

**BOONE COUNTY PUBLIC LIBRARY DISTRICT**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**  
**TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS**

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2025**

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## INDEPENDENT AUDITOR'S REPORT

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

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Boone County Public Library District (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Emphasis of Matter—Adoption of New Accounting Standard***

As discussed in Note I to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*, which resulted in a decrease to beginning net position of \$71,628. Our opinion is not modified with respect to these matters.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Other Matters**

#### ***Required Supplementary Information***

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

*Kelley Gallaway Smith Goadby, PSC*

Ashland, Kentucky  
December 11, 2025

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

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, 2025. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The district-wide financial statements can be found on pages 9 and 10 of this report.

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

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

**Notes to the financial statements** – The notes provide additional information that is essential to a full understanding of the data provided in district-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 29 of this report.

**DISTRICT-WIDE FINANCIAL ANALYSIS**

The combined net position of the District increased between FY 2024 and 2025 by \$914,768. The majority of the District's net position is invested in capital assets or investments. The unrestricted net position amount of \$2,427,377 represents the amount the District can use to fund programs and operations in the future.

The following is a summary of net position for the fiscal years ended June 30, 2025 and 2024:

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

	2025	(As Restated) 2024
Current Assets	\$ 11,117,755	\$ 13,165,681
Noncurrent Assets	44,489,705	43,907,422
Total Assets	<u>55,607,460</u>	<u>57,073,103</u>
Deferred Outflows	1,720,446	1,840,614
Current Liabilities	644,250	1,945,894
Noncurrent Liabilities	7,368,400	7,691,020
Total Liabilities	<u>8,012,650</u>	<u>9,636,914</u>
Deferred Inflows	2,887,035	3,763,350
Net Position		
Net investment in capital assets	44,000,844	43,519,056
Unrestricted Fund Balance	2,427,377	1,994,397
Total Net Position	<u>\$ 46,428,221</u>	<u>\$ 45,513,453</u>

The following table presents a summary of revenue and expenses for the years ended June 30, 2025 and 2024. The most significant portion of revenues (84.36%) 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 \$284,388 in investment revenue during FY 2025.

	2025	2024
<b>Revenues:</b>		
Charges for Services	\$ 24,417	\$ 61,672
Operating Grants and Contributions	38,941	112,055
Tax Revenue	9,595,916	9,555,978
Taxes - Other	692,617	769,117
Miscellaneous Income	181,477	58,538
Interest Income	284,388	507,905
Gain (loss) on Disposal	557,193	(74,590)
Total Revenues	<u>11,374,949</u>	<u>10,990,675</u>
<b>Expenses:</b>		
Personnel	6,316,847	5,977,474
Materials	531,699	451,125
Facility	425,572	277,066
Support Services	279,199	233,852
Maintenance	533,774	556,027
Program	399,426	358,269
Automation	299,257	388,216
Other	197,407	108,523
Depreciation	1,477,000	1,264,931
Total Expenses	<u>10,460,181</u>	<u>9,615,483</u>
<b>Change in Net Position</b>	<u>\$ 914,768</u>	<u>\$ 1,375,192</u>

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

Information about the District's governmental funds begins on page 11. These funds are accounted for using the modified accrual basis of accounting. Several revenue sources fund governmental activities with property tax being the largest contributor. All governmental funds had total revenue of \$11,930,693 and expenditures of \$12,613,557. The most active fund is the General Fund with an unassigned fund balance at year-end of \$10,043,686.

**CAPITAL ASSETS AND DEBT**

**Capital Assets** – At the end of June 30, 2025, the District's investment in capital assets was \$44,000,844 representing an increase of \$481,788, net of depreciation, from the prior year.

**Debt** - At June 30, 2025, the District has long-term debt of \$55,723, which consisted of a lease payable.

The District is required, by Governmental Accounting Standards Board Statements No. 68 and 75, to display its proportionate share of the unfunded liability of the Kentucky Retirement System's County Employee Retirement System (CERS), a cost sharing multi-employer plan, in which the District is a participant. The net pension and OPEB liability (asset), \$7,078,261, the deferred outflow of resources, \$1,720,446 and the deferred inflow of resources, \$2,887,035 on the Statement of Net Position at June 30, 2025 are a result of this required reporting. Detailed information on this pension and OPEB recognition can be found in Notes E and F in the Notes to the Financial Statements.

**COMMENTS ON BUDGET COMPARISONS AND NEXT YEARS BUDGET**

After adjustments for contingency, the general fund budget compared to actual expenditures varied significantly from line item to line item with the ending actual balance being \$7.4 million greater than budget. This is primarily due to not utilizing the contingency and interest and tax receipts being more than budgeted.

There was no significant Board action that impacts the finances for the new year.

**COMMENTS ON FISCAL YEAR ACTIVITY**

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

**Mission and Strategic Focus**

Boone County Public Library's mission, Discover, Explore, Experience a lifetime of learning, continues to guide the Library's priorities and operations. This mission reflects our commitment to connecting residents with resources, supporting lifelong learning, and providing inclusive and engaging educational and cultural experiences.

