total fund balances	<u>10,367,382</u>	<u>10,136,202</u>	<u>20,503,584</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,801,601</u>	<u>\$ 11,931,726</u>	<u>\$ 22,733,327</u>

The accompanying notes to financial statements
are an integral part of this statement.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Total fund balances for governmental funds \$ 20,503,584

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

Right to use leased assets, net of accumulated amortization, used in governmental activities are not financial resources and therefore are not reported in the governmental funds. 217,758

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. 33,314,781

Long-term liabilities are not due and payable in the current period and are not reported in the funds:

Leases payable	(218,649)
Net pension liability - CERS	(8,145,511)
Net OPEB liability - CERS	(2,445,270)

Deferred outflows and inflows of resources related to pensions and post employment health insurance are applicable to future periods and, therefore are not reportable in the funds:

Deferred outflow of resources - pensions - CERS	1,343,774
Deferred outflow of resources - OPEB - CERS	1,382,630
Deferred inflow of resources - pensions - CERS	(1,169,868)
Deferred inflow of resources - OPEB - CERS	<u>(1,130,731)</u>

Net position of governmental activities \$ 43,652,498

The accompanying notes to financial statements
are an integral part of this statement.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Capital Project Fund	Total Governmental Fund
Revenues			
From local sources:			
Taxes:			
Property	\$ 8,659,095	\$ -	\$ 8,659,095
Motor vehicle	527,282	-	527,282
Telecommunications	103,846	-	103,846
Watercraft	24,944	-	24,944
Fines and fees	6,552	-	6,552
Grants	24,706	-	24,706
Reimbursements	72,836	-	72,836
Earnings on investments and deposits	13,813	39,875	53,688
Other local sources	61,524	-	61,524
Total Revenues	<u>9,494,598</u>	<u>39,875</u>	<u>9,534,473</u>
Expenditures			
Personnel	5,892,564	-	5,892,564
Materials	947,107	-	947,107
Facility	272,582	-	272,582
Support services	192,869	-	192,869
Maintenance	452,654	-	452,654
Program	257,872	-	257,872
Automation	389,334	-	389,334
Other	120,778	-	120,778
Capital outlay	-	551,062	551,062
Total expenditures	<u>8,525,760</u>	<u>551,062</u>	<u>9,076,822</u>
Net change in fund balance	968,838	(511,187)	457,651
Fund balances, beginning of year	<u>9,398,544</u>	<u>10,647,389</u>	<u>20,045,933</u>
Fund balances, end of year	<u>\$ 10,367,382</u>	<u>\$ 10,136,202</u>	<u>\$ 20,503,584</u>

The accompanying notes to financial statements
are an integral part of this statement.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2022**

Net change in fund balances—total governmental funds **\$ 457,651**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense.

Depreciation expense	(1,513,331)
Capital outlays	1,012,655
Right to use leased assets amortization expense	(54,439)

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and interest consumes current financial resources of governmental funds.

Lease payments	53,548
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Governmental funds report pension and OPEB contributions as expenditures when paid. However, in the Statement of Activities, pension and OPEB expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, OPEB, and investment experience.

CERS OPEB and pension expense	<u>(360,827)</u>
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Change in net position of governmental activities	<u><u>\$ (404,743)</u></u>
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The accompanying notes to financial statements
are an integral part of this statement.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The Boone County Public Library District (the District) operates under legislative authority and provides services as authorized. The accounting policies of the District conform to accounting principles generally accepted in the United States of America applicable to governmental units. The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Boone County Public Library District. The following is a summary of the certain accounting policies followed in the preparation of these financial statements.

District-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the District that are governmental and those that are considered capital asset activities.

The district-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the general-purpose financial statements but 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 district-wide statements and the statements for governmental funds.

The district-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District'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 District, 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 District.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds, if any, are aggregated and presented in a single column.

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 includes only current assets and liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the change in total fund balance.

Government Fund Types

The District has the following funds:

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

Capital Project Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

Basis of Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

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

Investments

Kentucky Revised Statute 66.480 authorizes the District to invest in U.S. Treasury obligations, U.S. Agency obligations, certain Federal instruments, repurchase agreements, commercial banks' certificates of deposit, savings and loan deposits, certain mutual funds, Commonwealth of Kentucky investment pool and the Kentucky League of Cities investment pool.

