

BULLITT COUNTY PUBLIC LIBRARY DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2025

With

Independent Auditors' Report



BULLITT COUNTY PUBLIC LIBRARY DISTRICT

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BULLITT COUNTY PUBLIC LIBRARY DISTRICT

**FINANCIAL STATEMENTS AND
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For the Year Ended June 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Bullitt County Public Library District
Shepherdsville, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bullitt 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 Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Bullitt County Public Library 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bullitt County Public Library 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 Bullitt County Public Library 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.

Auditors' 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 auditors' 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 Bullitt County Public Library 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 Bullitt County Public Library 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules for pension and other postemployment benefits plans, as listed in the table of contents, 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 November 19, 2025, on our consideration of the Bullitt County Public Library District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bullitt County Public Library District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bullitt County Public Library District's internal control over financial reporting and compliance.

Bramel & Ackley, P.S.C.

November 19, 2025

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025**

As management of the Bullitt County Public Library District, we offer readers of the Library's financial statement this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented herein in conjunction with additional information that we have furnished which is found throughout this report. Certain 2024 amounts may have been reclassified in order to conform with the 2025 financial statement presentation.

FINANCIAL HIGHLIGHTS

- The assets of the Bullitt County Public Library District exceeded its liabilities at the close of the most recent fiscal year by \$34,853,664.
- The Library's total net position increased by \$1,334,212.
- At the close of the fiscal year, the Library's governmental funds reported balances of \$19,818,598, an increase of \$419,534 from the previous year.
- Total governmental fund revenues during the fiscal year increased by \$591,931, total governmental fund expenditures during the fiscal year increased by \$1,849,487.
- Of the ending fund balance, \$12,500,000 is committed for the capital projects and \$7,184,359 is unassigned and available for spending.
- The Library's total long-term debt as of the end of the fiscal year was \$11,476,351, which decreased by \$497,955 from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management discussion and analysis serves as an introduction to the Library's basic financial statements. The Library's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes other required supplementary information in addition to the basic financial statements.

Government-wide financial statements: The government-wide financial statements are designed to report information about the overall finances of the Library in a manner similar to a private sector business. They are designed to show a longer-term view of the Library's finances. The Statement of Net Position presents information on all of the Library's assets less liabilities resulting in net position. Over time, increases or decreases in net position help determine whether the Library's financial position is improving or deteriorating. The Statement of Activities presents information which shows how the Library's net position has changed as a result of the year's activities. The statement uses the accrual basis of accounting in an effort to report activities in a manner similar to that used by private-sector businesses. All revenues and expenses are reported regardless of the timing of when cash is received or paid – thus some items will only result in cash flows in the future.

The government wide financial statements can be found on pages 8 through 10 of this report.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025**

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library uses fund accounting to ensure and demonstrate fiscal accountability. The Library uses one fund – general operating fund – to provide more detailed information about the Library's most significant funds rather than the Library as a whole.

General Operating Fund: The General Operating Fund is used to account for all financial resources except those required to be accounted for in another fund.

The 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 the government wide and fund financial statements. The notes to the basic financial statements can be found on pages 15 through 27 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's budget. This information can be found on pages 28 through 29 of this report.

BASIS OF ACCOUNTING

All funds of the Bullitt County Public Library District are maintained using the modified accrual basis of accounting, which is recommended by the Governmental Accounting Standards Board.

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

The Library's combined net position increased between FY 2024 and FY 2025 by \$1,334,212. The majority of the Library's assets (74.67%) are invested in capital assets. The most significant portion of the general revenue is local property tax. The Library also carefully invests its funds with the primary focus being safety of principal, but with attention to opportunities to increase yield. The Library realized \$734,763 in interest revenue.

The tables presented on page 5 provide a summary of the Library's net position and changes in net position for fiscal year 2025 compared to fiscal year 2024.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025**

**Table 1
Net Position**

	<u>2025</u>	<u>2024</u>
Current and other assets	\$20,051,013	\$19,470,911
Capital assets	26,898,710	26,681,987
Total assets	<u>46,949,723</u>	<u>46,152,898</u>
Deferred Outflows of Resources	1,285,103	1,667,355
Total assets and Deferred Outflows	<u>48,234,826</u>	<u>47,820,253</u>
Long-term liabilities	11,476,351	11,974,306
Other liabilities	99,599	71,847
Total liabilities	<u>11,575,950</u>	<u>12,046,153</u>
Deferred Inflows of Resources	1,805,212	2,254,648
Total Liabilities and Deferred Inflows	<u>13,381,162</u>	<u>14,300,801</u>
Net investment in capital assets	19,994,591	19,572,104
Unrestricted	14,859,073	13,947,348
Total Net Position	<u>\$34,853,664</u>	<u>\$33,519,452</u>