**Staffing and Organizational Development**

In FY2025, BCPL prioritized workforce stability and development to ensure service excellence. The Library implemented a 5% base wage increase for eligible staff, improving retention while maintaining fiscal responsibility. BCPL also elected to participate in the IRS limited-time Student Loan Assistance Program, providing staff with up to \$5,240 in annual student loan support. These investments reflect the Library's focus on competitive compensation, professional growth, and a supportive work culture.



**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Community Impact and Early Literacy**

BCPL continues to advance literacy and strengthen community partnerships. The BCPL Foundation hosted its second annual fundraiser to benefit the Boone County Dolly Parton’s Imagination Library (BCDPIL). In collaboration with Boone County Schools and Walton-Verona Schools, the program now serves 49% of eligible children. Youth Services initiatives further supported early literacy through robust programming and caregiver engagement strategies.

**Usage and Program Trends**

FY2025 saw evolving customer usage patterns:

- Physical circulation decreased by 3%
- AV circulation declined by 15%
- Digital circulation increased by 3%
- Overall circulation decreased by 0.5%

BCPL maintained a strong program schedule and continued the Ignite Academy internship partnership, hosting six interns in key operational areas including IT, Local History, Collections, and the Boone Innovation Labs.

**Grant Awards**

BCPL received five grants in FY2025 totaling \$14,486:

- \$5,000 — Kentucky Department for Libraries and Archives (staff development)
- \$5,000 — Library of Congress (awarded FY2024, utilized in FY2025)
- \$1,536 — Kentucky Humanities (author program)
- \$2,000 — Northern Kentucky University Mayerson Project (local history initiatives)
- \$950 — BCPL Foundation (outreach pilot for early literacy)

Grant funding supported professional development, historic research access, cultural programming, and outreach initiatives. These awards reflect the Library’s success in securing competitive funding to enhance public services.

**Archive & History Center**

The Archive & History Center supported access to public historical records through its ongoing partnership with the Boone County Clerk and Circuit Clerk. FY2025 activities included inventorying, stabilizing, and relocating archival materials. The Center also began preliminary planning with community partners for programs related to the United States’ 250th anniversary.

**Facilities and Capital Projects**

The Walton Branch’s first full fiscal year exceeded expectations:

<b>Measure</b>	<b>Actual</b>	<b>Projection</b>
Visits	+20%	+17.5%
Circulation	+45%	+15%
Program attendance	+72%	+50%
New cards issued	+50%	+15%

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2025**

Additional capital improvements aligned with the Facilities Master Plan included:

- Wi-Fi infrastructure upgrades
- Main Library seating improvements and Youth Services space redesign
- Outdoor enhancements at Hebron and Scheben branches

Other projects supporting operations included:

- Shelving additions in youth and teen areas
- HVAC replacements at the Main Library
- Artwork installation at the Florence and Scheben branches
- Second-floor window replacement at Scheben
- Construction of a pedestrian sidewalk connection at Scheben to nearby commercial areas

**Chapin Memorial Library Pilot**

BCPL continued the transformation of Chapin Memorial Library into an Express Location, offering extended access to key services including technology, lockers, and honor collection materials. Outreach services supplemented on-site access. The pilot remains under review to evaluate long-term service strategy.

**Conclusion**

BCPL remained focused on efficient financial management, operational excellence, and equitable access to library resources during FY2025. The Library continued adjusting services and capital priorities in response to evolving community needs and resource-use trends. FY2025 reflected BCPL's commitment to strategic investment in people, facilities, and community partnerships. Despite shifting usage trends in library materials, the Library strengthened service delivery, expanded access, and continued to support literacy and lifelong learning across Boone County.

**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](mailto:director@bcpl.org).

**BOONE COUNTY PUBLIC LIBRARY DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2025**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 7,402,452
Taxes receivable	257,453
Other receivable	6,171
Investments	<u>3,451,679</u>
Total current assets	<u>11,117,755</u>
Capital Assets:	
Capital assets, not being depreciated	8,564,623
Capital assets, net of accumulated depreciation	<u>35,436,221</u>
Net capital assets	<u>44,000,844</u>
Other assets	
Right to use leased assets, net	54,439
Other assets	223,384
Net OPEB asset - CERS	<u>211,038</u>
Total other assets	<u>488,861</u>
<b>TOTAL ASSETS</b>	<u>55,607,460</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions and OPEB - CERS	<u>1,720,446</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>57,327,906</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	176,260
Accrued wages and related liabilities	150,632
Accrued compensated absences	261,635
Leases payable	<u>55,723</u>
Total current liabilities	<u>644,250</u>
Non-Current Liabilities:	
Accrued compensated absences	79,101
Leases payable	-
Net pension liability - CERS	<u>7,289,299</u>
Total non-current liabilities	<u>7,368,400</u>
<b>TOTAL LIABILITIES</b>	<u>8,012,650</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions and OPEB - CERS	<u>2,887,035</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>	<u>10,899,685</u>
<b>NET POSITION</b>	
Net investment in capital assets	44,000,844
Unrestricted	<u>2,427,377</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 46,428,221</u></u>

