

BOONE COUNTY PUBLIC LIBRARY DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024
TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2024

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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, 2024, and the related notes to the financial statements, which collectively comprise the District'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, 2024, 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 (Asset), and Schedule of Pension and OPEB Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 20, 2024, 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 Gallaway Smith Goodby, PSC

Cincinnati, Ohio
December 20, 2024

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

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, 2024. 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, Foundation 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 30 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

The combined net position of the District increased between FY 2023 and 2024 by \$1,375,192. The majority of the District's net position is invested in capital assets or investments. The unrestricted net position amount of \$2,066,025 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, 2024 and 2023:

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023
Current Assets	\$ 13,165,681	\$ 19,651,554
Noncurrent Assets	43,907,422	35,476,946
Total Assets	57,073,103	55,128,500
Deferred Outflows	1,840,614	2,088,605
Current Liabilities	1,945,894	563,039
Noncurrent Liabilities	7,619,392	10,852,452
Total Liabilities	9,565,286	11,415,491
Deferred Inflows	3,763,350	1,591,725
Net Position		
Net investment in capital assets	43,519,056	35,237,337
Unrestricted Fund Balance	2,066,025	8,972,552
Total Net Position	\$ 45,585,081	\$ 44,209,889

The following table presents a summary of revenue and expenses for the fiscal years ended June 30, 2024 and 2023. The most significant portion of revenues (87.16%) 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 \$507,905 in investment revenue during fiscal year 2024.

	2024	2023
Revenues:		
Charges for Services	\$ 61,672	\$ 5,627
Operating Grants and Contributions	112,055	117,375
Tax Revenue	9,555,978	9,389,604
Taxes - Other	769,117	694,711
Miscellaneous Income	58,538	173,078
Interest Income	507,905	237,594
Loss on Disposal	(74,590)	-
Total Revenues	10,990,675	10,617,989
Expenses:		
Personnel	5,977,474	6,302,857
Materials	451,125	528,404
Facility	277,066	277,353
Support Services	233,852	213,454
Maintenance	556,027	569,096
Program	358,269	435,693
Automation	388,216	327,924
Other	108,523	108,563
Depreciation	1,264,931	1,297,254
Total Expenses	9,615,483	10,060,598
Change in Net Position	\$ 1,375,192	\$ 557,391

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

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 \$11,142,765 and expenditures of \$18,969,958. The most active fund is the General Fund with an unassigned fund balance at year-end of \$11,073,027.

CAPITAL ASSETS AND DEBT

Capital Assets – At the end of June 30, 2024, the District's investment in capital assets was \$43,519,056 representing an increase of \$8,281,719, net of depreciation, from the prior year.

Debt - At June 30, 2024, the District has long-term debt of \$110,417, which consisted of a 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 (asset), \$7,401,159, the deferred outflow of resources, \$1,840,614 and the deferred inflow of resources, \$3,763,350 on the Statement of Net Position at June 30, 2024 are a result of this required reporting. Detailed information on this pension and OPEB recognition can be found in Notes E and F in the Notes to the Financial Statements.

COMMENTS ON BUDGET, ECONOMIC FACTORS AND NEXT YEARS BUDGET

The Boone County Public Library (BCPL) remains committed to delivering exceptional service to the public by continuously evaluating and improving internal processes, systems, and procedures.

Operational Highlights

BCPL partnered with a consulting engineering firm to improve building envelopes at all locations and optimize energy systems, resulting in measurable utility cost savings. Rising personnel costs—including healthcare, salaries, and retirement—remain a concern, and the Library is actively exploring alternative revenue streams to mitigate these challenges.

Strategic Plan

The FY2024–FY2027 Strategic Plan emphasizes three key areas: Services, Spaces, and Staff. Targeted priorities include Early Childhood, Local History and Genealogy, and Culture and Life Experiences. BCPL strengthened partnerships with organizations such as Boone County Parks, Boone County Early Childhood Fund, Northern Kentucky Early Childhood Council, Northern Kentucky Forum, Boone County Schools, and Walton-Verona Schools.

Service and Usage Metrics

- **Library Cardholders:** Increased by 13% from FY2023 to FY2024.
- **Visitors:** Increased by 5% from FY2023 to FY2024.
- **Circulation:** Increased by 18% (physical and e-materials), with e-materials driving the growth.
- **WiFi Usage:** Continues to rise, while public computer usage has declined.
- **Return on Investment:** For every \$1 of taxpayer funding, BCPL provides a value of \$4.39, though this is an undervaluation as it does not include newspapers, magazines, or meeting/study room use.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

Programming and Outreach

BCPL continues to focus on delivering high-impact, targeted programs, both inside Library locations and within the community:

Outreach Services

- **The Library Bus** provides storytimes, collections, and programs to preschools, childcare centers, and community stops.
- **The Outreach Vehicle** delivers programming and curated collections to senior facilities and homebound individuals.
- **The Mobile Boone Innovation Lab** offers maker technology at events, camps, and schools.