**Table 2
Change in Net Position**

	<u>2025</u>	<u>2024</u>
General Revenues		
Taxes - real estate, property and motor vehicle	\$ 8,948,326	\$ 8,541,064
Library fines and fees	43,972	36,129
Donations	4,434	4,033
Interest income	734,763	551,894
Grants	19,744	15,482
Miscellaneous	14,656	20,023
Total Revenues	<u>9,765,895</u>	<u>9,168,625</u>
Program Expenses		
Personnel	4,653,417	4,478,292
Facility	630,824	626,766
Library materials	505,677	395,898
Programs	180,308	163,974
Other	383,196	485,576
Depreciation	1,230,795	1,344,124
Capital outlay	-	483
Loss on disposal of assets	714,621	-
Interest expense	132,845	142,184
Total Expenses	<u>8,431,683</u>	<u>7,637,297</u>
Increase in Net Position	<u>\$ 1,334,212</u>	<u>\$ 1,531,328</u>

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025**

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

At the close of the fiscal year, the Library's governmental funds reported balances of \$19,818,598, an increase of \$419,534 from the previous year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Trustees adopts an annual budget consistent with the cash basis of accounting. The budget is a forecast of the upcoming year and may be amended by the Trustees throughout the year.

Revenues: As shown on the statement on page 13, general fund revenues of the Library were \$9,760,557. Actual cash basis general fund revenues exceeded budgeted revenue by \$67,201 or 0.69% as a result of higher than expected real estate and property taxes, motor vehicle tax, charges for services, and other revenues.

Expenditures: Total general fund expenditures of the Library were \$9,341,023. Actual cash basis general fund expenditures were less than anticipated expenditures by \$6,212,639 or 39.83% as a result of lower than expected personnel and capital outlay expenses.

CAPITAL ASSETS

The Library's investment in capital assets equaled \$26,898,710 as of June 30, 2025. During the year, capital assets valued at \$2,162,139 were added while depreciation during the period was \$1,230,795.

Major additions to capital assets during the fiscal year included:

- purchase of books valued at \$261,585.
- building improvements valued at \$1,771,451.
- purchase of electronic collection valued at \$47,112.
- purchase of furniture and equipment valued at \$81,991.

LONG-TERM DEBT – BONDS, PENSION LIABILITY, AND OPEB LIABILITY

At the end of the fiscal year, the Library had total debt, net of unamortized bond premiums and discounts, of \$6,760,000. In September, 2020, the Library issued \$7,665,000 in General Obligation Bonds, Series 2020. The purpose of these funds was to construct and equip the new library in Shepherdsville, Kentucky. The bonds are being redeemed and paid out on a biannual schedule over 30 years. The ending balance as of June 30, 2025 was \$6,760,000.

As of June 30, 2015, the Library is required, by Governmental Accounting Standards Board Statement No. 68, to display its proportionate share of the unfunded liability of the Kentucky Retirement System's County Employee Retirement System (CERS), a cost sharing multiple employer plan, in which the Library is a participant. The net pension liability of \$4,404,762, the deferred outflows of resources of \$962,968, and the deferred inflows of resources of \$549,677 on the Statement of Net Position at June 30, 2025 are a function of this required reporting. Detailed information on this pension recognition can be found in Note 6 in the Notes to the Financial Statements.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025**

LONG-TERM DEBT – BONDS, PENSION LIABILITY, AND OPEB LIABILITY (CONTINUED)

As of June 30, 2018, the Library is required, by Governmental Accounting Standards Board Statement No. 75, to display its proportionate share of the unfunded liability of the Kentucky Retirement System's Insurance Fund (OPEB), a cost sharing multiple employer health insurance plan, in which the Library is a participant. The net OPEB liability (asset) of (\$127,478), the deferred outflows of resources of \$322,135 and the deferred inflows of resources of \$1,255,535 on the Statement of Net Position at June 30, 2025 are a function of this required reporting. Detailed information on this health insurance recognition can be found in Note 7 in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the fiscal year beginning July 1, 2025, general operating revenues are expected to be \$8,458,800. Amounts budgeted for real estate, personal property, and motor vehicle taxes (98% of the total general operating revenue) are based on estimates from the Kentucky Department for Local Government and the Kentucky Department for Libraries and Archives. In order to maintain service at the current level, the Board approved a tax rate of 5.2 cents per \$100 assessed valuation of real property, a tax rate of 5.4 cents per \$100 assessed valuation of personal property, and a tax rate of 2.12 cents per \$100 assessed valuation of motor vehicles.

