

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Campbell County Public Library District Board of Trustees, Inc.
Cold Spring, KY 41076

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Emphasis of Matter—Adoption of New Accounting Standard

As discussed in Note (9) to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*, which resulted in a decrease to beginning net position of \$112,093. Our opinion is not modified with respect to this matter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Kelley Gallaway Smith Goodby, PSC

Ashland, Kentucky
November 20, 2025

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

As management of the Campbell County Public Library District Board of Trustees, Inc. (District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The Statement of Activities presents information showing how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The district-wide financial statements can be found on pages 10 and 11 of this report.

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

The District’s services are reported in government funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future on services provided to residents. The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in district-wide and fund financial statements. The notes to the financial statements can be found on pages 16 through 32 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

The combined net position of the District increased between FY 2024 and 2025 by \$740,084. The majority of the District’s net position is invested in capital assets or investments. The unrestricted net position amount of (\$540,256) represents the amount the District can use to fund programs and operations in the future.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

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

	(As Restated)	
	2025	2024
Current Assets	\$ 4,704,903	\$ 4,508,818
Noncurrent Assets	7,317,644	7,427,474
Total Assets	12,022,547	11,936,292
Deferred Outflows	778,549	985,774
Current Liabilities	569,145	212,066
Noncurrent Liabilities	4,199,474	4,917,787
Total Liabilities	4,768,619	5,129,853
Deferred Inflows	1,646,946	2,146,766
Net Position:		
Net investment in capital assets	6,925,787	7,063,939
Restricted	-	14,759
Unrestricted Fund Balance	(540,256)	(1,433,251)
Total Net Position	\$ 6,385,531	\$ 5,645,447

The following table presents a summary of revenue and expenses for the fiscal years ended June 30, 2025 and 2024.

	2025	2024
Revenues:		
Charges for Services	\$ 48,066	\$ 46,801
Operating Grants and Contributions	101,055	90,633
Capital Grants and Contributions		5,645
Tax Revenue	5,849,042	5,736,957
Miscellaneous Income	10,556	10,664
Interest Income	198,835	223,592
Loss on Disposal	(202,585)	(244)
Total Revenues	6,004,969	6,114,048
Expenses:		
Personnel	3,111,738	3,024,509
Administrative expenses	402,815	447,339
Maintenance and repair	224,530	187,702
Programming and PR expense	262,911	259,933
Interest expense	15,342	12,576
Books, periodicals and online databases	340,706	251,733
Small equipment purchases	24,743	35,485
Depreciation	882,100	888,834
Total Expenses	5,264,885	5,108,111
Change in Net Position	\$ 740,084	\$ 1,005,937

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

The most significant portion of revenues (97.40%) is local property tax. The District carefully invests its funds in a variety of investment types with the primary focus being safety of principal, but with attention to opportunities in increase yield. The District realized \$198,835 in investment revenue during fiscal year 2025.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Information about the District's governmental funds begins on page 12. These funds are accounted for using the modified accrual basis of accounting. Several revenue sources fund governmental activities with property tax being the largest contributor. All governmental funds had total revenue of \$6,207,554 and expenditures of \$6,139,709. The most active fund is the General Fund with an unassigned fund balance at year-end of \$3,862,672.

CAPITAL ASSETS AND DEBT

Capital Assets – At the end of June 30, 2025, the District's investment in capital assets was \$7,203,690 representing a decrease of \$223,784, including depreciation, from the prior year.

Debt - At June 30, 2025, the District has long-term debt of \$277,903, which consisted of a loan, lease payables and a subscription based information technology arrangement.

The District is required, by Governmental Accounting Standards Board Statements No. 68 and 75, to display its proportionate share of the unfunded liability of the Kentucky Retirement System's County Employee Retirement System (CERS), a cost sharing multi-employer plan, in which the District is a participant. The net pension and OPEB liability (asset), \$3,821,942, the deferred outflow of resources, \$778,549 and the deferred inflow of resources, \$1,646,946 on the Statement of Net Position at June 30, 2025 are a result of this required reporting. Detailed information on this pension and OPEB recognition can be found in Notes (5) and (6) in the Notes to the Financial Statements.

COMMENTS ON BUDGET, ECONOMIC FACTORS AND NEXT YEARS BUDGET

A. Overview of Campbell County Economy

Campbell County is Kentucky's eighth most populous county. Campbell County offers a blend of vibrant urban areas, suburban communities, and pristine rural land across 15 incorporated municipalities. The Northern Kentucky region, including Campbell County, continues to thrive with county revenue projections at 3% higher than budgeted. As a result, the library's financial health, dependent on property tax revenue, is in good shape.

We continue to see construction and growth throughout Campbell County. Along the Highway 27 corridor, in addition to the Cold Spring Pointe development that will include a new Publix grocery store, Hobby Lobby, Marshall's and a Wawa, the former DAV site in Cold Spring is being developed into a \$49M medical development. Cincinnati Children's and The Christ Hospital Health Network are working with real estate design-build developer Merus. Each of the medical office buildings will be 45,000 square feet, which Merus will construct along with several retail and commercial buildings.

A new stretch of Riverfront Commons broke ground in Dayton, marking the latest milestone in a regional effort to connect all eight Northern Kentucky river cities by a continuous 20-mile riverwalk. The Riverfront Commons project occupies the riverside of Route 8 through the river cities from Ludlow to Silver Grove. The Dayton phases of the Riverwalk represent 1 mile of new paved paths, further extending the project.