Youth Services

BCPL expanded Early Literacy programming to include children up to third grade (age 8) to address pandemic-related delays. Key initiatives include:

- **Storytimes**
- **1,000 Books Before Kindergarten** (relaunched in FY2024)
- **Boone County Dolly Parton's Imagination Library** (in partnership with Boone County Schools, Walton-Verona Schools, and the BCPL Foundation)
- **Ages & Stages Questionnaire** for development evaluation and referrals

Preschool programs, particularly story times, remain the Library's most popular offerings.

Adult Programming

Public Services offers a wide range of adult programs, categorized into:

- **Special Programs:** Includes in-house programs produced by staff, paid speakers, and concerts.
- **Recurring Programs:** Weekly or monthly sessions such as exercise classes, English Language Learner programs, and art programs.
- **Book Discussion Groups:** Seven distinct groups offered across the Library system.

All adult programs align with a 21st Century Skill as defined by the Institute of Museum and Library Services (IMLS).

Specialized Services

BCPL provides several specialized services, including Notary, Passport Acceptance, GED Testing, Sensory Rooms, Story walks, and Bus Passes. Passport services and GED Testing continue to generate revenue for the Library.

Capital Projects

District-Wide:

- New website platform completed
- New mascot costume for *Tales*
- Large-format scanner purchased for the Archive & History Center
- Server replacement and Badge Access license upgrade

Main Library:

- Mural and storage cabinets installed in Boone Innovation Lab

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

- LED lighting replacement project continued
- Security camera upgrade completed
- New heat pump installed
- Meeting room chairs, racks, and updated signage installed

Hebron Branch:

- Mural and storage cabinets added to Boone Innovation Lab
- AV meeting room equipment upgraded

Walton Branch:

- Roof replacement completed
- Construction of the new Walton Branch continued and is set to open in FY2025. The former branch will be sold in FY2025.

Scheben Branch:

- Meeting room chairs and tables replaced
- Security camera upgrade completed
- Updated artwork and signage installed

Chapin Memorial Library:

Reopened in October 2023 as an unstaffed Express Location, requiring significant facility adjustments.

Employee Development and Retention

To attract and retain talent, BCPL implemented several initiatives in FY2024:

- Updated Tuition Assistance Policy to include up to \$5,250 annually and added a Student Loan Assistance program.
- Replaced the Voting Policy with a Civic Leave Policy.
- Updated the organization's Core Values.
- Approved a salary schedule update, including a 5% raise for eligible staff.
- Launched a Staff Mini-Grant program, providing up to \$750 for innovative initiatives.
- Enhanced onboarding and ongoing training opportunities.

Boone County Public Library Foundation

The BCPL Foundation, established in 2022 as a 501(c)(3), supports Library initiatives through fundraising and grants. Its key focus areas include Early Childhood, the Archive & History Center, Capital Projects, and general donations. In FY2024, the Foundation held its first fundraiser for Early Childhood initiatives and partnered with the Boone County Archive Commission to support the Archive & History Center.

Public Relations and Branding

The Public Relations Department continues to enhance engagement across social media platforms—Facebook, Twitter, Instagram, LinkedIn, and YouTube—while developing original blogs and video content. Major projects included promoting the Walton Branch opening, the Scheben Branch art project, and ensuring consistent branding system-wide.

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, 2024

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,248,636
Taxes receivable	318,314
Investments	11,598,731
Total current assets	13,165,681
Capital Assets:	
Capital assets, not being depreciated	20,219,548
Capital assets, net of accumulated depreciation	23,299,508
Net capital assets	43,519,056
Other assets	
Right to use leased assets, net	108,879
Other assets	116,738
Net OPEB asset- CERS	162,749
Total other assets	388,366
TOTAL ASSETS	57,073,103
Deferred Outflows of Resources	
Deferred outflows related to pensions and OPEB - CERS	1,840,614
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	58,913,717
LIABILITIES	
Current Liabilities:	
Accounts payable	1,504,558
Accrued wages and vacations payable	381,507
Accrued payroll withholdings	4,896
Leases payable	54,933
Total current liabilities	1,945,894
Non-Current Liabilities:	
Leases payable	55,484
Net pension liability - CERS	7,563,908
Total non-current liabilities	7,619,392
TOTAL LIABILITIES	9,565,286
Deferred Inflows of Resources	
Deferred inflows related to pensions and OPEB - CERS	3,763,350
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	13,328,636
NET POSITION	
Net investment in capital assets	43,519,056
Unrestricted	2,066,025
TOTAL NET POSITION	\$ 45,585,081