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, 2025**

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	\$ -	\$ 24,417	\$ 38,941	\$ -	\$ 63,358
Personnel	6,316,847	-	-	-	(6,316,847)
Materials	531,699	-	-	-	(531,699)
Facility	425,572	-	-	-	(425,572)
Support Services	279,199	-	-	-	(279,199)
Maintenance	533,774	-	-	-	(533,774)
Program	399,426	-	-	-	(399,426)
Automation	299,257	-	-	-	(299,257)
Other	197,407	-	-	-	(197,407)
Depreciation	1,477,000	-	-	-	(1,477,000)
Total Governmental Activities	<u>\$ 10,460,181</u>	<u>\$ 24,417</u>	<u>\$ 38,941</u>	<u>\$ -</u>	<u>(10,396,823)</u>
General Revenue -					
Tax Revenue					9,595,916
Taxes - Other					692,617
Miscellaneous Income					181,477
Interest Income					284,388
Gain on Disposal					557,913
Loss on Disposal					(720)
Total General Revenues					<u>11,311,591</u>
CHANGE IN NET POSITION					914,768
NET POSITION-BEGINNING OF YEAR, AS RESTATED					<u>45,513,453</u>
NET POSITION-END OF YEAR					<u>\$ 46,428,221</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, 2025**

	<b>General Fund</b>	<b>Library Foundation</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,243,380	52,874	106,198	\$ 7,402,452
Taxes receivable	257,453	-	-	257,453
Other receivables	987	5,184	-	6,171
Due from other funds	-	-	277,268	277,268
Investments	3,451,679	-	-	3,451,679
Total current assets	<u>10,953,499</u>	<u>58,058</u>	<u>383,466</u>	<u>11,395,023</u>
Other assets	46,657	-	-	46,657
Other prepaid expenses	175,506	-	-	175,506
Deposits	1,221	-	-	1,221
Total other assets	<u>223,384</u>	<u>-</u>	<u>-</u>	<u>223,384</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 11,176,883</u></u>	<u><u>\$ 58,058</u></u>	<u><u>\$ 383,466</u></u>	<u><u>\$ 11,618,407</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$ 176,260	\$ -	\$ -	\$ 176,260
Due to other funds	277,268	-	-	277,268
Accrued wages and related liabilities	150,632	-	-	150,632
Accrued compensated absences	261,635	-	-	261,635
Total current liabilities	<u>865,795</u>	<u>-</u>	<u>-</u>	<u>865,795</u>
<b>DEFERRED INFLOWS</b>				
Unavailable property taxes	<u>44,018</u>	<u>-</u>	<u>-</u>	<u>44,018</u>
<b>FUND BALANCES</b>				
Non-spendable	223,384	-	-	223,384
Committed for capital projects	-	-	383,466	383,466
Restricted	-	58,058	-	58,058
Unassigned	10,043,686	-	-	10,043,686
Total fund balances	<u>10,267,070</u>	<u>58,058</u>	<u>383,466</u>	<u>10,708,594</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<u><u>\$ 11,176,883</u></u>	<u><u>\$ 58,058</u></u>	<u><u>\$ 383,466</u></u>	<u><u>\$ 11,618,407</u></u>

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2025**

<b>Total fund balances for governmental funds</b>	<b>\$ 10,708,594</b>
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Amounts reported for governmental activities in the statement of net position  
are different because:

Right to use leased assets, net of accumulated amortization, used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	54,439
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	44,000,844
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Amounts reported as deferred inflows of resources in the governmental  
funds because they are not available to finance current-period  
expenditures are recognized as revenue in the statement of activities  
under the economic resources measurement focus:

Unavailable property taxes	44,018
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Long-term liabilities are not due and payable in the current period and are  
not reported in the funds:

Accrued compensated absences	(79,101)
Leases payable	(55,723)
Net pension liability - CERS	(7,289,299)
Net OPEB asset - CERS	211,038

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	1,344,814
Deferred outflow of resources - OPEB - CERS	375,632
Deferred inflow of resources - pensions - CERS	(797,996)
Deferred inflow of resources - OPEB - CERS	(2,089,039)

<b>Net position of governmental activities</b>	<b>\$ 46,428,221</b>
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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, 2025**