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

Finally, Nexigen, a technology company that provides managed IT services, cloud solutions, cybersecurity, and AI-driven innovations to businesses, is expanding its Newport-based business with new office space which the Newport Commission approved \$5 million in IRBs for the project.

The projects are located at 810 Monmouth St., which is an old bank building and 825–835 York Street, which is an old funeral home, within the city’s designated downtown business district. The city is anticipating at least 75 new jobs to come to Newport through the deal.

To aid in the development of our workforce, the Cold Spring Branch of the Campbell County Public Library was approved to be a GED Test Center for PearsonVue, one of the largest networks of test centers worldwide. Now, we are able to supplement and support the efforts of the Campbell County Adult Education Center by adding to their GED test date availability. We are also working with Brighton Center in Newport on their Community Well-Being Initiative to work in the Primary Prevention space with families. Libraries naturally work in the primary prevention space as we support families with kindergarten readiness, afterschool activities, access to technology and training, as well as connect families to the resources available in our region.

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 on 15 May 2024. The library’s fiscal year began on 1 Jul 2024 and ended on 30 Jun 2025.

The library’s budgeted income for FY2024-25 was \$5,941,000. The bulk of this anticipated income generates from locally assessed taxes (\$5,684,000, or 95.67%). Other components of the library’s income included:

- Donations (\$35,000, 0.59%);
- Grants and State Aid (\$35,000, 0.59%);
- Other income (\$150,000, 2.53%);
- Service charges (\$37,000, 0.62%).

“Other income” includes interest earned on accounts.

Tax Rates

On 21 August 2024, the Board of Trustees adopted the following tax rates:

- 6.2 cents per \$100 for Real Estate;
- 6.2 cents per \$100 for Personal Property (actually business inventory);
- 2.6 cents per \$100 for motor vehicles and watercraft.

The library’s tax rates decreased slightly in FY2024-25 while still producing an approximate 4% increase in revenue due to the increased valuation of property in the county.

Budgeted Expenditures

Budgeted expenditure for FY2024-25 was \$5,941,000. Budgeted expenditures were broken down into:

- Capital Expenditures (\$462,500, 7.78%);
- Collection Expenditures [books, audiovisuals and other materials] (\$750,000, 12.62%);
- Operating Expenditures (\$1,226,100, 20.6%);
- Personnel Expenditures (\$3,502,400, 58.95%).

Actual Income/Expenditures

Actual income for the library was \$6,119,634.70, well over the budgeted amount. Increased property valuations accounted for the increase in revenue. Actual expenditures were \$6,042,547.16.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

Expenditures that were more than their budgeted amounts came in areas of employee benefits, vehicle maintenance, utilities and snow removal.

Library Indebtedness

The library began FY2024-25 with one outstanding loan which has a seven year term. The first payment was made in December 2019. The average annual payment is \$190,000 with an effective interest rate of 1.76%. The last payment will be made in January 2026.

C. Financial Outlook

The library maintains a “reserve” which would, if necessary, allow it to weather a small crisis or short delay in tax receipts. (The carryover funds from one fiscal year to the next are not “reserves” as they must sustain library operations from July through December, when the first substantial property tax payment is received. The bulk of the library’s entire budgeted income for each fiscal year is received between December and February. The “reserve” is based on liquid funds that remain just before the December property tax payments are received by the library.) The library had liquid reserves of approximately \$1,449,668 on 30 Nov 2024.

On 30 June 2025, the library also had a Wish List Fund balance of approximately \$19,838. These funds derive from donations to the library and are used, with the Board’s approval, for special projects that are suggested by the library’s staff. In addition to this fund, as of 30 Jun 2025, the library also has an Emergency Fund of \$218,732 held in a certificate of deposit with Heritage Bank and a Capital Reserve Fund of \$1111,640 held in a certificate of deposit that is also with Heritage Bank. All of these are restricted funds.

D. The Current State of the Library

For FY2024-25, our overall circulation decreased by 1% over the previous year. However, our digital format usage increased by 14.3%. (Campbell County Public Library continues to have the highest number of checkouts in the 100-member Kentucky Libraries Unbound Consortium; with 22% more checkouts than Warren County, the next highest on the list.) Programming attendance increased in FY2024-25 by 7.4%. Our programmers offered nearly 3,064 programs with 67,763 attendees. With the abrupt halt to programming in 2020 taking the wind out of our sails, I believe we have finally begun to recover from that hit and to regain the ground we lost during the pandemic.

Our Outreach Department grew the library’s presence in our county with an increase of 4.8% more events offered with steady attendance. To continue grow our outreach, we may need to consider expanding that department. Our four outreach staff members, on average, visit 30 daycare centers, provide 70 story times, and reach around 60 homebound patrons. The Book Bus, purchased in November 2021, distributed 5,124 “forever books” to those people who boarded it in FY2024-25. The Book Bus is hugely popular and gets requested by our schools and other groups from all over the county to attend their events.