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, 2024**

<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	\$ -	\$ 61,672	\$ 112,055	\$ -	\$ 173,727
Personnel	5,977,474	-	-	-	(5,977,474)
Materials	451,125	-	-	-	(451,125)
Facility	277,066	-	-	-	(277,066)
Support Services	233,852	-	-	-	(233,852)
Maintenance	556,027	-	-	-	(556,027)
Program	358,269	-	-	-	(358,269)
Automation	388,216	-	-	-	(388,216)
Other	108,523	-	-	-	(108,523)
Depreciation	1,264,931	-	-	-	(1,264,931)
Total Governmental Activities	<u>\$ 9,615,483</u>	<u>\$ 61,672</u>	<u>\$ 112,055</u>	<u>\$ -</u>	<u>\$ (9,441,756)</u>
General Revenue -					
Tax Revenue					\$ 9,555,978
Taxes - Other					769,117
Miscellaneous Income					58,538
Interest Income					507,905
Gain on Disposal					77,500
Loss on Disposal					(152,090)
Total General Revenues					<u>10,816,948</u>
CHANGE IN NET POSITION					1,375,192
NET POSITION-BEGINNING OF YEAR					<u>44,209,889</u>
NET POSITION-END OF YEAR					<u>\$ 45,585,081</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, 2024**

	General Fund	Library Foundation	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,078,378	24,924	145,334	\$ 1,248,636
Taxes receivable	313,604	4,710	-	318,314
Due from capital projects fund	9,072,052	-	-	9,072,052
Investments	2,499,954	-	9,098,777	11,598,731
Total current assets	<u>12,963,988</u>	<u>29,634</u>	<u>9,244,111</u>	<u>22,237,733</u>
Other assets	53,729	-	-	53,729
Other prepaid expenses	61,788	-	-	61,788
Deposits	1,221	-	-	1,221
Total other assets	<u>116,738</u>	<u>-</u>	<u>-</u>	<u>116,738</u>
TOTAL ASSETS	<u><u>\$ 13,080,726</u></u>	<u><u>\$ 29,634</u></u>	<u><u>\$ 9,244,111</u></u>	<u><u>\$ 22,354,471</u></u>
LIABILITIES				
Accounts payable	\$ 1,504,558	\$ -	\$ -	\$ 1,504,558
Due to general fund	-	-	9,072,052	9,072,052
Accrued wages and vacations payable	381,507	-	-	381,507
Accrued payroll withholdings	4,896	-	-	4,896
Total current liabilities	<u>1,890,961</u>	<u>-</u>	<u>9,072,052</u>	<u>10,963,013</u>
FUND BALANCES				
Non-spendable	116,738	-	-	116,738
Committed for capital projects	-	-	172,059	172,059
Restricted	-	29,634	-	29,634
Unassigned	11,073,027	-	-	11,073,027
Total fund balances	<u>11,189,765</u>	<u>29,634</u>	<u>172,059</u>	<u>11,391,458</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 13,080,726</u></u>	<u><u>\$ 29,634</u></u>	<u><u>\$ 9,244,111</u></u>	<u><u>\$ 22,354,471</u></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, 2024**

Total fund balances for governmental funds \$ 11,391,458

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. 108,879

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. 43,519,056

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

Leases payable	(110,417)
Net pension liability - CERS	(7,563,908)
Net OPEB asset - CERS	162,749

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	1,333,500
Deferred outflow of resources - OPEB - CERS	507,114
Deferred inflow of resources - pensions - CERS	(1,052,660)
Deferred inflow of resources - OPEB - CERS	<u>(2,710,690)</u>

