

**LEXINGTON PUBLIC LIBRARY
LEXINGTON, KENTUCKY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

As of and for the Year Ended June 30, 2024

And Reports of Independent Auditor

LEXINGTON PUBLIC LIBRARY
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Report of Independent Auditor

To the Board of Trustees
Lexington Public Library
Lexington, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Lexington Public Library, a component unit of the Lexington-Fayette Urban County Government, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Lexington Public Library's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the Lexington Public Library, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof 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 Lexington Public Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lexington Public Library's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 Lexington Public Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lexington Public Library's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Prior Period Summarized Comparative Information

The financial statements as of June 30, 2023, were audited by MCM CPAs & Advisors LLP, which was acquired by Cherry Bekaert LLP as of October 31, 2023, and whose report dated September 8, 2023, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2024 on our consideration of the Lexington Public Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lexington Public Library's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cherry Bekaert LLP".

Lexington, Kentucky
September 23, 2024

LEXINGTON PUBLIC LIBRARY MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Financial Highlights

- The Lexington Public Library's (the "Library") net position increased \$5,112,442 during fiscal year 2024. Current Assets decreased by \$5,064,514 and debt obligations decreased \$2,950,404. In addition, net position improved due to an increase in noncurrent assets.
- The Library made capital investments during the fiscal year for equipment and building improvements and construction. The most significant investment was \$6,961,542 toward the design and construction of the Marksbury Family Branch. The new 30,000 square foot free standing Library that opened in March 2024 will replace the Village Branch. The Library spend \$672,449 on improvement projects to the Beaumont Branch. Other investments included Computer and Technology upgrades.
- The Library allocated 13% of its tax revenues for library books and materials, continuing to spend significantly on e-books, building an opening day collection for the Marksbury Family Branch while also maintaining its children's and adult materials collections.
- The Lexington Public Library Foundation raised \$1,711,090 in fiscal year 2024, transferring \$550,241 in grants and other designated gifts to further Library programming and services. Funds raised include \$1,591,902 for the Marksbury Family Branch Capital Campaign, \$30,000 for technology upgrades at the Tates Creek branch, and \$10,000 for the Endowment Fund.
- The Library's business-type activities had a decrease in net position of \$165,414 for fiscal year 2024. The Parking Garage neared breakeven from a cash flow perspective in 2024 as revenues climbed from the prior year. The Enterprise Fund continued to provide copies for free to the public.

Overview of the Financial Statements

This annual report includes this management's discussion and analysis, the report of independent auditor and the basic financial statements, and certain required supplementary information, which is not part of the basic financial statements, of the Library. The basic financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The Library's financial statements present two kinds of statements, each with a different viewpoint of the Library's finances. The focus is both the Library as a whole (government-wide) and the individual fund financial statements. The government-wide financial statements provide both long-term and short-term information about the Library's overall financial status. The fund financial statements focus on individual funds of the Library, reporting the Library's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the Library's accountability.

LEXINGTON PUBLIC LIBRARY MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Government-Wide Statements

The government-wide statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the Library's finances is, "Is the Library, as a whole, better off, or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the Library's activities in a way that will help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net position of the Library and the changes in net position. One can think of the Library's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources - as one way to measure financial health or financial position. Over time, increases or decreases in the Library's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed governmental legislation.

In the Statement of Net Position and the Statement of Activities, the Library is displayed as two kinds of activities:

- *Governmental Activities* - Most of the Library's basic services are reported here. Property taxes, grants, and other income finance most of these activities.
- *Business-type Activities* - The Library reports fees for service activities in this fund; this includes video rentals, copiers and other machines, and garage activity.

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the Library's funds. The fund financial statements provide more information about the Library's funds and not the Library as a whole.

The Library has two kinds of funds:

- *Governmental Funds* - Most of the Library's basic services are included in governmental funds, which focus on: (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or less financial resources that can be spent in the near future to finance the Library's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statement that explains the relationship (or differences) between them.
- *Proprietary Funds* - Services for which the Library charges customers a fee are generally reported in proprietary funds.

LEXINGTON PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Financial Analysis of the Library as a Whole

A comparative analysis of government-wide information is presented in the financial report.

Statement of Net Position

A summary of the Library's Statement of Net Position is presented in Table A-1.

	Total		Change	Percent Change
	2024	2023		
Assets				
Current assets	\$ 23,194,438	\$ 28,258,952	\$ (5,064,514)	-18%
Net noncurrent assets	41,753,800	36,093,062	5,660,738	16%
Total Assets	<u>64,948,238</u>	<u>64,352,014</u>	<u>596,224</u>	<u>1%</u>
Deferred Outflows of Resources				
Total Assets and Deferred Outflows of Resources	<u>7,009,297</u>	<u>5,381,963</u>	<u>1,627,334</u>	<u>30%</u>
	<u>\$ 71,957,535</u>	<u>\$ 69,733,977</u>	<u>\$ 2,223,558</u>	<u>3%</u>
Liabilities				
Current liabilities	\$ 1,843,366	\$ 2,625,903	\$ (782,537)	-30%
Long-term liabilities	25,090,255	31,502,342	(6,412,087)	-20%
Total Liabilities	<u>26,933,621</u>	<u>34,128,245</u>	<u>(7,194,624)</u>	<u>-21%</u>
Deferred Inflows of Resources				
Total Liabilities and Deferred Inflows of Resources	<u>8,635,760</u>	<u>4,330,020</u>	<u>4,305,740</u>	<u>99%</u>
	<u>35,569,381</u>	<u>38,458,265</u>	<u>(2,888,884)</u>	<u>-8%</u>
Net Position				
Net investment in capital assets	29,038,104	25,867,311	3,170,793	12%
Restricted	1,599,701	630,565	969,136	154%
Unrestricted	5,750,349	4,777,836	972,513	20%
Total Net Position	<u>36,388,154</u>	<u>31,275,712</u>	<u>5,112,442</u>	<u>16%</u>
Total Liabilities and Deferred Inflows of Resources and Net Position	<u>\$ 71,957,535</u>	<u>\$ 69,733,977</u>	<u>\$ 2,223,558</u>	<u>3%</u>

LEXINGTON PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Financial Analysis of the Library as a Whole (continued)

Statement of Activities

A summary of the Library's Statement of Activities is presented in Table A-2.

Condensed Statement of Activities

	<u>Total</u>		<u>Change</u>	<u>Percent Change</u>	<u>Percent of Total</u>
	<u>2024</u>	<u>2023</u>			
Revenues:					
LFUCG tax revenue	\$ 21,556,099	\$ 19,901,926	\$ 1,654,173	8%	88%
Interest and investment (loss) earnings	1,271,457	678,518	592,939	87%	5%
Capital grants and contributions	305,000	305,000	-	0%	1%
ARPA contributions	-	1,000,000	(1,000,000)	-100%	0%
Foundation contributions	265,353	3,153,618	(2,888,265)	-92%	1%
Operating grants and contributions	15,000	76,336	(61,336)	-80%	0%
Charges for services	385,229	378,562	6,667	2%	2%
E-rate revenue	29,808	29,808	-	0%	0%
Other revenues	712,327	87,396	624,931	715%	3%
Total Revenues	24,540,273	25,611,164	(1,070,891)	-4%	100%
Expenses:					
Personnel	10,128,071	9,564,148	563,923	6%	52%
Operating expenses	3,309,416	2,955,900	353,516	12%	17%
Grant and foundation	120,112	117,702	2,410	2%	1%
Books and materials	3,087,416	2,433,533	653,883	27%	16%
Enterprise	631,300	589,322	41,978	7%	3%
Depreciation and amortization	1,721,035	1,499,416	221,619	15%	9%
Interest expense	430,481	388,426	42,055	11%	2%
Total Expenses	19,427,831	17,548,447	1,879,384	11%	100%
Change in net position	5,112,442	8,062,717	(2,950,275)	-37%	
Net position - beginning	31,275,712	23,212,995	8,062,717	35%	
Net position - ending	\$ 36,388,154	\$ 31,275,712	\$ 5,112,442	16%	

While the Statement of Net Position shows the financial position of the Library, the Statement of Activities provides answers as to the nature and source of these changes. The Library's main source of revenue, property tax, is approximately 88% of the Library's total general revenue. The property tax revenue source increased approximately 8% due to increased property values and growth in Fayette County.

The personnel expense represents approximately 5% of total expenses.

LEXINGTON PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Budget Highlights

The Library adopts an annual Operating Budget following budget workshops with the Board of Trustees and a vote of the entire Board of Trustees. The operating budget includes proposed expenses and the means of financing them. The Library's operating budget is amended during the year if unusual events occurred. A fiscal year 2024 budget comparison for the current month and year to date is presented to management and the Board of Trustees as interim financial statements; however, they are not reported on nor shown on the financial statements section of this report.

The net change in the Library's General Fund balance was (\$2,555,426), which was \$3,860,921 unfavorable to budget. This was due to 2 large capital project spends, Marksbury Family and Beaumont branches, that were budgeted in previous years. Most of the FY2024 funding for the Marksbury branch was provided from debt proceeds that were secured in prior fiscal years. Library Revenue exceeded budget by \$1.72M driven by favorable investment revenue and a 1 time benefit from the dissolution of the Public Library Corporation. Actual expenses, outside of the aforementioned capital expenditures, were under budget by \$1.4M driven by underspend in personnel. Staffing levels were addressed during the year and the library looks to start fiscal year 2025 close to fully staffed. A 2024 budget comparison and analysis is presented in Table A-3 on page 9.