Public computer use increased by 21.1% in FY2024-25 with 38,168 individual logins. We also saw a 21.1% increase in WIFI use with over 25,603 logins. As the cost of devices and internet access increase, we expect to see more people utilizing the library’s WIFI and internet access. In addition, we continue to grow our digital learning classes. For FY2024-25, we partnered with our regional Meals on Wheels to coordinate an application for AARP’s Senior Planet by OATS (Older Adults Technology Services). This offered on-site technology programs supported by a vast library of prepared resources that go beyond the basics of what we currently have through DigitalLearn. It gave our patrons access to their virtual library of classes that include more than technology with health and social classes available too. The funds we received through the partnership allowed us purchase five Lenovo tablets to support this program along side our outreach laptop set for teaching technology classes.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

The library continues to have regular turnover and to be fully staffed only for brief amounts of time. In general, our most frequent turnover is in our part-time positions. However, this fiscal year, we did lose our full-time branch supervisor at Alexandria which, in turn, caused other turnover, including both full-time programmers, as the staff adjusted to be managed by a new supervisor. We also expanded the opening hours at Alexandria to match the hours at the rest of the branches which required adding another part-time staff member. Our long-term custodian at the Fort Thomas Branch retired causing a void which was filled by the custodian at Newport, our largest facility. This position took time to fill. We engaged a commercial cleaning company for three months while we searched for a replacement custodian. The hourly rate of pay for the commercial cleaning company was significantly higher than the hourly rate of our custodians.

We continue to support the work of Dolly Parton's Imagination Library through our collaboration with our local school districts under the name of the Campbell County Imagination Library. The Kentucky General Assembly continues to fund 50% of the local operational costs for the Dolly Parton Imagination Library then the library covers half of the other 50% with six public school districts in our county dividing the cost of the rest based on their usage. As of 30 Jun 25, The Campbell County Imagination Library had graduated 4,195 kids and had 2,903 current enrollments.

Facilities upgrades this fiscal year included converting Alexandria's study room to a staff workroom. We added a sink, cabinets, a refrigerator, a four-seat table and two desks for staff use to the room. We also worked with Duke's Small Business Energy Savings Program to upgrade our lighting at the Newport Branch to LED in April 2025. The overall cost of the project was \$41,022.45 with our portion being \$22,424.05. The anticipated savings from increasing our energy efficiency at Newport is projected to be \$9,656.66 after the first year and \$48,283.30 after 5 years.

Finally, we completed our 2025-2029 Strategic Plan in FY2024-25. The goals established in this plan are:

- **SHORT-TERM GOALS** The timeline for a short-term goal is 1 year (2025-2026)
 - 1) Review facilities and assets.
 - 2) Evaluate the collection to better connect these resources to community needs.
- **MID-TERM GOALS** The timeline for a mid-term goal is 1 to 3 years (2025-2027)
 - 1) Expand access to programs and services.
 - 2) Improve brand recognition with both current patrons and non-patrons.
 - 3) Improve employee job satisfaction and retention.
- **LONG-TERM GOALS** The timeline for a long-term goal is 5+ years (2027+)
 - 1) Create a plan for, and begin using, land owned by CCPL at Parkside Drive in Alexandria, KY.
 - 2) Develop the economic and community support to construct a new building to house the Alexandria Branch to serve Southern Campbell County.

Currently, we are working with an architect/planning agency to determine the feasibility of building on the land we own in Southern Campbell County. As always, we also remain dedicated to providing the people of Campbell County the most beneficial services and resources we are able to provide.

REQUESTS FOR INFORMATION

Questions regarding this report should be directed to Chantelle Phillips, Campbell County Public Library District Board of Trustees, Inc., 3920 Alexandria Pike, Cold Spring, KY 41076, telephone (859) 781-6166, or email cphillips@cc-pl.org

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,994,751
Investments	349,285
Taxes receivable	173,438
Other receivable	26,254
Prepaid expenses	158,175
Security deposit	3,000
Capital assets, net of accumulated depreciation	7,203,690
Net OPEB asset- CERS	113,954
TOTAL ASSETS	12,022,547
Deferred Outflows of Resources	
Deferred outflows related to pensions and OPEB - CERS	778,549
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	12,801,096
LIABILITIES	
Accounts payable	\$ 42,710
Unearned revenue	42,390
Salaries and benefits payable	246,671
Accrued interest payable	5,638
Long term liabilities due within one year	231,736
Accrued compensated absences - long term	217,411
Long term liabilities due in more than one year	46,167
Net pension liability - CERS	3,935,896
TOTAL LIABILITIES	4,768,619
Deferred Inflows of Resources	
Deferred inflows related to pensions and OPEB - CERS	1,646,946
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	6,415,565
NET POSITION	
Net investment in capital assets	6,925,787
Unrestricted	(540,256)
TOTAL NET POSITION	\$ 6,385,531

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

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Library Operations	\$ -	\$ 48,066	\$ 101,055	\$ -	\$ 149,121
Personnel	3,111,738	-	-	-	(3,111,738)
Administrative expenses	402,815	-	-	-	(402,815)
Maintenance and repair	224,530	-	-	-	(224,530)
Programming and PR expense	262,911	-	-	-	(262,911)
Interest expense	15,342	-	-	-	(15,342)
Books, periodicals and online databases	340,706	-	-	-	(340,706)
Small equipment purchases	24,743	-	-	-	(24,743)
Depreciation	882,100	-	-	-	(882,100)
Total Governmental Activities	<u>\$ 5,264,885</u>	<u>\$ 48,066</u>	<u>\$ 101,055</u>	<u>\$ -</u>	<u>(5,115,764)</u>
General Revenue -					
Tax Revenue					5,849,042
Miscellaneous Income					10,556
Interest Income					198,835
Loss on Disposal					<u>(202,585)</u>
Total General Revenues					<u>5,855,848</u>
CHANGE IN NET POSITION					740,084
NET POSITION-BEGINNING OF YEAR, AS RESTATED					<u>5,645,447</u>
NET POSITION-END OF YEAR					<u>\$ 6,385,531</u>

