

**Stokes Brown Public Library**  
**(Joint Venture Between the**  
**City of Springfield, Tennessee**  
**and Robertson County, Tennessee)**

Annual Financial Report  
For the Year Ended June 30, 2025

# Stokes Brown Public Library (Joint Venture)

## Annual Financial Report For the Year Ended June 30, 2025

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**Stokes Brown Public Library (Joint Venture)**  
Board of Trustees and Management (Unaudited)  
As of June 30, 2025

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**Board of Trustees**

Paul Nutting, Chair

Lisa Arnold, Vice Chair

Martin Morgan, Treasurer

Renée Wray-Davis, Secretary

Laurel Burr

Norma Dutton

Suzanne Glover

David Walker

Jim Stelluto

**Management**

Michelle Adcock, Library Director

## **Financial Section**



## Independent Auditor's Report

Board of Trustees  
Stokes Brown Public Library

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, and the major fund of Stokes Brown Public Library (the Library) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, and the major fund of the Library, as of June 30, 2025, and the respective changes in financial position and the budgetary comparison for the general fund 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinions.

#### **Emphasis of Matter**

As discussed in Note 13, the Library adopted new accounting guidance under GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 on pages 4-7, the schedule of changes in net pension liability (asset) and related ratios based on participation in the Public Employee Pension Plan of the Tennessee Consolidated Retirement System (TCRS), schedule of contributions based on participation in the Public Employee Pension Plan of the TCRS, and schedule of changes in total OPEB liability and related ratios on pages 32-34, 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 GAAS, 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The schedule of expenditures of federal awards, as required by the state of Tennessee on page 35 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards on page 35 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025 on our consideration of the 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 the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC  
Mt. Juliet, Tennessee  
December 22, 2025

**Stokes Brown Public Library (Joint Venture)**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2025

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**Description of the Financial Statements**

Our discussion and analysis of the Stokes Brown Public Library's (the "Library") financial performance provides an overview of the Library's financial activities for the fiscal year ended June 30, 2025. This should be read in conjunction with the Library's financial statements.

**Financial Highlights**

- Library support from both Robertson County and the City of Springfield totaled \$908 thousand for fiscal year ended June 30, 2025 and \$908 thousand for the fiscal year ended June 30, 2024.
- The Library's net position decreased by \$162 thousand for the year compared to a decrease of \$76 thousand last year.
- The expenses for the year were about \$1.174 million as compared to \$1.155 million in the prior year.

**Using this Report**

This report consists of the following financial statements: the statement of net position, statement of activities and the fund financial statements. The statement of net position and statement of activities provide information about the Library's finances as a whole, whereas the fund financial statements provide more detailed information about the Library's operations.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the Library's assets, deferred outflows, liabilities and deferred inflows, with the net difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the overall financial position of the Library. The Statement of Activities presents information showing how the Library's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Also included in the government-wide statements are two component units. The Stokes Brown Library Public Library Foundation ("the Foundation") and the Friends of Gorham-MacBane Public Library (the Friends of the Library) are both separate, tax-exempt entities that support the Library.

**Fund Financial Statements**

The Library has one fund which is its General Fund. This fund focuses on cash and other assets that can be easily converted to cash. The fund statements include a reconciliation of the difference between the fund statements and the government-wide statements.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found after the basic financial statements in this report.

**Stokes Brown Public Library (Joint Venture)**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2025

**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.

**Condensed Comparative Data**

**TABLE A-1**  
**Condensed Statements of Net Position Excluding Component Units**  
(In thousands of dollars)

	June 30, 2025	June 30, 2024	Dollar Change	Percent Change
Current and other assets	\$ 449	\$ 413	\$ 36	8.7%
Capital assets	3,696	3,838	(142)	(3.7)%
Total assets	4,145	4,251	(106)	(2.5)%
Deferred outflows of resources	76	118	(42)	(35.6)%
Total assets and deferred outflows	\$ 4,221	\$ 4,369	\$ (148)	(3.4)%
Long-term liabilities	\$ 94	\$ 48	\$ 46	95.8%
Other liabilities	42	41	1	2.4%
Total liabilities	136	89	47	52.8%
Deferred inflows of resources	55	46	9	19.6%
Net position:				
Net investment in capital assets	3,696	3,838	(142)	(3.7)%
Restricted	113	47	66	140.72%
Unrestricted	221	349	(128)	(36.7)%
Total net position	\$ 4,030	\$ 4,234	\$ (204)	(4.8)%