The remaining 2% of the general operating revenue is composed of 4 miscellaneous sources. Of these categories, intergovernmental revenues represent \$20,000, charges for services represent \$25,000, other revenues represent \$20,500, and interest earned represents \$75,000.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Library's finances and to show the Library's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Director, Bullitt County Public Library, 740 Conestoga Pkwy, Shepherdsville, KY 40165, by calling 502-543-7675, or emailing tohagan@bcplib.org.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF NET POSITION
June 30, 2025

	<u>Primary Government</u> <u>Governmental Activities</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 19,762,893
Receivables	26,403
Prepaid expenses	134,239
CAPITAL ASSETS	
Land	2,987,724
Land improvements	570,345
Building and improvements	24,530,822
Furniture and equipment	1,914,945
Vehicles	81,796
Collection	3,188,703
Construction in progress	<u>1,784,151</u>
Total Capital Assets	35,058,486
Less: accumulated depreciation	<u>(8,159,776)</u>
Total Capital Assets, Net	26,898,710
OTHER ASSETS	
Net OPEB asset	<u>127,478</u>
TOTAL ASSETS	<u>46,949,723</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pension plan and OPEB	<u>1,285,103</u>
Total Deferred Outflows of Resources	<u>1,285,103</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 48,234,826</u></u>

The accompanying notes are an integral part of this statement.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF NET POSITION (CONT'D)
June 30, 2025

	<u>Primary Government</u> <u>Governmental Activities</u>
LIABILITIES	
Accrued liabilities	\$ 99,599
Accrued vacation	167,470
Bonds payable due within one year	210,000
Bonds payable due in more than one year	6,550,000
Bond issue premium	144,119
Net pension liability	<u>4,404,762</u>
TOTAL LIABILITIES	<u>11,575,950</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension plan and OPEB	<u>1,805,212</u>
Total Deferred Inflows of Resources	<u>1,805,212</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>13,381,162</u>
NET POSITION	
Net investment in capital assets	19,994,591
Unrestricted	<u>14,859,073</u>
TOTAL NET POSITION	<u><u>\$ 34,853,664</u></u>

The accompanying notes are an integral part of this statement.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

		<u>Program Revenues</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
	<u>Expenses</u>	<u>Charges for</u> <u>Service</u>	<u>Operating</u> <u>Grants and</u> <u>Contribution</u>	<u>Governmental</u> <u>Activities</u>
PRIMARY GOVERNMENT:				
Governmental Activities				
Personnel	\$ 4,653,417	\$ -	\$ -	\$ (4,653,417)
Facility	630,824	-	-	(630,824)
Library materials	505,677	-	-	(505,677)
Programs	180,308	-	-	(180,308)
Other	383,196	-	-	(383,196)
Depreciation	1,230,795	-	-	(1,230,795)
Interest on debt	132,845	-	-	(132,845)
Loss on disposal of assets	714,621	-	-	(714,621)
Revenue	-	43,972	24,178	68,150
Total governmental activities	<u>8,431,683</u>	<u>43,972</u>	<u>24,178</u>	<u>(8,363,533)</u>
GENERAL REVENUES:				
Real estate and property taxes				8,659,010
Motor vehicle taxes				289,316
Interest income				734,763
Miscellaneous				<u>14,656</u>
Total general revenues				<u>9,697,745</u>
CHANGE IN NET POSITION				1,334,212
NET POSITION - BEGINNING OF YEAR				<u>33,519,452</u>
NET POSITION - END OF YEAR				<u><u>\$ 34,853,664</u></u>

The accompanying notes are an integral part of this statement.

**BULLITT COUNTY PUBLIC LIBRARY DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025**

	General Fund	Total Governmental Funds
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 19,762,893	\$ 19,762,893
Taxes receivable	26,403	26,403
Prepaid expenditures	<u>134,239</u>	<u>134,239</u>
TOTAL ASSETS	<u><u>\$ 19,923,535</u></u>	<u><u>\$ 19,923,535</u></u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accrued liabilities	\$ 99,599	\$ 99,599
Deferred revenue	<u>5,338</u>	<u>5,338</u>
Total Liabilities	<u>104,937</u>	<u>104,937</u>
FUND BALANCES		
Nonspendable	134,239	134,239
Assigned	12,500,000	12,500,000
Unassigned	<u>7,184,359</u>	<u>7,184,359</u>
Total Fund Balances	<u>19,818,598</u>	<u>19,818,598</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 19,923,535</u></u>	<u><u>\$ 19,923,535</u></u>

The accompanying notes are an integral part of this statement.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2025

Fund balances - total governmental funds	\$	19,818,598
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		26,898,710
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Certain assets are not available to pay for current period expenditures:

Taxes receivable	5,338	
Net OPEB asset	127,478	
		132,816

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Accrued vacation	(167,470)	
Bonds payable - due within one year	(210,000)	
Bonds payable - due in more than one year	(6,550,000)	
Bond issue premium	(144,119)	
Net pension liability	(4,404,762)	
		(11,476,351)

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore are not reportable in the funds.