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

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 3,994,751	\$ -	\$ 3,994,751
Investments	-	349,285	349,285
Taxes receivable	173,438	-	173,438
Other receivables	26,254	-	26,254
Prepaid expenditures	158,175	-	158,175
Security deposit	3,000	-	3,000
TOTAL ASSETS	<u>\$ 4,355,618</u>	<u>\$ 349,285</u>	<u>\$ 4,704,903</u>
LIABILITIES			
Accounts payable	\$ 42,710	\$ -	\$ 42,710
Unearned revenue	42,390	-	42,390
Salaries and benefits payable	246,671	-	246,671
Total liabilities	<u>331,771</u>	<u>-</u>	<u>331,771</u>
FUND BALANCES			
Non-spendable	161,175	-	161,175
Committed for capital projects	-	349,285	349,285
Unassigned	3,862,672	-	3,862,672
Total fund balances	<u>4,023,847</u>	<u>349,285</u>	<u>4,373,132</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,355,618</u>	<u>\$ 349,285</u>	<u>\$ 4,704,903</u>

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

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total fund balances for governmental funds \$ 4,373,132

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

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported as assets in governmental funds. 7,203,690

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

Accrued interest payable	(5,638)
Accrued compensated absences - long term	(217,411)
Long term liabilities	(277,903)
Net pension liability - CERS	(3,935,896)
Net OPEB asset - CERS	113,954

Deferred outflows and inflows of resources related to pensions and post
employment health insurance are applicable to future periods and,
therefore are not reportable in the funds:

Deferred outflow of resources - pension & OPEB - CERS	778,549
Deferred inflow of resources - pension & OPEB - CERS	<u>(1,646,946)</u>

Net position of governmental activities \$ 6,385,531

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

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Fund</u>
Revenues			
From local sources:			
Taxes:			
Property	\$ 5,317,305	\$ -	\$ 5,317,305
Motor vehicle	221,528	-	221,528
Telecommunications	23,498	-	23,498
Other	286,711	-	286,711
Fines and fees	48,066	-	48,066
Grants and donations	101,055	-	101,055
Earnings on investments and deposits	184,058	14,777	198,835
Miscellaneous income	10,556	-	10,556
Total Revenues	<u>6,192,777</u>	<u>14,777</u>	<u>6,207,554</u>
Expenditures			
Personnel	3,756,142	-	3,756,142
Administrative expenses	479,434	-	479,434
Maintenance and repair	224,530	-	224,530
Programming and PR expense	262,911	-	262,911
Books, periodicals and online databases	757,683	-	757,683
Small equipment purchases	248,164	-	248,164
Capital outlay	-	220,503	220,503
Debt service	190,342	-	190,342
Total expenditures	<u>5,919,206</u>	<u>220,503</u>	<u>6,139,709</u>
Excess (deficiency) of revenues over (under) expenditures	<u>273,571</u>	<u>(205,726)</u>	<u>67,845</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	273,571	(205,726)	67,845
Fund balances, beginning of year	<u>3,750,276</u>	<u>555,011</u>	<u>4,305,287</u>
Fund balances, end of year	<u>\$ 4,023,847</u>	<u>\$ 349,285</u>	<u>\$ 4,373,132</u>

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

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

Net change in fund balances—total governmental funds **\$ 67,845**

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

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

Depreciation and amortization expense	(882,100)
Loss on disposal of property	(202,585)
Capital outlays	860,901

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

Accrued compensated absences	(15,833)
Accrued interest payable	25,899

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

Long term liability payments	225,720
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Governmental funds report pension and OPEB contributions as expenditures when paid. However, in the Statement of Activities, pension and OPEB expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, OPEB, and investment experience.

CERS OPEB and pension expense	<u>660,237</u>
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Change in net position of governmental activities	<u><u>\$ 740,084</u></u>
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The accompanying notes to financial statements
are an integral part of this statement.

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The Campbell County Public Library District Board of Trustees, Inc. (the District) was organized under Kentucky Revised Statute 173.710 to offer library services and related programs and to promote literacy within the Campbell County, Kentucky area. The District provides services through four branches and is a political subdivision of the Commonwealth of Kentucky with the power to levy taxes. It is also a 501(c) (3) organization under the Internal Revenue Code.

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

The primary consideration is whether or not an entity has the potential to impose a financial burden or provide a financial benefit to the District. Other criteria include whether the organization is legally separate (can sue or be sued in their own name), whether the District holds the corporate powers of organization, appoints a voting majority of the organization's board, or is able to impose its will on the organization. An entity that is both fiscally dependent and has a burden/benefit relationship with the District is considered a component unit. Based on the previous criteria, the Authority has determined that as of June 30, 2025, there are no organizations that should be considered a component unit of the Authority.

District-wide Financial Statements

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

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

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

Fund Financial Statements

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

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

Government Fund Types

The District has the following funds:

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

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

Basis of Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

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

Investments

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

Revenues – Exchange and Non-exchange Transactions

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

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

District, available means expected to be received within sixty (60) days of the fiscal year end.