**LEXINGTON PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2024

Budget Highlights (continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Unfavorable) Favorable Budget</u>
Support:				
Grants:				
State aid grant	\$ 305,000	\$ 305,000	\$ 305,000	\$ -
LFUCG appropriation				
Unrestricted	18,231,946	18,231,946	18,753,806	521,860
Donations				
Restricted	25,000	25,000	15,000	(10,000)
Total Support	<u>18,561,946</u>	<u>18,561,946</u>	<u>19,073,806</u>	<u>511,860</u>
Revenue:				
Interest earned				
Unrestricted	75,000	75,000	1,009,549	934,549
Restricted	-	-	179,853	179,853
Rental income	5,000	5,000	-	(5,000)
Miscellaneous	44,000	44,000	661,482	617,482
Total Revenue	<u>124,000</u>	<u>124,000</u>	<u>1,850,884</u>	<u>1,726,884</u>
Total Support and Revenue	<u>18,685,946</u>	<u>18,685,946</u>	<u>20,924,690</u>	<u>2,238,744</u>
Expenditures:				
Salaries wages and employee benefits	11,892,396	11,892,396	10,876,539	1,015,857
Operating expenses	3,795,640	3,795,640	3,404,985	390,655
Friends program support	-	-	14,775	(14,775)
Grant expense	65,000	65,000	56,999	8,001
Principal payment on debt	1,130,459	1,130,459	1,130,201	258
Capital purchases	715,164	715,164	8,126,039	(7,410,875)
Debt service	421,792	421,792	420,819	973
Total Expenses	<u>18,020,451</u>	<u>18,020,451</u>	<u>24,030,357</u>	<u>(6,009,906)</u>
Support and Revenue Over Expenses	665,495	665,495	(3,105,667)	(3,771,162)
Other Financing Sources (Uses):				
Transfers	640,000	640,000	550,241	(89,759)
Net increase in fund balances	1,305,495	1,305,495	(2,555,426)	(3,860,921)
Fund balances, beginning of year	24,962,741	24,962,741	24,962,741	-
Fund balances, end of year	<u>\$ 26,268,236</u>	<u>\$ 26,268,236</u>	<u>\$ 22,407,315</u>	<u>\$ (3,860,921)</u>

LEXINGTON PUBLIC LIBRARY MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Capital Assets

The Library's governmental activities invested around \$8.35M in capital assets driven by the new Marksbury Family Branch, the Beaumont Branch renovations, and system wide technology upgrades. Depreciation of assets in use totaled around \$1.63M. The Library will continue to invest in new technology and replace capital assets and study expansion plans in accordance with the Library's strategic plan.

During fiscal year 2022, the Library adopted GASB Statement 87, *Leases*. This statement established a single model for lease accounting. Due to GASB Statement 87, the Library was required to recognize a right-of-use ("ROU") asset and lease liability. For fiscal year 2024, the Library had a ROU asset net of amortization of \$296,839 and \$312,816 in lease liabilities.

Debt Administration

Business-type Long-term Debt

The Library maintains cash and investments in order to retire its long-term debt in a timely manner. The Library retired its outstanding debt related to parking garage operations in early 2024 with uncommitted cash in the General Fund. This debt had an original principal balance of \$3,515,000. The debt was used to purchase the parking garage (\$3,001,000) and provide cash (\$514,000) for the renovation of the garage. This General Fund payment will be repaid through the operation of the parking garage.

Governmental Long-term Debt

In September 2008, the Library closed on financing for the Northside branch with the Kentucky League of Cities. Financing consists of two notes. The first note is a 20-year loan for \$5,200,000 at a fixed rate of 3.89%. The second note is a 20-year loan for \$1,500,000 with a variable rate. The total balance of both loans was \$1,262,811 at June 30, 2024. Principal payments during the year ended June 30, 2024 were \$332,853.

On March 29, 2012, the Library closed on financing for the Energy Project with the Kentucky League of Cities. Financing program revenue bonds, 2014 Series A were issued in the amount of \$1,270,000 at variable interest rates varying from 2.5% to 4.0%. Bond payments are due every February and August. The outstanding bond payable amount was \$260,417 at June 30, 2024. Principal payments during the year ended June 30, 2024 were \$95,000.

On August 17, 2022, the Library closed on financing for the development of the Marksbury Village Branch with Truist Bank. The note is a twenty-year loan for \$11,586,265 at a fixed rate of 3.13%. Per the agreement, \$1,557,742 of the proceeds was used to pay off the existing construction lease with Kentucky Bank. The outstanding balance of the loan was \$10,099,471 at June 30, 2024. Principal payments during the year ended June 30, 2024 were \$702,348.

LEXINGTON PUBLIC LIBRARY MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2024

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's progress in funding its obligation to provide pension benefits to its employees.

Future Outlook

Lexington Public Library is in a financial position that will allow it to pursue its mission and add value to the Lexington community in the present and in future years to come. Recognizing the significant change in the community over the last 4 years, the Lexington Public Library has completed the first stage of its strategic visioning process in late 2024 and looks forward to moving into the implementation stage. Our mission is to enrich and connect the Lexington community through welcoming spaces, engaged staff, diverse resources, and lifelong learning opportunities while adhering to our core values of expanding knowledge, encouraging curiosity, cultivating inclusion, strengthening connection, and championing intellectual freedom. Through collaboration with key stakeholders and partnerships in the community, the Lexington Public Library looks to continue to identify and meet the needs of the community within our role and values.

While change is constant and it remains critical to continue to understand how to meet our community needs today and going into a new future, Lexington Public Library believes it has the right team, resources, culture, and passion to follow our vision and execute our mission going forward.

Contacting the Library Financial Manager

The financial report is designed to provide the citizens of Lexington-Fayette County and its creditors with a general overview of the Library's finances and to demonstrate the Library's accountability of the money it receives. If you have questions concerning any of the information provided in this report or requests for additional information, contact The Lexington Public Library, 140 East Main Street, Lexington, Kentucky 40507.

LEXINGTON PUBLIC LIBRARY
STATEMENT OF NET POSITION

JUNE 30, 2024
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023)

	Governmental Activities	Business-Type Activities	2024 Total	2023 Totals
ASSETS				
Current assets				
Cash and cash equivalents - unrestricted	\$ 6,518,493	\$ 20,490	\$ 6,538,983	\$ 7,520,224
Cash and cash equivalents - restricted	950,433	-	950,433	562,144
Investments - unrestricted	14,095,509	-	14,095,509	12,779,105
Investments - restricted	999,061	-	999,061	6,242,699
Accounts receivable:				
Other	17,754	48,392	66,146	115,142
Pledges receivable	450,691	-	450,691	949,937
Interfund balances	3,146,480	(3,146,480)	-	-
Prepaid expenses	93,615	-	93,615	89,701
Total Current Assets	<u>26,272,036</u>	<u>(3,077,598)</u>	<u>23,194,438</u>	<u>28,258,952</u>
Noncurrent Assets:				
Capital Assets:				
Nondepreciable	7,875,979	-	7,875,979	15,657,399
Depreciable, net	28,679,071	4,121,917	32,800,988	18,621,820
Right-of-use assets, net	296,839	-	296,839	387,736
Total Capital Assets	<u>36,851,889</u>	<u>4,121,917</u>	<u>40,973,806</u>	<u>34,666,955</u>
Pledges receivable net, less current portion	479,615	-	479,615	1,426,107
Net OPEB asset	300,379	-	300,379	-
Total Noncurrent Assets	<u>37,631,883</u>	<u>4,121,917</u>	<u>41,753,800</u>	<u>36,093,062</u>
Total Assets	<u>63,903,919</u>	<u>1,044,319</u>	<u>64,948,238</u>	<u>64,352,014</u>
Deferred Outflows of Resources:				
Actuarially determined outflow - pension	3,467,316	-	3,467,316	1,885,368
Actuarially determined outflow - OPEB	1,804,917	-	1,804,917	1,669,949
Contributions - pension	1,638,953	-	1,638,953	1,477,330
Contributions - OPEB	98,111	-	98,111	349,316
Total Deferred Outflows of Resources	<u>7,009,297</u>	<u>-</u>	<u>7,009,297</u>	<u>5,381,963</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 70,913,216</u>	<u>\$ 1,044,319</u>	<u>\$ 71,957,535</u>	<u>\$ 69,733,977</u>

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

LEXINGTON PUBLIC LIBRARY
STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2024
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023)

	Governmental Activities	Business-Type Activities	2024 Total	2023 Totals
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 74,708	\$ 5,721	\$ 80,429	\$ 789,401
Accrued payroll	387,987	-	387,987	318,438
Payroll liabilities	158,236	-	158,236	158,150
Unearned revenue	-	501	501	531
Accrued interest payable	138	-	138	138
Current portion of long-term debt	1,170,139	-	1,170,139	1,265,741
Current portion of lease liability	45,936	-	45,936	93,504
Total Current Liabilities	<u>1,837,144</u>	<u>6,222</u>	<u>1,843,366</u>	<u>2,625,903</u>
Noncurrent Liabilities:				
Accrued vacation	410,295	-	410,295	387,693
Net pension obligation	13,960,333	-	13,960,333	13,747,849
Net OPEB liability	-	-	-	3,752,478
Lease liability	266,880	-	266,880	306,773
Bonds payable	10,452,747	-	10,452,747	13,307,549
Total Noncurrent Liabilities	<u>25,090,255</u>	<u>-</u>	<u>25,090,255</u>	<u>31,502,342</u>
Total Liabilities	<u>26,927,399</u>	<u>6,222</u>	<u>26,933,621</u>	<u>34,128,245</u>
Deferred Inflows of Resources:				
Deferred inflows - pension	3,117,744	-	3,117,744	2,098,697
Deferred inflows - OPEB	5,518,016	-	5,518,016	2,231,323
Total Deferred Inflows of Resources	<u>8,635,760</u>	<u>-</u>	<u>8,635,760</u>	<u>4,330,020</u>
Total Liabilities and Deferred Inflows of Resources	<u>35,563,159</u>	<u>6,222</u>	<u>35,569,381</u>	<u>38,458,265</u>
NET POSITION				
Net investment in capital assets	24,916,187	4,121,917	29,038,104	25,867,311
Restricted for grants	1,599,701	-	1,599,701	630,565
Unrestricted	8,834,169	(3,083,820)	5,750,349	4,777,836
Total Net Position	<u>\$ 35,350,057</u>	<u>\$ 1,038,097</u>	<u>\$ 36,388,154</u>	<u>\$ 31,275,712</u>

