

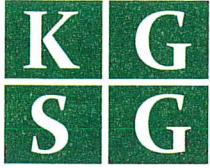
BOONE COUNTY PUBLIC LIBRARY DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021
TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report of the Financial Statements

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Boone County Public Library District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2022, on our consideration of the Boone County Public Library 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 the Boone County Public Library District's internal control over financial reporting and compliance.



Kelley Galloway Smith Goolsby PSC

Cincinnati, Ohio
February 8, 2022

BOONE COUNTY PUBLIC LIBRARY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

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, 2021. 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) government-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.

Government-wide financial statements – The government-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 and liabilities, 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 government-wide statements by providing information about the District's most significant funds – General and Capital Projects.

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

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 28 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

The combined net position of the District decreased between FY 2020 and 2021, for a net decrease in net position of \$2,006,715. The majority of the District's net position is invested in capital assets or investments. The unrestricted net position amount of \$10,241,784 represents the amount the District can use to fund programs and operations in the future.

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

For the Year Ended June 30, 2021

Net Position

The following is a summary of net position for the fiscal years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Assets		
Current assets	\$ 20,633,968	\$ 20,005,067
Noncurrent and other assets	<u>33,954,908</u>	<u>34,768,637</u>
Total Assets	54,588,876	54,773,704
Deferred outflows of resources	<u>3,175,546</u>	<u>2,382,276</u>
Total Assets and Deferred Outflows	57,764,422	57,155,980
Liabilities		
Current liabilities	727,486	315,470
Long term liabilities	<u>12,439,280</u>	<u>9,891,973</u>
Total Liabilities	13,166,766	10,207,443
Deferred inflows of resources	<u>540,415</u>	<u>884,581</u>
Total Liabilities and Deferred Inflows	<u>13,707,181</u>	<u>11,092,024</u>
Net Position		
Net investment of capital assets	33,815,457	34,670,517
Unrestricted	<u>10,241,784</u>	<u>11,393,439</u>
Total Net Position	<u>\$ 44,057,241</u>	<u>\$ 46,063,956</u>

The vast majority (98.5%) of revenue supporting all governmental activities is general revenue. The most significant portion of the general revenue 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 \$111,604 in investment revenue during fiscal year 2021.

The remaining amount of revenue received was in the form of program revenues, which equaled \$17,750 or .02% of total revenues.

The following table presents a summary of revenue and expense for the fiscal years ended June 30, 2021 and 2020.

Statement of Activities

	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenues:		
Charges for services	\$ 2,259	\$ 30,948
Operating grants and contributions	15,491	79,055
Capital grants and contributions	<u>-</u>	<u>40,203</u>
Total Program Revenues	<u>17,750</u>	<u>150,206</u>
General revenues:		
Property taxes	8,263,512	8,012,662
Other taxes	580,722	508,339
Investment earnings	111,604	322,842
Gain (Loss) on disposal of property	(2,634)	361,235
Miscellaneous	<u>125,718</u>	<u>125,061</u>
Total General Revenues	<u>9,078,922</u>	<u>9,330,139</u>
Total Revenues	<u>9,096,672</u>	<u>9,480,345</u>

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

For the Year Ended June 30, 2021

Program Expenses		
Personnel	6,850,995	6,674,025
Materials	363,631	735,190
Facility	766,267	262,521
Support services	208,063	220,146
Maintenance	435,880	425,901
Program	562,009	258,356
Automation	302,134	298,027
Other	133,563	241,757
Depreciation	<u>1,480,845</u>	<u>1,473,199</u>
Total Expenses	<u>11,103,387</u>	<u>10,589,122</u>
Change in Net Position	<u>\$ (2,006,715)</u>	<u>\$ (1,108,777)</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Information about the District's governmental funds begins on page 11. These funds are accounted for using the modified accrual basis of accounting. Several revenue sources fund governmental activities with property tax being the largest contributor. All governmental funds had total revenue of \$9,294,552 and expenditures of \$9,036,336. The most active fund is the General Fund with an unassigned fund balance at year-end of \$9,259,093.

CAPITAL ASSETS AND DEBT

Capital Assets – Net investment in capital assets for the District as of June 30, 2021 were \$33,815,457. This represents a decrease of \$855,060 from the previous year.