Net position of governmental activities \$ 45,585,081

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, 2024

	<u>General Fund</u>	<u>Library Foundation</u>	<u>Capital Project Fund</u>	<u>Total Governmental Fund</u>
Revenues				
From local sources:				
Taxes:				
Property	\$ 9,555,978	\$ -	\$ -	\$ 9,555,978
Motor vehicle	632,841	-	-	632,841
Telecommunications	105,093	-	-	105,093
Watercraft	31,183	-	-	31,183
Fines and fees	61,672	-	-	61,672
Grants	4,911	-	-	4,911
Reimbursements	107,144	-	-	107,144
Earnings on investments and deposits	89,930	886	417,089	507,905
Other local sources	66,899	69,139	-	136,038
Total Revenues	<u>10,655,651</u>	<u>70,025</u>	<u>417,089</u>	<u>11,142,765</u>
Expenditures				
Personnel	6,897,954	-	-	6,897,954
Materials	1,090,468	-	-	1,090,468
Facility	277,066	-	-	277,066
Support services	233,852	-	-	233,852
Maintenance	556,027	-	-	556,027
Program	303,866	54,403	-	358,269
Automation	388,216	-	-	388,216
Other	108,709	-	-	108,709
Capital outlay	-	-	9,059,397	9,059,397
Total expenditures	<u>9,856,158</u>	<u>54,403</u>	<u>9,059,397</u>	<u>18,969,958</u>
Excess (deficiency) of revenues over (under) expenditures	<u>799,493</u>	<u>15,622</u>	<u>(8,642,308)</u>	<u>(7,827,193)</u>
Other financing sources (uses):				
Transfers in	-	-	1,300,000	1,300,000
Transfers out	(1,300,000)	-	-	(1,300,000)
Total other financing sources and uses	<u>(1,300,000)</u>	<u>-</u>	<u>1,300,000</u>	<u>-</u>
Net change in fund balance	(500,507)	15,622	(7,342,308)	(7,827,193)
Fund balances, beginning of year	<u>11,690,272</u>	<u>14,012</u>	<u>7,514,367</u>	<u>19,218,651</u>
Fund balances, end of year	<u>\$ 11,189,765</u>	<u>\$ 29,634</u>	<u>\$ 172,059</u>	<u>\$ 11,391,458</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, 2024**

Net change in fund balances—total governmental funds **\$ (7,827,193)**

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	(1,264,931)
Loss on disposal of property	(152,090)
Capital outlays	9,698,740
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	54,625
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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	920,480
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Change in net position of governmental activities	\$ 1,375,192
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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, 2024**

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.

The District's basic financial statements include the accounts of Boone County Public Library District and its legally separate component unit. The criteria for including organizations as component units within the District's reporting entity is set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*.

The primary consideration is whether or not an entity has the potential to impose a financial burden or provide a financial benefit to the District. Other criteria include whether the organization is legally separate (can sue or be sued in their own name), whether the District holds the corporate powers of organization, appoints a voting majority of the organization's board, or is able to impose its will on the organization. An entity that is both fiscally dependent and has a burden/benefit relationship with the District is considered a component unit.

Boone County Public Library Foundation, Inc. (the Foundation) – The Foundation is a non-profit corporation (organized under 501(c)(3)), established and operated exclusively for charitable and educational purposes that enhance and support the District's resources, collections, programs, and services beyond the means of public funding. The Foundation has a separate board of directors, but based on the criteria above, it is a closely related component unit of the District and its financial data is blended with the data of the District for financial presentation.

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.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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.

Library Foundation – This fund accounts for financial resources of the Boone County Public Library Foundation, Inc. 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. This is a major fund of the District.

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, 2024, investments consists of participating and nonparticipating certificates of deposits in the amount of \$10,499,790 and a publicly traded mutual fund in the amount of \$1,098,941. 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.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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.

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).

The Boone County Public Library Foundation, Inc. is not legally required to adopt a budget.

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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</u> (Years)
Buildings and improvements	\$ 25,000	25-50
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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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 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 a revenue until then.

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

For purposes of measuring the net pension and OPEB liability (asset), 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 May 2022, the GASB issued Statement No. 99, *Omnibus 2022* ("GASB 99"), to provide guidance addressing various accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements or during the due process on other pronouncements. GASB 99 addresses, among other matters:

- Accounting and financial reporting for exchange or exchange-like financial guarantees;
- Clarification of certain provisions of Statement No.:
 - 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments,
 - 87, Leases,
 - 94, Public-Private and Public-Public Partnership and Availability Payment Arrangements,
 - 96, Subscription-Based Information Technology Arrangements (SBITA);
- Replacing the original deadline for use of the London Interbank Offered Rate (LIBOR) as a benchmark interest rate for hedges of interest rate risk of taxable debt with a deadline for when

BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

LIBOR ceases to be determined by the ICE Benchmark Administration using the methodology in place as of December 31, 2021;

- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP);
- Disclosures related to non-monetary transactions; and
- Pledges of future revenues when resources are not received by the pledging government.