Deferred outflow of resources	1,285,103	
Deferred inflow of resources	(1,805,212)	
		(520,109)

Total Net Position	\$	34,853,664
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The accompanying notes are an integral part of this statement.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General Fund	Total Governmental Funds
REVENUES		
Real estate and property taxes	\$ 8,659,010	\$ 8,659,010
Motor vehicle taxes	283,978	283,978
Grant income	19,744	19,744
Donations	4,434	4,434
Book rentals and fines	6,685	6,685
Copier and fax income	37,287	37,287
Interest income	734,763	734,763
Rental income	14,284	14,284
Miscellaneous income	372	372
Total Revenues	<u>9,760,557</u>	<u>9,760,557</u>
EXPENDITURES		
Salaries and wages	3,737,260	3,737,260
Retirement expense	578,801	578,801
Health/life insurance	523,741	523,741
Payroll tax	300,467	300,467
Telephone	24,464	24,464
Utilities	163,284	163,284
Insurance	74,643	74,643
Maintenance	292,971	292,971
Program supplies	180,308	180,308
Software support	126,524	126,524
Office supplies	91,125	91,125
Travel expense	7,770	7,770
Professional fees	71,611	71,611
Advertising and promotion	34,422	34,422
Staff training	46,773	46,773
Dues	7,131	7,131
Postage	4,142	4,142
Equipment/furniture	157,454	157,454
Miscellaneous	2,534	2,534
Library materials	814,373	814,373
Capital outlay	1,762,615	1,762,615
Debt service	338,610	338,610
Total Expenditures	<u>9,341,023</u>	<u>9,341,023</u>
CHANGE IN FUND BALANCES	419,534	419,534
FUND BALANCES - BEGINNING OF YEAR	<u>19,399,064</u>	<u>19,399,064</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 19,818,598</u></u>	<u><u>\$ 19,818,598</u></u>

The accompanying notes are an integral part of this statement.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Library reports the following governmental funds:

General Fund – This fund is the general operating fund of the Library. It is used to account for all financial resources, except those required to be accounted for in another fund.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Fund Balances

GASB Statement 54 provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Library's fund balances more transparent. In the fund financial statements, governmental fund balances can be presented in five possible categories:

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

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

Committed – resources which are subject to limitations the Library imposed on itself at its highest level of decision making and that remain binding unless removed in the same manner.

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

Budget – The Library adopts an annual budget for the general fund. The budget is prepared on the cash basis, a comprehensive basis of accounting other than GAAP. The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized and recorded when received in cash and when paid, respectively. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting on the governmental fund statements and on the full accrual basis on the government-wide statements. A reconciliation of the cash basis actual amounts in the budgetary comparison to the GAAP basis actual amounts in the fund and government-wide statements is shown at the bottom of the budgetary comparison schedule. All appropriations lapse at year end.

Cash and Cash Equivalents – For the purpose of these financial statements, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets – Land, buildings, collection, and other capital assets with useful lives of more than one year resulting from expenditures in the governmental funds are recorded at cost (or estimated historical cost) net of accumulated depreciation in the government-wide statement of net assets but are reported as expenditures in governmental fund financial statements. The Library maintains a capitalization threshold of \$2,500. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. The Library does not possess any infrastructure. The Library depreciates capital assets using the straight-line method of depreciation over the estimated useful life of the asset.

Allowance for Uncollectible Accounts – At June 30, 2025, management deems all accounts receivable collectible. Therefore, no allowance for uncollectible accounts is included in the financial statements.

Long-term Obligations – In the government-wide financial statements, long-term debt less unamortized bond premiums or discounts and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, the face amount of debt is reported as other financing sources when issued. The bond discount, whether or not withheld from the actual debt proceeds received, are reported as other financing uses. Bond issuance cost, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Deferred Outflows of Resources – The Library reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of position. Deferred outflows of resources reported in this year's financial statements relate to the Library's pension and OPEB plans and include (1) differences between the expected and actual experience, (2) changes in assumptions, (3) changes in the proportionate share of the Library's contributions, and (4) contributions made to the Library's plans between the measurement date of the net pension and OPEB liabilities and the end of the Library's fiscal year. The deferred amount related to the differences between expected and actual experience, changes of assumptions, and changes in the proportionate share of the Library's contributions will be recognized over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan. Deferred outflows for pension and OPEB contributions will be recognized in the subsequent year. No deferred outflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows of Resources – The Library's statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s). Deferred inflows of resources reported in this year's financial statements relate to the Library's pension plan and OPEB plan include (1) differences between expected and actual experience, (2) changes in assumptions, (3) differences between projected and actual earnings on plan investments, and (4) changes in the proportionate share of the Library's contributions. The deferred amount related to the changes in the differences between expected and actual experience, changes of assumptions, and changes in the proportionate share of the Library's contributions will be recognized over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan. The deferred amount related to the difference between projected and actual earnings will be recognized over five years. No deferred inflows of resources affect the governmental funds financial statements in the current year.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kentucky Public Pensions Authority's (KPPA) County Employees Retirement System (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by CERS. 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.