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

LEXINGTON PUBLIC LIBRARY
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

Functions/Programs	Program Revenues Received				Net (Expenses) Revenues and Changes in Net Assets			2023 Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2024 Total	
Primary Government								
Governmental Activities:								
Personnel	\$ 10,128,071	\$ -	\$ -	\$ -	\$ (10,128,071)	\$ -	\$ (10,128,071)	\$ (9,564,148)
Operating expenses	3,309,416	-	-	-	(3,309,416)	-	(3,309,416)	(2,930,164)
Foundation	48,338	-	265,353	-	217,015	-	217,015	(41,466)
Grant expenses	56,999	-	-	-	(56,999)	-	(56,999)	(52,389)
Friends program support	14,775	-	15,000	-	225	-	225	26,753
Books and materials	3,087,416	-	-	-	(3,087,416)	-	(3,087,416)	(2,433,533)
Depreciation/Amortization	1,721,035	-	-	-	(1,721,035)	-	(1,721,035)	(1,499,416)
Interest expense	430,481	-	-	305,000	(125,481)	-	(125,481)	(83,426)
Total Governmental Activities	18,796,531	-	280,353	305,000	(18,211,178)	-	(18,211,178)	(16,577,789)
Business-type Activities:								
Printing charges and purchases	16,920	269	-	-	-	(16,651)	(16,651)	(85,609)
Parking charges	210,815	384,960	-	-	-	174,145	174,145	210,279
Interest expense	159,848	-	-	-	-	(159,848)	(159,848)	(93,718)
Depreciation	243,717	-	-	-	-	(243,717)	(243,717)	(241,712)
Total Business-type Activities	631,300	385,229	-	-	-	(246,071)	(246,071)	(210,760)
Total Primary Government	\$ 19,427,831	\$ 385,229	\$ 280,353	\$ 305,000	(18,211,178)	(246,071)	(18,457,249)	(16,788,549)
General Revenues:								
Property taxes for general purposes					21,556,099	-	21,556,099	19,901,926
ARPA contributions					-	-	-	1,000,000
Foundation contributions					-	-	-	3,153,618
Interest and investment earnings (loss)					1,271,367	90	1,271,457	678,518
E-rate revenue					29,808	-	29,808	29,808
Miscellaneous					631,760	80,567	712,327	87,396
Total General Revenues					23,489,034	80,657	23,569,691	24,851,266
Change in net position					5,277,856	(165,414)	5,112,442	8,062,717
Net position - beginning					30,072,201	1,203,511	31,275,712	23,212,995
Net position - ending					\$ 35,350,057	\$ 1,038,097	\$ 36,388,154	\$ 31,275,712

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

LEXINGTON PUBLIC LIBRARY
BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2024
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023)

	General Fund	Library Foundation	Library Collection Materials Fund	2024 Total Governmental Funds	2023 Total Governmental Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Unrestricted	\$ 6,349,417	\$ 169,066	\$ 10	\$ 6,518,493	\$ 7,499,750
Restricted	349,793	600,640	-	950,433	562,144
Investments - unrestricted	13,614,639	480,870	-	14,095,509	12,779,105
Investments - restricted	-	999,061	-	999,061	6,242,699
Accounts receivable - other	17,700	54	-	17,754	113,953
Pledges receivable	-	930,306	-	930,306	949,937
Due from other funds	(546,260)	(615)	546,875	-	-
Due from proprietary funds	3,693,509	-	-	3,693,509	1,765,913
Prepaid expenses	93,615	-	-	93,615	89,702
Total Assets	\$ 23,572,413	\$ 3,179,382	\$ 546,885	\$ 27,298,680	\$ 30,003,203
LIABILITIES AND FUND BALANCES					
Current Liabilities					
Accounts payable	\$ 71,708	\$ 3,000	\$ -	\$ 74,708	\$ 786,078
Accrued payroll	387,987	-	-	387,987	318,438
Accrued vacation	-	-	-	-	387,693
Accrued interest	138	-	-	138	138
Payroll liabilities	158,236	-	-	158,236	158,150
Due to proprietary funds	547,029	-	-	547,029	551,749
Total Current Liabilities	1,165,098	3,000	-	1,168,098	2,202,246
Deferred inflows of resources					
Unavailable pledge revenue	-	479,615	-	479,615	-
Total Deferred Inflows of Resources	-	479,615	-	479,615	-
Total Liabilities and Deferred Inflows of Resources	\$ 1,165,098	\$ 482,615	\$ -	\$ 1,647,713	\$ 2,202,246
FUND BALANCES					
Nonspendable for:					
Prepaid expenses	\$ 93,615	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Foundation expenditures	-	1,599,701	-	1,599,701	630,565
Committed for:					
Buildings, renewal, and replacement	8,750,000	-	-	8,750,000	8,750,000
New branch	-	-	-	-	2,600,000
Emergency fund	1,000,000	-	-	1,000,000	1,000,000
Assigned for:					
Book purchases	-	-	546,885	546,885	859,523
Lexington Public Library Foundation	-	1,097,066	-	1,097,066	1,348,128
Unassigned	12,563,700	-	-	12,563,700	12,612,741
Total Fund Balances	22,407,315	2,696,767	546,885	25,650,967	27,800,957
Total Liabilities and Fund Balances	\$ 23,572,413	\$ 3,179,382	\$ 546,885	\$ 27,298,680	\$ 30,003,203

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

LEXINGTON PUBLIC LIBRARY
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2024

Total Fund Balances	\$ 25,650,967
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 in the governmental funds.	36,555,050
Right-of-use assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	296,839
Noncurrent pledge receivables used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	479,615
Vacation liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(410,295)
Deferred outflows of resources are amortized over time and, therefore, are not reported in the governmental funds.	7,009,297
Net pension obligation is not due and payable in the current period and, therefore, is not reported in the governmental funds.	(13,960,333)
Net OPEB asset is not due and payable in the current period and, therefore, is not reported in the governmental funds.	300,379
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(8,635,760)
Short-term and long-term debt is not due and payable in the current period and, therefore, is not reported in the governmental funds.	(11,622,886)
Short-term and long-term lease liability is not due and payable in the current period and, therefore, is not reported in the governmental funds.	<u>(312,816)</u>
Net Position of Governmental Activities	<u><u>\$ 35,350,057</u></u>

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

LEXINGTON PUBLIC LIBRARY

STATEMENT OF SUPPORT, REVENUE, EXPENSES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	General Fund	Library Foundation	Library Collection Materials Fund	2024 Totals Governmental Funds	2023 Totals Governmental Funds
Support:					
Grants:					
Kentucky Dept. of Libraries and Archives	\$ -	\$ -	\$ -	\$ -	\$ 25,736
State Aid Grant	305,000	-	-	305,000	305,000
Federal Grants	-	-	-	-	1,000,000
LFUCG Appropriation:					
Unrestricted	18,753,806	-	-	18,753,806	17,305,487
Restricted	-	-	2,802,293	2,802,293	2,596,439
Donations:					
Foundation (restricted)	-	1,211,845	-	1,211,845	1,621,691
Foundation (unrestricted)	-	-	-	-	105,820
Friends (unrestricted)	15,000	-	-	15,000	50,600
Total Support	<u>19,073,806</u>	<u>1,211,845</u>	<u>2,802,293</u>	<u>23,087,944</u>	<u>23,010,773</u>
Revenue:					
Investment income:					
Unrestricted	1,009,549	104,808	-	1,114,357	470,002
Restricted	179,853	-	-	179,853	207,649
Miscellaneous	661,482	-	-	661,482	107,541
Total Revenue	<u>1,850,884</u>	<u>104,808</u>	<u>-</u>	<u>1,955,692</u>	<u>785,192</u>
Total Support and Revenue	<u>20,924,690</u>	<u>1,316,653</u>	<u>2,802,293</u>	<u>25,043,636</u>	<u>23,795,965</u>
Expenditures:					
Salaries and employee benefits	10,876,539	-	-	10,876,539	10,356,522
Operating expenditures	3,404,985	-	-	3,404,985	2,941,859
Books and materials	-	-	3,114,931	3,114,931	2,454,985
Friends program support	14,775	-	-	14,775	23,847
Grant expenditures/foundation gifts	56,999	-	-	56,999	52,389
Foundation expenditures	-	48,338	-	48,338	41,466
Capital expenditures	8,126,039	-	-	8,126,039	7,661,467
Principal payments on debt	1,130,201	-	-	1,130,201	2,750,598
Debt service	420,819	-	-	420,819	377,114
Total Expenditures	<u>24,030,357</u>	<u>48,338</u>	<u>3,114,931</u>	<u>27,193,626</u>	<u>26,660,247</u>
Support and Revenue Over Expenditures	<u>(3,105,667)</u>	<u>1,268,315</u>	<u>(312,638)</u>	<u>(2,149,990)</u>	<u>(2,864,282)</u>
Other Financing Sources (Uses):					
Transfers	550,241	(550,241)	-	-	-
Proceeds from issuance of debt	-	-	-	-	11,586,265
Debt issuance costs	-	-	-	-	(96,759)
Net other financing (use) sources	<u>550,241</u>	<u>(550,241)</u>	<u>-</u>	<u>-</u>	<u>11,489,506</u>
Net change in fund balances	<u>(2,555,426)</u>	<u>718,074</u>	<u>(312,638)</u>	<u>(2,149,990)</u>	<u>8,625,224</u>
Fund balances - beginning	<u>24,962,741</u>	<u>1,978,693</u>	<u>859,523</u>	<u>27,800,957</u>	<u>19,175,733</u>
Fund balances - ending	<u>\$ 22,407,315</u>	<u>\$ 2,696,767</u>	<u>\$ 546,885</u>	<u>\$ 25,650,967</u>	<u>\$ 27,800,957</u>