Requirements that relate to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures for non-monetary transactions, pledges of future revenues by pledging governments, clarifications of certain provisions in Statement No. 34, and terminology updates are effective upon issuance. Requirements related to leases, public-public and public-private partnerships (PPPs), and SBITAs are effective for fiscal years beginning after June 15, 2022, and for all reporting periods thereafter. Requirements related to other requirements related to derivative instruments are effective for fiscal years beginning after June 15, 2023, and for all reporting periods thereafter. Adoption of the provisions of this statement did not have a material effect on the District's financial statements.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62)* ("GASB 100"), which has as its primary objective to provide more straightforward guidance that is easier to understand and is more reliable, relevant, consistent, and comparable across governments for making decisions and assessing accountability. Improving the clarity of accounting and financial reporting requirements for accounting changes and error corrections will mean greater consistency in the application of these requirements in general.

GASB 100 prescribes accounting and financial reporting for each category of accounting change and error corrections, requiring that:

- Changes in accounting principle and error corrections be reported retroactively by restating prior periods;
- Changes in accounting estimate be reported prospectively by recognizing the change in the current period; and
- Changes to and within the financial reporting entity be reported by adjusting beginning balances of the current period.
- Governments disclose the effects of each accounting change and error correction on beginning balances in a tabular format.

The requirements of GASB 100 are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and for all reporting periods thereafter. Adoption of the provisions of this statement did not have a material effect on the District's financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* ("GASB 101"), which supersedes the guidance in Statement No. 16, *Accounting for Compensated Absences*, issued in 1992. GASB 101 aligns recognition and measurement guidance for all types of compensated absences under a unified model. It also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Additionally, it establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

Additionally, GASB 101 (1) provides an alternative to the existing requirement to disclose the gross annual increases and decreases in long-term liability for compensated absences, allowing governments to disclose only the net annual change in the liability as long as it is identified as such; and (2) removes the disclosure of the government funds used to liquidate the liability for compensated absences. The requirements of GASB 101 are effective for fiscal years beginning after December 15, 2023. Management is currently evaluating the impact of this Statement on its financial statements.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

In January 2024, the GASB issued Statement No. 102, *Certain Risk Disclosures* ("GASB 102"), which aims to enhance the transparency of financial reporting by requiring disclosures about risks that state and local governments face due to certain concentrations or constraints. A concentration is defined as a lack of diversity in significant inflows or outflows of resources, while a constraint is a limitation imposed by an external party or by the government's highest level of decision-making authority. Governments must disclose information about these risks if they are vulnerable to a substantial impact from them. The disclosures should include the nature of the concentration or constraint, any associated events that could cause a substantial impact, and actions taken to mitigate the risk. The requirements of GASB 102 are effective for fiscal years beginning after June 15, 2024. Management is currently evaluating the impact of this Statement on its financial statements.

In May 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements* ("GASB 103") with the objective to enhance the effectiveness of the financial reporting model for decision-making and assessing government accountability. The improvements target several areas of established accounting and financial reporting requirements. The effective date for GASB 103 is for fiscal years beginning after June 15, 2025. 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. Should the District cease operation of the branch before 25 years is complete, the agreement outlines specific provisions. 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, 2024, the remaining unamortized amount under the agreement was \$53,729.

NOTE C – CAPITAL ASSETS AND DEPRECIATION

The following is a summary of changes in capital assets for the year ended June 30, 2024:

<u>Governmental Activities</u>	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024
Capital Assets, Not Depreciated:				
Land	\$ 9,081,878	\$ -	\$ (152,090)	\$ 8,929,788
Construction in progress	2,420,662	8,869,098	-	11,289,760
Total Capital Assets, Not Depreciated	<u>11,502,540</u>	<u>8,869,098</u>	<u>(152,090)</u>	<u>20,219,548</u>
Capital Assets, Depreciated:				
Buildings and improvements	29,968,729	68,145	-	30,036,874
Land improvements	827,283	-	-	827,283
Furniture, fixtures and equipment	3,153,332	122,940	-	3,276,272
Computer automation	476,050	15,785	-	491,835
Collection - Books, AV media	4,060,377	622,772	(486,081)	4,197,068
Vehicles	471,865	-	-	471,865
Total	<u>38,957,636</u>	<u>829,642</u>	<u>(486,081)</u>	<u>39,301,197</u>
Less: accumulated depreciation	<u>15,222,839</u>	<u>1,264,931</u>	<u>(486,081)</u>	<u>16,001,689</u>
Total Capital Assets, Depreciated - Net	<u>23,734,797</u>	<u>(435,289)</u>	<u>-</u>	<u>23,299,508</u>
Governmental Activities Capital Assets - Net	<u>\$ 35,237,337</u>	<u>\$ 8,433,809</u>	<u>\$ (152,090)</u>	<u>\$ 43,519,056</u>

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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.