	<u>2021</u>	<u>2020</u>
Land	\$ 9,081,878	\$ 9,081,878
Buildings and improvements	29,784,483	29,711,428
Land improvements	827,283	827,283
Furniture, fixtures and equipment	2,771,396	2,753,170
Computer automation	459,741	448,146
Collection – books, AV media	4,241,514	4,656,273
Vehicles	351,511	351,511
Accumulated depreciation	<u>(13,702,349)</u>	<u>(13,159,172)</u>
Capital Assets, Net	<u>\$ 33,815,457</u>	<u>\$ 34,670,517</u>

Debt - At June 30, 2021 the District had no long-term debt and \$727,486 in current liabilities, consisting of accounts payable, accrued payroll, vacations and withholding.

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, \$12,439,280, the deferred outflow of resources, \$3,175,546 and the deferred inflow of resources, \$540,415 on the Statement of Net Position at June 30, 2021 are a result of this required reporting. Detailed information on this pension and OPEB recognition can be found in Notes F and G in the Notes to the Financial Statements.

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

For the Year Ended June 30, 2021

COMMENTS ON BUDGET, ECONOMIC FACTORS AND NEXT YEARS BUDGET

The District continues to provide excellent service to the public by constantly monitoring changes, or improvements to evaluate and re-evaluate internal processes and procedures. BCPL continued to work with a consulting engineering firm to tighten the building envelope at all locations and to make sure that all energy usage systems are operating at peak efficiencies. We are seeing savings in our utility costs. The rising cost of healthcare and retirement continues to be an ongoing concern, so we are always on the lookout for alternative forms of revenue.

Fiscal year 2021, which covered July 1, 2020 to June 30, 2021, was not a typical year at Boone County Public Library District. We are still dealing with the pandemic which has changed so many things in our world. I looked at this year as a reset year. It was a time to evaluate the services, programs, and facilities we offer to the community. What was working? What needed to be added, changed or updated or ended?

By the end of the fiscal year, circulation of physical materials had increased by 9% over last fiscal year. eMaterial (eBooks, eAudiobooks, streaming music and video, and digital magazines) check outs increased by 261%. We are not yet sure, if this increase in usage of eMaterials is permanent or temporary increase due to the pandemic.

We implemented Virtual Programming during the fiscal year. This allowed the District to continue offering a wide range of informative, cultural, and historical educational opportunities to learners of all ages and backgrounds. In person programming began in April. In conversations with people in the community, I have discovered that many prefer the virtual programming because they are too tired to visit the District after a busy day at work. Moving forward, the District plans to offer both in-person and virtual programming for all ages.

As we neared the start of the 2020/2021 school year, staff worked with Boone County Middle and High Schools by offering a card to every student. Student Digital Access Cards gives Boone County students access to all of the District's Digital resources. This card belongs to the student until graduation from the school district and allows them access to information and books they need for school. There are no fines on digital items or resources. As of the end of the school year, 11,084 Boone County students have a student digital access card.

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

In January 2021, the District kicked off a new initiative called *1,000 Books Before Kindergarten*. Studies show that reading with young children is the single most important activity adults can do to prepare children for kindergarten; it builds vocabulary as well as language skills. In as little as 15 minutes a day, families can build the skills for future school and life success. *1,000 Books Before Kindergarten* help parents to track books read to their children. Parents can register a child to participate at <https://www.bcpl.org/ys/storytime-and-early-literacy/1000-books/>. 631 children and their caregivers have read a total of 49,886 books to date.

In February 2021, the District partnered with the City of Florence to create a wide-area mesh network to get Wi-Fi to households in the community that do not have an internet connection. First, the District bolstered the Wi-Fi signal surrounding our six locations by increasing the indoor access points and

BOONE COUNTY PUBLIC LIBRARY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2021

installing outdoor Wi-Fi access points. Think of each District location sitting in the center of a circle with a 1,000 foot diameter where the secure Wi-Fi network is available. Second, the District installed a Wi-Fi access point at the historic firehouse along with a fiber optic internet line. The District's circle now touches the circle at the historic firehouse, each with a diameter of 1,000 feet. Together these two circles reach about 200 households in the Florence area. The District has applied for a grant to add more access points throughout the community. Wi-Fi usage increased by 82%. This increase started in February when we completed the upgrade at all locations and added the wide-area mesh network.

