BRACKEN COUNTY PUBLIC LIBRARY
Brooksville, Kentucky

Audited Financial Statements
For the year ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board Members
Bracken County Public Library
Brooksville, Kentucky

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Bracken County Public Library, as of June 30, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards and issued by the Comptroller General of the United States (Government Auditing Standards). 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 Bracken County Public Library, 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 opinion.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 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 GAAS 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 Bracken County Public Library'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 Bracken County Public Library'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, Schedule of Employer's Proportionate Share of Net Pension Liability, Schedule of Employer's Contributions – Net Pension Liability, Schedule of Employer's Proportionate Share of Net OPEB Liability, Schedule of Employer's Contributions – Net OPEB Liability, Statement Revenues, Expenditures and Changes in Fund Balance – Budget and Actual and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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.

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

Other Information

As discussed in the notes to the financial statements, accounting principles generally accepted in the United States of America require the entity to record leases in accordance with requirements primarily codified in FASB Accounting Standards Codification section 842 which generally require that all leases are classified as either an operating or financing type lease and that a right of use asset and lease liability is recorded on the balance sheet. Management has not applied this principle of lease classification and, therefore, information about the nature, amount, timing and uncertainty of leases, right-of-use assets and lease liabilities, and cash flows arising from leases may be misstated. The effects of this departure from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows have not been determined.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2026, on our consideration of the Bracken County Public Library'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 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 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 Bracken County Public Library's internal control over financial reporting and compliance.

Lane & Company LLC

Mount Sterling, Kentucky

January 14, 2026

This report contains 48 pages.

FY2024-2025
Financial Report:
Management's Discussion and Analysis

A. Overview of Bracken County Economy

The new economic growth and financial strength of the county directly impacts the Bracken County Public Library's (BCPL) financial status. As a rural county near the major metropolitan center of the Greater Cincinnati area, Bracken County is a prime blend of culture and business growth which draws new developments and tourism from the larger 5+ state region.

The Bracken County Fiscal Court, Chamber of Commerce, the cities of Brooksville and Augusta and the citizens of Bracken County are committed to increasing the economic growth and quality of life for the entire Bracken County Community. Bracken County continues to build on the growth of industry and tourism while maintaining small town tradition and culture.

Local government continues to planned growth of infrastructure while also encouraging business growth within the county from internal and external sources. This approach has led to renovated public parks, new businesses to fill the industrial park and an overall welcoming place for new citizens and businesses. This planned growth has helped BCPL have the funds to make needed renovations and additions, as well as expand services, without raising tax rates in over 5 years, and, in fact, the library even lowered rates for FY2024-25.

B. Overview of the Library's Finances

Budget Approval

The library is required by state statutes to create a balanced budget each fiscal year. The library's budget for FY2024-25 was approved by the Board of Trustees at the April 1, 2024 meeting. The library's fiscal year began on July 1, 2024 and ended on June 30, 2025.

Tax Rates

At the August 5, 2024 meeting, the Board of Trustees adopted the following tax rates:

- 9 cents per $100 for Real Estate. The Real Estate rate for FY 2023-2024 was 9.2 cents per $100.
- 9 cents per $100 for Personal Property (actually business inventory). The Personal Property rate for FY 2023-2024 was 9.2 cents per $100.
- 5.0 cents per $100 for motor vehicles and watercraft. This rate is frozen and does not change.

The library's adopted tax rates were lowered in FY2024-25 due to the economic growth in the county and increased grant funding received over the past few years. While the total budgeted and year end revenue was lower, the lower rate allowed the library to lower the financial burden on citizens while still maintaining enough revenue to cover the budgeted expenses for the year.

Income

The bulk of the Library's income is generated from locally assessed taxes. The Library's income for FY2024-25 was $590,053. Income for FY2023-24 was $585,750. Income for FY2022-2023 was $638,746. Components of the Library's income are:

	FY2024-25			FY2023-24		
Library Tax	$530,192	89.85%		$545,627	-14.18%	
Gifts & Memorials	$50	0.01%		$25	100.00%	
E-Rate Reimbursement	$9,474	1.61%		$3,312	186.02%	
Telecom. Income	$9,087	1.54%		$9,085	0.02%	
Charges for Services	$3,585	0.61%		$16,241	-77.93%	
State/Grant Funds	$13,703	2.32%		$1,500	813.53%	
Investment Income	$23,962	4.06%		$9,960	140.60%	
Total	**$590,053**			**$585,750**		

Aa a result of the audit, the FY2024-25 overall income was adjusted to reflect one FY2024-25 franchise property tax check received July 1, 2026. This ~$102,000 revenue amount made the overall total revenue and percentages similar to FY2024-25. This does not lessen positive impact of large Investment, State/Grant, and E-Rate increases.

The FCC's E-Rate program makes telecommunications and information services more affordable for schools and libraries. With funding from the Universal Service Fund, E-Rate provides discounts for telecommunications, Internet access, and internal connections to eligible schools and libraries. The E-Rate Reimbursement amount is higher in FY2024-25 as the library received funds for network components and internet service charges while the reimbursement funds from FY2023-24 are only for the 23-24 internet service charges.

Increased Investment Income is the result of transferring funds from the checking account to open 3 new Certificates of Deposit (CD) accounts at a separate local bank in August. The library also transferred one CD to the same bank so all CD accounts are at the same local bank which has the best interest rates, 4% to 5% instead of less than 1% for the previous bank.

Expenditures

Expenditures for FY2024-25 were $478,916. Expenditures for FY2023-2024 were $595,004. Budgeted expenditures were broken down into:

Expense Description	6/30/2025	6/30/2024	$ Variance	% Variance
Bookmobile - gas	774	798	$ (24)	-3.01%
Bookmobile - repairs	203	1,737	(1,534)	-88.31%
Bookmobile - other	-	3,620	(3,620)	-100.00%
Audios	448	133	315	236.84%
eBooks	8,600	6,872	1,728	25.15%
Equipment (non-capitalized)	-	1,520	(1,520)	-100.00%
Games	623	367	256	69.75%
Electronic database	12,207	11,707	500	4.27%
Magazines & newspapers	424	433	(9)	-2.08%
Videos	4,196	4,596	(400)	-8.70%
Contracted cleaning	13,107	14,087	(980)	-6.96%
Fire inspection	967	5,328	(4,361)	-81.85%
Grounds keeping	2,793	8,790	(5,997)	-68.23%
Maintenance	2,291	2,060	231	11.21%
Security	1,931	4,068	(2,137)	-52.53%
Building repair	5,988	2,642	3,346	126.65%
Equipment maintenance	2,787	2,676	111	4.15%
Equipment replacement (non-capitalized)	50	140	(90)	-64.29%
New equipment (non-capitalized)	408	1,425	(1,017)	-71.37%
Buildings & structures (non-capitalized)	5,750	2,495	3,255	130.46%
Equipment - non-capitalized	402	4,662	(4,260)	-91.38%
Capital outlay - books	23,489	27,744	(4,255)	-15.34%
Capital outlay - other	-	129,423	(129,423)	-100.00%
Building site (land)	448	-	448	#DIV/0!
Lodging	1,329	1,675	(346)	-20.66%
Meals	959	698	261	37.39%
Mileage	747	635	112	17.64%
Tuition, reg, cert fees	1,824	1,036	788	76.06%
Continuing education - other	-	1,325	(1,325)	-100.00%
Automation	2,585	2,585	-	0.00%
Fees & usage	32	78	(46)	-58.97%
Hardware	5,048	5,934	(886)	-14.93%
Software	10,194	3,567	6,627	185.79%
Administrative fees	342	1,081	(739)	-68.36%
Audit fee	4,250	4,000	250	6.25%
Filing fee for corporation	1,015	500	515	103.00%
Membership fees	2,935	1,352	1,583	117.09%
Furnishing (non-capitalized)	261	-	261	#DIV/0!
County retirement	29,479	34,159	(4,680)	-13.70%
Disability	1,582	1,313	269	20.49%
FICA	16,304	18,579	(2,275)	-12.25%
Unemployment	-	2,274	(2,274)	-100.00%
Insurance - building	13,287	13,161	126	0.96%
Insurance - health	37,605	35,811	1,794	5.01%
Insurance - liability	4,658	2,534	2,124	83.82%
Bookkeeping service	8,496	7,996	500	6.25%
Consultants	29,705	9,275	20,430	220.27%
Legal fees	4,876	4,868	8	0.16%
Advertising and printing	2,778	4,974	(2,196)	-44.15%
Outreach	4,910	4,026	884	21.96%
Office supplies	4,273	6,065	(1,792)	-29.55%
Postage	342	359	(17)	-4.74%
Program supplies	7,069	6,805	264	3.88%
Janitorial supplies	702	-	702	#DIV/0!
Internet	7,690	4,951	2,739	55.32%
Other utilities	-	509	(509)	-100.00%
Telephone	1,298	2,164	(866)	-40.02%
Trash	1,056	782	274	35.04%
Utilities - other	10,127	7,549	2,578	34.15%
Payroll Expenses	-	305	(305)	-100.00%
Wages	172,522	-	172,522	#DIV/0!
Director	-	39,764	(39,764)	-100.00%
Part-time	-	20,369	(20,369)	-100.00%
Other salaried staff	-	104,623	(104,623)	-100.00%
Staff - other	750	-	750	#DIV/0!
Total Expenses	478,916	595,004	(116,088)	-19.51%