**Stokes Brown Public Library (Joint Venture)**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2025

**TABLE A-2**  
**Condensed Statements of Activities Excluding Component Units**  
(In thousands of dollars)

	Year Ended June 30, 2025	Year Ended June 30, 2024	Dollar Change	Percent Change
General revenues	\$ 929	\$ 1,050	\$ (121)	(11.5)%
Program revenues	83	29	54	186.2%
Total revenues	<u>1,012</u>	<u>1,079</u>	<u>(67)</u>	<u>(6.2)%</u>
Salaries and benefits	672	665	7	1.1%
Depreciation expense	263	257	6	2.3%
Other costs	239	233	6	2.6%
Total expenses	<u>1,174</u>	<u>1,155</u>	<u>19</u>	<u>1.6%</u>
Change in net position	(162)	(76)	(86)	113.2%
Beginning net position	4,234	4,310	(76)	(1.8)%
Restatement for change in accounting principle	(42)	-	(42)	
Ending net position	<u>\$ 4,030</u>	<u>\$ 4,234</u>	<u>\$ (204)</u>	<u>(4.8)%</u>

**Overall Analysis**

The Library's overall net position in fiscal year 2025 decreased by 4.8%. Overall revenues decreased by 6.1% from the prior year. The Library's expenses increased by 1.7%.

**Budget Variances in the General Fund**

The general fund revenues were below budgeted revenues by approximately \$42 thousand or about 4%. Total general fund expenditures were approximately \$12 thousand within budget. These things combined resulted in a negative net change in the fund balance of approximately \$29 thousand with an ending balance at June 30, 2025 of approximately \$315 thousand.

**Stokes Brown Public Library (Joint Venture)**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2025**

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**Capital Asset Activity**

At the end of the fiscal year, the Library had \$3.7 million net investment in capital assets. Capital asset reductions in the current year were approximately \$142 thousand.

**Schedules of Changes in Capital Assets**

**TABLE A-3**  
**Capital Assets**  
**(In thousands of dollars)**

	June 30, 2025	June 30, 2024	Dollar Change	Percent Change
Land	\$ 60	\$ 60	\$ -	0.0%
Building and improvements	4,338	4,328	10	0.2%
Books and audio visual	1,365	1,305	60	4.6%
Furniture and equipment	883	832	51	6.1%
Subtotal	6,646	6,525	121	1.9%
Less accumulated depreciation	(2,950)	(2,687)	(263)	9.8%
Net capital assets	<u>\$ 3,696</u>	<u>\$ 3,838</u>	<u>\$ (142)</u>	(3.7)%

**Debt Administration**

The Library does not have any long-term debt at June 30, 2025.

**Requests for Information**

This financial report is designed to provide interested parties with a general overview of the Library's finances and to demonstrate the Library's accountability for the funds it receives. If you have questions about this report or require additional or clarifying information, contact the Library Director at Stokes Brown Public Library, 405 White Street, Springfield, TN 37172.

**Stokes Brown Public Library (Joint Venture)**  
Governmental Fund Balance Sheet/Statement of Net Position  
June 30, 2025