Other Postemployment Benefits Plan (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the KPPA's Retirement System Insurance Fund and additions to/deductions from KPPA's fiduciary net position have been determined on the same basis as they are reported by KPPA. 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.

Net Position – Net position presents the difference between assets and liabilities in the statement of net position. Net Position invested in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted if and when there are legal limitations imposed on their use by Library legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Use of Restricted Resources – When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Library's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Library's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before unassigned fund balances.

NOTE 3 - CASH AND INVESTMENTS

At June 30, 2025, the carrying amount of the Library's deposits (cash and cash equivalents) was \$19,762,893. Of the bank balance, \$250,000 is covered by federal depository insurance (FDIC) and the remaining is secured by pledged securities held by the pledging financial institution's agent in the Library's name as collateral for bank balances in excess of the FDIC insured amount. Cash deposited in bank accounts that is restricted for specific expenditures as specified by grant or other funding agreements is reported as restricted cash. The Library's deposits consisted of demand deposits and money market accounts.

Kentucky Revised Statutes authorize districts to invest in obligations of the United States and its agencies, obligations of the Commonwealth of Kentucky and its agencies, shares in savings and loan associations insured by federal agencies, deposits in national or state charter banks insured by federal agencies, repurchase agreements, and larger amounts in such institutions providing such banks pledge as security obligations of the United States government or its agencies.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 2,987,724	\$ -	\$ -	\$ 2,987,724
Land improvements	570,345	-	-	570,345
Buildings	26,967,611	-	(2,436,789)	24,530,822
Construction in progress	12,700	1,771,451	-	1,784,151
Vehicles	81,796	-	-	81,796
Collection	3,280,821	308,697	(400,815)	3,188,703
Furniture and equipment	2,074,011	81,991	(241,057)	1,914,945
Total Cost	35,975,008	2,162,139	(3,078,661)	35,058,486
Less:				
Accumulated depreciation	(9,293,021)	(1,230,795)	2,364,040	(8,159,776)
Net Book Value	<u>\$ 26,681,987</u>	<u>\$ 931,344</u>	<u>\$ (714,621)</u>	<u>\$ 26,898,710</u>

NOTE 5 - LIABILITY FOR COMPENSATED ABSENCES

The Library recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, one type of leave qualifies for liability recognition for compensated absences – *vacation leave*. The liability for compensated absences is reported as incurred in the government- wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

NOTE 6 – EMPLOYEE’S PENSION PLAN

General Information about the Pension Plan

Plan description. Employees of the Library are provided with pensions through the County Employees Retirement System (CERS)—a cost-sharing multiple-employer defined benefit pension plan. Per Kentucky Revised Statute Section 78.782 and 61.505, the Kentucky Public Pensions Authority (KPPA) oversees the administration and operation of the personnel and accounting systems for the CERS. KPPA issues a publicly available financial report that can be obtained at <https://kyret.ky.gov>.

Benefits provided. CERS provides retirement, disability, and death benefits. Retirement benefits are calculated based on a formula (final compensation times a benefit factor times years of service) and may be extended to beneficiaries of plan members under certain circumstances. Disability benefits are determined in a similar manner as retirement benefits, but vary based upon hire date, age and years of service. Death benefits vary based upon whether the employee was retired or working at the date of death and whether or not it was a duty-related death.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 – EMPLOYEE’S PENSION PLAN (CONTINUED)

For retirement purposes, non-hazardous duty employees are grouped into three tiers, based on their hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced Retirement	27 years service or 65 years old
	Reduced Retirement	At least 5 years service and 55 years old, or At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 – December 31, 2013
	Unreduced Retirement	At least 5 years service and 65 years old, or Age 57+ and sum of service years plus age equal 87
	Reduced Retirement	At least 10 years service and 60 years old
Tier 3	Participation date	On or after January 1, 2014
	Unreduced Retirement	At least 5 years service and 65 years old, or Age 57+ and sum of service years plus age equal 87
	Reduced Retirement	Not available

Employees are vested in the plan after five years of service. Cost of living adjustments are provided at the discretion of the Kentucky General Assembly. No COLA has been granted since July 1, 2011.

Contributions. Kentucky Revised Statute Section 78.545(33) grants the authority to establish and amend the benefit terms to the CERS Board of Trustees (the Board). Tier 1 employees are required to contribute 5% of their annual creditable compensation. Tier 2 and 3 employees are required to contribute 5% of their annual creditable compensation plus an additional 1% of creditable compensation which is credited to the Insurance Fund. Employers contribute at the rate determined by the Board. The actuarially determined rate set by the Board for the year ended June 30, 2025 was 19.71%, of which 19.71% was for the pension fund and 0% was for the insurance fund. Contributions to the pension plan from the Library were \$578,801 for the year ended June 30, 2025.