Some amount of year to year expense variability is to be expected, though in general line item costs are mostly expected to be comparable across fiscal years, after considering unusual expenses in a given fiscal year. Personnel expenditures include wages; retirement; medical, dental, and disability insurance; worker's compensation insurance; and unemployment insurance. Staffing cost increased in FY2024-2025 primarily through wage and health insurance increases. These were partially balanced by slightly lower required pension contribution. The Collection Expenditure increases were largely for broader provision of digital services such as E-books and databases. The large increase in Administration Expenditures in FY2024-25 is due to hiring consultants for Facilities Planning and new 5 year strategic plan. These expenses also include 2 payments (24-25 & 25-26) for the technology consultant. Capital Expenditures were lower for FY2024-25 as the library prepares for future projects, including the projects developed out of the Facilities Plan started in FY2024-25. With the exception of uncommon expenses like these Capital Expenditure differences, the percent of total costs across line items are relatively similar and consistent from year to year.

Library Assets and Indebtedness

At the end of FY2024-25, the Library had a net position of $2,385,130 invested in a broad range of depreciable capital assets, including building, furniture, land, and equipment. This compares to $2,361,750 at the end of FY2023-24. The difference in assets is reflected in current assets (IE Bank Accounts) and depreciable investments (IE building renovation, furniture, and equipment).

The library has no outstanding loans from previous years nor borrowed loan funds FY2024-25.

Based on the current (expanded/renovated) square footage and the county's existing and projected population, the Library's size is well in accordance with the Kentucky Public Library Standards recommendations on space.

C. Financial Outlook

The Library maintains several "reserve funds" which would, if necessary, allow it to weather a small crisis or short delay in tax payments. The reserve funds are also set up to maintain the financial stability of the Library. On June 30, 2024, budgeted reserves totaled $1,158,514. The Board-defined reserve funds include:

Operational Reserve

By statute, the library's fiscal year begins July 1, with the bulk of the Library's revenues arriving typically between November and February. To bridge this funding gap, the Board of Trustees ensures that this fund contains an operational reserve at the end of each fiscal year in an amount capable of sustaining at least six (6) months of operating expenditures.

Certificate of Deposit Investments

The library currently has five Certificate of Deposit (CD) investments with a local bank to keep in reserve for emergency needs, such as major building repairs (roof, HVAC, etc.), and for future capital projects, such as building renovation/construction. These investments are built up over multiple years to avoid the need to borrow funds for such expenses. The library began FY2024-2025 with 2 CDs in a local bank near the library. Early in FY2024-25, the Library Board of Trustees voted to transfer funds from Checking Account into three CDs at staggered maturity rates due better interest rates provided by CDs when compared to Checking Account Interest.

Pension Liability Reserve
Special Purpose Governmental Entities that participate in KERS/CERS carry on their books a proportionate share of the net pension and OPEB (Other Post-Employment Benefit) liabilities. The Board of Trustees established this reserve fund to enable the Library to make payment should the retirement debt payments be required.

Economic Factors and Next Year's Budgets and Rates
The Real and Personal Property Tax Rate changed from $0.09 in 2024/25 to $0.091 for 2025/26. This slight increase of $0.001 is due largely to the July 1, 2026 delayed property tax revenue mentioned in the income section above.

The Library's budget for the fiscal year 2025/2026 reflects the average revenue of previous years and will support the overall needs of the Library. These needs include providing the highest-quality materials and programs as well as the continued maintenance of a highly competent and well-trained staff. Two significant unknowns are the continued rise of insurance costs and the uncertainty of materials & supplies costs.

D. The Current State of the Library

The Library is continuously faced with new and evolving challenges in each year. These range from dealing with heightened socio-economic issues to changing the public perception of the library as a quiet, book storage facility. These range of issues are becoming more evident with the community's continued cultural and business growth. As a result, the Library has taken a central role within the Chamber of Commerce, maintains connections with local government officials & other community leaders, and has added/strengthened services at the library. In addition, Library Staff continue to pursue training including attending a multi-day national conference in Fall 2024 and multiple state conferences.

Overall circulation is up in general as the increases and declines in usage level out over all parts of the physical and digital collections. As an example, usage of the physical audio and video collections show a decline, but this decline is surpassed by the increase in circulation of the print Adult and Inspirational Fiction collections. The Library continues to see growth in the multiple digital services offered (Libby, Hoopla, etc.) while continuing to see more patrons coming in-person to browse the shelves. This was increasingly evident with the largest participation in the Summer Reading Program and the increase in patron requests throughout the year.

Staffing levels have held steady over the last year with zero turnover in 2024-25. In early 2022, upon recommendation from a previous auditor, the Library began contributing to Social Security for full-time staff in addition to state retirement (CERS). The Library Board approved raising the minimum hourly wage to $9.25 per hour in FY2023-24. This was intended to make the library more competitive in the job market. The Library hopes these changes along with offering staff a wide range of benefits will continue to draw high quality personnel to join the staff.

The Library participates in multiple programs and partnerships aimed to encourage literacy and education within the community. This includes maintaining active involvement with the local Community Schools initiative and Afterschool Programs. The library is currently working with school officials and the local conservation office to create a nature trail between the library and the neighboring elementary and middle schools. The Library also remains involved with other local schools, daycares, and a small, independent city library within the county.

The Library maintains the same hours of operation six days a week which are in accordance with ~ 85-90% of the responses from the 2024-25 community survey. The Library pursued adding full bookmobile service to provide better mobile service to than the existing delivery/drop-off service could offer. The bookmobile began service in September 2023 with stops to the underserved parts of the county.

As the Bracken County community develops and changes, the Library strives to respond to its needs. We continue to work with community services and outreach programs to connect patrons and the greater community with resources and often provide meeting space for planning and programming. The Library provides one of few public meeting spaces in the community and is the only space provided at no cost to the community. This has resulted in community groups and the public using the library meeting space, including being the designated regular meeting space for the Chamber of Commerce.

E. Contacting the Library’s Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Library’s finances and to show the Library’s accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the director, Christian Shroll, at (606) 735-3620.