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2024, were as follows:

Year	Principal	Interest	Total
2025	\$ 54,933	\$ 855	\$ 55,788
2026	55,484	303	55,787
	\$ 110,417	\$ 1,158	\$ 111,575

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, 2024, was as follows:

	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024
Intangible right to use leased assets	\$ 272,197	\$ -	\$ -	\$ 272,197
Less: accumulated amortization	(108,879)	(54,439)	-	(163,318)
Total Right to Use Leased Assets - Net	\$ 163,318	\$ (54,439)	\$ -	\$ 108,879

NOTE E – 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>.

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, 2024, employers were required to contribute 23.34% (23.34% pension, 0.00% insurance) of the member's salary. During the year ending June 30, 2024, the District contributed \$895,097

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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, 2024, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2022. An expected total pension liability as of June 30, 2023 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, 2023. At June 30, 2023, the District's proportion was 0.11788%.

For the year ended June 30, 2024, the District recognized pension expense of approximately \$338,000. At June 30, 2024, 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	\$ 391,569	\$ 20,553
Changes of assumptions	-	693,237
Net difference between projected and actual earnings on investments	-	103,176
Changes in proportion and differences between District contributions and proportionate share of contributions	46,834	235,694
District contributions subsequent to the measurement date	895,097	-
	\$ 1,333,500	\$ 1,052,660

The \$895,097 reported as deferred outflows of resources 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, 2025.

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	
2025	\$ (444,467)
2026	(265,422)
2027	168,857
2028	(73,225)
Thereafter	-
	\$ (614,257)

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2022. The financial reporting actuarial valuation as of June 30, 2023, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Payroll growth	2.00%
Inflation	2.50%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.50%, net of pension plan investment expense, including inflation

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023 and include a change in the investment return assumption from 6.25% to 6.50%. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled “2022 Actuarial Experience Study for the Period Ending June 30, 2022.” The Total Pension Liability as of June 30, 2023, is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump Sum Option form of payment for members who retire on and after January 1, 2024, with the lump-sum options expanded to include 48 or 60 times the member’s monthly retirement allowance. Since this optional form of payment results in a reduced, actuarial equivalent, monthly retirement allowance for members who elect a partial lump-sum option, this provision does not have a fiscal impact to the total pension liability.

House Bill 506 also adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month under all circumstances. This is a minimal change for members in the hazardous plans, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis or in any nonhazardous position. The actuary believes this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total pension liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the nonhazardous plans. But as the minimum separation period was previously three months in almost every circumstance, the actuary assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023, for the nonhazardous plans is determined using these updated benefits provisions.

The mortality table used for active members was a Pub-2010 General Mortality table, for the Nonhazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

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>
Equity		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	<u>13.00%</u>	5.15%
Total	<u><u>100.00%</u></u>	5.75%

Discount Rate: The discount rate used to measure the total pension liability was 6.50%. 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 6.50%. 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 6.50%, 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Current discount rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
District's proportionate share of the net pension liability	\$ 9,549,891	\$ 7,563,908	\$ 5,913,482

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, 2024, there were no payables to CERS.

NOTE F – 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. The report

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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, 2024, CERS allocated 0.00% of the 23.34% 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 June 30, 2024, the District contributed \$-0- 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 (asset).

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

At June 30, 2024, the District reported a liability (asset) for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2023. The total OPEB liability (asset) used to calculate the net OPEB liability (asset) was based on an actuarial valuation as of June 30, 2022. An expected total pension liability (asset) as of June 30, 2023 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability (asset) was based on contributions to CERS during the fiscal year ended June 30, 2023. At June 30, 2023, the District's proportion was 0.11788%.

For the year ended June 30, 2024, the District recognized OPEB expense of approximately \$311,000 including an implicit subsidy of \$53,158. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 113,461	\$ 2,310,871
Changes of assumptions	320,278	223,202
Net difference between projected and actual earnings on investments	-	37,771
Changes in proportion and differences between District contributions and proportionate share of contributions	73,375	138,846
District contributions subsequent to the measurement date	-	-
	\$ 507,114	\$ 2,710,690

Of the total amount reported as deferred outflows of resources related to OPEB, \$-0- 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 (asset) in the year ended June 30, 2025.

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	
2025	\$ (529,279)
2026	(688,684)
2027	(543,012)
2028	(442,601)
Thereafter	-
	\$ (2,203,576)

Actuarial Methods and Assumptions - The total OPEB liability (asset) in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Payroll Growth Rate	2.00%
Inflation	2.50%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.50%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.80% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

Post-65	Initial trend starting at 8.50% at January 1, 2025 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-2020 mortality improvement scale using a base year of 2010.
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year 2010.