In January 2020, the District signed a contract with MSR Design to conduct a facilities master planning process. MSR designed and conducted a process to engage community leaders and stakeholder, conducted a demographic analysis, evaluated existing District facilities to create a vision for future library services as part of a 20 year plan. Like all things this last year, COVID-19 slowed the process down. In April 2021, the final plan was presented to the District board and accepted as a guide for the next 20 years of District planning.

The plan recommends the purchase and deployment of a technology outreach vehicle to help teach workforce skills and to allow children access to new technology to complete in the global world. All locations should increase the number of study rooms, meeting rooms, and other large and small collaborative quiet spaces, and add outdoor spaces for programming. Four projects were recommended by the plan in the following priority order:

1. Move the Walton Branch closer to Interstate 75 (land already purchased) and make larger to accommodate the anticipated growth in the southern portion of the county;
2. Add 4,000 square feet and remodel the interior of the Florence branch;
3. Renovate the main Library; and
4. Add 5,000 square feet and remodel the interior of the Scheben branch.

To read the full report and summary report visit <https://www.bcpl.org/about/>.

Several capital projects were budgeted for FY2021, however some were not completed due to COVID-19 shutdowns and lack of workforce. The cost of the work will be split between FY2021 and FY2022. The District added security card access to 3 additional doors across the system. This allows us to secure sensitive documents and information much better than a key. It also tracks who accesses the doors. We started a LED lighting project throughout the system to change all lights to LED lights. This will help with operational costs in the future. BCPL purchased Pass It Down exhibit equipment and software. This allows staff to create digital exhibits, viewable inside District locations and on the District's website. This supports BCPL's strategic plan to offer lifelong learning opportunities around local history.

At the main District Library, a humidifier was installed in the local history area on the first floor, of the garden level, a new heat pump was installed for the whole building, and security cameras were upgraded. An interior refresh was scheduled for the main District Library in FY2020, however, this project had partial completion, with the rest of the work pushed to FY2021. During FY2021, the first floor was repainted and a mural was installed in the Youth Service Department. The mural was designed to support our strategic plan to offer lifelong learning opportunities around early childhood.

At the Florence Branch, new lettering was installed in the building and the monument sign to aid first responders in identifying the Library if the need to respond to an emergency. A storage room for tables and chairs was added to the meeting room to give a cleaner appearance to the location.

The District had budgeted to begin the design process on the Walton Branch, but chose not to use those funds. The District board was waiting for the facilities master plan report before moving forward. That

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

For the Year Ended June 30, 2021

plan was received and accepted in April 2021. All windows were replaced at the Walton Branch. Hopefully, this will help with energy costs in the future.

At the Scheben Branch three large projects took place: new carpet was installed throughout the building; the interior of the building was painted; and new countertops were installed in the bathrooms. These projects started in FY2021 and will be completed in FY2022.

The operating budget has several line items that will be over budget due to unanticipated expenses related to Covid-19 and a large countywide initiative. However, due to not filling 25 positions vacated either just before the pandemic shutdown or during the shutdown, the salary line item was not expended and should cover these additional expenditures.

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

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

REQUESTS FOR INFORMATION

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 12,340,035
Taxes receivable	144,357
Other receivable	62,992
Investments	8,086,584
Total current assets	20,633,968
Capital Assets:	
Capital assets, not being depreciated	9,081,878
Capital assets, net of accumulated depreciation	24,733,579
Net capital assets	33,815,457
Other assets	139,451
TOTAL ASSETS	54,588,876
Deferred Outflows of Resources	
Deferred outflows related to pensions and OPEB - CERS	3,175,546
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	57,764,422
LIABILITIES	
Current Liabilities:	
Accounts payable	481,016
Accrued compensated absences	242,280
Accrued payroll withholdings	4,190
Total current liabilities	727,486
Non-Current Liabilities:	
Net pension and OPEB liability - CERS	12,439,280
TOTAL LIABILITIES	13,166,766
Deferred Inflows of Resources	
Deferred inflows related to pensions and OPEB - CERS	540,415
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	13,707,181
NET POSITION	
Net investment in capital assets	33,815,457
Unrestricted	10,241,784
TOTAL NET POSITION	\$ 44,057,241