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

LEXINGTON PUBLIC LIBRARY**STATEMENT OF SUPPORT, REVENUE, EXPENSES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS (CONTINUED)**

YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ (2,149,990)
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 expense.	
Purchase of capital assets	8,126,039
Depreciation expense	(1,630,138)
Revenue recognized from pledge receivables that is not included in the Governmental Funds	(946,492)
Personnel expense recognized from accrued vacation that is not included in the Governmental Funds	(410,295)
Amortization expense on right-of-use assets net of lease payments that is not included in the Governmental Funds	(3,436)
Pension expense related to long-term net pension obligations that is not included in the Governmental Funds	512,040
OPEB expense related to long-term net OPEB liability that is not included in the Governmental Funds	649,927
Bond Proceeds Less Bond Issuance Costs:	
Bond principal payments	<u>1,130,201</u>
Change in Net Position of Governmental Activities	<u><u>\$ 5,277,856</u></u>

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

LEXINGTON PUBLIC LIBRARY
STATEMENT OF NET POSITION – PROPRIETARY FUNDS

JUNE 30, 2024
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023)

	<u>Enterprise Fund</u>	<u>Parking Fund</u>	<u>2024 Total Proprietary Funds</u>	<u>2023 Total Proprietary Funds</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 1,070	\$ 19,420	\$ 20,490	\$ 20,474
Accounts receivable	-	48,392	48,392	1,189
Due from general fund	547,029	-	547,029	551,749
Total Current Assets	548,099	67,812	615,911	573,412
Noncurrent Assets:				
Capital assets, net of depreciation	-	4,121,917	4,121,917	4,220,070
Total Assets	<u>\$ 548,099</u>	<u>\$ 4,189,729</u>	<u>\$ 4,737,828</u>	<u>\$ 4,793,482</u>
LIABILITIES AND NET POSITION				
Current Liabilities:				
Accounts payable	\$ -	\$ 5,721	\$ 5,721	\$ 3,324
Unearned revenue	-	501	501	531
Due to general fund	-	3,693,509	3,693,509	1,765,913
Current portion of long-term debt	-	-	-	135,283
Total Current Liabilities	-	3,699,731	3,699,731	1,905,051
Long-term debt	-	-	-	1,684,920
Total Liabilities	<u>-</u>	<u>3,699,731</u>	<u>3,699,731</u>	<u>3,589,971</u>
Net Position:				
Net investment in capital assets	-	4,121,917	4,121,917	2,399,867
Unrestricted	548,099	(3,631,919)	(3,083,820)	(1,196,356)
Total Net Position	548,099	489,998	1,038,097	1,203,511
Total Liabilities and Net Position	<u>\$ 548,099</u>	<u>\$ 4,189,729</u>	<u>\$ 4,737,828</u>	<u>\$ 4,793,482</u>

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

LEXINGTON PUBLIC LIBRARY**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2024

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Enterprise Fund	Parking Fund	2024 Total Proprietary Funds	2023 Total Proprietary Funds
Operating Revenues:				
Copy sales	\$ 269	\$ -	\$ 269	\$ 271
Parking garage	-	384,960	384,960	378,291
Miscellaneous revenue	11,931	68,636	80,567	9,596
Total Operating Revenues	<u>12,200</u>	<u>453,596</u>	<u>465,796</u>	<u>388,158</u>
Operating Expenses:				
Operating expenses	16,920	210,815	227,735	253,892
Depreciation	-	243,717	243,717	241,712
Total Operating Expenses	<u>16,920</u>	<u>454,532</u>	<u>471,452</u>	<u>495,604</u>
Total Operating Loss	<u>(4,720)</u>	<u>(936)</u>	<u>(5,656)</u>	<u>(107,446)</u>
Nonoperation Revenues (Expenses):				
Interest income	-	90	90	917
Interest expense	-	(159,848)	(159,848)	(93,718)
Total Nonoperation Revenues (Expenses)	<u>-</u>	<u>(159,758)</u>	<u>(159,758)</u>	<u>(92,801)</u>
Change in net position	(4,720)	(160,694)	(165,414)	(200,247)
Total net position - beginning	<u>552,819</u>	<u>650,692</u>	<u>1,203,511</u>	<u>1,403,758</u>
Total net position - ending	<u>\$ 548,099</u>	<u>\$ 489,998</u>	<u>\$ 1,038,097</u>	<u>\$ 1,203,511</u>

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

LEXINGTON PUBLIC LIBRARY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Enterprise Fund	Parking Fund	2024 Total Proprietary Funds	2023 Total Proprietary Funds
Cash flows from operating activities:				
Receipts from customers	\$ 12,200	\$ 406,363	\$ 418,563	\$ 400,728
Payments to employees	-	(61,767)	(61,767)	(40,527)
Payments to suppliers	(16,920)	(146,651)	(163,571)	(210,041)
Net cash flows from operating activities	(4,720)	197,945	193,225	150,160
Cash flows from capital and related financing activities:				
Purchases of capital assets	-	(145,564)	(145,564)	(42,592)
Borrowing of interfund liabilities	4,720	1,927,596	1,932,316	114,793
Bond principal debt paid	-	(1,820,203)	(1,820,203)	(129,784)
Interest paid on capital debt	-	(159,848)	(159,848)	(93,718)
Net cash flows from capital and related financing activities	4,720	(198,019)	(193,299)	(151,301)
Cash Flows from investing activities:				
Interest income	-	90	90	917
Net cash flows from investing activities	-	90	90	917
Net change in cash and cash equivalents	-	16	16	(224)
Balances, beginning of year	1,070	19,404	20,474	20,698
Balances, end of year	<u>\$ 1,070</u>	<u>\$ 19,420</u>	<u>\$ 20,490</u>	<u>\$ 20,474</u>
Reconciliation of operating loss to net cash flows from operating activities:				
Operating loss	\$ (4,720)	\$ (936)	\$ (5,656)	\$ (107,446)
Adjustments to reconcile operating loss to net cash flows from operating activities:				
Depreciation expense	-	243,717	243,717	241,712
Changes in asset and liabilities:				
Accounts receivable	-	(47,203)	(47,203)	14,039
Accounts payable	-	2,397	2,397	3,324
Unearned revenue	-	(30)	(30)	(1,469)
Net cash flows from operating activities	<u>\$ (4,720)</u>	<u>\$ 197,945</u>	<u>\$ 193,225</u>	<u>\$ 150,160</u>

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

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LEXINGTON PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1—Nature of organization and summary of significant accounting policies

Nature of Organization – The Lexington Public Library (the “Library”) is a governmental entity established as a tax-supported library in 1898. The Library is a component unit of the Lexington-Fayette Urban County Government. The Library is governed by a seven-member Board of Trustees that is empowered by Chapter 173 of the Kentucky Revised Statutes. The primary mission of the Library is to maintain a free public library in Lexington-Fayette County, Kentucky with financial support provided by the Lexington-Fayette Urban County Government (“LFUCG”). The LFUCG support is provided in the form of annual appropriations based upon property assessments.

The Library’s financial statements include the assets and liabilities of the Lexington Public Library Foundation, Inc (the “Foundation”). The Foundation was formed in May 1997 for the purpose of benefiting, promoting, supporting, encouraging, and enhancing the program and facilities of the Lexington Public Library. The purpose of the Foundation is twofold; one, to provide financial support for specific projects of any type it considers appropriate; and two, to assist the Board of Trustees of the Library and its Advisory Board in making the Library more valuable to the entire community. The Foundation is included as a blended component unit and is classified as a special revenue fund.

Government-wide and Fund Financial Statements – The government-wide financial statements include a statement of net position and the statement of activities. These statements display information about the Library as a whole. The statements distinguish between governmental and business-type activities. The government-wide statements are prepared using the economic resources measurement focus and the modified accrual basis of accounting. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. The financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for individual funds.

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

Fund financial statements report detailed information about the Library. Their focus is on individual funds rather than reporting funds by type. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities, generally, are included on the balance sheet. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the Library considers revenues to be available if they are collected withing 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

LEXINGTON PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1—Nature of organization and summary of significant accounting policies (continued)

Governmental Funds

The primary government reports the following major governmental funds:

- *General Fund* – This is the primary operating fund of the Library. It accounts for all financial resources of the general government, except where the management requires that a separate fund be used for some function.
- *Library Foundation Fund* – This fund is used to account for the activities of the Library Foundation. The primary source of revenue for this fund is donations. The major expenditures for this fund are related to fundraising activities. Additional disbursements of this fund are transfers to the general fund to support the operations of the Library. This fund is presented as a special revenue fund.
- *Library Collection Materials Fund* – This fund is used to account for library materials purchased. The primary source of revenue for this fund is transfers from the general fund for property taxes. The major expenditures for this fund are books and materials for the Library. This fund is presented as a special revenue fund.

The government has no non-major governmental funds.

Proprietary Funds

Proprietary funds distinguish between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The primary government reports the following major proprietary funds:

- *Enterprise Fund* – This fund is used to account for revenues and expenses related to copiers and the Farrish Theater.
- *Parking Fund* – This fund is used to account for revenues and expenses related to the parking garage owned and operated by the Library.

Investments – Investments consist of certificates of deposit with initial maturities of 12 months or less in the amount of \$5,805,000 and investments of \$9,289,570, which consist of equities and mutual funds, which are carried at market value (see Note 4). Certificates of deposit are carried at cost plus accrued interest which approximates fair value.

Capital Assets – Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are stated at cost. Donated assets are valued at their estimated fair market value on the date donated. Depreciation of all exhaustible capital assets is charged as an expense against their operations. Depreciation is computed using the straight-line method over the estimated useful life of each asset, which varies from five to forty years. Books are expensed when purchased as these are considered inexhaustible assets.