Assumption Changes - The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled “2022 Actuarial Experiences Study for the Period Ending June 30, 2022”. Additionally, the single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. Additional information regarding the single discount rates is provided below. The Total OPEB Liability as of June 30, 2023, is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Option form of payment for members who retire on and after January 1, 2024 and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

This is a minimal change for members in the hazardous plans, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis in any nonhazardous position. The actuary believes this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total OPEB liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the nonhazardous plan. But as the minimum separation period was previously three months in almost every circumstance, the actuary assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total OPEB liability as of June 30, 2023, for the nonhazardous plan is determined using these updated benefit provisions.

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>
Equity		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
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Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	<u>13.00%</u>	5.15%
Total	<u><u>100.00%</u></u>	5.75%

Discount rate - The discount rate used to measure the total OPEB liability (asset) was 5.93%. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2023. 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 plan’s 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 (asset) of the System, calculated using the discount rate of 5.93%, as well as what the District’s proportionate share of the collective net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.93%) or 1-percentage-point higher (6.93%) than the current rate:

	<u>1% Decrease (4.93%)</u>	<u>Current discount rate (5.93%)</u>	<u>1% Increase (6.93%)</u>
District's proportionate share of the net OPEB liability (asset)	\$ 305,417	\$ (162,749)	\$ (554,781)

Sensitivity of the District’s proportionate share of the collective net OPEB liability (asset) to changes in the healthcare cost trend rates - The following presents the District’s proportionate share of the collective net OPEB liability (asset), as well as what the District’s proportionate share of the collective net OPEB liability (asset) 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:

	<u>1% Decrease</u>	<u>Current trend rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability (asset)	\$ (521,639)	\$ (162,749)	\$ 278,113

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>.

Payables to the OPEB plan: At June 30, 2024, there were no payables to CERS.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE G – 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, 2024, the District’s deposits totaling \$12,993,632 and are categorized as follows:

Amount insured by FDIC	\$ 5,665,478
Additional pledged securities	2,826,610
Uncollateralized	<u>4,501,544</u>
Total	<u>\$ 12,993,632</u>

NOTE H– 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, 2024

	<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	\$ 9,000,000	\$ -	\$ 9,000,000	\$ 9,555,978	\$ 555,978
Motor Vehicle	425,000	-	425,000	632,841	207,841
Telecommunications	101,000	-	101,000	105,093	4,093
Watercraft	30,000	-	30,000	31,183	1,183
Fines and fees	20,000	-	20,000	61,672	41,672
Grants	9,200	-	9,200	4,911	(4,289)
Reimbursement	47,380	-	47,380	107,144	59,764
Investment earnings	190,000	210,000	400,000	89,930	(310,070)
Other local sources	44,750	25,921	70,671	66,899	(3,772)
Total revenues	<u>9,867,330</u>	<u>235,921</u>	<u>10,103,251</u>	<u>10,655,651</u>	<u>552,400</u>
Expenditures					
Personnel	6,859,148	(190,156)	6,668,992	6,897,954	(228,962)
Materials	1,070,028	108,300	1,178,328	1,090,468	87,860
Facility	256,733	-	256,733	277,066	(20,333)
Support services	221,376	8,750	230,126	233,852	(3,726)
Maintenance	565,035	75,272	640,307	556,027	84,280
Program	329,578	10,396	339,974	303,866	36,108
Automation	404,449	8,039	412,488	388,216	24,272
Other	139,839	(3,332)	136,507	108,709	27,798
Capital outlay	11,295	4,595	15,890	-	15,890
Contingency	3,993	219,913	223,906	-	223,906
Total expenditures	<u>9,861,474</u>	<u>241,777</u>	<u>10,103,251</u>	<u>9,856,158</u>	<u>247,093</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,856</u>	<u>(5,856)</u>	<u>-</u>	<u>799,493</u>	<u>799,493</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(1,300,000)	(1,300,000)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,300,000)</u>	<u>(1,300,000)</u>
Net change in fund balance	5,856	(5,856)	-	(500,507)	(500,507)
Fund balance, beginning of year	<u>11,690,272</u>	<u>-</u>	<u>11,690,272</u>	<u>11,690,272</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,696,128</u>	<u>\$ (5,856)</u>	<u>\$ 11,690,272</u>	<u>\$ 11,189,765</u>	<u>\$ (500,507)</u>

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
COUNTY EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION AND OPEB LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2024**