At June 30, 2022, investments consists of participating and nonparticipating certificates of deposits in the amount of \$7,587,121 and a publicly traded mutual fund in the amount \$1,014,752. The mutual fund invests primarily in bonds with remaining maturities of less than one year and is valued at amortized cost, which approximates fair value.

Revenues – Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions, in which each party receives essentially equal value, is 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 District, available means expected to be received within sixty (60) days of the fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before they can be recognized.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of the 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.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

Budgetary Process

The District follows the procedures established pursuant to Section 164.655 of the Kentucky Revised Statutes in establishing the budgetary data reflected in the financial statements. Budgeted amounts in the financial statements are as adopted by the Board of Trustees.

The District’s budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP) of the United States of America. 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).

Taxes

Property Tax Revenues – Property taxes are levied each October 1 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 due dates and collection periods for all taxes exclusive of vehicle taxes are as follows:

<u>Description</u>	<u>Per K.R.S. 134.020 134.020</u>
1. Due date for payment of taxes	Upon receipt
2. Face value amount payment date	October 31 to December 31
3. Delinquent date, 5% penalty, 12% interest	January 1 to January 31
4. Delinquent date, 21% penalty, 12% interest	After January 31

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

Accounts Payable and Accrued Liabilities

All payables and accrued liabilities are reported in the district-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. In general, payments made within sixty days of year-end are considered to have been made with current available financial resources.

Capital Assets

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 District’s capitalization thresholds are shown below, improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an 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 and proprietary fund assets:

<u>Description</u>	<u>Capitalization Threshold</u>	<u>Activities Estimated Lives (Years)</u>
Buildings and improvements	\$ 25,000	25-50

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

Land improvements	12,500	25
Computer automation	1,000	5
Vehicles	2,500	5
Audio/visuals	1	3
Microfilms	1	7
Furniture and fixtures	2,500	15
Books	1	7
Land	1	-

Right-to-Use Assets

The District has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Net Position and Fund Balances

Net position in the District-wide Statement of Net Position represents the difference between total assets and deferred outflows and total liabilities and deferred inflows. 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 positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

In the fund financial statements, governmental fund balances can be presented in five possible categories:

- *Non-spendable* - These are resources which cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
- *Restricted* - These are resources with constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors or governmental laws or regulations or imposed by law through constitutional provisions or enabling legislation.
- *Committed* - These are resources which are subject to limitation the District imposes on itself at its highest level of decision making and that remain binding unless removed in the same manner.
- *Assigned* - These are resources neither restricted nor committed for which a government has a stated intended use as established by the governing body or by an official to which the governing body delegates authority.
- *Unassigned* - These are amounts that are available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount.

When committed, assigned, and unassigned resources are available for use, it is the District's policy to use committed and assigned resources first, then unassigned resources as they are needed.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the Statement of Net

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an revenue until that time.

Pension and Other Post-Employment Benefits (OPEB), Health Insurance

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources, pension and OPEB expense, and information about the plans' fiduciary net position and additions to/deductions from the plans' 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, 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.

Inter-fund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Recent Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, Leases ("GASB 87"), which establishes standards of accounting and financial reporting for leases by lessees and lessors. GASB 87 (1) increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract; and (2) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additionally, under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 will be effective for the District beginning with its year ending June 30, 2022 and will be applied retroactively by restating financial statements. As a result of adopting this standard, the District recorded right to use leased assets and leases payable of \$272,197 as of July 1, 2021.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period ("GASB 89"), which seeks to (1) enhance the relevance and comparability of information concerning capital assets and the cost of borrowing for a reporting period, and (2) simplify accounting for interest cost incurred during the period of construction. In particular, GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus, and, thus, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The adoption of this standard did not have a material effect on the District's financial statements.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020 ("GASB 92"). GASB 92 establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. Provisions related to insurance-related activities of public entity risk pools and derivative instruments were effective upon issuance. All other provisions will be effective for the District beginning with its year ending June

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

30, 2022. The adoption of this standard did not have a material effect on the District's financial statements.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements ("GASB 96"). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. GASB 96 will be effective for the District beginning with its year ending June 30, 2023. Management is currently evaluating the impact of this Statement on its financial statements.

NOTE B – OTHER ASSETS

During 2007, the District opened a branch library that was constructed by the Boone County Fiscal Court. Under the agreement, the District paid a portion of the construction costs and originally agreed to maintain the branch for a minimum of five years. Upon expiration, the District and the Fiscal Court elected the option to extend the agreement for twenty years. The amount of the initial construction contribution of \$183,173 was recorded as an other asset to be amortized over the life of the agreement. At June 30, 2022, remaining unamortized amount under the agreement was \$68,383.