	<u>General Fund</u>	<u>Library Foundation</u>	<u>Capital Project Fund</u>	<u>Total Governmental Fund</u>
<b>Revenues</b>				
From local sources:				
Taxes:				
Property	\$ 9,551,898	\$ -	\$ -	\$ 9,551,898
Motor vehicle	575,454	-	-	575,454
Telecommunications	104,026	-	-	104,026
Watercraft	13,137	-	-	13,137
Fines and fees	24,417	-	-	24,417
Grants	7,902	-	-	7,902
Reimbursements	31,039	-	-	31,039
Earnings on investments and deposits	78,273	833	205,282	284,388
Other local sources	88,210	93,267	-	181,477
<b>Total Revenues</b>	<u>10,474,356</u>	<u>94,100</u>	<u>205,282</u>	<u>10,773,738</u>
<b>Expenditures</b>				
Personnel	7,388,419	-	-	7,388,419
Materials	1,054,461	-	-	1,054,461
Facility	425,572	-	-	425,572
Support services	279,199	-	-	279,199
Maintenance	533,774	-	-	533,774
Program	333,750	65,676	-	399,426
Automation	299,257	-	-	299,257
Other	197,661	-	-	197,661
Capital outlay	-	-	2,035,788	2,035,788
<b>Total expenditures</b>	<u>10,512,093</u>	<u>65,676</u>	<u>2,035,788</u>	<u>12,613,557</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(37,737)</u>	<u>28,424</u>	<u>(1,830,506)</u>	<u>(1,839,819)</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of property	1,156,955	-	-	1,156,955
Transfers in	-	-	2,041,913	2,041,913
Transfers out	(2,041,913)	-	-	(2,041,913)
<b>Total other financing sources and uses</b>	<u>(884,958)</u>	<u>-</u>	<u>2,041,913</u>	<u>1,156,955</u>
<b>Net change in fund balance</b>	(922,695)	28,424	211,407	(682,864)
<b>Fund balances, beginning of year</b>	<u>11,189,765</u>	<u>29,634</u>	<u>172,059</u>	<u>11,391,458</u>
<b>Fund balances, end of year</b>	<u><u>\$ 10,267,070</u></u>	<u><u>\$ 58,058</u></u>	<u><u>\$ 383,466</u></u>	<u><u>\$ 10,708,594</u></u>

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF ACTIVITIES**  
**JUNE 30, 2025**

**Net change in fund balances—total governmental funds** **\$ (682,864)**

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

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

Depreciation expense	(1,477,000)
Proceeds from sale of property	(1,156,955)
Gain (Loss) on disposal of property	557,193
Capital outlays	2,558,550
Right to use leased assets amortization expense	(54,440)

Governmental funds recognize revenue only for amounts that are measurable and available. The statement of activities recognizes revenue when it is earned, regardless of availability.

Unavailable property taxes	44,018
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The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and interest consumes current financial resources of governmental funds.

Lease payments	54,694
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Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred for the following:

Accrued compensated absences	(7,473)
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Governmental funds report pension and OPEB contributions as expenditures when paid. However, in the statement of activities, pension and OPEB expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, OPEB, and investment experience.

CERS OPEB and pension expense	1,079,045
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Change in net position of governmental activities	\$ 914,768
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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, 2025**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Reporting Entity

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

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

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

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

District-wide Financial Statements

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

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

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

Fund Financial Statements

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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

Government Fund Types

The District has the following funds:

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

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

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

Basis of Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

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

Investments

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

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before they can be recognized.

Expenses/Expenditures

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

Budgetary Process

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

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

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

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

Taxes

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

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

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

Accounts Payable and Accrued Liabilities

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

Compensated Absences

Under the provisions of GASB Statement No. 101, *Compensated Absences*, the District records a liability for vacation and sick leave benefits that are earned and more likely than not to be used or paid. The District's policy provides for 100% of accumulated vacation leave for full-time employees, 50% of paid leave for part-time employees and 10% of accumulated sick leave to be recognized as a liability, based on amounts to be paid upon termination and expected usage prior to termination. The liability is measured using current pay rates and includes applicable employer payroll costs. Amounts expected to be paid with expendable available financial resources are recorded in the Governmental Fund Financial Statements, while the full liability is reported in the Government-wide Financial Statements. At June 30, 2025, the District had a total liability for accrued compensated absences of \$340,736, an increase of \$18,089 from the June 30, 2024 balance of \$322,647.

Capital Assets

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

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

<u>Description</u>	<u>Capitalization Threshold</u>	<u>Activities Estimated Lives</u> (Years)
Buildings and improvements	\$ 25,000	25-50
Land improvements	12,500	25
Computer automation	1,000	5
Vehicles	2,500	5
Audio/visuals	1	3
Microfilms	1	7
Furniture and fixtures	2,500	15
Books	1	7
Land	1	-

Right-to-Use Assets

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

Net Position and Fund Balances

Net position in the District-wide Statement of Net Position represents the difference between total assets and deferred outflows and total liabilities and deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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

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

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

Deferred Inflows and Outflows of Resources

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

In the governmental fund financial statements, deferred outflows of resources represent consumptions of current financial resources applicable to future periods, and deferred inflows of resources represent acquisitions of current financial resources applicable to future periods. Property tax revenue is recognized when measurable and available, which the government defines as collectible within 60 days after year-end; amounts not collected within this availability period are reported as deferred inflows—unavailable property taxes. Amounts levied or received that relate to a subsequent fiscal period are reported as deferred inflows—property taxes levied for subsequent period.