	<b>General fund</b>	<b>Adjustments</b>	<b>Statement of net position</b>	<b>Component units</b>
<b>Assets</b>				
Cash	\$ 337,306	\$ -	\$ 337,306	\$ 139,475
Restricted cash	20,000	-	20,000	-
Certificate of deposit	-	-	-	105,465
Investments	-	-	-	20,179
Net pension asset	-	91,867	91,867	-
Capital assets				
Land	-	60,000	60,000	-
Other capital assets, net of accumulated depreciation	-	3,636,077	3,636,077	-
Total assets	357,306	3,787,944	4,145,250	265,119
<b>Deferred Outflows of Resources</b>				
Deferred outflows, pension	-	72,660	72,660	-
Deferred outflows, OPEB	-	3,709	3,709	-
Total deferred outflows of resources	-	76,369	76,369	-
Total assets and deferred outflows of resources	<b>\$ 357,306</b>			
<b>Liabilities</b>				
Accounts payable	\$ 19,836	\$ -	\$ 19,836	\$ -
Accrued payroll	22,252	-	22,252	-
Compensated absences	-	83,597	83,597	-
OPEB liability	-	10,786	10,786	-
Total liabilities	42,088	94,383	136,471	-
<b>Deferred Inflows of Resources</b>				
Deferred inflows, pension	-	53,711	53,711	-
Deferred inflows, OPEB	-	2,509	2,509	-
Total deferred inflows of resources	-	56,220	56,220	-
<b>Fund Balance</b>				
Nonspendable	20,000	(20,000)	-	-
Unassigned	295,218	(295,218)	-	-
Total fund balance	315,218	(315,218)	-	-
Total liabilities, deferred inflows of resources, and fund balance	<b>\$ 357,306</b>			
<b>Net Position</b>				
Investment in capital assets		3,696,077	3,696,077	-
Restricted, nonexpendable		20,000	20,000	-
Restricted for pension		91,867	91,867	-
Unrestricted		220,984	220,984	265,119
Total net position		<b>\$ 4,028,928</b>	<b>\$ 4,028,928</b>	<b>\$ 265,119</b>

**Stokes Brown Public Library (Joint Venture)**  
Statement of Governmental Fund Revenues, Expenditures, and Changes in  
Fund Balance/Statement of Activities  
For the Fiscal Year Ended June 30, 2025

	<b>General fund</b>	<b>Adjustments</b>	<b>Statement of activities</b>	<b>Component units</b>
<b>Expenditures/Expenses</b>				
Salaries and benefits	\$ 681,448	\$ (9,289)	\$ 672,159	\$ -
Utilities	39,916	-	39,916	-
Telecommunications	13,055	-	13,055	-
Maintenance and repair	76,328	-	76,328	-
Supplies	58,968	-	58,968	17,217
Insurance	3,686	-	3,686	-
Other expenses	26,766	-	26,766	47,202
Information technology	20,823	-	20,823	-
Capital outlay				
Books	37,705	(37,705)	-	-
Audio visual materials	6,144	(6,144)	-	-
Equipment	60,425	(60,425)	-	-
Depreciation	-	263,161	263,161	-
Total expenditures/expenses	<u>1,025,264</u>	<u>149,598</u>	<u>1,174,862</u>	<u>64,419</u>
<b>Program Revenues</b>				
Fines	9,590	-	9,590	-
Grants and contributions	54,897	16,744	71,641	-
Memorials	2,645	-	2,645	-
Fundraising	-	-	-	13,962
Total program revenues	<u>67,132</u>	<u>16,744</u>	<u>83,876</u>	<u>13,962</u>
Net program expense	958,132	132,854	1,090,986	50,457
<b>General Revenues</b>				
Robertson County	453,940	-	453,940	-
City of Springfield	454,141	-	454,141	-
Other income	20,583	-	20,583	39,782
Investment income, net	-	-	-	5,123
Total general revenues	<u>928,664</u>	<u>-</u>	<u>928,664</u>	<u>44,905</u>
Net change in fund balance/ net position	(29,468)	(132,854)	(162,322)	(5,552)
Fund balance/net position, beginning of year, previously reported	344,686	3,889,061	4,233,747	270,671
Change in accounting principle	-	(42,497)	(42,497)	-
Fund balance/net position, beginning of year, as restated	<u>344,686</u>	<u>3,846,564</u>	<u>4,191,250</u>	<u>270,671</u>
Fund balance/net position, end of year	<b>\$ 315,218</b>	<b>\$ 3,713,710</b>	<b>\$ 4,028,928</b>	<b>\$ 265,119</b>

**Stokes Brown Public Library (Joint Venture)**  
Statement of Governmental Fund Revenues, Expenditures, and Changes in  
Fund Balance, Budget and Actual - General Fund  
For the Fiscal Year Ended June 30, 2025