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, 2021**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Library Operations	\$ -	\$ 2,259	\$ 15,491	\$ -	\$ 17,750
Personnel	6,850,995	-	-	-	(6,850,995)
Materials	363,631	-	-	-	(363,631)
Facility	766,267	-	-	-	(766,267)
Support Services	208,063	-	-	-	(208,063)
Maintenance	435,880	-	-	-	(435,880)
Program	562,009	-	-	-	(562,009)
Automation	302,134	-	-	-	(302,134)
Other	133,563	-	-	-	(133,563)
Depreciation	1,480,845	-	-	-	(1,480,845)
Total Governmental Activities	<u>\$11,103,387</u>	<u>\$ 2,259</u>	<u>\$ 15,491</u>	<u>\$ -</u>	<u>\$ (11,085,637)</u>
General Revenue -					
Tax Revenue					8,263,512
Taxes - Other					580,722
Miscellaneous Income					125,718
Interest Income					111,604
Loss on Disposal					(2,634)
Total General Revenues					<u>9,078,922</u>
CHANGE IN NET POSITION					(2,006,715)
NET POSITION-BEGINNING OF YEAR					<u>46,063,956</u>
NET POSITION-END OF YEAR					<u>\$ 44,057,241</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, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 6,034,768	6,305,267	\$ 12,340,035
Taxes receivable	144,357	-	144,357
Other receivables	62,992	-	62,992
Due from capital projects fund	3,744,462	-	3,744,462
Investments	-	8,086,584	8,086,584
Total current assets	<u>9,986,579</u>	<u>14,391,851</u>	<u>24,378,430</u>
Prepaid rent	75,710	-	75,710
Other prepaid expenses	62,520	-	62,520
Deposits	1,221	-	1,221
Total other assets	<u>139,451</u>	<u>-</u>	<u>139,451</u>
TOTAL ASSETS	<u>\$ 10,126,030</u>	<u>\$ 14,391,851</u>	<u>\$ 24,517,881</u>
LIABILITIES			
Accounts payable	\$ 481,016	\$ -	\$ 481,016
Due to general fund	-	3,744,462	3,744,462
Accrued wages and vacations payable	242,280	-	242,280
Accrued payroll withholdings	4,190	-	4,190
Total current liabilities	<u>727,486</u>	<u>3,744,462</u>	<u>4,471,948</u>
FUND BALANCES			
Non-spendable	139,451	-	139,451
Committed for capital projects	-	10,647,389	10,647,389
Unassigned	9,259,093	-	9,259,093
Total fund balances	<u>9,398,544</u>	<u>10,647,389</u>	<u>20,045,933</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,126,030</u>	<u>\$ 14,391,851</u>	<u>\$ 24,517,881</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, 2021**

Total fund balances for governmental funds \$ 20,045,933

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

Capital assets of \$47,517,806 less accumulated depreciation of (\$13,702,349),
used in governmental activities are not financial resources and, therefore,
are not reported as assets in governmental funds. 33,815,457

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

Net pension liability - CERS	(9,461,380)
Net OPEB liability - CERS	(2,977,900)

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	1,920,199
Deferred outflow of resources - OPEB - CERS	1,255,347
Deferred inflow of resources - pensions - CERS	(18,024)
Deferred inflow of resources - OPEB - CERS	<u>(522,391)</u>

Net position of governmental activities \$ 44,057,241

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, 2021

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Fund</u>
Revenues			
From local sources:			
Taxes:			
Property	\$ 8,263,512	\$ -	\$ 8,263,512
Motor vehicle	477,620	-	477,620
Telecommunications	102,923	-	102,923
Watercraft	179	-	179
Fines and fees	2,259	-	2,259
Grants	15,492	-	15,492
Gifts	-	-	-
Reimbursements	195,245	-	195,245
State aid	-	-	-
Earnings on investments and deposits	7,474	104,130	111,604
Other local sources	125,718	-	125,718
Total Revenues	<u>9,190,422</u>	<u>104,130</u>	<u>9,294,552</u>
Expenditures			
Personnel	5,636,370	-	5,636,370
Materials	445,933	-	445,933
Facility	766,267	-	766,267
Support services	208,063	-	208,063
Maintenance	435,880	-	435,880
Program	562,009	-	562,009
Automation	302,134	-	302,134
Other	133,563	-	133,563
Capital outlay	-	546,117	546,117
Total expenditures	<u>8,490,219</u>	<u>546,117</u>	<u>9,036,336</u>
Net change in fund balance	700,203	(441,987)	258,216
Fund balances, beginning of year	<u>8,698,341</u>	<u>11,089,376</u>	<u>19,787,717</u>
Fund balances, end of year	<u>\$ 9,398,544</u>	<u>\$ 10,647,389</u>	<u>\$ 20,045,933</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 OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2021**