GOVERNMENT WIDE FINANCIAL STATEMENTS

Bracken County Public Library
STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities
<u>ASSETS and DEFERRED OUTFLOWS OF RESOURCES</u>	
Current Assets	
Cash and cash equivalents - unrestricted	$ 1,124,436
Taxes receivable	143,816
Total Current Assets	1,268,252
Noncurrent Assets	
Land	153,025
Land improvements	53,300
Buildings and improvements	1,729,282
Furniture and fixtures	106,349
Equipment	184,605
Library books	910,529
Accumulated depreciation	(1,690,001)
Total Noncurrent Assets	1,447,089
Deferred Outflows of Resources	
Deferred outflows of resources - NPL	58,521
Deferred outflows of resources - OPEB	20,602
Total Deferred Outflows of Resources	79,123
Total Assets & Deferred Outflows of Resources	$ 2,794,464
<u>LIABILITIES and DEFERRED INFLOWS OF RESOURCES</u>	
Current Liabilities	
Accounts payable	$ 1,672
Accrued wages and taxes	1,229
Total Liabilities - Current	2,901
Noncurrent Liabilities	
Net pension liability	260,208
Net OPEB liability	(7,533)
Total Liabilities - Noncurrent	252,675
Deferred Inflows of Resources	
Deferred Inflows of Resources - NPL	64,565
Deferred Inflows of Resources - OPEB	89,193
Total Deferred Inflows of Resources	153,758
Total Liabilities & Deferred Inflows of Resources	409,334
<u>NET POSITION</u>	
Net investment in capital assets	1,447,089
Unrestricted	938,041
Total Net Position	$ 2,385,130

The accompanying notes to the basic financial statements are an integral part of these statements.

Bracken County Public Library
STATEMENT OF ACTIVITIES
For the year ended June 30, 2025

PROGRAM REVENUES	
Fees & other	$ 3,585
Donations	50
Real property tax	384,766
Motor vehicle tax	59,583
Personal property tax	85,843
Telecommunications income	9,087
Total Program Revenues	542,914
EXPENSES	
Bookmobile - gas	774
Bookmobile - repairs	203
Audios	448
eBooks	8,600
Games	623
Electronic database	12,207
Magazines & newspapers	424
Videos	4,196
Program supplies	7,069
Office supplies	4,273
Postage	342
Insurance - building	13,287
Insurance - health	37,605
Insurance - liability	4,658
Bookkeeping service	8,496
Consultants	29,705
Legal fees	4,876
Advertising and printing	2,778
Outreach	4,910
Trash	1,056
Internet	7,690
Telephone	1,298
Utilities - other	10,127
Automation	2,585
Fees & usage	32
Hardware	5,048
Software	10,194
Administrative fees	342
Audit fee	4,250
Filing fee for corporation	1,015
Membership fees	2,935
Contracted cleaning	13,107
Fire inspection	967
Grounds keeping	2,793
Janitorial supplies	702
Maintenance	2,291
Security	1,931
Furnishing (non-capitalized)	261
Building repair	5,988
Equipment maintenance	2,787
Equipment replacement	50

The accompanying notes to the basic financial statements are an integral part of these statements.

Bracken County Public Library
STATEMENT OF ACTIVITIES
For the year ended June 30, 2025

New equipment (non-caplitalized)	408
Building site (land)	448
Buildings & structures (non-capitalized)	5,750
Equipment - non-capitalized	402
Payroll expenses	172,522
Staff - other	750
Disability	1,582
County retirement	32,114
FICA	16,304
Lodging	1,329
Meals	959
Mileage	747
Tuition, reg, cert fees	1,824
Depreciation	108,431
Total Expenses	566,493
Net Program Income/(Expense)	(23,579)
GENERAL REVENUES & (EXPENSES)	
Federal erate credits	9,474
State government	13,703
Interest income	23,962
Total General Revenues	47,139
Change in Net Position	23,560
Net Position - beginning	2,361,570
Net Position - ending	$ 2,385,130

The accompanying notes to the basic financial statements are an integral part of these statements.

FUND FINANCIAL STATEMENTS

Bracken County Public Library
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2025

	General
ASSETS	
Current Assets	
Cash and cash equivalents - unrestricted	$ 1,124,436
Taxes receivable	143,816
Total Assets	1,268,252
Total Assets	$ 1,268,252
LIABILITIES AND FUND BALANCE	
Current Liabilities	
Accounts payable	$ 1,672
Accrued wages and taxes	1,229
Total Liabilities	2,901
Total Liabilities	2,901
Fund Balance	
Unassigned	1,265,351
Total Fund Balance	1,265,351
Total Liabilities and Fund Balance	1,268,252
Total Governmental Fund Balance	1,265,351
Amounts reported for *governmental activities* in the statement of net position are different because:	
Deferred outflows are not due and payable in the current period and therefore are not reported in the funds	79,123
Deferred inflows are not due and payable in the current period and therefore are not reported in the funds	(153,758)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(252,675)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	3,137,090
Accumulated depreciation	(1,690,001)
Net Position of Governmental Activities	$ 2,385,130

The accompanying notes to the basic financial statements are an integral part of these statements.

Bracken County Public Library
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2025

REVENUES	
Fees & other	$ 3,585
Donations	50
Real property tax	384,766
Motor vehicle tax	59,583
Personal property tax	85,843
Telecommunications income	9,087
Federal erate credits	9,474
State government	13,703
Interest income	23,962
Total Revenue	590,053
EXPENDITURES	
Bookmobile	
Bookmobile - gas	774
Bookmobile - repairs	203
Books & Materials	
Audios	448
eBooks	8,600
Games	623
Electronic database	12,207
Magazines & newspapers	424
Videos	4,196
Building Maintenance	
Contracted cleaning	13,107
Fire inspection	967
Grounds keeping	2,793
Maintenance	2,291
Security	1,931
Building Repairs	
Building repair	5,988
Equipment maintenance	2,787
Equipment replacement (non-capitalized)	50
New equipment (non-capitalized)	408
Capital Outlay	
Buildings & structures (non-capitalized)	5,750
Equipment - non-capitalized	402
Capital outlay - books	23,489
Building site (land)	448
Continuing Education	
Lodging	1,329
Meals	959
Mileage	747
Tuition, reg, cert fees	1,824
Electronic Access	
Automation	2,585
Fees & usage	32
Hardware	5,048
Software	10,194
Fees	

The accompanying notes to the basic financial statements are an integral part of these statements.

Bracken County Public Library
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2025

Administrative fees	342
Audit fee	4,250
Filing fee for corporation	1,015
Membership fees	2,935
Furnishing (non-capitalized)	261
Fringe Benefits	
County retirement	29,479
Disability	1,582
FICA	16,304
Insurance	
Insurance - building	13,287
Insurance - health	37,605
Insurance - liability	4,658
Professional Fees	
Bookkeeping service	8,496
Consultants	29,705
Legal fees	4,876
Public Relations	
Advertising and printing	2,778
Outreach	4,910
Supplies	
Office supplies	4,273
Postage	342
Program supplies	7,069
Janitorial supplies	702
Utilities	
Internet	7,690
Telephone	1,298
Trash	1,056
Utilities - other	10,127
Payroll Expenses	
Wages	172,522
Staff - other	750
Total Expenditures	478,916
Excess (deficiency) of revenues over expenditures	111,137
Net Change in Fund Balances	111,137
Fund balances - beginning	1,154,214
Fund balances - ending	$ 1,265,351

The accompanying notes to the basic financial statements are an integral part of these statements.

Bracken County Public Library
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the year ended June 30, 2025

Reconciliation to government-wide change in net position:	
Net change in fund balance - governmental funds	$ 111,137
increase/(decrease):	
capital outlay expenditures capitalized	23,489
pension/OPEB expense adjustment per GASB 68/75	(2,635)
depreciation on governmental activities assets	(108,431)
Change in net position, Governmental Activities	$ 23,560

The accompanying notes to the basic financial statements are an integral part of these statements.

Note 1 - General Statement and Summary of Significant Accounting Policies

General Statement

The Bracken County Public Library (Library) was established pursuant to the provisions of Kentucky Revised Statutes Chapter 173 to serve all areas of Bracken County through its library and bookmobile services on August 13, 1990. The Library is located in Brooksville, Kentucky.

The financial statements of the Library have been prepared in conformity with generally accepted accounting principles (GAAP) as applies to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

The Reporting Entity

The Library, for financial purposes, includes all of the funds relevant to the operations of the Library. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Library.