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

At June 30, 2025, the Library reported a liability of \$4,404,762 for its proportionate share of the net pension liability. The net pension liability was based on an actuarial valuation performed on June 30, 2023. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year end, June 30, 2024, using generally accepted actuarial principles. There have been no actuarial assumption or method changes since June 30, 2023. The Library’s proportionate share of the net pension liability was determined using the Libraries’ actual contributions for the fiscal year ending June 30, 2024. This method was expected to be reflective of the Libraries’ long-term contribution effort. At June 30, 2024, the Library’s proportion was 0.073653%, which was a decrease of 0.001258% from its proportion measured as of June 30, 2023.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 – EMPLOYEE’S PENSION PLAN (CONTINUED)

For the year ended June 30, 2025, the Library recognized pension expense of \$383,071. At June 30, 2025, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 213,199	-
Changes of assumptions	-	\$ 199,009
Net difference between projected and actual earnings on plan investments	-	283,203
Changes in proportion and differences between Library contributions and proportionate share of contributions	170,968	67,465
Library contributions subsequent to the measurement date	578,801	-
	<u>\$ 962,968</u>	<u>\$ 549,677</u>

The \$578,801 reported as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	\$ (48,796)
2027	55,269
2028	(108,866)
2029	(63,117)
	<u>\$ (165,510)</u>

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.30% to 10.30%, varies by service
Payroll growth rate	2.00%
Investment rate of return	6.50%

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 – EMPLOYEE’S PENSION PLAN (CONTINUED)

The mortality table used for active members was a Pub-2010 General Mortality table projected with the ultimate rates from the MP-2020 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 actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period of June 30, 2023.

Changes of assumptions. Since the prior measure date, there were no changes in assumptions.

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 the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real return	<u>100%</u>	4.69%
Long Term Inflation Assumption		<u>2.50%</u>
Expected Nominal Return for Portfolio		7.19%

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

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 – EMPLOYEE’S PENSION PLAN (CONTINUED)

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Library's proportionate share of the net pension liability	\$ 5,678,457	\$ 4,404,762	\$ 3,347,930

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued KPPA financial report.

Payables to the pension plan

The Library makes legally required contributions to the pension plan on a monthly basis. The monthly payment is due by the 10th of the following month. As of June 30, 2025, there was no payable to the pension plan.

NOTE 7 – POSTEMPLOYMENT BENEFITS

Plan description. Employees of the Library are provided with health care benefits through the Kentucky Public Pensions Authority Insurance Fund (Insurance Fund)—a cost-sharing multiple-employer health insurance plan. The Insurance Fund is part of CERS. Per Kentucky Revised Statute Section 61.701, the CERS Board (the Board) of the Kentucky Public Pensions Authority (KPPA) administers the health insurance benefit. KPPA issues a publicly available financial report that can be obtained at <https://kyret.ky.gov>.

Benefits provided. The Insurance Fund provides hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The eligible Medicare retirees receive benefits through a Medicare Advantage Plan. The amount of plan premium (contribution) paid by the Insurance Fund is based on years of service and participation date. For members participating prior to July 1, 2003, members completing 20 or more years of service received 100% contribution. Members completing 15 – 19 years, 10-14 years, and 4-9 years received 75%, 50%, and 25% respectively. Members completing less than 4 years of service receive no insurance benefit. As a result of House Bill 290, medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The monthly dollar contribution for 2024 is \$14.41 for CERS Non-hazardous employees. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth of Kentucky so demands.

Contributions. Kentucky Revised Statute Section 78.635 grants the authority to establish and amend the benefit terms to the Board of KRS. Tier 1 employees are not required to contribute to the insurance fund. Tier 2 and 3 employees are required to contribute 1% of their creditable compensation to the insurance fund. Employers contribute at the rate determined by the Board. As stated in Note 6 Employee’s Pension Plan, the actuarially determined rate set by the Board for the year ended June 30, 2024 was 19.71%, all of which was for the pension fund and 0% was for the health insurance fund. The Library was not required to make contributions to the plan during the current fiscal year.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 – POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Library's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Library's proportionate share of the net OPEB liability, calculated using the discount rate of 5.93%, as well as what the Library's proportionate share of the net OPEB liability 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>
Library's proportionate share of the net OPEB liability (asset)	\$ 172,364	\$ (127,478)	\$ (379,585)

Sensitivity of the Library's proportionate share of the net OPEB liability to changes in the healthcare trend rate. The following presents the Library's proportionate share of the net OPEB liability, calculated using the healthcare trend rate of noted above, as well as what the Library's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
Library's proportionate share of the net OPEB liability (asset)	\$ (306,696)	\$ (127,478)	\$ 81,299

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KPPA financial report.

Payables to the OPEB plan

The Library makes legally required contributions to the OPEB plan on a monthly basis. The monthly payment is due by the 10th of the following month. See Note 6 Employee's Pension Plan for payable as of June 30, 2025.