Net change in fund balances—total governmental funds **\$ 258,216**

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

Governmental funds report capital outlays as expenditures because they use current financial resources. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(1,480,845)
Loss on disposal of property	(2,634)
Capital outlays	628,419

Governmental funds report pension and post employment health insurance contributions as expenditures. However, in the statement of activities, the cost of pensions and post employment health insurance benefits earned, net of employer contributions, is reported as an expense:

Cost of benefits earned - pension - CERS	(1,039,360)
Cost of benefits earned - OPEB - CERS	(370,511)
	-

Change in net position of governmental activities	\$ (2,006,715)	-
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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, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

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

District-Wide Financial Statements

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

The district-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the general-purpose financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds.

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

Fund Financial Statements

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

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

Government Fund Types

The District has the following funds:

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

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

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

For the Year Ended June 30, 2021

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, liabilities, 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, Commonwealth of Kentucky investment pool and the Kentucky League of Cities investment pool.

At June 30, 2021, investments consists of participating and nonparticipating certificates of deposits in the amount of \$8,086,584. The certificates of deposit have remaining maturities of less than one year and are valued at amortized cost.

Revenues – Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty (60) days of the fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before they can be recognized.

Expenses/Expenditures

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

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

For the Year Ended June 30, 2021

Budgetary Process

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

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP) of the United States of America. The major differences between the budgetary basis and the GAAP basis are:

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

Taxes

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

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

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

Accounts Payable and Accrued Liabilities

All payables and accrued liabilities are reported in the district-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. In general, payments made within sixty days of year-end are considered to have been made with current available financial resources.

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District's capitalization thresholds are shown below, improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

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

For the Year Ended June 30, 2021

<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	-

Net Position and Fund Balances

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

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

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

Non-spendable - These are resources which cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted - These are resources with constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors or governmental laws or regulations or imposed by law through constitutional provisions or enabling legislation.

Committed - These are resources which are subject to limitation the District imposes on itself at its highest level of decision making and that remain binding unless removed in the same manner.

Assigned - These are resources neither restricted nor committed for which a government has a stated intended use as established by the governing body or by an official to which the governing body delegates authority.

Unassigned - These are amounts that are available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount.

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

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

For the Year Ended June 30, 2021

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 an revenue until that time.

Pension

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

Other Post-Employment Benefits (OPEB), Health Insurance

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about the OPEB plan's fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Inter-fund Activity

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

Recent Accounting Pronouncements

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

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period (“GASB 89”), which seeks to (1) enhance the relevance and comparability of information concerning capital assets and the cost of borrowing for a reporting period, and (2) simplify accounting for interest cost incurred during the period of construction. In particular, GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus, and, thus, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB 89 will be effective for the District beginning with its year ending June 30, 2022. Management is currently evaluating the impact of this Statement on its financial statements.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020 (“GASB 92”). GASB 92 establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. Provisions related to insurance-related activities of public entity risk pools and derivative instruments were effective upon issuance. All other provisions will be effective for the District beginning with its year ending June 30, 2022. Adoption of the provisions required upon issuance did not have a material effect on the District’s financial statements. Management is currently evaluating the impact of the remaining provisions of this Statement on its financial statements.

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

NOTE B – PREPAID RENT

During 2007, the District opened a branch library that was constructed by the Boone County Fiscal Court. Under the agreement, the District paid a portion of the construction costs and originally agreed to maintain the branch for a minimum of five years. Upon expiration, the District and the Fiscal Court elected the option to extend the agreement for twenty years. The amount of the initial construction contribution of \$183,173 was recorded as prepaid rent to be amortized over the life of the agreement. At June 30, 2021, remaining prepaid rent under the agreement was \$75,710.