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

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

Inter-fund Activity

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

Recent Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* ("GASB 101"), which supersedes the guidance in Statement No. 16, *Accounting for Compensated Absences*, issued in 1992. GASB 101 aligns recognition and measurement guidance for all types of compensated absences under a unified model. It also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Additionally, it establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The District adopted GASB 101 in the current fiscal year. As a result of this adoption, beginning net position was decreased by \$71,628 to recognize additional compensated absences liabilities in accordance with the new standard.

In January 2024, the GASB issued Statement No. 102, *Certain Risk Disclosures* ("GASB 102"), which aims to enhance the transparency of financial reporting by requiring disclosures about risks that state and local governments face due to certain concentrations or constraints. A concentration is defined as a lack of diversity in significant inflows or outflows of resources, while a constraint is a limitation imposed by an external party or by the government's highest level of decision-making authority. Governments must disclose information about these risks if they are vulnerable to a substantial impact from them. The disclosures should include the nature of the concentration or constraint, any associated events that could cause a substantial impact, and actions taken to mitigate the risk. The requirements of GASB 102 are effective for fiscal years beginning after June 15, 2024. Adoption of this statement did not have a material impact on the financial statements.

In May 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements* ("GASB 103") with the objective to enhance the effectiveness of the financial reporting model for decision-making and assessing government accountability. The improvements target the following established accounting and financial reporting requirements:

- Management's discussion and analysis;
- Unusual or infrequent items (previously known as extraordinary and special items);
- Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
- Major component unit information; and
- Budgetary comparison information.

The effective date for GASB 103 is for fiscal years beginning after June 15, 2025. Management is currently evaluating the impact of this Statement on its financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, which enhances financial reporting transparency by requiring separate note disclosures for certain types of capital assets, including a) Lease assets under GASB Statement No. 87, b) Subscription-based information technology arrangements (SBITAs) under GASB Statement No. 96, c) Intangible right-to-use assets under GASB Statement No. 94, d) Other intangible assets not otherwise separately reported, and e) Capital assets held for sale. The provisions of GASB 104 are effective for fiscal years beginning after June 15, 2025. Management is currently evaluating the impact of this Statement on its financial statements.

**NOTE B – OTHER ASSETS**

During 2007, the District opened a branch library that was constructed by the Boone County Fiscal Court. Under the agreement, the District paid a portion of the construction costs and originally agreed to maintain the branch for a minimum of five years. Should the District cease operation of the branch before 25 years is complete, the agreement outlines specific provisions. The amount of the initial construction contribution of \$183,173 was recorded as an other asset to be amortized over the life of the agreement. At June 30, 2025, the remaining unamortized amount under the agreement was \$46,657.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**NOTE C – CAPITAL ASSETS AND DEPRECIATION**

The following is a summary of changes in capital assets for the year ended June 30, 2025:

	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025
<b><u>Governmental Activities</u></b>				
<b>Capital Assets, Not Depreciated:</b>				
Land	\$ 8,929,788	\$ -	\$ (365,165)	\$ 8,564,623
Construction in progress	11,289,760	1,910,466	(13,200,226)	-
<b>Total Capital Assets, Not Depreciated</b>	<u>20,219,548</u>	<u>1,910,466</u>	<u>(13,565,391)</u>	<u>8,564,623</u>
<b>Capital Assets, Depreciated:</b>				
Buildings and improvements	30,036,874	12,335,623	(942,616)	41,429,881
Land improvements	827,283	-	(6,500)	820,783
Furniture, fixtures and equipment	3,276,272	863,633	(95,460)	4,044,445
Computer automation	491,835	-	-	491,835
Collection - Books, AV media	4,197,068	649,055	(379,438)	4,466,685
Vehicles	471,865	-	-	471,865
<b>Total</b>	<u>39,301,197</u>	<u>13,848,311</u>	<u>(1,424,014)</u>	<u>51,725,494</u>
Less: accumulated depreciation	<u>16,001,689</u>	<u>1,477,000</u>	<u>(1,189,416)</u>	<u>16,289,273</u>
<b>Total Capital Assets, Depreciated - Net</b>	<u>23,299,508</u>	<u>12,371,311</u>	<u>(234,598)</u>	<u>35,436,221</u>
<b>Governmental Activities</b>				
<b>Capital Assets - Net</b>	<u>\$ 43,519,056</u>	<u>\$ 14,281,777</u>	<u>\$(13,799,989)</u>	<u>\$ 44,000,844</u>

**NOTE D – LEASES**

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

- A lease agreement was executed on June 21, 2021, to lease copiers and requires 60 monthly payments of \$4,649 per month. Variable payment components of the lease are based on usage per month. The lease liability is measured at a discount rate of 1%, which is the District's incremental borrowing rate. As a result, the District has recorded a right to use asset.