NOTE C – CAPITAL ASSETS AND DEPRECIATION

The following is a summary of changes in capital assets for the year ended June 30, 2022:

<u>Governmental Activities</u>	Balance <u>June 30, 2021</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2022</u>
Capital Assets, Not Depreciated:				
Land	\$ 9,081,878	\$ -	\$ -	\$ 9,081,878
Construction in progress	-	227,656	-	227,656
Total Capital Assets, Not Depreciated	<u>9,081,878</u>	<u>227,656</u>	<u>-</u>	<u>9,309,534</u>
Capital Assets, Depreciated:				
Buildings and improvements	29,784,483	27,000	-	29,811,483
Land improvements	827,283	-	-	827,283
Furniture, fixtures and equipment	2,771,396	150,279	(31,023)	2,890,652
Computer automation	459,741	-	-	459,741
Collection – Books, AV media	4,241,514	553,635	(629,716)	4,165,433
Vehicles	351,511	54,085	-	405,596
Total	<u>38,435,928</u>	<u>784,999</u>	<u>(660,739)</u>	<u>38,560,188</u>
Less: accumulated depreciation	<u>(13,702,349)</u>	<u>(1,513,331)</u>	<u>660,739</u>	<u>(14,554,941)</u>
Total Capital Assets, Depreciated - Net	<u>24,733,579</u>	<u>(728,332)</u>	<u>-</u>	<u>24,005,247</u>
Governmental Activities Capital Assets - Net	<u>\$ 33,815,457</u>	<u>\$ (500,676)</u>	<u>\$ -</u>	<u>\$ 33,314,781</u>

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

NOTE D – LEASES

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

- A lease agreement was executed on June 21, 2021, to lease copiers and requires 60 monthly payments of \$4,649 per month. Variable payment components of the lease are based on usage per month. The lease liability is measured at a discount rate of 1%, which is the District's incremental borrowing rate. As a result, the District has recorded a right to use asset. Due to the variable components, the District paid an additional \$13,085 that was not recognized in the initial measurement of the lease liability.

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2022, were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2023	\$ 53,845	\$ 1,943	\$ 55,788
2024	54,386	1,402	55,788
2025	54,933	855	55,788
2026	55,485	303	55,788
	<u>\$ 218,649</u>	<u>\$ 4,503</u>	<u>\$ 223,152</u>

The District has recorded right to use leased assets for copier equipment. The right to use leased assets are amortized on a straight-line basis over the terms of the related leases.

Right to use leased asset activity for the fiscal year ended June 30, 2022, was as follows:

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2022</u>
Intangible right to use assets	\$ 272,197	\$ -	\$ -	\$ 272,197
Totals at historical cost	272,197	-	-	272,197
Less: accumulated amortization	-	(54,439)	-	(54,439)
Right to Use Leased Assets - Net	<u>\$ 272,197</u>	<u>\$ (54,439)</u>	<u>\$ -</u>	<u>\$ 217,758</u>

NOTE E – RENTAL INCOME

The District has lease income for 500 square feet of land for a cell phone tower in which payments are variable. The term is 5 years with an automatic renewal of 4 terms of 5 years each if not cancelled prior to expiration of each term by lessee. Lease income for the year ended June 30, 2022 was \$18,124.

NOTE F – RETIREMENT PLAN

Plan description: Substantially all full-time classified employees of the District participate in the County Employees Retirement System ("CERS"). CERS is a cost-sharing, multiple-employer, defined benefit pension plan administered by the Kentucky General Assembly. The plan covers substantially all regular full-time members employed in non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the plan. The plan provides for retirement, disability and death benefits to plan members.

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>.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

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 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2022, employers were required to contribute 26.95% (21.17% - pension, 5.78% - insurance) of the member's salary. During the year ending June 30, 2022, the District contributed \$682,562 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2021. At June 30, 2021, the District's proportion was 0.12776%.