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

For the Year Ended June 30, 2021

NOTE C – CAPITAL ASSETS AND DEPRECIATION

The following is a summary of changes in capital assets for the year ended June 30, 2021:

<u>Asset type</u>	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2021</u>
Land	\$ 9,081,878	\$ -	\$ -	\$ 9,081,878
Building and improvements	29,711,428	73,055	-	29,784,483
Land improvements	827,283	-	-	827,283
Furniture, fixtures and Equipment	2,753,170	39,819	(21,593)	2,771,396
Computer automation	448,146	11,595	-	459,741
Collection – Books, AV media	4,656,273	503,950	(918,709)	4,241,514
Vehicles	<u>351,511</u>	<u>-</u>	<u>-</u>	<u>351,511</u>
Subtotal	47,829,689	628,419	(940,302)	47,517,806
Less: accumulated depreciation	<u>(13,159,172)</u>	<u>(1,480,845)</u>	<u>937,668</u>	<u>(13,702,349)</u>
Capital assets, net	<u>\$ 34,670,517</u>	<u>\$ (852,426)</u>	<u>\$ (2,634)</u>	<u>\$ 33,815,457</u>

NOTE D – OPERATING LEASE

The District leases sixteen copiers under an operating lease expiring in July 2027. The lease includes a concurrent service agreement that is non-refundable. Future annual minimum lease payments at June 30, 2021 are:

<u>Fiscal Year Ending June 30,</u>	<u>Minimum Payment</u>
2022	\$ 55,788
2023	55,788
2024	55,788
2025	55,788
2026	55,788
Total	<u>\$ 278,940</u>

NOTE E – RENTAL INCOME

The District has lease income for 500 square feet of land for a cell phone tower. The term is 5 years with an automatic renewal of 4 terms of 5 years each if not cancelled prior to expiration of each term by lessee. Lease income for the year ended June 30, 2021 was \$15,336.

NOTE F – RETIREMENT PLAN

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

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

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

For the Year Ended June 30, 2021

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, 2021, employers were required to contribute 24.06% (19.30% - pension, 4.76% insurance) of the member's salary. During the year ending June 30, 2021, the District contributed \$629,805 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, 2021, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. An expected total pension liability as of June 30, 2020 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, 2020. At June 30, 2020, the District's proportion was 0.12336%.

For the year ended June 30, 2021, the District recognized pension expense of approximately \$1,670,000. At June 30, 2021, 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	\$ 235,937	\$ -
Changes of assumptions	369,451	-
Net difference between projected and actual earnings on investments	236,759	-
Changes in proportion and differences between District contributions and proportionate share of contributions	448,247	18,024
District contributions subsequent to the measurement date	629,805	-
	\$ 1,920,199	\$ 18,024

The \$629,805 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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:

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

For the Year Ended June 30, 2021

<u>Year</u>		
2022	\$	583,671
2023		450,428
2024		143,181
2025		95,090
	\$	<u>1,272,370</u>

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2019. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	24 years, closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected market value of assets is recognized
Payroll growth	2.00%
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%, net of pension plan investment expense, including inflation

The mortality table used for active members is PUB-2010 General Mortality Table projected with ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019 is utilized. For disabled members, the mortality table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth		
US Equity	18.75%	4.50%
Non US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%

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

For the Year Ended June 30, 2021

Liquidity		
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Diversifying Strategies		
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	<u>15.00%</u>	3.95%
Total	<u>100.00%</u>	3.96%

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

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

	<u>1% Decrease (5.25%)</u>	<u>Current discount rate (6.25%)</u>	<u>1% Increase (7.25%)</u>
District's proportionate share of the net pension liability	\$ 11,667,940	\$ 9,461,380	\$ 7,634,264

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, 2021, there was a total payable to CERS of \$107,882, which includes pension and OPEB contributions.

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

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

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

Benefits provided – CERS health insurance benefits are subject to various participation dates to determine eligibility and health insurance contribution rates. For employees who initiated participation in the CERS system prior to July 1, 2003, KRS pays a percentage of the monthly contribution rate for insurance coverage

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

For the Year Ended June 30, 2021

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, 2021, CERS allocated 4.76% of the 24.06% 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, 2021, the District contributed \$155,330 to the CERS Insurance Fund. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

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

At June 30, 2021, the District reported a liability its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2019. An expected total OPEB liability as of June 30, 2020 was determined using standard roll-forward techniques. District's proportion of the net OPEB liability was based on contributions to CERS during the fiscal year ended June 30, 2020. At June 30, 2020, the District's proportion was 0.12332%.