	Reporting Fiscal Year (Measurement Date)									
	2024 (2023)	2023 (2022)	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	0.11788%	0.11673%	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	\$ 7,563,908	\$ 8,438,066	\$ 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	\$ 3,420,667	\$ 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 proportionate share of the net pension liability as a percentage of its covered payroll	221.124%	261.711%	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	57.48%	52.42%	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/asset	0.11788%	0.11671%	0.12773%	0.12332%	0.13490%	0.11463%	0.11303%			
District's proportionate share of the net OPEB liability (asset)	\$ (162,749)	\$ 2,303,189	\$ 2,445,270	\$ 2,977,900	\$ 1,908,834	\$ 2,035,286	\$ 2,272,209			
District's covered payroll	\$ 3,420,667	\$ 3,224,195	\$ 3,263,238	\$ 3,126,554	\$ 2,864,593	\$ 2,369,523	\$ 2,752,072			
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-4.758%	71.435%	74.934%	95.245%	66.635%	85.894%	82.564%			
Plan fiduciary net position as a percentage of the total OPEB liability	104.23%	60.95%	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, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
PENSION											
Contractually required contribution	\$ 895,097	\$ 800,436	\$ 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>895,097</u>	<u>800,436</u>	<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	\$ 3,835,034	\$ 3,420,667	\$ 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	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%
INSURANCE FUND											
Contractually required contribution	\$ -	\$ 115,961	\$ 186,358	\$ 155,330	\$ 148,824	\$ 150,678	\$ 111,368	\$ 144,422			
Contributions in relation to the contractually required contribution	<u>-</u>	<u>115,961</u>	<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	\$ 3,835,034	\$ 3,420,667	\$ 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	0.00%	3.39%	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, 2024**

(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.

For the valuation performed as of June 30, 2023, demographic and economic assumptions were updated based on the 2022 experience study and the single discount rates used to calculate the total OPEB liability was changed to 6.50%. A 1% increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 is assumed to reflect the shift in retirement pattern due to House Bill 506. Additionally, in conjunction with the review of the healthcare per capita claims cost, the assumed increase in the future healthcare costs, or trend assumption, is reviewed on an annual basis. The trend assumption for the non-Medicare Plans was increased during the select period as a result of this review.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – PENSION PLAN (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024**

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

The following actuarial methods and assumptions were used to determine contribution rates for the year ending June 30, 2023:

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 10.30%, varies by service
Investment Rate of Return	6.25%, net of pension plan investment expense, including inflation
Mortality	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
Phase-in provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

(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, 2019 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.

Senate Bill 209 passed during the 2022 legislative session increased the insurance dollar contribution for members hired on or after July 1, 2003 by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – PENSION PLAN (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2024**

House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Options (PLSO) form of payment for members retiring on or after January 1, 2024. The bill introduced an expansion of the lump-sum payment options, allowing for payouts equal to 48 or 60 times the member's Basic, or Survivorship 100% monthly retirement allowance. The lifetime monthly retirement allowance is adjusted actuarially to account for the selected lump sum payment option. House Bill 506 additionally modified the minimum separation period required for a retiree to reemploy with a participating employer of the Systems administered by the KPPA while still receiving their retirement allowance. This adjustment standardized the separation period to one month for all scenarios within each plan for retirement dates effective January 1, 2024 and after.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2024**

(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.

For the June 30, 2022 measurement date, the single discount rates used to calculate the total OPEB liability was changed to 5.70%.

For the valuation performed as of June 30, 2023, demographic and economic assumptions were updated based on the 2022 experience study and the single discount rates used to calculate the total OPEB liability was changed to 5.93%. A 1% increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 is assumed to reflect the shift in retirement pattern due to House Bill 506. Additionally, in conjunction with the review of the healthcare per capita claims cost, the assumed increase in the future healthcare costs, or trend assumption, is reviewed on an annual basis. The trend assumption for the non-Medicare Plans was increased during the select period as a result of this review.

(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, 2023:

Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – OPEB PLAN (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2024**

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 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, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement. Additionally, Humana provided “Not to Exceed” 2022 Medicare premiums, which were incorporated and resulted in an assumed 2.90% increase in Medicare premiums at January 1, 2022.
Mortality	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.

(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, 2019, 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.

House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Options (PLSO) form of payment for members retiring on or after January 1, 2024. The bill introduced an expansion of the lump-sum payment options, allowing for payouts equal to 48 or 60 times the member’s Basic, or Survivorship 100% monthly retirement allowance. The lifetime monthly retirement allowance is adjusted actuarially to account for the selected lump sum payment option. House Bill 506 additionally modified the minimum separation period required for a retiree to reemploy with a participating employer of the Systems administered by the KPPA while still receiving their retirement allowance. This adjustment standardized the separation period to one month for all scenarios within each plan for retirement dates effective January 1, 2024 and after.



**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, 2024, 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 20, 2024.

Report on 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.

Report on 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 20, 2024