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2025, were as follows:

Year	Principal	Interest	Total
2026	\$ 55,723	\$ 855	\$ 56,578

The District has recorded right to use leased assets for copier equipment. The right to use leased assets are amortized on a straight-line basis over the terms of the related leases. Right to use leased asset activity for the fiscal year ended June 30, 2025, was as follows:

	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025
Intangible right to use leased assets	\$ 272,197	\$ -	\$ -	\$ 272,197
Less: accumulated amortization	(163,318)	(54,440)	-	(217,758)
<b>Total Right to Use Leased Assets - Net</b>	<u>\$ 108,879</u>	<u>\$ (54,440)</u>	<u>\$ -</u>	<u>\$ 54,439</u>

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

**NOTE E – RETIREMENT PLAN**

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

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

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

*Contributions:* Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2025, employers were required to contribute 19.71% (19.71% pension, 0.00% insurance) of the member's salary. During the year ending June 30, 2025, the District contributed \$829,995 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, 2025, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2023. An expected total pension liability as of June 30, 2024 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, 2024. At June 30, 2024, the District's proportion was 0.12200%.

For the year ended June 30, 2025, the District recognized pension expense of approximately \$289,000. At June 30, 2025, 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	\$ 352,815	\$ -
Changes of assumptions	-	329,333
Net difference between projected and actual earnings on investments	-	468,663
Changes in proportion and differences between District contributions and proportionate share of contributions	162,004	-
District contributions subsequent to the measurement date	829,995	-
	<u>\$ 1,344,814</u>	<u>\$ 797,996</u>



**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

The \$829,995 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

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:

<u>Year</u>	
2026	\$ (188,834)
2027	190,264
2028	(180,159)
2029	(104,448)
Thereafter	-
	<u>\$ (283,177)</u>

*Actuarial Methods and Assumptions:* The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2023. The financial reporting actuarial valuation as of June 30, 2024, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Payroll growth	2.00%
Inflation	2.50%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.50%, net of pension plan investment expense, including inflation

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income		
Core Fixed Income	10.00%	2.85%

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Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		
Real Estate	7.00%	4.90%
Real Return	<u>13.00%</u>	5.35%
Total	<u>100.00%</u>	4.69%

*Discount Rate:* The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.50%. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate:* The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current discount rate (6.50%)	1% Increase (7.50%)
District's proportionate share of the net pension liability	\$ 9,397,098	\$ 7,289,299	\$ 5,540,382

*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, 2025, there were no payables to CERS.

**NOTE F – OTHER POSTEMPLOYMENT BENEFIT (“OPEB”) PLAN**

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

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

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

Percentage of contribution ranges from 0% for less than 4 years of service to 100% for 20 years or more of service. For members who initiated participation in the CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
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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, 2025, CERS allocated 0.00% of the 19.71% 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, 2025, the District contributed \$-0- to the CERS Insurance Fund. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

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

At June 30, 2025, the District reported a liability (asset) for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability (asset) was based on an actuarial valuation as of June 30, 2023. An expected total OPEB liability as of June 30, 2024 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability (asset) was based on contributions to CERS during the fiscal year ended June 30, 2024. At June 30, 2024, the District's proportion was 0.12189%.

For the year ended June 30, 2025, the District recognized OPEB expense of approximately (\$481,000) including an implicit subsidy of \$57,394. At June 30, 2025, 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	\$ 117,081	\$ 1,660,449
Changes of assumptions	191,225	148,909
Net difference between projected and actual earnings on investments	-	192,585
Changes in proportion and differences between District contributions and proportionate share of contributions	67,326	87,096
District contributions subsequent to the measurement date	-	-
	<u>\$ 375,632</u>	<u>\$ 2,089,039</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$-0- resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability (asset) in the year ended June 30, 2026.

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

<u>Year</u>	
2026	\$ (702,180)
2027	(551,269)
2028	(448,578)
2029	(11,380)
Thereafter	-
	<u>\$ (1,713,407)</u>

*Actuarial Methods and Assumptions* - The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Payroll Growth Rate	2.00%
Inflation	2.50%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.50%
Healthcare Trend Rates	
Pre-65	Initial trend starting 7.10% at January 1, 2026 and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years.
Post-65	Initial trend starting at 8.00% at January 1, 2026 and gradually decreasing to an ultimate trend rate of 4.25% over a period of 9 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year 2010

*Assumption Changes* - The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99% for the nonhazardous plan. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2023, valuation process and was updated to better reflect the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare healthcare costs.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity		
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income		
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected		
Real Estate	7.00%	4.90%
Real Return	<u>13.00%</u>	5.35%
Total	<u><u>100.00%</u></u>	4.69%

*Discount rate* - The discount rate used to measure the total OPEB liability was 5.99%. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans' actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The following table presents the District's proportionate share of the collective net OPEB liability (asset) of the System, calculated using the discount rate of 5.99%, as well as what the District's proportionate share of the collective net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.99%) or 1-percentage-point higher (6.99%) than the current rate:

	<u>1% Decrease (4.99%)</u>	<u>Current discount rate (5.99%)</u>	<u>1% Increase (6.99%)</u>
District's proportionate share of the net OPEB liability (asset)	\$ 285,347	\$ (211,038)	\$ (628,398)

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

	<u>1% Decrease</u>	<u>Current trend rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability (asset)	\$ (507,731)	\$ (211,038)	\$ 134,589

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

*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, 2025, there were no payables to CERS.