ROU assets represent the Library's right to occupy a leased asset during the rental period. Right-of-use assets are valued at the total present value of the lease payments less accumulated amortization. Amortization expense is computed using the straight-line method over the lease term.

LEXINGTON PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1—Nature of organization and summary of significant accounting policies (continued)

Income Taxes – The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as an organization that is not a private foundation. The Foundation recognizes uncertain income tax positions using the “more-likely-than-not” approach as defined in the ASC. No liability for uncertain tax positions has been recorded in the accompanying financial statements.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the Library's participation in the County Employees Retirement System (“CERS”) of the Kentucky Public Pensions Authority (“KPPA”) has been determined on the same basis as reported by the KPPA for the CERS plan. For this purpose, benefits, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms of the CERS plan of Kentucky Revised Statute (“KRS”). The liability was measured at June 30, 2023. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (“OPEB”) – For purposes of measuring the Library's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CERS' Insurance Fund and additions to/deductions from the Insurance Fund's fiduciary net position have been determined on the same basis as they are reported by the Insurance Fund. For this purpose, the Insurance Fund recognizes benefit payments when due and payable in accordance with the benefit terms. The liability was measured at June 30, 2023. Investments are reported at fair value.

Cash and Cash Equivalents – For purposes of statements of cash flows, the Library considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Fund Balance Classification Policies and Procedures – The Board of Trustees is the Library's highest level of decision-making authority. Commitments of fund balance must be approved by the Budget/Finance Committee and brought forward to the entire Board in an open meeting where the Board approves commitments by formal vote. The Board has retained the authority to assign amounts to a specific purpose utilizing the same policy established for committing funds to a specific purpose.

The Library adopted a policy to govern the order of priority on use of fund balance when: (1) either restricted or unrestricted amounts are both available and (2) when committed, assigned, or unassigned fund balance classifications could be used. When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the Library to consider restricted amounts to have been reduced first. When an expense is incurred for purposes for which unrestricted fund balance classification could be used, it is the policy of the Library to first use any current fiscal year budgeted amounts available, followed by committed amounts, followed by assigned amounts and then unassigned amounts.

LEXINGTON PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 1—Nature of organization and summary of significant accounting policies (continued)

Spendable fund balances are expected based on a hierarchy of spending constraints, as follows:

- *Restricted* – Fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- *Committed* – Fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority. Committed fund balances are reported pursuant to resolutions approved by the Budget/Finance Committee and can only be modified or rescinded through resolutions approved by the Budget/Finance Committee.
- *Assigned* – Fund balances that contain self-imposed constraints of the government to be used for a particular purpose. Assignments may be made by the Budget/Finance Committee, the Executive Director, or the Chief Administrative Officer. No formal policy exists for assigning fund balances.
- *Unassigned* – Fund balance of the general fund that is not constrained for any particular purpose. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount.

Note 2—Cash and investments

Lexington Public Library, in accordance with Kentucky Revised Statutes, authorizes the Library to invest in obligations of the United States and its agencies, obligations of the Commonwealth of Kentucky and its agencies, obligations of corporations of the United States, shares in savings and loan associations insured by federal agencies and deposits in national or state-chartered banks insured by federal agencies and larger amounts in such institutions providing such banks pledge as security obligations of the United States government or its agencies, securities issued by a state or local government, shares of mutual funds and exchange traded funds, individual equity securities, and individual high-quality corporate bonds. The investments of the Foundation, as a nonprofit, are not limited by state statute.

The carrying amount of the Library's cash and cash equivalents deposits at June 30, 2024 was \$7,489,416. The carrying amount of the Library's investments at June 30, 2024 was \$15,094,570.

Note 3—Deposits

The Library maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation ("FDIC") as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Library and the depository institution, signed by both parties, that is: (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits – Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). On June 30, 2024, the Library's bank balance was fully collateralized. The Foundation's bank balances may, at times, exceed federally insured limits. The Foundation is not required to maintain collateral and does not believe it is exposed to any significant credit risk on cash.

LEXINGTON PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 4—Fair value and measurement - investments

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs.

Level 1 – Quoted prices (unadjusted) of identical assets or liabilities in active markets that an entity has the ability to access as of the measurement date, or observable inputs.

Level 2 – Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Library has the following recurring fair value measurements as of June 30, 2024:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificate of deposits	\$ 5,805,000	\$ 5,805,000	\$ -	\$ -
Money market funds	1,869,537	1,869,537	-	-
Equity securities	1,826,108	1,826,108	-	-
Mutual funds	3,931	3,931	-	-
Municipal bonds	1,608,834	-	1,608,834	-
Corporate bonds	3,981,160	-	3,981,160	-
	<u>\$ 15,094,570</u>	<u>\$ 9,504,576</u>	<u>\$ 5,589,994</u>	<u>\$ -</u>

Note 5—Lexington-Fayette Urban County government agreements

The Library is funded by a dedicated property tax assessment collected by the LFUCG, equivalent to \$.05 per each \$100 valuation of all property assessed for local taxation in Lexington, Fayette County, Kentucky under Kentucky Revised Statutes 173.360.

LEXINGTON PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 6—Capital assets

Capital asset activity for the year ended June 30, 2024 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	
Primary Government				
<u>Governmental Activities:</u>				
Depreciable Capital Assets:				
Land improvements	\$ 70,279	\$ -	\$ -	\$ 70,279
Buildings and improvements	29,963,483	14,050,124	-	44,013,607
Furniture/equipment	11,846,215	1,857,335	-	13,703,550
Total Depreciable Capital Assets, at Cost	41,879,977	15,907,459	-	57,787,436
Less accumulated depreciation	27,478,227	1,630,138	-	29,108,365
Net Depreciable Capital Assets	<u>\$ 14,401,750</u>	<u>\$ 14,277,321</u>	<u>\$ -</u>	<u>\$ 28,679,071</u>
Nondepreciable Capital Assets:				
Land	\$ 4,295,424	\$ 3,089,644	\$ -	\$ 7,385,068
Construction in progress	10,871,064	7,439,083	(18,310,147)	-
Artistic clock	490,911	-	-	490,911
Total Nondepreciable Capital Assets	<u>\$ 15,657,399</u>	<u>\$ 10,528,727</u>	<u>\$ (18,310,147)</u>	<u>\$ 7,875,979</u>
Right-of-Use Assets:				
Lease asset - building	\$ 544,270	\$ -	\$ -	\$ 544,270
Total Right-of-Use Assets, at Cost	544,270	-	-	544,270
Less accumulated amortization	156,534	90,897	-	247,431
Net Right-of-Use Assets	<u>\$ 387,736</u>	<u>\$ (90,897)</u>	<u>\$ -</u>	<u>\$ 296,839</u>
Net Capital Assets	<u>\$ 30,446,885</u>	<u>\$ 24,715,151</u>	<u>\$ (18,310,147)</u>	<u>\$ 36,851,889</u>
<u>Business-type Activities:</u>				
Furniture/equipment	\$ 89,676	\$ -	\$ -	\$ 89,676
Parking garage and improvements	6,162,425	145,564	-	6,307,989
Totals at cost	6,252,101	145,564	-	6,397,665
Less accumulated depreciation	2,032,031	243,717	-	2,275,748
Net Depreciable Capital Assets	<u>\$ 4,220,070</u>	<u>\$ (98,153)</u>	<u>\$ -</u>	<u>\$ 4,121,917</u>
Net Capital Assets	<u>\$ 4,220,070</u>	<u>\$ (98,153)</u>	<u>\$ -</u>	<u>\$ 4,121,917</u>

Depreciation expense was charged as follows:

Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 1,721,035</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 243,717</u>

LEXINGTON PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 7—Retirement plan

General Information about the Pension Plan

Plan Description – Employees of the Library are provided a defined benefit pension plan through the County CERS. CERS was established by KRS Section 78.520, and the separate governing Board was created in 2021. The CERS Nonhazardous plan was established to provide retirement benefits to all regular full-time members employed in positions of each participating county, city, school board, and any additional eligible local agencies electing to participate in CERS. The responsibility for the general administration and operation of the plans within CERS is vested in the CERS Board of Trustees. The CERS Board of Trustees consist of nine members. The KPPA is responsible for administering the single personnel system for the pensions plans, a system of accounting, day-to-day administrative needs of CERS, and selecting consulting and service contractors to provide administrative services. The KPPA staff manages assets in accordance with investment policies developed by the CERS Investment Committee and approved by the CERS Board. The KPPA issues a publicly available financial report that can be obtained by writing to Kentucky Public Pensions Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502)-564-4646.

Benefits Provided – KRS Section 61.645 establishes the benefit terms and can be amended only by the Kentucky General Assembly. The chief legislative body may adopt the benefit terms permitted by statute, there are currently three benefit tiers. Tier 1 members are those participating in the plan before September 1, 2008, Tier 2 are those that began participation September 1, 2008 through December 31, 2013 and Tier 3 are those members that began participation on or after January 1, 2014.

Tier 1 Non-Hazardous members are eligible to retire with an unreduced benefit at age 65 with four years of service credit or after 27 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation, which must contain at least 48 months. Reduced benefits for early retirement are available at age 55 and vested or 25 years of service credit. Members vest with five years of service credit. Service-related disability benefits are provided after five years of service. Tier 2 Non-Hazardous members are eligible to retire based on the rule of 87: the member must be at least age 57 and age plus earned service must equal 87 years at retirement or at age 65 with five years of service credit. Benefits are determined by a formula using the member's highest five consecutive year average compensation, which must be 60 months. Reduced benefits for early retirement are available at age 60 with 10 years of service. Tier 3 Non-Hazardous members are also eligible to retire based on the rule of 87. Benefits are determined by a life annuity calculated in accordance with actuarial assumptions and methods adopted by the board based on a member's accumulated account balance. Tier 3 members are not eligible for reduced retirement benefits.