For the year ended June 30, 2022, the District recognized pension expense of approximately \$1,095,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 93,535	\$ 79,058
Changes of assumptions	109,323	-
Net difference between projected and actual earnings on investments	-	1,085,660
Changes in proportion and differences between District contributions and proportionate share of contributions	458,354	5,150
District contributions subsequent to the measurement date	682,562	-
	\$ 1,343,774	\$ 1,169,868

The \$682,562 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over the average service life of all members. These will be recognized in pension expense as follows:

Year	
2023	\$ 189,992
2024	(122,123)
2025	(236,552)
2026	(339,973)
	\$ (508,656)

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2020. The financial reporting actuarial valuation as of June 30, 2021, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Payroll growth	2.00%
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%, net of pension plan investment expense, including inflation

The mortality table used for active members is PUB-2010 General Mortality Table projected with ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, 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 is utilized. For disabled members, the mortality table used is the 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 long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the below tables.

The target 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth		
US Equity	21.75%	5.70%
Non US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity		
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies		
Real Estate	10.00%	5.40%
Opportunistic	0.00%	0.00%
Real Return	<u>10.00%</u>	4.55%
Total	<u><u>100.00%</u></u>	5.00%

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the District'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%)
District's proportionate share of the net pension liability	\$ 10,447,004	\$ 8,145,511	\$ 6,241,079

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, 2022, there was a total payable to CERS of \$120,358, which includes pension and OPEB contributions.

NOTE G – OTHER POSTEMPLOYMENT BENEFIT (“OPEB”) PLAN

Plan description: The County Employees Retirement System (“CERS”) Insurance Fund was established to provide post-employment healthcare benefits to eligible members and dependents. The CERS Insurance Fund is a cost-sharing, multiple employer defined benefit plan administered by the Kentucky Retirement Systems' (KRS) board of trustees.

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>.

Benefits provided – CERS health insurance benefits are subject to various participation dates to determine eligibility and health insurance contribution rates. For employees who initiated participation in the CERS system prior to July 1, 2003, KRS pays a percentage of the monthly contribution rate for insurance coverage based on the retired member's years of service and type of service. Non-hazardous members receive a contribution subsidy for only the member's health insurance premium.

Percentage of contribution ranges from 0% for less than 4 years of service to 100% for 20 years or more of service. For members who initiated participation in the CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation in the KRS health plans. Members who began participating with KRS on or after September 1, 2008, must have 180 months of service upon retirement to participate in the KRS health plans. Non-hazardous retirees receive \$10 toward the monthly premium for each full year of service.

Contributions: CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the year ending June 30, 2022, CERS allocated 5.78% of the 26.95% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1.00% of the contributions by employees hired after September 1, 2008 are allocated to the health insurance plan. During the year ending

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

June 30, 2022, the District contributed \$186,358 to the CERS Insurance Fund. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

Implicit Subsidy: The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability was based on contributions to CERS during the fiscal year ended June 30, 2021. At June 30, 2021, the District's proportion was 0.12773%.

For the year ended June 30, 2022, the District recognized OPEB expense of approximately \$370,000, including an implicit subsidy of \$80,000. At June 30, 2022, the District 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	\$ 384,519	\$ 730,076
Changes of assumptions	648,287	2,274
Net difference between projected and actual earnings on investments	-	382,528
Changes in proportion and differences between District contributions and proportionate share of contributions	163,466	15,853
District contributions subsequent to the measurement date	186,358	-
	\$ 1,382,630	\$ 1,130,731

Of the total amount reported as deferred outflows of resources related to OPEB, \$186,358 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023.

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB are amortized over the average service life of all members. These will be recognized in OPEB expense as follows:

Year	
2023	\$ 107,795
2024	49,594
2025	39,178
2026	(131,026)
	\$ 65,541

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

Actuarial Methods and Assumptions - The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Payroll Growth Rate	2.00%
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-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.
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.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
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

Assumption Changes - The single discount rates used to calculate the total OPEB liability within each plan 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 anticipated long-term healthcare costs. There were no other material assumption changes.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the below tables.

The target 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth		
US Equity	21.75%	5.70%

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

Non US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity		
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies		
Real Estate	10.00%	5.40%
Opportunistic	0.00%	0.00%
Real Return	<u>10.00%</u>	4.55%
Total	<u><u>100.00%</u></u>	5.00%

Discount rate - The discount rate used to measure the total OPEB liability was 5.20%. 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 1.92%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan’s fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarial 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 following table presents the District’s proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.20%, 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 (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	1% Decrease (4.20%)	Current discount rate (5.20%)	1% Increase (6.20%)
District's proportionate share of the net OPEB liability	\$ 3,357,337	\$ 2,445,270	\$ 1,696,767

Sensitivity of the District’s proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates – The following presents the District’s proportionate share of the collective net OPEB liability, as well as what the District’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
District's proportionate share of the net OPEB liability	\$ 1,760,303	\$ 2,445,270	\$ 3,272,034

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended June 30, 2022

Payables to the OPEB plan: At June 30, 2022, there was a total payable to CERS of \$120,358, which includes pension and OPEB contributions.