**NOTE G – CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash and Cash Equivalents

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, 2025, the District's deposits totaling \$7,402,452 and are categorized as follows:

Amount insured by FDIC	\$ 3,461,521
Additional pledged securities	3,553,332
Uncollateralized	<u>484,648</u>
Total	<u>\$ 7,499,501</u>

Investments

During the year, the District invested excess cash into short-term United States Government obligations. In compliance with Kentucky Statutes, the District's investment policy specifies that the District's investment objectives, in order of priority, are 1) Legality; 2) Safety of principal; 3) Liquidity to enable the District to meet all operating requirements; and 4) Return on Investment.

At June 30, 2025, investments consists of U.S. Treasury notes in the amount of \$2,300,211 with maturity dates ranging from August 2025 to August 2026 and interest rates of 1.375% to 3.625%, and a publicly traded mutual fund in the amount of \$1,151,468. The mutual fund invests primarily in bonds with remaining maturities of less than one year. The investments are valued at amortized cost, which approximates fair value.

**NOTE H– CONTINGENCIES**

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

**NOTE I– RESTATEMENT OF BEGINNING NET POSITION**

The beginning net position of the governmental activities has been restated as follows:

During the fiscal year, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The adoption of this new accounting principle required a change in the method of recognizing liabilities for compensated absences. As a result, the beginning net position was decreased by \$71,628.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

The cumulative effect of this adjustment is as follows:

	Governmental Activities
Beginning Net Position, as previously reported	\$ 45,585,081
Implementation of GASB 101	(71,628)
Beginning Net Position, as restated	<u>\$ 45,513,453</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**



**BOONE COUNTY PUBLIC LIBRARY DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET**  
**AND ACTUAL OF GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>					
From local sources					
Taxes:					
Property	\$ 9,250,000	\$ -	\$ 9,250,000	\$ 9,551,898	\$ 301,898
Motor Vehicle	425,000	-	425,000	575,454	150,454
Telecommunications	101,000	-	101,000	104,026	3,026
Watercraft	25,000	-	25,000	13,137	(11,863)
Fines and fees	20,000	-	20,000	24,417	4,417
Grants	5,000	9,486	14,486	7,902	(6,584)
Reimbursement	47,380	-	47,380	31,039	(16,341)
Investment earnings	400,000	-	400,000	78,273	(321,727)
Other local sources	52,750	27,800	80,550	88,210	7,660
Total revenues	<u>10,326,130</u>	<u>37,286</u>	<u>10,363,416</u>	<u>10,474,356</u>	<u>110,940</u>
<b>Expenditures</b>					
Personnel	7,107,896	(95,536)	7,012,360	7,388,419	(376,059)
Materials	1,174,057	(657)	1,173,400	1,054,461	118,939
Facility	266,467	1,488	267,955	425,572	(157,617)
Support services	239,567	16,267	255,834	279,199	(23,365)
Maintenance	633,926	60,409	694,335	533,774	160,561
Program	405,923	11,721	417,644	333,750	83,894
Automation	370,037	(16,809)	353,228	299,257	53,971
Other	127,717	60,670	188,387	197,661	(9,274)
Capital outlay	540	-	540	-	540
Contingency	1,075,000	81,688	1,156,688	-	1,156,688
Total expenditures	<u>11,401,130</u>	<u>119,241</u>	<u>11,520,371</u>	<u>10,512,093</u>	<u>1,008,278</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(1,075,000)</u>	<u>(81,955)</u>	<u>(1,156,955)</u>	<u>(37,737)</u>	<u>1,119,218</u>
<b>Other financing sources (uses):</b>					
Proceeds from sale of property	1,075,000	81,955	1,156,955	1,156,955	-
Transfers in	-	-	-	-	-
Transfers out	(4,170,113)	902,960	(3,267,153)	(2,041,913)	1,225,240
<b>Total other financing sources and uses</b>	<u>(3,095,113)</u>	<u>984,915</u>	<u>(2,110,198)</u>	<u>(884,958)</u>	<u>1,225,240</u>
<b>Net change in fund balance</b>	<u>(4,170,113)</u>	<u>902,960</u>	<u>(3,267,153)</u>	<u>(922,695)</u>	<u>2,344,458</u>
<b>Fund balance, beginning of year</b>	<u>11,189,765</u>	<u>-</u>	<u>11,189,765</u>	<u>11,189,765</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 7,019,652</u>	<u>\$ 902,960</u>	<u>\$ 7,922,612</u>	<u>\$ 10,267,070</u>	<u>\$ 2,344,458</u>