For the year ended June 30, 2021, the District recognized OPEB expense of approximately \$430,000, including an implicit subsidy of \$61,975. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 497,545	\$ 497,933
Changes of assumptions	517,978	3,150
Net difference between projected and actual earnings on investments	98,979	-
Changes in proportion and differences between District contributions and proportionate share of contributions	140,845	21,308
District contributions subsequent to the measurement date	155,330	-
	<u>\$ 1,255,347</u>	<u>\$ 522,391</u>

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

For the Year Ended June 30, 2021

Of the total amount reported as deferred outflows of resources related to OPEB, \$155,330 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2022.

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 OPEB expense as follows:

<u>Year</u>		
2022	\$	194,000
2023		223,291
2024		167,122
2025		156,939
2026		(8,396)
	\$	<u>732,956</u>

Actuarial Methods and Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	24 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 6.40% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Post-65	Initial trend starting at 2.90% at January 1, 2022 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019

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

For the Year Ended June 30, 2021

Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
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Assumption Changes - 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.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth		
US Equity	18.75%	4.50%
Non US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Liquidity		
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Diversifying Strategies		
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	<u>15.00%</u>	3.95%
Total	<u>100.00%</u>	3.96%

Discount rate - The discount rate used to measure the total OPEB liability was 5.34%. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2020. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KRS' actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS' trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.34%, as well as what the District's proportionate share of

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

For the Year Ended June 30, 2021

the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

	<u>1% Decrease (4.34%)</u>	<u>Current discount rate (5.34%)</u>	<u>1% Increase (6.34%)</u>
District's proportionate share of the net OPEB liability	\$ 3,825,727	\$ 2,977,900	\$ 2,281,551

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

	<u>1% Decrease</u>	<u>Current trend rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 2,305,639	\$ 2,977,900	\$ 3,793,704

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, 2021, there was a total payable to CERS of \$107,882, which includes pension and OPEB contributions.

NOTE H – CONCENTRATION OF CREDIT RISK

For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. The District maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law, the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2021, the District's deposits totaling \$20,426,689, are entirely insured and/or collateralized with securities held by the financial institutions on the District's behalf and the FDIC insurance.

NOTE I – CONTINGENCIES

The District is not currently a defendant in any lawsuits.

NOTE J - COVID-19 GLOBAL PANDEMIC

On January 30, 2020, the World Health Organization announced a global health emergency, later classified as a global pandemic, as a result of the COVID-19 outbreak. The outbreak and response have impacted financial and economic markets across the World and within the United States of America. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. The District's Management and Board are actively monitoring the impact of the global pandemic on its financial condition, liquidity, operations, suppliers, and industry.

The primary effects on the District from the COVID-19 Global Pandemic were not financial but operational. The 2021-2022 fiscal-year budget was passed to incorporate any potential effects of the pandemic on the District's financial condition.

REQUIRED SUPPLEMENTARY INFORMATION

BOONE COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
BUDGET AND ACTUAL OF GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues					
From local sources					
Taxes:					
Property	\$ 7,300,000	\$ -	\$ 7,300,000	8,263,512	\$ 963,512
Motor Vehicle	350,000	-	350,000	477,620	127,620
Telecommunications	101,000	-	101,000	102,923	1,923
Watercraft	35,000	-	35,000	179	(34,821)
Fines and fees	20,000	-	20,000	2,259	(17,741)
Grants	500	-	500	15,492	14,992
Reimbursement	47,380	25,170	72,550	195,245	122,695
Investment earnings	140,000	-	140,000	7,474	(132,526)
Other local sources	60,047	-	60,047	125,718	65,671
Total revenues	<u>8,053,927</u>	<u>25,170</u>	<u>8,079,097</u>	<u>9,190,422</u>	<u>1,111,325</u>
Expenditures					
Personnel	6,624,934	(14,030)	6,610,904	5,636,370	974,534
Materials	1,006,789	8,979	1,015,768	445,933	569,835
Facility	253,744	(4,536)	249,208	766,267	(517,059)
Support services	208,295	10,100	218,395	208,063	10,332
Maintenance	586,636	735	587,371	435,880	151,491
Program	292,505	6,043	298,548	562,009	(263,461)
Automation	316,565	20,689	337,254	302,134	35,120
Other	152,504	(27,980)	124,524	133,563	(9,039)
Total expenditures	<u>9,441,972</u>	<u>-</u>	<u>9,441,972</u>	<u>8,490,219</u>	<u>951,753</u>
Excess of revenues over (under) expenditures	(1,388,045)	25,170	(1,362,875)	700,203	2,063,078
Fund balance, beginning of year	<u>(8,560,712)</u>	<u>-</u>	<u>(8,560,712)</u>	<u>8,698,341</u>	<u>17,259,053</u>
Fund balance, end of year	<u>\$ (9,948,757)</u>	<u>\$ 25,170</u>	<u>\$ (9,923,587)</u>	<u>\$ 9,398,544</u>	<u>\$ 19,322,131</u>