NOTE H – CONCENTRATION OF CREDIT RISK

For deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned. The District maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law, the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2022, the District’s deposits totaling \$20,650,244 and are categorized as follows:

Amount insured by FDIC	\$ 3,003,800
Additional pledged securities	14,182,774
Uncollateralized	<u>3,463,670</u>
Total	<u>\$ 20,650,244</u>

NOTE I – CONTINGENCIES

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years. The District is not currently a defendant in any lawsuits.

REQUIRED SUPPLEMENTARY INFORMATION

BOONE COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL OF GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues					
From local sources					
Taxes:					
Property	\$ 7,800,000	\$ -	\$ 7,800,000	\$ 8,659,095	\$ 859,095
Motor Vehicle	350,000	-	350,000	527,282	177,282
Telecommunications	101,000	-	101,000	103,846	2,846
Watercraft	35,000	-	35,000	24,944	(10,056)
Fines and fees	20,000	-	20,000	6,552	(13,448)
Grants	9,000	36,513	45,513	24,706	(20,807)
Reimbursement	47,380	-	47,380	72,836	25,456
Investment earnings	140,000	-	140,000	13,813	(126,187)
Other local sources	62,229	-	62,229	61,524	(705)
Total revenues	<u>8,564,609</u>	<u>36,513</u>	<u>8,601,122</u>	<u>9,494,598</u>	<u>893,476</u>
Expenditures					
Personnel	6,667,558	(91,799)	6,575,759	5,892,564	683,195
Materials	1,078,955	15	1,078,970	947,107	131,863
Facility	255,928	8,950	264,878	272,582	(7,704)
Support services	180,860	16,100	196,960	192,869	4,091
Maintenance	554,141	803	554,944	452,654	102,290
Program	315,806	14,153	329,959	257,872	72,087
Automation	421,343	15,749	437,092	389,334	47,758
Other	175,181	36,038	211,219	120,778	90,441
Total expenditures	<u>9,649,772</u>	<u>9</u>	<u>9,649,781</u>	<u>8,525,760</u>	<u>1,124,021</u>
Net change in fund balance	(1,085,163)	36,504	(1,048,659)	968,838	2,017,497
Fund balance, beginning of year	<u>9,398,544</u>	<u>-</u>	<u>9,398,544</u>	<u>9,398,544</u>	<u>-</u>
Fund balance, end of year	<u>\$ 8,313,381</u>	<u>\$ 36,504</u>	<u>\$ 8,349,885</u>	<u>\$ 10,367,382</u>	<u>\$ 2,017,497</u>

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
COUNTY EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION AND OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2022**

	Reporting Fiscal Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
PENSION								
District's proportion of the net pension liability	0.12776%	0.12336%	0.11351%	0.11464%	0.11303%	0.11840%	0.116230%	0.116993%
District's proportionate share of the net pension liability	\$ 8,145,511	\$ 9,461,380	\$ 7,983,139	\$ 6,981,743	\$ 6,615,759	\$ 5,506,807	\$ 4,997,345	\$ 3,795,680
District's covered payroll	\$ 3,263,238	\$ 3,126,554	\$ 2,864,593	\$ 2,369,523	\$ 2,752,072	\$ 2,670,676	\$ 2,711,796	\$ 2,683,337
District's proportionate share of the net pension liability as a percentage of its covered payroll	249.614%	302.614%	278.683%	294.648%	240.392%	206.195%	184.282%	141.454%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%
INSURANCE FUND								
District's proportion of the net OPEB liability	0.12773%	0.12332%	0.13490%	0.11463%	0.11303%			
District's proportionate share of the net OPEB liability	\$ 2,445,270	\$ 2,977,900	\$ 1,908,834	\$ 2,035,286	\$ 2,272,209			
District's covered payroll	\$ 3,263,238	\$ 3,126,554	\$ 2,864,593	\$ 2,369,523	\$ 2,752,072			
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	74.934%	95.245%	66.635%	85.894%	82.564%			
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.40%			