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
SCHEDULE OF DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION AND OPEB LIABILITY (ASSET)  
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date)									
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
<b>PENSION</b>										
District's proportion of the net pension liability	0.12200%	0.11788%	0.11673%	0.12776%	0.12336%	0.11351%	0.11464%	0.11303%	0.11840%	0.116230%
District's proportionate share of the net pension liability	\$ 7,289,299	\$ 7,563,908	\$ 8,438,066	\$ 8,145,511	\$ 9,461,380	\$ 7,983,139	\$ 6,981,743	\$ 6,615,759	\$ 5,506,807	\$ 4,997,345
District's covered payroll	\$ 3,835,034	\$ 3,420,667	\$ 3,224,195	\$ 3,263,238	\$ 3,126,554	\$ 2,864,593	\$ 2,369,523	\$ 2,752,072	\$ 2,670,676	\$ 2,711,796
District's proportionate share of the net pension liability as a percentage of its covered payroll	190.071%	221.124%	261.711%	249.614%	302.614%	278.683%	294.648%	240.392%	206.195%	184.282%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%
<b>INSURANCE FUND</b>										
District's proportion of the net OPEB liability/asset	0.12189%	0.11788%	0.11671%	0.12773%	0.12332%	0.13490%	0.11463%	0.11303%		
District's proportionate share of the net OPEB liability (asset)	\$ (211,038)	\$ (162,749)	\$ 2,303,189	\$ 2,445,270	\$ 2,977,900	\$ 1,908,834	\$ 2,035,286	\$ 2,272,209		
District's covered payroll	\$ 3,835,034	\$ 3,420,667	\$ 3,224,195	\$ 3,263,238	\$ 3,126,554	\$ 2,864,593	\$ 2,369,523	\$ 2,752,072		
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-5.503%	-4.758%	71.435%	74.934%	95.245%	66.635%	85.894%	82.564%		
Plan fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%		

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
SCHEDULE OF PENSION AND OPEB CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>PENSION</b>										
Contractually required contribution	\$ 829,995	\$ 895,097	\$ 800,436	\$ 682,562	\$ 629,805	\$ 603,425	\$ 464,637	\$ 343,107	\$ 383,914	\$ 331,698
Contributions in relation to the contractually required contribution	<u>829,995</u>	<u>895,097</u>	<u>800,436</u>	<u>682,562</u>	<u>629,805</u>	<u>603,425</u>	<u>464,637</u>	<u>343,107</u>	<u>383,914</u>	<u>331,698</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 4,211,035	\$ 3,835,034	\$ 3,420,667	\$ 3,224,195	\$ 3,263,238	\$ 3,126,554	\$ 2,864,593	\$ 2,369,523	\$ 2,752,072	\$ 2,670,676
District's contributions as a percentage of its covered payroll	19.71%	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%
<b>INSURANCE FUND</b>										
Contractually required contribution	\$ -	\$ -	\$ 115,961	\$ 186,358	\$ 155,330	\$ 148,824	\$ 150,678	\$ 111,368	\$ 144,422	
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>115,961</u>	<u>186,358</u>	<u>155,330</u>	<u>148,824</u>	<u>150,678</u>	<u>111,368</u>	<u>144,422</u>	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	
District's covered payroll	\$ 4,211,035	\$ 3,835,034	\$ 3,420,667	\$ 3,224,195	\$ 3,263,238	\$ 3,126,554	\$ 2,864,593	\$ 2,369,523	\$ 2,752,072	
District's contributions as a percentage of its covered payroll	0.00%	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%	

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION – PENSION PLAN  
FOR THE YEAR ENDED JUNE 30, 2025**

**(1) CHANGES OF ASSUMPTIONS**

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

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

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

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

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

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

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION – PENSION PLAN (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2025**

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

The following actuarial methods and assumptions were used to determine contribution rates for the year ending June 30, 2024:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	30 years, closed
Payroll Growth	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%, net of pension plan investment expense, including inflation
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Phase-in provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

**(3) CHANGES OF BENEFITS**

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The Total Pension Liability as of June 30, 2019 is determined using these updated benefit provisions.

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

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION – PENSION PLAN (CONCLUDED)  
FOR THE YEAR ENDED JUNE 30, 2025**

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

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN  
FOR THE YEAR ENDED JUNE 30, 2025**

**(1) CHANGES OF ASSUMPTIONS**

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

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

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

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

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

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

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

For the valuation performed as of June 30, 2024, the discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99% for the nonhazardous plan. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2023, valuation process and was updated to better reflect the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare healthcare costs.

**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION – OPEB PLAN (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2025**

**(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, 2024:

Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.20% at January 1, 2024, gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 9.00% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

**(3) CHANGES OF BENEFITS**

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2019, is determined using these updated benefit provisions.

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



**BOONE COUNTY PUBLIC LIBRARY DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION – OPEB PLAN (CONCLUDED)  
FOR THE YEAR ENDED JUNE 30, 2025**

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Boone County Public Library District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Boone County Public Library District's basic financial statements, and have issued our report thereon dated December 11, 2025.

**Report on Internal Control over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Kelley Gallaway Smith Goodby, PSC*

Ashland, Kentucky  
December 11, 2025