The financial statements of the Library would include those of separately administered organizations that are controlled by or dependent on the Library. Control or dependence is determined on the basis of financial interdependency, selection of governing body, designation of management, ability to significantly influence operations, accountability of fiscal matters, scope of public service, and financing relations.

Based on the foregoing criteria there are no other organizations included in these financial statements.

Government-Wide and Fund Financial Statements
The government-wide financial statements report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Fund financial statements report detailed information about the Library. The accounts of the Library are organized on the basis of funds each of which is considered to be a separate fiscal and accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that is comprised of its assets, liabilities, reserves, fund equity, revenues and expenditures or expenses.

Governmental Funds are those through which most governmental functions are financed. The governmental fund measurement focus is upon determination of financial position and budgetary control over revenues and expenditures. Proprietary Fund Types are used to account for operations that are financed and operated in a manner similar to business enterprises-where intent of the governing body is that costs of providing services are to be financed or recovered primarily through user charges.

The Library reports the following major governmental fund:
General Fund- The General Fund is used to account for all financial resources of the Library except those required to be accounted for in another fund. The general fund balance is available to the Library for any purpose provided it is expended or transferred according to the general laws of Kentucky.

Fund Balances

The Library implemented GASB 54. This statement requires the fund balance reported in the governmental fund balance sheet to be classified using the following:

Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - Amounts that can only be used for a specific purpose as designated by a resolution of the Library's board.

Assigned - Amounts that do not meet the definition of committed or restricted but are intended to be used for a specific purpose. In July 2011, the Board voted to classify ½ of the fund balance as assigned to satisfy the outstanding loan balance.

Unassigned – The residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes.

Basis of Accounting

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.

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Grants and entitlements interest associated with the current fiscal period and property taxes are all considered being susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the Library receives cash.

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as needed.

Capital Assets

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position and are not reported in the governmental fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. All books are capitalized. Depreciation is computed using the straight-line method over the following useful lives of the related capital assets.

Description	Capitalization Threshold	Estimated Life (Years)
Land Improvements	$12,500	20
Buildings	10,000	40
Building Improvements	10,000	10
Furniture and Fixtures	2,500	8
Computers and Equipment	1,000	5

Software	10,000	5
Vehicles	2,500	5

State Grants

Appropriated state funds are allocated to state agencies then reallocated to local units of government.

Property Taxes

The tax on real and personal property levied by the Library is calculated, billed and collected by the County Sheriff. Property taxes attach as an enforceable lien as of January. Taxes are levied on October 1 and are due and payable on or before November 1. All unpaid taxes become delinquent December 31. Fees thus collected are remitted to the Library monthly. The tax on motor vehicles is collected by the County Clerk and remitted monthly. Delinquent motor vehicles taxes are remitted by the State quarterly as collected.

Budgets and Budgetary Accounting

The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

a. Formal budgetary integration is employed as a management control device during the year for the General Fund. These budgets are adopted on a basis consistent with generally accepted accounting principles.
b. The combined statement of revenue, expenditures, and charges in fund balances – budget and actual for the Governmental Fund present comparisons of legally adopted budgets with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles. The resulting difference is not material.
c. The Library approves, by ordinance, total budget appropriations only. The Library is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the Library's Board. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.
d. Unused appropriations for all of the above annually budgeted funds lapse at the end of year.
e. The budget amounts shown in the financial statements are the final authorized amounts.
f. The budget was amended in May 2025, but the amendment did not breakdown the expenses in the manner generally provided for in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual, therefore, the amendment was not reflected in the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual. This budget amendment is available upon request.

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 the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net position is recorded as restricted when there are limitations imposed on their use by internal or external restrictions.

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 County Employees' Retirement System (CERS) and additions to/deductions from CERS' 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.

Leases

The entity has obligations as a lessee for office space, computers, and other office equipment with initial noncancelable terms in excess of one year. The entity classified these leases as operating leases. These leases generally contain renewal options for periods ranging from two to five years. Because the entity is not reasonably certain to exercise these renewal options, the optional periods are not included in determining the lease term, and associated payments under these renewal options are excluded from lease payments. The entity's leases do not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease contracts include fixed payments plus, for many of the entity's leases, variable payments.

Note 2 – Defined Benefit Pension Plan

General Information About the Pension Plan

Plan description - Regular, full-time, employees of the Entity are provided with pensions through the County Employees' Retirement System (CERS)—a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Public Pensions Authority. The assets of CERS are pooled with two other retirement systems Kentucky Public Pensions Entity administers, KERS & SPRS. Although invested each system's assets are used only for the members of that plan. Kentucky Revised Statute (KRS) chapter 61 grants the authority to establish and amend the benefit terms to the Kentucky Public Pensions Authority's Board of Trustees (Board). Kentucky Public Pensions Authority issues a publicly available financial report that can be obtained on their website.

Benefits provided - CERS provides retirement, insurance, disability, and death benefits. Retirement benefits are determined from an average of the five highest years of compensation for those whose participation began before September 01, 2008. For those who began participation on or after September 01, 2008 retirement benefits are determined as an average of the last complete five years. A percentage is then taken from those averages based on the employee's months of service. Employees are eligible for service-related disability benefits with at least 60 months of service. If the member is receiving monthly benefits based on at least four years of service, then a $5,000 death benefit is payable to the member's designated beneficiary. For those employees whose participation began prior to July 01, 2003, CERS will pay a portion of the monthly premium for single coverage based upon service credit accrued at retirement. For those employees whose participation began on or after July 01, 2003 and before September 01, 2008, employees are required to earn at least 10 years of service credit to be eligible for insurance benefits. Employees whose participation began on or after September 01, 2008 must earn at least 15 years of service credit to be eligible for insurance benefits.

Membership in the CERS Non-hazardous Pension Fund consisted of the following on June 30, 2023:

Membership Status	
Inactive plan members currently receiving benefits	70,932
Inactive plan members entitled to but not yet receiving benefits	111,086
Active plan members	78,810
Total plan members	260,828

Prior to July 1, 2009, cost of living adjustments (COLAs) were provided annually equal to the percentage increase in the annual average of the consumer price index (CPI) for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were limited to 1.50%. No COLA has been granted since July 1, 2011.

Contributions

The Commonwealth is required to contribute at an actuarially determined rate for KERS and SPRS pensions. Participating employers are required to contribute at an actuarially determined rate for CERS pensions. Per Kentucky Revised Statute Sections KERS 61.565(3), CERS 78.545(33), and SPRS 16.645(18), normal contribution and past service contribution rates shall be determined by the Board on the basis of the last annual valuation preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. However, formal commitment to provide the contributions by the employer is made through the biennial budget for KERS and SPRS.

For the fiscal year ended June 30, 2024, participating employers contributed a percentage of each employee's creditable compensation. The actuarially determined rates set by the Board for the fiscal year is a percentage of each employee's creditable compensation. Administrative costs of KPPA are financed through employer contributions and investment earnings.

TIER 1:

Tier 1 plan members who began participating prior to September 1, 2008, are required to contribute 5% (Non-Hazardous) or 8% (Hazardous) of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

TIER 2:

Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute 6% (Non-Hazardous) or 9% (Hazardous) of their annual creditable compensation. Further, 1% of these contributions are deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation (KAR) 105 KAR 1:420 Employer's administrative duties). These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

TIER 3:

Tier 3 plan members, who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5% (Non-Hazardous) or 8% (Hazardous) of their annual creditable compensation, and an additional 1% to the health insurance fund (401(h) account), which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% (Non-Hazardous) or 7.5% (Hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

Contribution Rates and Amounts for CERS Non-Hazardous

				Employer		
Period	Pension	Insurance	Total	Pension	Insurance	Employee
07/01/2024 - 06/30/2025	23.34%	0.00%	23.34%	$28,056	$ -	$ 7,117

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

At June 30, 2025, the Entity reported a liability of $260,208 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Entity's portion of the net pension liability was based on the Entity's proportionate share of retirement contributions for the fiscal year ended June 30, 2022. On June 30, 2024 the Entity's proportionate share was 0.004351%.

Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense, they are labeled deferred inflows. If they will increase pension expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period. For the year ended June 30, 2025, the Entity recognized pension expense of $(8,032). On June 30, 2025, the Entity 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 liability experience	$ 12,595	$ -
Effects of changes in assumptions	-	11,756
Differences between projected and actual earnings on plan investments	17,870	34,600
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	18,209
Contributions subsequent to the measurement date + implicit subsidy	28,056	-
Total	$ 58,521	$ 64,565

$28,056 reported as deferred outflows of resources related to pensions resulting from the Entity's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. The remaining amount of $(34,100) reported as the net effect of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2026	$ (26,934)
2027	2,994
2028	(6,431)
2029	(3,729)
2030	-
Thereafter	-
Total	$ (34,100)

Actuarial methods & assumptions: For financial reporting, the actuarial valuation as of June 30, 2022, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled-forward from the valuation date (June 30, 2021) to the plan's fiscal year ending June 30, 2022, using generally accepted actuarial principles.

The actuarial assumptions are:

Inflation	2.30% for all plans
Payroll Growth Rate	2.00% for CERS non-hazardous
Salary Increases	3.30% to 10.30% varies by service for CERS non-hazardous
Investment Rate of Return	6.50% for CERS Non-hazardous

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-Hazardous 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 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was 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.

House Bill 1 passed during the 2019 Special Legislative Session allows certain employers in the KERS Nonhazardous plan to elect to cease participating in the System as of June 30, 2021 under different provisions than were previously established. Senate Bill 249 passed during the 2020 legislative session which delayed the effective date of cessation for these provisions to June 30, 2021. Since each employer's elections are unknown at this time, no adjustment to the Total Pension Liability was made to reflect this legislation.

Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total Pension Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020. There were no other material plan provision changes.

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2024:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Amortization Period	30-year closed period at June 30, 2019. Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.00% for CERS non-hazardous
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%-10.30%, Varies by Service for CERS non-hazardous
Investment Return	6.50% for CERS Non-hazardous
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.

The long-term expected rates of return were determined by using a building block method in which best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were 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. The current long-term inflation assumption is 2.30% per annum for both the non-hazardous and hazardous plan.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	**60.00%**	
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income	**20.00%**	
Core Fixed Income	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected	**20.00%**	
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real Return	**100.00%**	**4.69%**
Long Term Inflation Assumption		**2.50%**
Expected Nominal Return for Portfolio		**7.19%**

Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of

20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

A single discount rate of 6.50% was used to measure the total pension liability for the non-hazardous plan and the hazardous plan for the fiscal year ending June 30, 2023. The single discount rate is based on the expected rate of return on pension plan investments for each plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the non-hazardous and hazardous pension plans' fiduciary net position and future contributions were separately projected and were each sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan.

The projection of cash flows used to determine the single discount rate for each fund must include an assumption regarding actual employer contributions made each future year. Except where noted below, future contributions are projected assuming that each participating employer in each pension fund contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2018 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028. However, contribution rates are not currently projected to increase by more than 12% in any given future year. Therefore, for the purposes of this calculation, the provisions of House Bill 362 do not impact the projected contribution rates.

Methodology for Proportionate Shares

The proportionate share(s) of the Collective Pension Amounts for employers that participate in these cost-sharing multiple employer plans is provided in Appendix A and Appendix B of this report and was determined using the employers' actual contributions for the fiscal year ending June 30, 2024. This method is expected to be reflective of the employers' long-term contribution effort as well as be transparent to individual employers and their external auditors.

Non-Employer Contributions

Non-employer contributions will be allocated according to each employer's proportionate share, as described previously. There were no non-employer contributions made during fiscal year ending June 30, 2024 for either the non-hazardous or hazardous plans.

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate - The following presents the net pension liability of the System, calculated using the discount rate of 6.50%, as well as what the System's 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 for non-hazardous:

	1% Decrease	Current Discount Rate	1% Increase
	5.50%	6.50%	7.50%
Proportionate share of the net pension liability	$ 335,451	$ 260,208	$ 197,777

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report.

Note 3 - Other Postemployment Benefits Plan (OPEB)

Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Public Pensions Authority's administers the Kentucky Employees Retirement System (KERS), County Employees Retirement System (CERS), and State Police Retirement System (SPRS) is a participating employer of the CERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Public Pensions Authority's website.

Plan Description - The Kentucky Public Pensions Authority (KPPA) Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from KERS, CERS and SPRS. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to the members of that plan and the administrative costs incurred by those receiving an insurance benefit.

The CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Postemployment Benefits (OPEB) plan that covers substantially all regular full-time members employed in positions of each participating county, city and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

Timing of the Valuation

For the employer's financial reporting purposes, the net OPEB liability and OPEB expense should be measured as of the employer's "measurement date" which may not be earlier than the employer's prior fiscal year-end date. The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2023. The total OPEB liability was rolled forward from the valuation date to the measurement date at June 30, 2024, using generally accepted actuarial principles.

The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99% for the non-hazardous plan and from 5.97% to 6.02% for the hazardous plan (see further discussion on the calculation of the single discount rate later in this section of the report). 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.

There were no plan provision changes that would materially impact the total OPEB liability since June 30, 2023. It is our opinion that these procedures are reasonable and appropriate, and comply with applicable requirements under GASB Statement No. 75..

Employer Contributions after the Measurement Date and before the Employer's Fiscal Year End

GASB No. 75 indicates that employer contributions made subsequent to the measurement date of the Net OPEB Liability and prior to the end of the employer's reporting period should be reported by the employer as a deferred outflow of resources. The information contained in this report does not incorporate any contributions made to the plan subsequent to June 30, 2024.

Single Discount Rate

Single discount rates of 5.99% for the CERS non-hazardous insurance plan and 6.02% for the CERS hazardous insurance plan were used to measure the total OPEB liability as of June 30, 2024. 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 is not currently being included in the calculation of the plan's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

Methodology for Proportionate Shares

The proportionate share of the Collective OPEB Amounts for employers that participate in these cost-sharing multiple employer plans is provided in Appendix A and Appendix B of this report. The proportionate share of the Collective OPEB Amounts for employers that participate in the CERS non-hazardous insurance plan was determined using the employers' actual salary for the fiscal year ending June 30, 2024. No employer contributions were required for the non-hazardous insurance plan for the fiscal year but future contributions, if required, will be collected as a percentage of pay.

The proportionate share of the Collective OPEB Amounts for employers that participate in the CERS hazardous insurance plan were determined using the employers' actual contributions for the fiscal year ending June 30, 2024.

These methods used are expected to be reflective of the employers' long-term contribution effort as well as be transparent to individual employers and their external auditors.

Non-Employer Contributions

Non-employer contributions will be allocated according to each employer's proportionate share, as described previously. There were no non-employer contributions during fiscal year ending June 30, 2024 for either the non-hazardous or hazardous plans.

Summary of Population Statistics

The total OPEB liability described in this report is based on the plan membership as of June 30, 2023:

Membership Status	
Inactive plan members currently receiving benefits	38,679
Inactive plan members entitled to but not yet receiving benefits	27,097
Active plan members	78,418
Total plan members	144,194

Note, the membership counts for the health insurance plans may be different than the membership counts for the pension plans due to differences in vesting provisions and the coordination of the delivery of health insurance benefits to members that have earned service in more than one system operated by KPPA.

Recognition of Deferred Outflows and Inflows of Resources

According to paragraph 86 of GASB Statement No. 75, differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive members) determined as of the beginning of the measurement period.

At the beginning of the 2024 measurement period, the average of the expected remaining service lives for purposes of recognizing the applicable deferred outflows and inflows of resources established in the 2024 measurement period was the following for each insurance plan.