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
COUNTY EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION AND OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021**

	Reporting Fiscal Year (Measurement Date)						
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
PENSION							
District's proportion of the net pension liability	0.12336%	0.11351%	0.11464%	0.11303%	0.11840%	0.116230%	0.116993%
District's proportionate share of the net pension liability	\$ 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	\$ 3,126,554	\$ 2,864,593	\$ 2,369,523	\$ 2,752,072	\$ 2,670,676	\$ 2,711,796	\$ 237,610
District's proportionate share of the net pension liability as a percentage of its covered payroll	302.614%	278.683%	294.648%	240.392%	206.195%	184.282%	1597.441%
Plan fiduciary net position as a percentage of the total pension liability	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%
INSURANCE FUND							
District's proportion of the net OPEB liability	0.12332%	0.13490%	0.11463%	0.11303%			
District's proportionate share of the net OPEB liability	\$ 2,977,900	\$ 1,908,834	\$ 2,035,286	\$ 2,272,209			
District's covered payroll	\$ 3,126,554	\$ 2,864,593	\$ 2,369,523	\$ 311,862			
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	95.245%	66.655%	85.894%	728.594%			
Plan fiduciary net position as a percentage of the total OPEB liability	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, 2021**

	2021	2020	2019	2018	2017	2016	2015	2014
PENSION								
Contractually required contribution	\$ 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>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	\$ 3,263,238	\$ 3,126,554	\$ 2,864,593	\$ 2,369,523	\$ 2,752,072	\$ 2,670,676	\$ 2,711,796	\$ 237,610
District's contributions as a percentage of its covered payroll	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%
INSURANCE FUND								
Contractually required contribution	\$ 155,330	\$ 148,824	\$ 150,678	\$ 111,368	\$ 144,422			
Contributions in relation to the contractually required contribution	<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	\$ 3,263,238	\$ 3,126,554	\$ 2,864,593	\$ 2,369,523	\$ 2,752,072			
District's contributions as a percentage of its covered payroll	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, 2021**

(1) CHANGES OF ASSUMPTIONS

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

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

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

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

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

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service).
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY
 INFORMATION – PENSION PLAN (CONCLUDED)
 FOR THE YEAR ENDED JUNE 30, 2021**

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

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

Experience Study	July 1, 2013 – June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	25 years, closed
Payroll growth	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)

(3) CHANGES OF BENEFITS

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2021**

(1) CHANGES OF ASSUMPTIONS

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

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

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

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service).
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY
 INFORMATION – OPEB PLAN (CONCLUDED)
 FOR THE YEAR ENDED JUNE 30, 2021**

(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, 2020:

Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	25 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Post-65	Initial trend starting at 5.00% at and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for CERS non-hazardous and hazardous.

(3) CHANGES OF BENEFITS

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



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

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, 2021, 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 February 8, 2022.

Internal Control over Financial Reporting

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

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

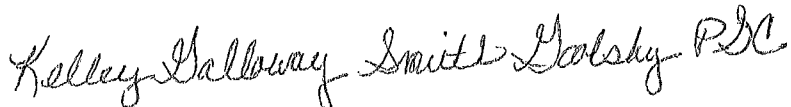
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Kelley Galloway Smith Goolsby, PSC
Cincinnati, OH
February 8, 2022