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
COUNTY EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF PENSION AND OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
PENSION									
Contractually required contribution	\$ 682,562	\$ 629,805	\$ 603,425	\$ 464,637	\$ 343,107	\$ 383,914	\$ 331,698	\$ 345,754	\$ 368,910
Contributions in relation to the contractually required contribution	<u>682,562</u>	<u>629,805</u>	<u>603,425</u>	<u>464,637</u>	<u>343,107</u>	<u>383,914</u>	<u>331,698</u>	<u>345,754</u>	<u>368,910</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 3,224,195	\$ 3,263,238	\$ 3,126,554	\$ 2,864,593	\$ 2,369,523	\$ 2,752,072	\$ 2,670,676	\$ 2,711,796	\$ 2,683,337
District's contributions as a percentage of its covered payroll	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%
INSURANCE FUND									
Contractually required contribution	\$ 186,358	\$ 155,330	\$ 148,824	\$ 150,678	\$ 111,368	\$ 144,422			
Contributions in relation to the contractually required contribution	<u>186,358</u>	<u>155,330</u>	<u>148,824</u>	<u>150,678</u>	<u>111,368</u>	<u>144,422</u>			
Contribution deficiency (excess)	-	-	-	-	-	-			
District's covered payroll	\$ 3,224,195	\$ 3,263,238	\$ 3,126,554	\$ 2,864,593	\$ 2,369,523	\$ 2,752,072			
District's contributions as a percentage of its covered payroll	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%			

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – PENSION PLAN
FOR THE YEAR ENDED JUNE 30, 2022**

(1) CHANGES OF ASSUMPTIONS

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 rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- 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.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

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

- Decreased the price inflation assumption to 2.30%.
- Decreased the assumed rate of return to 6.25%.
- Decreased the payroll growth assumption to 2.00%.

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

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service).
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) 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.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – PENSION PLAN (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2022**

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates are determined on a biennial basis beginning with the fiscal year ended 2019, determined as of July 1, 2017. The amortization period of the unfunded liability has been reset as of July 1, 2013 to a closed 30-year period. The following actuarial methods and assumptions were used to determine contribution rates for the year ending June 30, 2019:

Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	30 years, closed
Payroll growth	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% to 11.55%, varies by service
Investment Rate of Return	6.25%, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)

(3) CHANGES OF BENEFITS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member’s final rate of pay to 75% of the member’s average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member’s final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The Total Pension Liability as of June 30, 2018 is determined using these updated benefit provisions.

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for qualified members who become “totally and permanently disabled” as a result of a duty-related disability. The minimum disability benefit increased from 25% of the member’s monthly final rate of pay to 75% of the member’s monthly average pay. The insurance premium for the member, the member’s spouse, and the member’s dependent children shall also be paid in full by the System. For non-hazardous members to be eligible for this benefit, they must be working in a position that could be certified as a hazardous position. There were no other material plan provision changes since the prior valuation.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2022**

(1) CHANGES OF ASSUMPTIONS

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

- Decreased the price inflation assumption to 2.30%.
- Decreased the assumed rate of return to 6.25%.
- Decreased the payroll growth assumption to 2.00%.

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

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service).
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) 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.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

For the June 30, 2020 measurement date, the assumed increase in future health care costs, or trend assumption, is reviewed on an annual basis and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. The assumed impact of the Cadillac Tax (previously a 0.9% load on employer paid non-Medicare premiums for those who became participants prior to July 1, 2003) was removed to reflect its repeal since the prior valuation.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY
 INFORMATION – OPEB PLAN (CONCLUDED)
 FOR THE YEAR ENDED JUNE 30, 2022**

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The following actuarial methods and assumptions, for actuarially determined contributions effective for fiscal year ending June 30, 2021:

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
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% to 11.55%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.25% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 5.50% at and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for CERS non-hazardous and hazardous.

(3) CHANGES OF BENEFITS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018, is determined using these updated benefit provisions.

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 is determined using these updated benefit provisions.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees
Boone County Public Library District
1786 Burlington Pike
Burlington, Kentucky 41005

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 and each major fund of the Boone County Public Library District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Boone County Public Library District's basic financial statements, and have issued our report thereon dated December 12, 2022.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Boone County Public Library District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Kelley Gallaway Smith Goodby, PSC

Cincinnati, Ohio
December 12, 2022