Development of the Average Expected Remaining Service Life	
Total expected remaining service lives of all employees (years):	663,060
Total plan members:	144,194
Average expected remaining service life (years):	4.60

Differences between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the OPEB expense as a level dollar amount over the closed period identified above.

Implicit Subsidy

GASB Statements No. 75 and No. 68 are conceptually very similar in terms of the liability which is recognized on the balance sheet, the expense calculation, and the corresponding deferred outflows and inflows of resources. The main differences between the standards are related to the differences between pension and health care benefits. In particular, there is a concept referred to as the “implicit subsidy” that applies to health plans which utilize a blended premium, which has no counterpart in GASB Statement No. 68. The “implicit” or “hidden” subsidy refers to the difference between the underlying retiree claims costs and the overall health care premiums paid on behalf of retirees. By “overall”, we mean the combined employer and retiree portions of the premiums. GASB defines the employer provided OPEB benefit as the difference between the underlying claims costs (or age-adjusted premiums) and the premium contributions made by retirees. If the overall premiums for retirees were developed solely on the claims experience of the retirees, there would be no implicit subsidy and the employer portion of the overall retiree premiums would coincide with GASB’s definition of the OPEB benefit. However, the fully-insured premiums paid to 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 all participants, there is an implicit employer subsidy for the non-Medicare eligible retirees.

GASB defines the employer provided OPEB benefit as the difference between the underlying claims costs and the premium contributions made by retirees. As a result, the employer’s portion of the blended health care premium is not what GASB considers the employer benefit. In order to account for the employer provided OPEB benefit, as it’s defined by GASB, the explicit premium subsidies need to be adjusted to reflect the implicit subsidy (i.e. the difference between the estimated retiree claims and the overall premiums).

This is important because the retiree health insurance trust is used to pay the employers’ portion of the blended premiums, not the employers’ portion of the underlying retiree claims costs. In order to account for the employer provided OPEB benefit, as it is defined by GASB, the payments made by the retiree health insurance trust need to be adjusted to reflect the implicit subsidy. Similarly, the employer contributions need to be adjusted to reflect the cost of the implicit subsidy. It’s important to keep in mind that the implicit subsidy is an employer contribution. Because the implicit subsidy does not pass through the trust, it is considered a benefit payment that was paid “as it came due”.

For plans that use a blended premium structure, Illustrations B1-1 and B1-2 of Implementation Guide No. 2017-3 describe how a portion of the payments made on behalf of the active employees should be reclassified as benefit payments for retiree healthcare to reflect the retirees' underlying claims costs. These two illustrations are also consistent with the Basis of Conclusions that are provided in B49, B52, and B64 in Appendix B of GASB 75. Adjusting the explicit health care costs for active employees and retirees by the implicit subsidy estimates provided in this report is equivalent to the reclassification described in the Statement and Implementation Guide.

To summarize, the distributions from the retiree health insurance trust pay the employers' portion of the blended premiums, not the employers' portion of the underlying retiree claims costs. This adjustment reflects the underlying cost of the benefits provided to retirees, which is how GASB defines the employer's OPEB benefit/liability. As a result, the benefit payments and contribution amounts disclosed for GASB Statement No. 74 and 75 purposes need to include an adjustment related to the implicit subsidy. Participating employers should adjust their contributions by the implicit subsidy in order to determine the total employer contribution for GASB Statement No. 75 purposes. This adjustment is needed for contributions made during the measurement period and also for the purpose of the deferred outflow related to contributions made after the measurement date. The appendices in this report provide each employer's implicit subsidy for the measurement period and each employer's implicit subsidy for the year ending June 30, 2025.

The Entity's implicit subsidy for the year ended June 30, 2025 was $2,042.

Actuarial Methods & Assumptions

For financial reporting, the actuarial valuation as of June 30, 2024, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability, net OPEB liability and sensitivity information as of June 30, 2024 were based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles.

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
Equity	**60.00%**	
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income	**20.00%**	
Core Bonds	10.00%	2.85%
Specialty Credit	10.00%	3.82%
Cash	0.00%	1.70%
Inflation Protected	**20.00%**	
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real Return	**100.00%**	**4.69%**
Long Term Inflation Assumption		**2.50%**
Expected Nominal Return for Portfolio		**7.19%**

Use of Estimates in the Preparation of the Schedules

The actuarially determined contributions effective for fiscal year ending 2024 that are documented in the schedule on the previous page were calculated as of June 30, 2022. Based on the June 30, 2022 actuarial valuation report, the actuarial methods and assumptions used to calculate the required contributions are below:

Determined by the Actuarial Valuation as of:	June 30, 2022
Actuarial Cost Method:	Entry Age Normal

Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	30-year closed period at June 30, 2019 *Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases*
Payroll Growth Rate	2.00%
Investment Return:	6.25%
Inflation:	2.30%
Salary Increases:	3.30% to 10.30% for CERS non-hazardous members, varies by service
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
Healthcare Trend Rates: Pre-65	Initial trend starting at 6.30% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Healthcare Trend Rates: Post-65	Initial trend starting at 6.30% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.

Contributions

The Commonwealth is required to contribute at an actuarially determined rate for KERS and SPRS pensions. Participating employers are required to contribute at an actuarially determined rate for CERS pensions. Per Kentucky Revised Statute Sections KERS 61.565(3), CERS 78.545(33), and SPRS 16.645(18), normal contribution and past service contribution rates shall be determined by the Board on the basis of the last annual valuation preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. However, formal commitment to provide the contributions by the employer is made through the biennial budget for KERS and SPRS.

For the fiscal years ended June 30, 2024, participating employers contributed a percentage of each employee's creditable compensation. The actuarially determined rates set by the Board for the fiscal year is a percentage of each employee's creditable compensation. Administrative costs of KPPA are financed through employer contributions and investment earnings.

Contribution Rates and Amounts for CERS Non-Hazardous

				Employer		
Period	Pension	Insurance	Total	Pension	Insurance	Employee
07/01/2024 - 06/30/2025	23.34%	0.00%	23.34%	$28,056	$ -	$ 7,117

Cointributions including implicit subsidy	$ 2,049

For additional information regarding contributions, please refer to the Defined Benefit Pension Plan footnote.

TIER 1:
Tier 1 plan members who began participating prior to September 1, 2008, are required to contribute 5% (Non-Hazardous) or 8% (Hazardous) of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

TIER 2:
Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute 6% (Non-Hazardous) or 9% (Hazardous) of their annual creditable compensation. Further, 1% of these contributions are deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation (KAR) 105 KAR 1:420 Employer's administrative duties). These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

TIER 3:
Tier 3 plan members, who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5% (Non-Hazardous) or 8% (Hazardous) of their annual creditable compensation, and an additional 1% to the health insurance fund (401(h) account), which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4% (Non-Hazardous) or 7.5% (Hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution.

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

On June 30, 2025, the Entity reported a liability of $(7,533) for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022, rolled-forward to June 30, 2023 using generally accepted actuarial principles. The Entity's proportion of the net OPEB liability was determined using the Entity's actual contributions for the year ended June 30, 2023. This method is expected to be reflective of the Entity's long-term contribution effort. For the year ended June 30, 2025, the Entity's proportion was 0.004355% which is equal to its proportion measured as of June 30, 2022.