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

Contributions – The Library is required to contribute an actuarially determined rate for CERS pension contributions in accordance with KRS 78.635. The CERS Board of Trustees establishes the employer contribution rate based on KRS Section 78.454(33) each year following the annual actuarial valuation as of July 1 and prior to July 1 of the succeeding fiscal year for local governments in Kentucky. Employees contribute 5% of salary if they were plan members prior to September 1, 2008. Employees that entered the plan after September 1, 2008 are required to contribute 6% of their annual creditable compensation. Five percent of the contribution was deposited to the member's account while the 1% was deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E). For the year ended June 30, 2024, employer contributions for the Library were \$1,638,951, based on a rate of 23.34% of covered payroll. By law, employer contributions are required to be paid. The KRS may intercept the Library's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution ("ADC") and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

LEXINGTON PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 7—Retirement plan (continued)

Net Pension Liability

The Library's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation performed as of June 30, 2022. The total pension liability was rolled forward from the valuation date (June 30, 2022) to the measurement date (June 30, 2023) using generally accepted actuarial principles. For the measurement period used for the year ended June 30, 2024, the Library's proportion was 0.218%, which is an increase of .027% from its proportion measured for the year ended June 30, 2023.

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023, and includes a change in the investment return assumption from 6.25% to 6.50%. House Bill 506 adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month under all circumstances. This is a minimal change for the members in the hazardous plans, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. However, as the minimum separation period for nonhazardous members was previous three months in almost every circumstance, it is anticipated that there will be 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. The total pension liability has of June 30, 2023, for the nonhazardous plan was determined using this updated benefits provision.

There have been no other plan provision changes that would materially impact the total pension liability since June 30, 2022. The actuarial assumptions are:

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

The mortality table used for active members was a Pub-2010 General Mortality table, for the non-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.

LEXINGTON PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 7—Retirement plan (continued)

The long-term (10-year) expected rates of return was determined using a building block method in which best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the table below:

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Equity		
Public Equity	5.90%	50.00%
Private Equity	11.73%	10.00%
Fixed Income		
Core Fixed Income	2.45%	10.00%
Specialty Credit	3.65%	10.00%
Cash	1.39%	0.00%
Inflation Protected		
Real Estate	4.99%	7.00%
Real Return	5.15%	13.00%
		100.00%

Discount Rate – The projection of cash flows used to determine the discount rate of 6.50% assumes that the funds receive the required employer contribution each future year, as determined by the current funding policy established in Statute, as amended by House Bill 362 over the remaining 28 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the KPPA’s Annual Comprehensive Financial Report.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension liability (asset) of the Library calculated using the discount rate of 6.50%, as well as what the net pension liability (asset) 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%)
Lexington Library's net pension liability	\$ 17,625,764	\$ 13,960,333	\$ 10,914,222

LEXINGTON PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 7—Retirement plan (continued)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense – For the year ended June 30, 2024, the Library recognized pension expense of \$1,126,914.

Deferred Outflows of Resources and Deferred Inflows of Resources – For the year ended June 30, 2024, the Library 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>
Liability experience	\$ 722,700	\$ 37,934
Investment experience	1,508,111	1,698,538
Change of assumptions	-	1,279,474
Changes in proportion and difference between employer contributions and proportionate share of contributions	1,236,505	101,798
Contributions subsequent to the measure date of June 30, 2023	1,638,953	-
Total	<u><u>\$ 5,106,269</u></u>	<u><u>\$ 3,117,744</u></u>

Of the total amount reported as deferred outflows of resources related to pensions, \$1,638,953 resulting from the Library's contributions subsequent to the measurement date and before the end of the fiscal year and the implicit subsidy will be included as a reduction of the collective net pension liability in the plan year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows (outflows) of resources related to pension will be recognized in the Library's pension expense as follows:

<u>Plan Year</u>	Recognition of Existing Deferred Outflows (Inflows) of Resources for Future Years Ending June 30,
	<u> </u>
2025	\$ 128,080
2026	44,989
2027	311,651
2028	(135,148)
	<u><u>\$ 349,572</u></u>

LEXINGTON PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 8—Postemployment benefits other than pensions (“OPEB”)

General Information about the OPEB Plan

Plan Description – Employees of the Library are provided hospital and medical insurance through the Kentucky Public Pensions Authority’s County Employees’ Retirement System insurance fund (“Insurance Fund”), a cost-sharing multiple-employer defined benefit OPEB plan. The CERS Board of Trustees is responsible for the proper operation and administration of the CERS. The KPPA issues a publicly available financial report that can be obtained by writing to Kentucky Public Pension Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

Benefits Provided – The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

Contributions – Contribution requirements of the participating employers are established and may be amended by the KRS Board of Trustees. The Library’s contractually required contribution rate for the year ended June 30, 2024 was 0% of covered payroll. Contributions to the Insurance Fund from the Library were \$-0- for the year ended June 30, 2024. Employees that entered the plan prior to September 1, 2008 are not required to contribute to the Insurance Fund. Employees that entered the plan after September 1, 2008 are required to contribute 1% of their annual creditable compensation which is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E).

LEXINGTON PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 8—Postemployment benefits other than pensions (“OPEB”) (continued)

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

At June 30, 2024, the Library reported an asset of \$300,379 for its proportionate share of the collective net OPEB receivable. The collective net OPEB receivable was measured as of June 30, 2023 and the total OPEB liability used to calculate the collective net OPEB receivable was determined by an actuarial valuation as of June 30, 2022. The total OPEB receivable was rolled forward from the valuation date (June 30, 2022) to the plan's fiscal year ended June 30, 2023, using generally accepted actuarial principles. The Library's proportion of the collective net OPEB receivable and OPEB expense was determined using the employers' actual contributions for fiscal year 2022. This method is expected to be reflective of the employers' long-term contribution effort. For the measurement period used for the year ended June 30, 2024, the Library's proportion was 0.218%, which is an increase of .027% from its proportion measured for the year ended June 30, 2023.

For the year ended June 30, 2024, the Library recognized an OPEB benefit of \$551,818. At June 30, 2024, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability experience	\$ 209,410	\$ 4,265,086
Investment experience	562,148	631,861
Change of assumptions	591,125	411,955
Changes in proportion and difference between employer contributions and proportionate share of contributions	442,234	209,114
Contributions subsequent to the measurement date of June 30, 2023	98,111	-
Total	<u>\$ 1,903,028</u>	<u>\$ 5,518,016</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$98,111 resulting from the Library's contributions subsequent to the measurement date and before the end of the fiscal year and the implicit subsidy will be included as a reduction of the collective net OPEB liability in the plan year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Library's OPEB expense as follows:

<u>Plan Year</u>	
2025	\$ (980,206)
2026	(1,169,437)
2027	(839,363)
2028	<u>(724,093)</u>
	<u>\$ (3,713,099)</u>

LEXINGTON PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 8—Postemployment benefits other than pensions (“OPEB”) (continued)

Actuarial Assumptions – The following actuarial assumptions were used in performing the actuarial valuation as of June 30, 2022:

Inflation	2.50%
Salary increases	3.30% to 10.30%, varies by service
Payroll Growth Rate	2.0%
Investment rate of return	6.50%
Healthcare cost trend rates	Initial trend starting at 6.80% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare cost trend rates (Post-65)	Initial trend starting at 8.50% in 2025 then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.
Post-retirement (nondisabled)	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 of 2010.

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. These assumptions are documented in the report titled “2022 Actuarial Experiences Study for the Period Ending June 30, 2022”. Additionally, the single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The total OPEB liability as of June 30, 2023, is determined using these updated assumptions.

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

Asset Class	Long-term Expected Real Rate of Return	Target Allocation
Equity		
Public Equity	5.90%	50.00%
Private Equity	11.73%	10.00%
Fixed Income		
Core Fixed Income	2.45%	10.00%
Specialty Credit	3.65%	10.00%
Cash	1.39%	0.00%
Inflation Protected		
Real Estate	4.99%	7.00%
Real Return	5.15%	13.00%
		100.00%

LEXINGTON PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 8—Postemployment benefits other than pensions (“OPEB”) (continued)

Discount Rate – The single discount rate used to calculate the total OPEB liability changed since the prior year. The single discount rate of 5.93% was used to measure the total OPEB liability as of June 30, 2023. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.86%, as reported in Fidelity Index's “20-Year Municipal GO AA Index” as of June 30, 2023. The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

Sensitivity of the Library's Proportionate Share of the Collective Net OPEB Liability to Changes in the Discount Rate – The following presents the Library's proportionate share of the collective net OPEB liability as well as what the Library's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.93%) or 1 percentage point higher (6.93%) than the current discount rate:

	1% Decrease (4.93%)	Current Discount Rate (5.93%)	1% Increase (6.93%)
Lexington Library's net OPEB liability (asset)	\$ 563,697	\$ (300,379)	\$ (1,023,938)

Sensitivity of the Library's Proportionate Share of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, valuation process and was updated to better reflect the plan's anticipated long-term healthcare costs. The following presents the Library's proportionate share of the collective net OPEB liability, as well as what the Library's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current health care cost trend rates:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Lexington Library's net OPEB (asset) liability	\$ (962,768)	\$ (300,379)	\$ 513,303

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KRS financial report.

LEXINGTON PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 9—Interfund transactions

Interfund loans on the fund statements at June 30, 2024 consist of the following receivables and payables:

<u>Fund</u>	<u>Receivables</u>	<u>Payable</u>
General Fund	\$ 3,147,249	\$ 547,029
Library Foundation	-	615
Collection materials	546,875	-
Enterprise Fund	547,029	-
Parking Fund	-	3,693,509
	<u>\$ 4,241,153</u>	<u>\$ 4,241,153</u>

Transfers were made to move Library Foundation contributions to the general fund for operating purposes and to finance construction projects. Interfund transfers on the fund statements at June 30, 2024 consist of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 550,241	\$ -
Library Foundation	-	550,241
	<u>\$ 550,241</u>	<u>\$ 550,241</u>

Note 10—Risk management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. In addition to its general liability insurance, the Library also carries commercial insurance for all other risks of loss such as worker's compensation and employee health and accidental insurance.