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

Expenses/Expenditures

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

Budgetary Process

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

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

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

Taxes

The District participates as a special taxing district in Campbell County and levies property taxes as a primary means to support its operations. The categories for which taxes are received and collected and the corresponding tax rates per \$100 of assessed value for 2023 are as follows:

	Tax Rates <u>2024</u>
Category:	
Real property	\$ 5.9 mills
Tangible personal property other than motor vehicles & watercraft	\$ 7.06 mills
Motor vehicles	\$ 2.6 mills
Watercraft	\$ 2.6 mills

The real property portion of the tax is levied each January 1 on the assessed value of the property as determined by the County. The due dates for payment of these taxes are November 1 through December 31 of each year. Assessed values are established by state law at full current market value,

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

and reappraisal of all property is required every four years.

The County's personal property tax allocation is determined by the State Revenue Cabinet in Frankfort, based upon reported values and the tax rates established by the District. The property is assessed for tax purpose at values defined in the state statutes.

Accounts Payable and Accrued Liabilities

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

Compensated Absences

Under the provisions of GASB Statement No. 101, *Compensated Absences*, the District records a liability for vacation and sick leave benefits that are earned and more likely than not to be used or paid. The District's policy provides for 100% of accumulated vacation leave and 35% of accumulated sick leave to be recognized as a liability, based on expected usage prior to termination. The liability is measured using current pay rates and includes applicable employer payroll costs. Amounts expected to be paid with expendable available financial resources are recorded in the Governmental Fund Financial Statements, while the full liability is reported in the Government-wide Financial Statements.

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received.

When capital assets are purchased, they are capitalized and depreciated in the District-Wide statements. The District capitalizes individual assets with a cost of \$2,500 or greater and a useful life of at least three years. Additionally, groups of items are capitalized if their individual unit cost is greater than \$150 and the total cost for all units exceeds \$3,000. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Collection	4-6 years
Furniture, Fixtures and Equipment	4-15 years
Buildings	39 years
Building improvements	7-15 years

Right-to-Use Assets

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

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Net Position and Fund Balances

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

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

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

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

Deferred Inflows and Outflows of Resources

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

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

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

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Inter-fund Activity

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

Recent Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* ("GASB 101"), which supersedes the guidance in Statement No. 16, *Accounting for Compensated Absences*, issued in 1992. GASB 101 aligns recognition and measurement guidance for all types of compensated absences under a unified model. It also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Additionally, it establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The District adopted GASB 101 in the current fiscal year. As a result of this adoption, beginning net position was decreased by \$112,093 to recognize additional compensated absences liabilities in accordance with the new standard.

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

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

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

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

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, which enhances financial reporting transparency by requiring separate note disclosures for certain types of capital assets, including a) Lease assets under GASB Statement No. 87, b) Subscription-based information technology arrangements (SBITAs) under GASB Statement No. 96, c) Intangible right-to-use assets under GASB Statement No. 94, d) Other intangible assets not otherwise

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

separately reported, and e) Capital assets held for sale. The provisions of GASB 104 are effective for fiscal years beginning after June 15, 2025. Management is currently evaluating the impact of this Statement on its financial statements.

(2) CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

For deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned. The District maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law, the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2025, the District’s deposits totaled \$4,073,484 and are categorized as follows:

Amount insured by FDIC	\$ 250,000
Additional pledged securities	3,823,484
Uncollateralized	-
Total	\$ 4,073,484

Investments

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

Credit Risk—Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. In an effort to minimize the likelihood that an issuer will default, the District has limited the number of permissible investments under its investment policy to certain highly rated investments. In accordance with this policy, the District is authorized to invest in the following:

1. Obligations of the United States and of its agencies, national corporations, and instrumentalities, including repurchase agreements
2. Certificates of deposit issued by banks or savings and loan institutions
3. Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and municipalities
4. Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, but only if fully defeased by direct obligations of or guaranteed by the United States of America
5. Interest bearing deposits in national and state banks chartered in Kentucky and insured by an agency of the United States up to the amount so insured, and in larger amounts providing such bank shall pledge as security obligations having a current quoted market value at least equal to any uninsured deposits.

Investments consist of U.S. Government obligations and money market funds and are stated at fair value. As of June 30, 2025, the District had the following investments:

Investment	Fair Value	Maturity	Interest	Moody’s Rating
U.S Treasury Notes	\$ 349,285	December 15, 2025	4.00%	AA1

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Fair Value Measurements - The District's investments are measured and reported at fair value and are classified according to the following hierarchy:

Level 1: Investments reflect prices quoted in active markets.

Level 2: Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3: Investments reflect prices based upon unobservable sources.

The following table sets forth by level, within the fair value hierarchy, the District's investments at fair value as of June 30, 2025:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Notes	\$ 349,285	\$ -	\$ -	\$ 349,285

(3) CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2025</u>
Capital Assets, Not Depreciated:				
Land	\$ 1,970,244	\$ -	\$ -	\$ 1,970,244
Construction in progress	328,672	5,743	(328,673)	5,742
Capital Assets, Depreciated:				
Buildings	5,629,955	-	-	5,629,955
Buildings and improvements	2,668,320	525,747	-	3,194,067
Furniture, fixtures and equipment	2,231,957	40,132	(47,857)	2,224,232
Books, audio, and visual materials	3,249,435	416,977	(624,952)	3,041,460
Intangible Right of Use Asset - Building	233,410	-	-	233,410
Intangible Right of Use Asset - Copiers	37,406	-	-	37,406
Intangible Right of Use SBITA	13,139	-	-	13,139
Totals	<u>16,362,538</u>	<u>988,599</u>	<u>(1,001,482)</u>	<u>16,349,655</u>
Less: accumulated depreciation				
Buildings	3,536,143	179,655	-	3,715,798
Buildings and improvements	1,345,709	84,717	-	1,430,426
Furniture, fixtures and equipment	1,629,252	160,592	(46,247)	1,743,597
Books, audio, and visual materials	2,285,182	408,125	(624,952)	2,068,355
Intangible Right of Use Asset - Building	116,706	38,902	-	155,608
Intangible Right of Use Asset - Copiers	21,196	7,481	-	28,677
Intangible Right of Use SBITA	876	2,628	-	3,504
Total accumulated depreciation	<u>8,935,064</u>	<u>882,100</u>	<u>(671,199)</u>	<u>9,145,965</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 7,427,474</u>	<u>\$ 106,499</u>	<u>\$ (330,283)</u>	<u>\$ 7,203,690</u>