NOTE 8 – PROPERTY TAXES

The Library's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real, personal and motor vehicle property located in Bullitt County. Property taxes are collected by the Bullitt County Sheriff, the Bullitt County Clerk, and the Commonwealth of Kentucky and remitted to the Library. Taxes are due on November 1 and become delinquent by January 1 following the October 1 levy date.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 – BONDS PAYABLE

The Library issued the Bullitt County Public Library District General Obligation Bonds, Series 2020 in September 2020. The bonds are due in varying annual installments through December 1, 2049. The interest rate varies between 1.00% - 4.00%. The outstanding balance at June 30, 2025 is \$6,760,000. The bonds are scheduled to mature as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 210,000	\$ 130,410
2027	215,000	121,910
2028	225,000	113,110
2029	235,000	103,910
2030	240,000	98,010
After 2030	<u>5,635,000</u>	<u>1,123,985</u>
Total obligations	<u>\$ 6,760,000</u>	<u>\$ 1,691,335</u>

NOTE 10 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2025:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Accrued vacation	\$ 161,175	\$ 6,295	\$ -	\$ 167,470
Net pension liability	4,806,671	-	(401,909)	4,404,762
Bond issue premium	149,883	-	(5,764)	144,119
Bonds payable	<u>6,960,000</u>	<u>-</u>	<u>(200,000)</u>	<u>6,760,000</u>
Total long-term obligations	<u>\$ 12,077,729</u>	<u>\$ 6,295</u>	<u>\$ (607,673)</u>	<u>\$ 11,476,351</u>

NOTE 11 – RISK MANAGEMENT

The Library is exposed to various forms of losses associated with the risk of fire; personal liability; vehicular accidents; errors and omissions; torts; theft of, damage to, and destruction of assets; injuries to employee; and natural disasters. Each of these risk areas is covered through the purchase of commercial insurance. The Library has purchased certain policies that are retrospectively rated, which include worker's compensation insurance. There have been not significant reductions in coverage from the prior year and settlements have not exceeded coverage in that past three years.

NOTE 12 – MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

The Library has evaluated subsequent events through November 19, 2025, which is the date the financial statements were available to be issued. No events have occurred which would have a material effect on the financial statements of the Library as of that date.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT

SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

County Employees Retirement System

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Library's proportion of the net pension liability (asset)	0.073653%	0.074911%	0.066643%	0.069715%	0.068746%	0.066424%	0.064489%	0.056123%	0.052889%	0.045774%
Library's proportionate share of the net pension liability (asset)	\$ 4,404,762	\$ 4,806,671	\$ 4,817,631	\$ 4,444,878	\$ 5,272,761	\$ 4,671,630	\$ 3,927,577	\$ 3,285,052	\$ 2,604,060	\$ 1,968,052
Library's covered-employee payroll	\$ 2,446,400	\$ 2,317,522	\$ 1,893,681	\$ 1,787,427	\$ 1,760,910	\$ 1,671,725	\$ 1,600,904	\$ 1,366,451	\$ 1,253,993	\$ 1,052,406
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	180.05%	207.41%	254.41%	248.67%	299.43%	279.45%	245.33%	240.41%	207.66%	187.01%
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%	53.32%	55.50%	59.97%

* The amounts presented for each fiscal year were determined as of one-year prior to the fiscal year end

The accompanying notes are an integral part of this statement.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
SCHEDULE OF LIBRARY PENSION CONTRIBUTIONS

County Employees Retirement System

Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 578,801	\$ 579,002	\$ 545,564	\$ 403,879	\$ 357,585	\$ 352,897	\$ 281,562	\$ 238,942	\$ 194,615	\$ 155,746
Contributions in relation to the contractually required contribution	\$ (578,801)	\$ (579,002)	\$ (545,564)	\$ (403,879)	\$ (357,585)	\$ (352,897)	\$ (281,562)	\$ (238,942)	\$ (194,615)	\$ (155,746)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library's covered-employee payroll	\$ 2,866,066	\$ 2,446,400	\$ 2,317,522	\$ 1,893,681	\$ 1,787,427	\$ 1,760,910	\$ 1,671,725	\$ 1,600,904	\$ 1,366,451	\$ 1,253,993
Contributions as a percentage of covered-employee payroll	20.19%	23.67%	23.54%	21.33%	20.01%	20.04%	16.84%	14.93%	14.24%	12.40%

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO REQUIRED PENSION SUPPLEMENTARY INFORMATION
June 30, 2025

Changes of benefit terms: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

1. Tiered structure for benefit accrual rates
2. New retirement eligibility requirements
3. Difference rules for the computation of final average compensation

2014: A cash balance plan was introduced for members whose participation date is on or after January 1, 2014.

Changes of assumptions. The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

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. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.
- The assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

2017

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The assumed payroll growth was reduced from 4.00% to 2.00%.
- The assumed salary increase was reduced from 4.00% to 3.05%.