For the year ended June 30, 2025, the Entity recognized OPEB expense of $(20,193). On June 30, 2025, the Entity reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of	Deferred Inflows of
Differences between expected and actual liability experience	$ 4,179	$ 59,272
Changes in assumptions	6,826	5,316
Difference between expected and actual investment experience	6,622	13,497
Changes in proportion and differences between employer contributions and proportionate share of contributions	933	11,108
Contributions subsequent to the measurement date	2,042	-
Total	$ 20,602	$ 89,193

$2,042 reported of deferred outflows of resources resulting from the Entity's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as the net effect of deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30,		Amount
2026	$	(27,596)
2027		(22,801)
2028		(19,318)
2029		(918)
2030		-
Thereafter		-
Total	$	(70,633)

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate
The following presents the proportionate share of the net OPEB liability calculated using the single discount rate of 5.70%, as well as what the Entity's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (4.99%) or 1% higher (6.99%) than the current rate:

	Discount Rate		Proportionate Share of Net OPEB Liabilities
1% decrease	4.99%	$	10,186
Current discount rate	5.99%	$	(7,533)
1% increase	6.99%	$	(22,432)

Sensitivity of the Entity's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates (see details in Actuarial Assumptions above), as well as what the proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that were 1% lower or 1% higher than the current rates:

	Discount Rate		Proportionate Share of Net OPEB Liabilities
1% decrease	4.99%	$	(18,124)
Current healthcare cost trend rate	5.99%	$	(7,533)
1% increase	6.99%	$	4,804

Note 4 - Cash
The Library considers all highly liquid investments with a maturity date of twelve months or less from date of purchase to be cash equivalents. Certificates of deposit that are redeemable immediately with little or no penalty are considered cash equivalents.

Interest Rate Risk - The Library's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

The Library's cash and cash equivalents consist of:

Account Description		Account Balance
First National Bank: Savings	$	8,003
First National Bank: Checking		563,178
Peoples Bank: Certificates of Deposit		553,255
Total	$	1,124,436

	Reconciled Bank Balance	Deposits in Bank
Insured by FDIC	$ 500,000	$ 500,000
Collateralized with specific securities in the entity's name which are held by financial institutions	624,436	650,533
Total	$ 1,124,436	$ 1,150,533

Note 5 – Contingencies

The Library is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Library in the current and prior years. There were no examinations for the year ended June 30, 2025. Areas of noncompliance, if any, as a result of examinations would be included as a part of the “Findings and Questioned Costs” section of this report.

Note 6 - Investments

Investments are stated at fair value.

Note 7 – Risk Management

The Library is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library carries commercial insurance coverage for the risks to the extent deemed prudent by Library management.

Note 8 – Subsequent Events

The Library has evaluated subsequent events through January 14, 2026, and that is the date that the financial statements were available to be issued.

Note 9 is on the next page.

Note 9 - Capital Assets

The following is a summary of changes in capital assets for the year:

Governmental Activities	Balance, 06/30/24	Transfers/ Additions	Disposals	Balance, 06/30/25
Depreciable Capital Assets:				
Books	$ 887,039	$ 23,489	$ -	$ 910,528
Buildings & improvements	1,729,282	-	-	1,729,282
Equipment	184,606	-	-	184,606
Furniture & fixtures	106,349	-	-	106,349
Land improvements	53,300	-	-	53,300
Total Depreciable Capital Assets	2,960,576	23,489	-	2,984,065
Less Accumulated Depreciation:				
Books	752,047	32,875	-	784,922
Buildings & improvements	611,609	45,171	-	656,780
Equipment	102,174	23,656	-	125,830
Furniture & fixtures	87,194	4,063	-	91,257
Land improvements	28,547	2,665	-	31,212
Total Accumulated Depreciation	1,581,571	108,430	-	1,690,001
Total Depreciable Capital Assets, Net	1,379,005	(84,941)	-	1,294,064
Non-Depreciable Capital Assets:				
Land	153,025	-	-	153,025
Total Non-Depreciable Assets	153,025	-	-	153,025
Total Capital Assets, Net	$ 1,532,030	$ (84,941)	$ -	$ 1,447,089

REQUIRED SUPPLEMENTARY INFORMATION

Bracken County Public Library
Schedule of Employer's Proportionate Share of Net Pension Liability
June 30, 2025

	Measurement Date				
	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Proportion of the net pension liability (asset)	0.002679%	0.028510%	0.004771%	0.004823%	0.004809%
Proportionate share of the net pension liability (asset)	115,202	$ 140,362	$ 279,261	$ 293,735	$ 338,219
Covered employee payroll	75,634	$ 72,118	$ 116,170	$ 119,530	$ 121,308
Proportionate share of the net pension liability as a percentage of its covered employee payroll (asset)	152.32%	194.63%	240.39%	245.74%	278.81%
Plan fiduciary net position as a percentage of the total pension liability	61.22%	55.50%	53.30%	53.32%	53.54%

	Measurement Date				
	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Proportion of the net pension liability (asset)	0.004993%	0.005276%	0.005069%	0.004442%	0.004351%
Proportionate share of the net pension liability (asset)	$ 382,959	$ 336,386	$ 366,439	$ 285,021	$ 260,208
Covered employee payroll	$ 127,895	$ 134,770	$ 136,748	$ 128,926	$ 124,844
Proportionate share of the net pension liability as a percentage of its covered employee payroll (asset)	299.43%	249.60%	267.97%	221.07%	208.43%
Plan fiduciary net position as a percentage of the total pension liability	50.45%	57.33%	52.42%	57.48%	61.61%

Bracken County Public Library
Schedule of Employer's Contributions - Net Pension Liability
June 30, 2025

	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Contractually required contribution	$ 8,957	$ 16,206	$ 17,308	$ 19,676	$ 24,684
Contributions in relation to the contractually required contribution	8,957	16,206	17,308	19,676	24,684
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 72,118	$ 116,170	$ 119,530	$ 121,308	$ 127,895
Contributions as a percentage of covered employee payroll	12.42%	13.95%	14.48%	16.22%	19.30%

	6/30/2021	6/30/2022	6/30/2023	6/30/2024	6/30/2025
Contractually required contribution	$ 26,011	$ 27,930	$ 30,169	$ 29,139	$ 28,056
Contributions in relation to the contractually required contribution	26,011	27,930	30,169	29,139	28,056
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 134,770	$ 140,170	$ 128,926	$ 124,844	$ 142,342
Contributions as a percentage of covered employee payroll	19.30%	19.93%	23.40%	23.34%	19.71%

Bracken County Public Library
Schedule of Employer's Proportionate Share of Net OPEB Liability
June 30, 2025

	Measurement Date				
	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Proportion of net OPEB liability (asset)	0.004771%	0.004823%	0.004808%	0.004992%	0.005275%
Proportionate share of net OPEB liability (asset)	$ 95,913	$ 85,631	$ 80,868	$ 120,542	$ 100,987
Covered employee payroll	$ 116,170	$ 119,530	$ 121,308	$ 127,895	$ 134,770
Proportionate share of net OPEB liability (asset) as a percentage of covered employee payroll	82.56%	71.64%	66.66%	94.25%	74.93%
Plan fiduciary net position as a percentage of the total OPEB liability	52.39%	52.40%	52.39%	51.67%	51.67%

	Measurement Date		
	6/30/2022	6/30/2023	6/30/2024
Proportion of net OPEB liability (asset)	0.005068%	0.004441%	0.004355%
Proportionate share of net OPEB liability (asset)	$ 100,018	$ (6,132)	$ (7,533)
Covered employee payroll	$ 136,748	$ 128,926	$ 124,844
Proportionate share of net OPEB liability (asset) as a percentage of covered employee payroll	73.14%	-4.76%	-6.03%
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	104.23%	104.89%

Bracken County Public Library
Schedule of Employer's Contributions - Net OPEB Liability
June 30, 2025

	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
Statutorily required contribution	$ 5,618	$ 6,381	$ 6,088	$ 6,415	$ 7,625
Contributions in relation to the statutorily required contribution	5,618	6,381	6,088	6,415	7,625
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 119,530	$ 121,308	$ 127,895	$ 134,770	$ 140,170
Contributions as a percentage of covered-employee payroll	4.70%	5.26%	4.76%	4.76%	5.44%

	6/30/2023	6/30/2024	6/30/2025
Statutorily required contribution	$ 4,371	$ -	$ -
Contributions in relation to the statutorily required contribution	4,371	-	-
Contribution deficiency (excess)	$ -	$ -	$ -
Covered employee payroll	$ 128,926	$ 124,844	$ 142,342
Contributions as a percentage of covered-employee payroll	3.39%	0.00%	0.00%

GENERAL INFORMATION

Contributions
Contractually required employer contributions reported on the Schedule of Contributions - Pensions exclude the portion of contributions paid to CERS but allocated to the insurance fund of the CERS. The insurance contributions are reported on the Schedule of Contributions - OPEB.