(4) LONG TERM DEBT

A summary of activity in bond obligations and other long-term debt is as follows:

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

<u>Description</u>	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Loan agreement	\$ 355,000	\$ -	\$ 175,000	\$ 180,000	\$ 180,000
Lease liabilities	135,484	-	46,428	89,056	47,357
SBITA	13,139	-	4,292	8,847	4,379
Accumulated unpaid compensated absences	233,244	-	15,833	217,411	-
	<u>\$ 736,867</u>	<u>\$ -</u>	<u>\$ 241,553</u>	<u>\$ 495,314</u>	<u>\$ 231,736</u>

Loan Agreement

In 2006 and 2007, the District entered into three lease/loan agreements with two financial institutions to consolidate two Carrico Branch loans, refinance the construction loan for the Newport Branch and finance the renovation of the Cold Spring Branch. On July 22, 2011, the District refinanced these three loans into a \$2.6 million lease (loan) agreement with Fifth Third Bank. The loan required interest at 2.74% and annual payments of \$296,959 are due each February 1. On June 22, 2018, Fifth Third Bank exercised their right under the lease agreement to require a supplemental payment in 2018 and subsequent years to preserve the same tax equivalent yield on the agreement due to the enactment of the Tax Cuts and Jobs Act of 2017. The modification resulted in the issuance of Reissued Obligations in exchange for the 2011 Obligations. On the reissuance date there were no cash proceeds of the Reissued Obligations and the deemed sale proceeds of the Reissued Obligations are deemed to be applied to the redemption of the 2011 Obligations. The interest yield increased to 3.33%. The loan is a tax supported lease. On September 19, 2019, the District refinanced this loan into a \$1.2 million lease (loan) agreement with Kentucky Association of Counties Finance Corporation. The loan required interest at 4.007% and varying annual payments due each January 15. At issuance, the District received a premium of \$75,000 on the loan creating a true interest cost of 1.763% to the District. The balance of the loan on June 30, 2025 is \$180,000.

Future minimum debt service on the loan agreement, at June 30, 2025, are as follows:

Year	Principal	Interest	Total
2026	\$ 180,000	\$ 5,084	\$ 185,084

Leases

On August 15, 2017, the District entered into a lease agreement for space for the South Branch in Alexandria, KY. The original lease term was five years but was extended on April 1, 2022 for an additional five-year period. The extended lease agreement began on January 15, 2023 and ends on January 14, 2028. Annual lease payments are due January 15 of each year the lease is in effect. The total lease liability at implementation was \$233,410 using a discount rate of 2%.

On July 28, 2022, the District entered into an operating lease agreement for four copiers located throughout the District. The lease term is five years and will expire in August 2026. Lease payments are made on a monthly basis. The initial lease liability was \$37,406 using a discount rate of 2%.

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

Year	Principal	Interest	Total
2026	\$ 47,357	\$ 1,711	\$ 49,068
2027	41,699	810	42,509
	<u>\$ 89,056</u>	<u>\$ 2,521</u>	<u>\$ 91,577</u>

Subscription Based Information Technology Arrangements (SBITAS)

On February 14, 2024, the District entered into a SBITA for a security system. The arrangement term is five years and will expire in February 2029. Payments are made on an annual basis. The initial arrangement was for \$13,139 using a discount rate of 2%.

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

Year	Principal	Interest	Total
2026	\$ 4,379	\$ 177	\$ 4,556
2027	4,468	88	4,556
	<u>\$ 8,847</u>	<u>\$ 265</u>	<u>\$ 9,112</u>

(5) RETIREMENT PLAN

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

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

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

Contributions: Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2025, employers were required to contribute 19.71% (19.71% pension, 0.00% insurance) of the member's salary. During the year ending June 30, 2025, the District contributed \$420,780 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2023. An expected total pension liability as of June 30, 2024 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2024. At June 30, 2024, the District's proportion was 0.06581%.

For the year ended June 30, 2025, the District recognized pension expense of approximately \$58,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 190,505	\$ -
Changes of assumptions	-	177,825
Net difference between projected and actual earnings on investments	-	253,057
Changes in proportion and differences between Library contributions and proportionate share of contributions	314	66,959
Library contributions subsequent to the measurement date	420,780	-
	<u>\$ 611,599</u>	<u>\$ 497,841</u>

The \$420,780 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

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

<u>Year</u>	
2026	\$ (200,153)
2027	46,805
2028	(97,278)
2029	(56,396)
Thereafter	-
	<u>\$ (307,022)</u>

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

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

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

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

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

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

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

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investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.50%)	Current discount rate (6.50%)	1% Increase (7.50%)
District's proportionate share of the net pension liability	\$ 5,074,013	\$ 3,935,896	\$ 2,991,559

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report which is publicly available at <https://kyret.ky.gov>.