2019

- The assumed salary increase was adjusted from 3.05% to between 3.30% and 10.30%, depending on service.
- For active members, the mortality table used is a Pub-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members, the mortality table used 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. For disabled members, the mortality table used is a PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

2024

- The assumed investment rate of return was increased from 6.25% to 6.50%.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT

SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

County Employees Retirement System

Last 10 Fiscal Years*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Library's proportion of the net OPEB liability (asset)	0.073695%	0.074908%	0.066691%	0.069699%	0.068726%	0.066427%	0.064486%	0.056123%		
Library's proportionate share of the net OPEB liability (asset)	\$ (127,478)	\$ (103,423)	\$ 1,316,156	\$ 1,334,352	\$ 1,659,524	\$ 1,117,272	\$ 1,144,936	\$ 1,128,264		
Library's covered-employee payroll	\$ 2,446,400	\$ 2,317,522	\$ 1,893,681	\$ 1,787,427	\$ 1,760,910	\$ 1,671,725	\$ 1,600,904	\$ 1,366,451		
Library's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-5.21%	-4.46%	69.50%	74.65%	94.24%	66.83%	71.52%	82.57%		
Plan fiduciary net position as a percentage of the total pension liability	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.39%		

* The amounts presented for each fiscal year were determined as of one-year prior to the fiscal year end.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
SCHEDULE OF LIBRARY OPEB FUND CONTRIBUTIONS

County Employees Retirement System

Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ -	\$ -	\$ 79,037	\$ 110,270	\$ 88,192	\$ 87,036	\$ 91,308	\$ 77,557	\$ 65,988	
Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ (79,037)	\$ (110,270)	\$ (88,192)	\$ (87,036)	\$ (91,308)	\$ (77,557)	\$ (65,988)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Library's covered-employee payroll	\$ 2,866,066	\$ 2,446,400	\$ 2,317,522	\$ 1,893,681	\$ 1,787,427	\$ 1,760,910	\$ 1,671,725	\$ 1,600,904	\$ 1,366,451	
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	3.41%	5.82%	4.93%	4.94%	5.46%	4.84%	4.81%	

The accompanying notes are an integral part of this statement.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION
June 30, 2025

Changes of benefit terms: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2003: Medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003.

Changes of assumptions. The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2017

- The assumed investment rate of return was decreased from 7.50% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The assumed payroll growth was reduced from 4.00% to 2.00%.
- The assumed salary increase was reduced from 4.00% to 3.05%.
- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years to an initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
- The assumed healthcare trend rates for post – 65 members reduced from an initial trend starting at 5.5% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years to an initial trend starting at 5.10% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.

2018

- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years to an initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
- The assumed healthcare trend rates for post – 65 members reduced from an initial trend starting at 5.10% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years to an initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.

2019

- The assumed salary increase was adjusted from 3.05% to between 3.30% and 10.30%, depending on service.
- For active members, the mortality table used is PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For non-disabled retired members, the mortality table used is the 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. For disabled members, the mortality table used is a PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

2020

- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years to an initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
- The assumed healthcare trend rates for post – 65 members reduced from an initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years to an initial trend starting at 2.90%, and increasing to 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.

BULLITT COUNTY PUBLIC LIBRARY DISTRICT
NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION (CONTINUED)
June 30, 2025

2021

- The assumed healthcare trend rates for pre – 65 members reduced from an initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years to an initial trend starting at 6.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
- The assumed healthcare trend rates for post – 65 members increased from an initial trend starting at 2.90% and increasing to a 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years to an initial trend starting at 5.50%, and gradually decreasing to an ultimate rate of 4.05% over a period of 14 years.

2022

- The assumed healthcare trend rates for pre – 65 members increased from an initial trend starting 6.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years to an initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years.
- The assumed healthcare trend rates for post – 65 members increased from an initial trend starting 5.50% and gradually decreasing to an ultimate rate of 4.05% over a period of 14 years to an initial trend starting at 6.30% and gradually decreasing to an ultimate rate of 4.05% over a period of 13 years.

2023

- The assumed healthcare trend rates for pre – 65 members decreased from an initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years to an initial trend starting at 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

2024

- The assumed healthcare trend rates for pre – 65 members decreased from an initial trend starting at 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years to an initial trend starting at 6.20% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
- The assumed healthcare trend rates for post – 65 members increased from an initial trend starting at 6.30% and gradually decreasing to an ultimate rate of 4.05% over a period of 13 years to an initial trend starting at 9.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.



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**INDEPENDENT AUDITORS' 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
Bullitt County Public Library District
Sheperdsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Bullitt 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 Bullitt County Public Library District's basic financial statements, and have issued our report thereon dated November 19, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bullitt 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 Bullitt County Public Library District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bullitt 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in 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 Bullitt 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.

Bramel & Ackley, P.S.C.

Fort Wright, Kentucky
November 19, 2025