Note 11—Long-term liabilities

Parking Garage Debt

The Library purchased the Park Plaza Garage on April 29, 2005 for \$3,001,000. The Library borrowed \$3,515,000 from the Kentucky League of Cities for a term of 29 years to purchase and make repairs and improvements to the parking garage. The debt was broken down into a fixed rate loan of \$2,970,000 with a rate of 4.28% and a variable rate loan of \$545,000. The final maturity of the debt was May 21, 2034. The Library paid the debt in full during the fiscal year ended June 30, 2024.

LEXINGTON PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 11—Long-term liabilities (continued)

Northside Branch Debt

The Library obtained financing for the construction of the Northside branch on September 21, 2008. The Library borrowed \$6,700,000 from the Kentucky League of Cities for a term of 20 years. The debt was broken down into a fixed rate loan of \$5,200,000 with a rate of 3.89% and a variable rate loan of \$1,500,000. The final maturity of the debt is November 1, 2027. The variable rate is based on a weekly rate that is reported to the Kentucky League of Cities by the remarketing agent. At June 30, 2024, the effective rate was 3.89%. The outstanding balance was \$1,262,811.

<u>Fiscal Years Ended June 30,</u>	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 348,998	\$ 41,339	\$ 390,337
2026	365,636	27,548	393,184
2027	383,159	14,039	397,198
2028	165,018	1,557	166,575
Total	<u>\$ 1,262,811</u>	<u>\$ 84,483</u>	<u>\$ 1,347,294</u>

Energy Project Debt

On March 29, 2012, the Library closed on financing for the Energy Project with the Kentucky League of Cities. Financing program revenue bonds, 2014 Series A was issued in the amount of \$1,270,000 at variable interest rates varying from 2.5% to 4.0%. The final maturity of the debt is October 1, 2026. Bond payments are due every February and August. The outstanding bond payable amount was \$260,417 at June 30, 2024.

<u>Fiscal Years Ended June 30</u>	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 95,000	\$ 11,525	\$ 106,525
2026	100,000	8,200	108,200
2027	65,417	4,200	69,617
Totals	<u>\$ 260,417</u>	<u>\$ 23,925</u>	<u>\$ 284,342</u>

LEXINGTON PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 11—Long-term liabilities (continued)

Marksbury Village Branch Debt

On August 17, 2022, the Library closed on financing for the Marksbury Village Branch with Truist Bank in the amount of \$11,586,265. The final maturity of the debt is May 1, 2042. The debt has a fixed rate of 3.13%. Per the agreement, \$1,557,742 of the debt proceeds was used to pay off the existing debt with Kentucky Bank. The outstanding note payable amount was \$10,099,471 at June 30, 2024.

<u>Fiscal Years Ended June 30,</u>	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 726,141	\$ 316,111	\$ 1,042,252
2026	747,763	293,383	1,041,146
2027	816,997	269,978	1,086,975
2028	1,141,401	244,407	1,385,808
2029	970,685	208,681	1,179,366
2030-2034	2,463,391	745,021	3,208,412
2035-2039	2,663,675	284,925	2,948,600
2040-2042	569,605	36,012	605,617
Total	<u>\$ 10,099,658</u>	<u>\$ 2,398,517</u>	<u>\$ 12,498,175</u>

Changes in Long-Term Liabilities

Long-term liability activity for the governmental activities for the year ended June 30, 2024 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Debt obligations	\$ 12,397,670	\$ -	\$ 1,035,201	\$ 11,362,469	\$ 1,075,139
Energy project bond	355,417	-	95,000	260,417	95,000
Governmental activities Long-term liabilities	<u>\$ 12,753,087</u>	<u>\$ -</u>	<u>\$ 1,130,201</u>	<u>\$ 11,622,886</u>	<u>\$ 1,170,139</u>
<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Debt obligations	\$ 1,820,203	\$ -	\$ 1,820,203	\$ -	\$ -
Business-type activities Long-term liabilities	<u>\$ 1,820,203</u>	<u>\$ -</u>	<u>\$ 1,820,203</u>	<u>\$ -</u>	<u>\$ -</u>

LEXINGTON PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 12—Leases payable

The Library, as a lessee, recognizes a lease liability and ROU asset at the commencement of the lease term. The lease liability is based on the present value of the lease payments expected to be paid during the lease term. The ROU asset is valued at the lease liability in addition to accumulated amortization expense recognized throughout the life of the leases. The lease liability was discounted to the net present value by using a 2.78% implied interest rate.

The Library has entered into operating leases for the rental of building space. The Library recognizes ROU assets and liabilities for building leases. As of June 30, 2024, the lease liability was as follows:

Governmental Activities	Beginning Lease Liability	Reduction	Ending Balance	Implied Interest	Annual Lease Payments*
Building lease	\$ 400,277	\$ 87,461	\$ 312,816	\$ 10,466	\$ 97,927
Governmental Activities: Lease liabilities	<u>\$ 400,277</u>	<u>\$ 87,461</u>	<u>\$ 312,816</u>	<u>\$ 10,466</u>	<u>\$ 97,927</u>

*Annual Lease Payment = Receivable Reduction + Implied Interest

Gardenside Shopping Center Lease

The Library had a building lease for the use of approximately 5,200 square feet located at Gardenside Shopping Center. The lease commenced May 1, 2022, and ended on April 31, 2024.

Floyd Drive Lease

The Library currently has a building lease for the use of approximately 9,400 square feet located at 932 Floyd Drive. The amended lease commenced on August 1, 2020, and ends on July 31, 2025, with the option for a one additional period of five years. As of June 30, 2023, the Library is reasonably certain the lease will be extended. The terms of this agreement include monthly rent of \$4,504 during the amended period and increasing to \$4,700 a month after the extension period.

The future minimum lease payments for the above leases are as follows:

Fiscal Years Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 45,936	\$ 8,114	\$ 54,050
2026	49,409	6,795	56,204
2027	51,001	5,399	56,400
2028	52,437	3,963	56,400
2029	53,913	2,487	56,400
Thereafter	60,120	980	61,100
Totals	<u>\$ 312,816</u>	<u>\$ 27,738</u>	<u>\$ 340,554</u>

LEXINGTON PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024

Note 13—Accrued vacation

When an employee terminates employment with the Library, they are paid for their vacation time remaining, up to 150 hours. A liability is recorded on the statement of net position for the total amount of vacation earned, not exceeding 150 hours for each employee. The amount of accrued vacation as of June 30, 2024 was \$410,295.

Note 14—Pledges receivable

Pledges receivable consist of the following at June 30, 2024:

Receivable in less than one year	\$ 450,691
Receivable in one to five years	523,948
Total pledges receivable	<u>974,639</u>
Less allowance for uncollectible pledges	-
Less discount to net present value	<u>(44,333)</u>
Pledges receivable, net	<u><u>\$ 930,306</u></u>

Discount to net present value rates were 4.52% for the year ended June 30, 2024. No allowance for uncollectible pledges is considered necessary as management considers all pledges to be fully collectible.

REQUIRED SUPPLEMENTARY INFORMATION

LEXINGTON PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE AND EXPENDITURES – BUDGET AND ACTUAL –
GENERAL FUND

YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Unfavorable) Favorable Budget</u>
Support:				
Grants:				
State aid grant	\$ 305,000	\$ 305,000	\$ 305,000	\$ -
LFUCG appropriation				
Unrestricted	18,231,946	18,231,946	18,753,806	521,860
Donations				
Restricted	25,000	25,000	15,000	(10,000)
Total Support	<u>18,561,946</u>	<u>18,561,946</u>	<u>19,073,806</u>	<u>511,860</u>
Revenue:				
Interest earned				
Unrestricted	75,000	75,000	1,009,549	934,549
Restricted	-	-	179,853	179,853
Rental income	5,000	5,000	-	(5,000)
Miscellaneous	44,000	44,000	661,482	617,482
Total Revenue	<u>124,000</u>	<u>124,000</u>	<u>1,850,884</u>	<u>1,726,884</u>
Total Support and Revenue	<u>18,685,946</u>	<u>18,685,946</u>	<u>20,924,690</u>	<u>2,238,744</u>
Expenditures:				
Salaries wages and employee benefits	11,892,396	11,892,396	10,876,539	1,015,857
Operating expenses	3,795,640	3,795,640	3,404,985	390,655
Friends program support	-	-	14,775	(14,775)
Grant expense	65,000	65,000	56,999	8,001
Principal payment on debt	1,130,459	1,130,459	1,130,201	258
Capital purchases	715,164	715,164	8,126,039	(7,410,875)
Debt service	421,792	421,792	420,819	973
Total Expenses	<u>18,020,451</u>	<u>18,020,451</u>	<u>24,030,357</u>	<u>(6,009,906)</u>
Support and Revenue Over Expenses	665,495	665,495	(3,105,667)	(3,771,162)
Other Financing Sources (Uses):				
Transfers	640,000	640,000	550,241	(89,759)
Net change in fund balances	1,305,495	1,305,495	(2,555,426)	(3,860,921)
Fund balances, beginning of year	24,962,741	24,962,741	24,962,741	-
Fund balances, end of year	<u>\$ 26,268,236</u>	<u>\$ 26,268,236</u>	<u>\$ 22,407,315</u>	<u>\$ (3,860,921)</u>

LEXINGTON PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE AND EXPENDITURES – BUDGET AND ACTUAL –
LIBRARY FOUNDATION

YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	(Unfavorable) Favorable Budget
Support:				
Donations:				
Restricted	\$ 1,575,000	\$ 1,575,000	\$ 1,211,845	\$ (363,155)
Unrestricted	55,000	55,000	104,808	49,808
Total Support and Revenue	<u>1,630,000</u>	<u>1,630,000</u>	<u>1,316,653</u>	<u>(313,347)</u>
Expenditures:				
Foundation	64,000	64,000	48,338	15,662
Total Expenses	<u>64,000</u>	<u>64,000</u>	<u>48,338</u>	<u>15,662</u>
Support and Revenue Over Expenses	<u>1,566,000</u>	<u>1,566,000</u>	<u>1,268,315</u>	<u>(297,685)</u>
Other Financing Sources:				
Transfers	<u>(1,565,000)</u>	<u>(1,565,000)</u>	<u>(550,241)</u>	<u>1,014,759</u>
Net change in fund balances	1,000	1,000	718,074	717,074
Fund balances, beginning of year	<u>1,978,693</u>	<u>1,978,693</u>	<u>1,978,693</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 1,979,693</u></u>	<u><u>\$ 1,979,693</u></u>	<u><u>\$ 2,696,767</u></u>	<u><u>\$ 717,074</u></u>

LEXINGTON PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE AND EXPENDITURES – BUDGET AND ACTUAL –
LIBRARY COLLECTION MATERIALS FUND

YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Unfavorable) Favorable Budget</u>
Support:				
LFUCG appropriations	\$ 2,724,314	\$ 2,724,314	\$ 2,802,293	\$ 77,979
Total Support	<u>2,724,314</u>	<u>2,724,314</u>	<u>2,802,293</u>	<u>77,979</u>
Total Support and Revenue	<u>2,724,314</u>	<u>2,724,314</u>	<u>2,802,293</u>	<u>77,979</u>
Expenses:				
Books and materials	<u>2,724,314</u>	<u>2,724,314</u>	<u>3,114,931</u>	<u>(390,617)</u>
Total Expenses	<u>2,724,314</u>	<u>2,724,314</u>	<u>3,114,931</u>	<u>(390,617)</u>
Net change in fund balances	-	-	(312,638)	(312,638)
Fund balances, beginning of year	<u>584,275</u>	<u>584,275</u>	<u>859,523</u>	<u>275,248</u>
Fund balances, end of year	<u><u>\$ 584,275</u></u>	<u><u>\$ 584,275</u></u>	<u><u>\$ 546,885</u></u>	<u><u>\$ (37,390)</u></u>

LEXINGTON PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NET PENSION LIABILITY AND RELATED RATIOS BASED ON PARTICIPATION IN THE
COUNTY EMPLOYEES RETIREMENT SYSTEM

PLAN FISCAL YEAR ENDING JUNE 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Net Pension Liability for County Employees Retirement Systems	\$ 3,244,377,000	\$ 4,299,525,000	\$ 4,923,618,237	\$ 5,853,307,463	\$ 6,090,305,000	\$ 7,033,044,552	\$ 7,669,917,000	\$ 6,375,785,000	\$ 7,229,013,000	\$ 6,416,509,000
Employer's Proportion (Percentage) of Net Pension Liability	0.22275%	0.22096%	0.23211%	0.22132%	0.22051%	0.21311%	0.20591%	0.19462%	0.19018%	0.21757%
Employer's Proportion (Amount) of Net Pension Liability	\$ 7,227,000	\$ 9,500,354	\$ 11,428,207	\$ 12,954,365	\$ 13,429,732	\$ 14,988,121	\$ 15,792,743	\$ 12,408,742	\$ 13,747,849	\$ 13,960,333
Employer's Covered-Employer Payroll	\$ 5,110,035	\$ 5,110,035	\$ 5,528,283	\$ 5,381,520	\$ 5,381,520	\$ 5,380,130	\$ 5,266,825	\$ 4,969,464	\$ 5,267,106	\$ 6,313,378
Employer's Proportionate Share (Amount) of the Net Pension Liability as a Percentage of Employer's Covered-Employer Payroll	141.43%	185.92%	206.72%	240.72%	249.55%	278.58%	299.85%	249.70%	261.01%	221.12%
Total Pension Plan's Fiduciary Net Position	\$ 6,528,146,000	\$ 6,440,800,000	\$ 6,141,394,419	\$ 6,687,237,000	\$ 7,018,963,000	\$ 7,159,921,000	\$ 7,027,327,000	\$ 8,565,652,000	\$ 7,963,586,000	\$ 8,672,597,000
Total Pension's Plan Pension Liability	\$ 9,772,523,000	\$ 10,740,325,000	\$ 11,065,012,656	\$ 12,540,545,000	\$ 13,109,268,000	\$ 14,192,966,000	\$ 14,697,244,000	\$ 14,941,437,000	\$ 15,192,599,000	\$ 15,089,106,000
Total Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability	66.80%	59.97%	55.48%	53.30%	53.54%	50.45%	47.81%	57.33%	52.42%	57.48%

LEXINGTON PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE
COUNTY EMPLOYEES RETIREMENT SYSTEM

FISCAL YEAR ENDING JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially determined contribution	\$ 659,719	\$ 667,068	\$ 750,722	\$ 791,368	\$ 872,657	\$ 1,016,498	\$ 959,108	\$ 1,115,045	\$ 1,477,330	\$ 1,638,953
Contributions in relation to the actuarially determined contribution	659,719	667,068	750,722	791,368	872,657	1,016,498	959,108	1,115,045	1,477,330	1,638,953
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 5,110,035	\$ 5,528,083	\$ 5,381,520	\$ 5,381,520	\$ 5,380,130	\$ 5,266,825	\$ 4,969,464	\$ 5,267,106	\$ 6,313,378	\$ 7,022,069
Contributions as a Percentage Covered-Employee Payroll	12.91%	12.07%	13.95%	14.71%	16.22%	19.30%	19.30%	21.17%	23.40%	23.34%

LEXINGTON PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LEXINGTON PUBLIC LIBRARY'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY IN THE
COUNTY EMPLOYEES RETIREMENT SYSTEM INSURANCE FUND

PLAN FISCAL YEAR ENDING JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total Net OPEB Liability (Asset) for County Employees Retirement Systems	\$ 2,010,342,058	\$ 1,775,480,122	\$ 1,681,954,950	\$ 2,414,696,000	\$ 1,914,450,000	\$ 1,973,514,000	\$ (138,067,000)
Employer's Proportion (Percentage) of Net OPEB Liability (Asset)	0.221317%	0.220500%	0.213063%	0.205878%	0.190142%	0.190142%	0.217561%
Employer's Proportion (Amount) of Net OPEB Liability (Asset)	\$ 4,449,229	\$ 3,914,936	\$ 3,583,624	\$ 4,971,328	\$ 3,725,079	\$ 3,752,478	\$ (300,379)
Employer's Covered-Employer Payroll	\$ 5,465,250	\$ 5,465,250	\$ 5,380,130	\$ 5,266,825	\$ 4,969,464	\$ 5,267,106	\$ 6,313,378
Employer's Proportionate Share (Amount) of the Net OPEB Liability (Asset) as a Percentage of Employer's Covered-Employer Payroll	81.41%	71.63%	66.61%	94.39%	74.96%	71.24%	-4.76%
Total Insurance Plan's Fiduciary Net Position	\$ 2,212,536,000	\$ 2,414,126,000	\$ 2,569,511,000	\$ 2,581,613,000	\$ 3,246,801,000	\$ 3,079,984,000	\$ 3,398,375,000
Total Insurance Plan OPEB Liability	\$ 4,222,878,000	\$ 4,189,606,000	\$ 4,251,466,000	\$ 4,996,309,000	\$ 5,161,251,000	\$ 5,053,498,000	\$ 3,260,308,000
Total Insurance Plan's Fiduciary Net Position as a Percentage of Total OPEB Liability	52.40%	57.62%	60.44%	51.67%	62.91%	60.95%	104.24%

The above schedule is intended to show information for ten years. Additional years will be displayed as they become available.

LEXINGTON PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF LEXINGTON PUBLIC LIBRARY'S CONTRIBUTIONS IN THE
COUNTY EMPLOYEES RETIREMENT SYSTEM INSURANCE FUND

FISCAL YEAR ENDING JUNE 30

	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	\$ 256,867	\$ 282,995	\$ 250,701	\$ 236,546	\$ 304,439	\$ 214,024	\$ -
Contributions in relation to the actuarially determined contribution	256,867	282,995	250,701	236,546	304,439	214,024	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 5,465,250	\$ 5,380,130	\$ 5,266,825	\$ 4,969,472	\$ 5,267,106	\$ 6,313,378	\$ 7,022,069
Contributions as a percentage covered-employee payroll	4.70%	5.26%	4.76%	4.76%	5.78%	3.39%	0.00%

The above schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**Report of Independent Auditor 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
Lexington Public Library
Lexington, Kentucky

We have audited, 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the Lexington Public Library as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Lexington Public Library's basic financial statements, and have issued our report thereon dated September 23, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lexington Public Library's internal control over financial reporting ("internal control") as a basis for designing 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 Lexington Public Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lexington Public Library's internal control.

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

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

2024-001 Vacation Accrual

Criteria: In accordance with Government Accounting Standard Board standards, the fund financial statements should only include current liabilities normally expected to be liquidated with expendable available financial resources. Governments, in general, are normally expected to liquidate liabilities with expendable available financial resources to the extent that the liabilities mature (come due for payment) each period.

Condition: The Library accrued vacation in the general fund financial statements which was not expected to be liquidated with expendable available financial resources.

Effect: Vacation liabilities on the general fund were overstated and an adjustment was required to remove the liability from the general fund in the amount of \$410,295.

Cause: The Library recorded the entire vacation accrual on the general fund.

Recommendation: The entire balance of accrued vacation should only be recorded on the government wide financial statements.

Management's Response: Management agrees and has posted the adjusting entry.

September 23, 2024
Lexington, Kentucky



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.

Report on Compliance and Other Matters

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