Payables to the pension plan: At June 30, 2025, there were no payables to CERS.

(6) OTHER POSTEMPLOYMENT BENEFIT (“OPEB”) PLAN

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

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

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

Percentage of contribution ranges from 0% for less than 4 years of service to 100% for 20 years or more of service. For members who initiated participation in the CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation in the KRS health plans. Members who began participating with KRS on or after September 1, 2008, must have 180 months of service upon retirement to participate in the KRS health plans. Non-hazardous retirees receive \$10 toward the monthly premium for each full year of service.

Contributions: CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the year ending June 30, 2025, CERS allocated 0.00% of the 19.71% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1.00% of the contributions by employees hired after September 1, 2008 are allocated to the health insurance plan. During the year ending June 30, 2025, the District contributed \$-0- to the CERS Insurance Fund. The

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contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

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

At June 30, 2025, the District reported a liability (asset) for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability (asset) was based on an actuarial valuation as of June 30, 2023. An expected total pension liability as of June 30, 2024 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability (asset) was based on contributions to CERS during the fiscal year ended June 30, 2024. At June 30, 2024, the District's proportion was 0.06588%.

For the year ended June 30, 2025, the District recognized OPEB expense of approximately (\$297,000) including an implicit subsidy of \$30,991. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 63,220	\$ 896,595
Changes of assumptions	103,256	80,407
Net difference between projected and actual earnings on investments	-	103,989
Changes in proportion and differences between Library contributions and proportionate share of contributions	474	68,114
Library contributions subsequent to the measurement date	-	-
	<u>\$ 166,950</u>	<u>\$ 1,149,105</u>

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

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period. Other amounts reported as

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BOARD OF TRUSTEES, INC.
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FOR THE YEAR ENDED JUNE 30, 2025**

deferred outflows of resources and deferred inflows of resources related to OPEB are amortized over the average service life of all members. These will be recognized in OPEB expense as follows:

<u>Year</u>	
2026	\$ (400,931)
2027	(311,149)
2028	(256,403)
2029	(13,672)
Thereafter	-
	<u>\$ (982,155)</u>

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

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

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

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FOR THE YEAR ENDED JUNE 30, 2025**

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

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

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

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

	<u>1% Decrease (4.99%)</u>	<u>Current discount rate (5.99%)</u>	<u>1% Increase (6.99%)</u>
District's proportionate share of the net OPEB liability (asset)	\$ 154,079	\$ (113,954)	\$ (339,317)

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

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BOARD OF TRUSTEES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

	1% Decrease	Current trend rate	1% Increase
District's proportionate share of the net OPEB liability (asset)	\$ (274,160)	\$ (113,954)	\$ 72,674

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERS financial report which is publicly available at <https://kyret.ky.gov>.

Payables to the OPEB plan: At June 30, 2025, there were no payables to CERS.

(7) CONTINGENCIES

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

(8) TAX ABATEMENTS

In January 2013, the District entered into a Tax Increment Financing (TIF) district tax abatement agreement to assist with the funding of the Manhattan Harbour Development in Dayton, Kentucky; a city within the District's taxing area. Under the agreement, localities and taxing districts may grant property tax abatements of 50 percent of the incremental real estate tax growth for properties within the defined financing district. These TIF districts must be approved by the localities and taxing districts upon which they draw the abatements. For the fiscal year ended June 30, 2025, the District refunded property taxes totaling \$9,716 under this program.

(9) RESTATEMENT OF BEGINNING NET POSITION

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

During the fiscal year, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The adoption of this new accounting principle required a change in the method of recognizing liabilities for compensated absences. As a result, the beginning net position was decreased by \$112,093.

The cumulative effect of these adjustments is as follows:

	Governmental Activities
Beginning Net Position, as previously reported	\$ 5,757,540
Implementation of GASB 101	(112,093)
Beginning Net Position, as restated	\$ 5,645,447

REQUIRED SUPPLEMENTARY INFORMATION

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
From local sources:				
Taxes:				
Property	\$ 5,193,000	\$ 5,193,000	\$ 5,193,873	\$ 873
Motor vehicle	200,000	200,000	221,528	21,528
Telecommunications	23,000	23,000	23,498	498
Other	268,000	268,000	286,711	18,711
Fines and fees	37,000	37,000	48,066	11,066
Grants and donations	70,000	70,000	101,055	31,055
Earnings on investments and deposits	149,000	149,000	184,058	35,058
Miscellaneous income	1,000	1,000	10,556	9,556
Total revenues	5,941,000	5,941,000	6,069,345	128,345
Expenditures				
Personnel	3,502,400	3,502,400	3,626,408	(124,008)
Administrative expenses	542,900	542,900	479,434	63,466
Maintenance and repair	235,900	235,900	224,530	11,370
Programming and PR expense	259,700	259,700	262,911	(3,211)
Books, periodicals and online databases	750,000	750,000	757,683	(7,683)
Small equipment purchases	462,500	462,500	248,164	214,336
Debt service	187,600	187,600	190,342	(2,742)
Total expenditures	5,941,000	5,941,000	5,789,472	151,528
Excess (deficiency) of revenues over (under) expenditures	-	-	279,873	279,873
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balance	\$ -	\$ -	279,873	\$ 279,873
Adjustments to Generally Accepted Accounting Principles -				
Revenues budgeted for amounts expected to receive			123,432	
Expenditures budgeted for amounts expected to be paid			(129,734)	
Fund balance, beginning of year			3,750,276	
Fund balance, end of year			\$ 4,023,847	