Payroll
The District's covered payroll reported on the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Proportionate Share of the Net OPEB Liability is for the corresponding measurement date of the net liabilities and differs from the District's calendar year payroll as reported on the Schedule of Contributions for Pension and OPEB.

CHANGES OF ASSUMPTIONS

December 31, 2024 – Pension and OPEB
There were no changes in assumptions in the valuation of the pension. The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2024 for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 6.80% to 7.10%. The initial healthcare trend rate for post-65 was changed from 8.50% to 8.00%.

December 31, 2023 – Pension and OPEB
The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2023, for pension:

- The rate of inflation was increased from 2.30% to 2.50%.
- The salary productivity assumption was reduced by .20%, resulting in no change in the salary increase assumption for long-service employees of 3.30% in the non-hazardous funds.
- The individual rates of salary increases were increased during the select period for the CERS funds.
- The investment return assumption was increased from 6.25% to 6.50%.
- The Tier 3 cash balance interest crediting rate assumption was increased to 6.75% for the CERS pension funds.

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2023 for OPEB:

- The rate of inflation was increased from 2.30% to 2.50%.
- The salary productivity assumption was reduced by .20%, resulting in no change in the salary increase assumption for long-service employees of 3.30% in the non-hazardous funds.
- The individual rates of salary increases were increased during the select period for the CERS funds.
- The investment return assumption was increased from 6.25% to 6.50%.
- The initial healthcare trend rate for pre-65 was changed from 6.20% to 6.8%. The initial healthcare trend rate for post-65 was changed from 9.00% to 8.50%.

December 31, 2022 – Pension and OPEB
The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022 for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 6.30% to 6.20%. The initial healthcare trend rate for post-65 was changed from 6.30% to 9.00%.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022 for pension.

December 31, 2021 – Pension and OPEB
The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021 for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 6.40% to 6.30%. The initial healthcare trend rate for post-65 was changed from 2.90% to 6.30%.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021 for pension.

December 31, 2020 – Pension and OPEB
The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020 for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 7% to 6.40%. The initial healthcare trend rate for post-65 was changed from 5% to 2.90%, which increased to 6.30% in 2023.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020 for pension.

December 31, 2019 – Pension and OPEB
The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019 for both pension and OPEB:

- The assumed rate of salary increases was increased from 3.05% to 3.3% to 10.3% on average for non-hazardous and 3.05% to 3.55% to 19.05% on average for hazardous.

December 31, 2018 – Pension and OPEB
There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018 for either pension or OPEB.

December 31, 2017 – Pension and OPEB
The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017:

- The assumed rate of return was decreased from 7.5% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.3%.
- Payroll growth assumption was reduced from 4% to 2%

December 31, 2016 – Pension and OPEB
There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016, for either pension or OPEB.

December 31, 2015 – Pension
The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

- The assumed rate of return was decreased from 7.75% to 7.5%.
- The assumed rate of inflation was reduced from 3.5% to 3.25%.
- The assumed rate of wage inflation was reduced from 1% to .75%.
- Payroll growth assumption was reduced from 4.5% to 4%.
- Mortality rates were based on the 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 reflect experience more accurately.

Bracken County Public Library
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Fund
Budget to Actual
For the year ended June 30, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Fees & other	$ 1,200	$ 3,585	$ 2,385
Donations	50	50	-
Real property tax	352,500	384,766	32,266
Apportioned motor vehicles	800	-	(800)
Commercial watercraft	8,650	-	(8,650)
Motor vehicle tax	40,500	59,583	19,083
Personal property tax	77,500	85,843	8,343
Telecommunications income	8,600	9,087	487
Federal erate credits	10,000	9,474	(526)
State government	2,000	13,703	11,703
Interest income	12,000	23,962	11,962
Total Operating Revenue/Contingency	513,800	590,053	76,253
OPERATING EXPENDITURES			
Bookmobile			
Bookmobile - gas	1,200	774	426
Bookmobile - repairs	700	203	497
Books & Materials			
Audios	100	448	(348)
eBooks	9,000	8,600	400
Games	400	623	(223)
Electronic database	11,500	12,207	(707)
Magazines & newspapers	300	424	(124)
Videos	5,000	4,196	804
Building Maintenance			
Contracted cleaning	13,000	13,107	(107)
Fire inspection	3,000	967	2,033
Grounds keeping	3,500	2,793	707
Maintenance	1,750	2,291	(541)
Security	2,000	1,931	69
Building Repairs			
Building repair	4,000	5,988	(1,988)
Equipment maintenance	2,700	2,787	(87)
Equipment replacement (non-capitalized)	500	50	450
Groundskeeping new planting	500	-	500
New equipment (non-caplitalized)	1,000	408	592
Capital Outlay			
Buildings & structures (non-capitalized)	70,000	5,750	64,250
Equipment - non-capitalized	250	402	(152)
Vehicle expense	2,000	-	2,000
Building site (land)		448	(448)
Capital outlay - books	27,000	23,489	3,511
Continuing Education			
Lodging	1,700	1,329	371

Bracken County Public Library
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Fund
Budget to Actual
For the year ended June 30, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Meals	800	959	(159)
Mileage	2,500	747	1,753
Tuition, reg, cert fees	2,250	1,824	426
Continuing education - other	1,400	-	1,400
Electronic Access			
Automation	4,000	2,585	1,415
Fees & usage	200	32	168
Hardware	3,000	5,048	(2,048)
Software	2,600	10,194	(7,594)
Electronic access - other	9,700	-	9,700
Fees			
Administrative fees	700	342	358
Audit fee	5,000	4,250	750
Filing fee for corporation	525	1,015	(490)
Membership fees	2,000	2,935	(935)
Fees - other	400	-	400
Furnishing (non-capitalized)	10,000	261	9,739
Fringe Benefits			
County retirement	35,585	29,479	6,106
Disability	1,400	1,582	(182)
FICA	13,669	16,304	(2,635)
Unemployment	5,326	-	5,326
Insurance			
Insurance - building	12,500	13,287	(787)
Insurance - health	37,000	37,605	(605)
Insurance - liability	2,800	4,658	(1,858)
Workers comp	700	-	700
Professional Fees			
Bookkeeping service	8,000	8,496	(496)
Consultants	1,000	29,705	(28,705)
Landscape design	1,000	-	1,000
Legal fees	5,500	4,876	624
Public Relations			
Advertising and printing	5,000	2,778	2,222
Outreach	8,000	4,910	3,090
Public relations - other	200	-	200
Supplies			
Office supplies	5,000	4,273	727
Postage	400	342	58
Program supplies	7,000	7,069	(69)
Janitorial supplies	-	702	(702)
Utilities			
Internet	9,000	7,690	1,310
Other utilities	11,100	-	11,100
Telephone	2,600	1,298	1,302
Trash	1,080	1,056	24

Bracken County Public Library
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Fund
Budget to Actual
For the year ended June 30, 2025

	Original & Final Budget	Actual	Variance Favorable (Unfavorable)
Utilities - other	-	10,127	(10,127)
Payroll Expenses			
Wages	177,521	172,522	4,999
Staff - other	-	750	(750)
Other expense	400	-	400
Total Operating Expenditures	557,956	478,916	79,040
Excess (deficiency) of revenues/contingency over expenditures	(44,156)	111,137	155,293
Net Change in Fund Balance	$ (44,156)	$ 111,137	$ 155,293

SUPPLEMENTARY INFORMATION

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Kentucky Society of CPAs

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*

Board Members
Bracken County Public Library
Brooksville, 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 of the Bracken County Public Library, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Bracken County Public Library's basic financial statements, and have issued our report thereon dated January 14, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bracken County Public Library'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 Bracken County Public Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bracken County Public Library'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 Bracken County Public Library'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.

Lane & Company LLC

Mount Sterling, Kentucky

January 14, 2026