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

	Reporting Fiscal Year (Measurement Date)									
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
PENSION										
District's proportion of the net pension liability	0.06581%	0.06710%	0.06691%	0.07255%	0.07285%	0.07231%	0.07139%	0.07216%	0.07332%	0.071216%
District's proportionate share of the net pension liability	\$ 3,935,896	\$ 4,305,220	\$ 4,836,716	\$ 4,625,823	\$ 5,587,688	\$ 5,085,665	\$ 4,347,625	\$ 4,223,630	\$ 3,609,966	\$ 3,061,940
District's covered payroll	\$ 2,065,407	\$ 1,951,017	\$ 1,853,420	\$ 1,851,352	\$ 1,865,264	\$ 1,819,575	\$ 1,780,849	\$ 1,757,871	\$ 1,745,145	\$ 1,677,733
District's proportionate share of the net pension liability as a percentage of its covered payroll	190.563%	220.665%	260.962%	249.862%	299.566%	279.497%	244.132%	240.270%	206.858%	182.505%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%
INSURANCE FUND										
District's proportion of the net OPEB liability/asset	0.06588%	0.06709%	0.06690%	0.07254%	0.07283%	0.07230%	0.07138%	0.07216%		
District's proportionate share of the net OPEB liability (asset)	\$ (113,954)	\$ (92,634)	\$ 1,320,182	\$ 1,388,665	\$ 1,758,647	\$ 1,216,003	\$ 1,267,391	\$ 1,450,623		
District's covered payroll	\$ 2,065,407	\$ 1,951,017	\$ 1,853,420	\$ 1,851,352	\$ 1,865,264	\$ 1,819,575	\$ 1,780,849	\$ 1,757,871		
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-5.517%	-4.748%	71.230%	75.008%	94.284%	66.829%	71.168%	82.522%		
Plan fiduciary net position as a percentage of the total OPEB liability	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%		

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

CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT BOARD OF TRUSTEES, INC.
COUNTY EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF PENSION AND OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
PENSION										
Contractually required contribution	\$ 420,780	\$ 482,066	\$ 456,538	\$ 392,369	\$ 357,311	\$ 359,996	\$ 295,135	\$ 257,867	\$ 245,223	\$ 216,747
Contributions in relation to the contractually required contribution	<u>420,780</u>	<u>482,066</u>	<u>456,538</u>	<u>392,369</u>	<u>357,311</u>	<u>359,996</u>	<u>295,135</u>	<u>257,867</u>	<u>245,223</u>	<u>216,747</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered payroll	\$ 2,134,855	\$ 2,065,407	\$ 1,951,017	\$ 1,853,420	\$ 1,851,352	\$ 1,865,264	\$ 1,819,575	\$ 1,780,849	\$ 1,757,871	\$ 1,745,145
District's contributions as a percentage of its covered payroll	19.71%	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%
INSURANCE FUND										
Contractually required contribution	\$ -	\$ -	\$ 66,139	\$ 107,128	\$ 88,124	\$ 88,787	\$ 95,710	\$ 83,700	\$ 83,147	
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>66,139</u>	<u>107,128</u>	<u>88,124</u>	<u>88,787</u>	<u>95,710</u>	<u>83,700</u>	<u>83,147</u>	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	
District's covered payroll	\$ 2,134,855	\$ 2,065,407	\$ 1,951,017	\$ 1,853,420	\$ 1,851,352	\$ 1,865,264	\$ 1,819,575	\$ 1,780,849	\$ 1,757,871	
District's contributions as a percentage of its covered payroll	0.00%	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%	4.73%	

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

**CAMPBELL COUNTY PUBLIC LIBRARY DISTRICT
BOARD OF TRUSTEES, INC.
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – PENSION PLAN
FOR THE YEAR ENDED JUNE 30, 2025**

(1) CHANGES OF ASSUMPTIONS

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

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

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

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

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

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

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

**CAMPBELL COUNTY PUBLIC LIBRARY
BOARD OF TRUSTEES, INC.
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – PENSION PLAN (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025**

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

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

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

(3) CHANGES OF BENEFITS

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

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

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

**CAMPBELL COUNTY PUBLIC LIBRARY
BOARD OF TRUSTEES, INC.
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – PENSION PLAN (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2025**

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

**CAMPBELL COUNTY PUBLIC LIBRARY
BOARD OF TRUSTEES, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2025**

(1) CHANGES OF ASSUMPTIONS

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

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

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

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

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

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

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

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

**CAMPBELL COUNTY PUBLIC LIBRARY
BOARD OF TRUSTEES, INC.
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – OPEB PLAN (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025**

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

The following actuarial methods and assumptions, for actuarially determined contributions effective for fiscal year ending June 30, 2024:

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

(3) CHANGES OF BENEFITS

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

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

**CAMPBELL COUNTY PUBLIC LIBRARY
BOARD OF TRUSTEES, INC.
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – OPEB PLAN (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2025**

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



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

To the Board of Trustees
Campbell County Public Library District Board of Trustees, Inc.
3920 Alexandria Pike
Cold Spring, KY 41076

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Campbell County Public Library District Board of Trustees, Inc. (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 20, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Kelley Galloway Smith Goddly, PSC

Ashland, Kentucky
November 20, 2025