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget (+/-)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Robertson County	\$ 453,940	\$ 453,940	\$ 453,940	\$ -
City of Springfield	453,940	453,940	454,141	201
Fines	7,500	7,500	9,590	2,090
Grants and contributions	55,010	96,010	54,897	(41,113)
Memorials	1,500	1,500	2,645	1,145
Other income	25,200	25,200	20,563	(4,637)
Interest income	10	10	20	10
Total revenues	<u>997,100</u>	<u>1,038,100</u>	<u>995,796</u>	<u>(42,304)</u>
<b>Expenditures</b>				
Operating expenditures				
Salaries and benefits	714,200	693,400	681,448	11,952
Utilities	44,000	40,000	39,916	84
Telecommunications	12,500	13,000	13,055	(55)
Maintenance and repair	52,000	77,000	76,328	672
Supplies	33,500	58,300	58,968	(668)
Insurance	15,000	3,700	3,686	14
Other expenses	25,000	25,800	26,766	(966)
Information technology	21,700	20,700	20,823	(123)
Capital outlay				
Books	44,000	38,000	37,705	295
Audio visual materials	5,200	5,200	6,144	(944)
Equipment	30,000	63,000	60,425	2,575
Total expenditures	<u>997,100</u>	<u>1,038,100</u>	<u>1,025,264</u>	<u>12,836</u>
Net change in fund balance	-	-	(29,468)	<b>\$ (29,468)</b>
Fund balance, beginning of the year	<u>344,686</u>	<u>344,686</u>	<u>344,686</u>	
Fund balance, end of year	<b>\$ 344,686</b>	<b>\$ 344,686</b>	<b>\$ 315,218</b>	

## Stokes Brown Public Library (Joint Venture)

Notes to Financial Statements  
For the Year Ended June 30, 2025

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### Note 1. **Summary of Significant Accounting Policies**

#### **Organization**

Stokes Brown Public Library (the Library), formerly known as Gorham-MacBane Public Library, was created in February 1969 by the City of Springfield (the City) and Robertson County, Tennessee (the County). The City and the County each provide half of the operating funds needed to supplement other revenues of the Library. The purpose of the Library is to furnish information to the citizens of Springfield and Robertson County, Tennessee.

#### **Basis of Presentation**

The Library's financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

#### **Reporting Entities**

The Library is accounted for as a joint venture between Robertson County and the City of Springfield. The City and County agreed to split the operational costs of the Library equally. Board members are appointed by the City and County. Capital assets used by the Library would revert to the City and County if the Library were ever disbanded.

In 2017, the City and County entered into an Interlocal Agreement to jointly fund the operations of the Library. The agreement automatically renews itself from year to year thereafter upon adoption by each party of a fiscal year budget that includes a 50% allocation of funding from each party for the Library's operations.

The Friends of Gorham-MacBane Public Library (the Friends of the Library) is a legally separate, tax-exempt component unit of the Library. The Friends of the Library acts primarily as a fund-raising organization to supplement the resources that are available to the Library in support of its programs. Although the Library does not control the timing or amount of funds available from the Friends of the Library, all funds held by the Friends are for the ultimate benefit of the Library; therefore, the Friends of the Library is considered a component unit and is discretely presented in the Library's financial statements. Financial statements for the Friends of the Library can be obtained from the Treasurer of the Friends of the Library at 405 White Street, Springfield, Tennessee 37172.

The Stokes Brown Public Library Foundation (the Foundation) is a legally separate, tax-exempt component unit of the Library. The Foundation exists to support the Library's Board of Trustees and staff in their efforts to fulfill the Library's mission and goals. The Foundation's purpose is to raise monies for special programs, materials, and other capital improvements outside of the Library's publicly funded operating budget. Although the Library does not control the timing or amount of funds available from the Foundation, all funds held by the Foundation are for the ultimate benefit of the Library, and therefore, the Foundation is considered a component unit and is discretely presented in the Library's financial statements. Financial statements for the Foundation can be obtained from the Treasurer of the Foundation at 405 White Street, Springfield, Tennessee 37172.

Included in the financial statements of the component units are the activities of both the Friends of the Library and the Foundation.

# Stokes Brown Public Library (Joint Venture)

## Notes to Financial Statements For the Year Ended June 30, 2025

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### Note 1. **Summary of Significant Accounting Policies**

#### **Combined Government-wide and Fund Financial Statements**

Combined government-wide and fund financial statements are presented for the Library. The first column of the combined statements presents the fund financial statements of the Library. The third column represents the government-wide financial statements. The adjustments column represents the adjustments necessary to reconcile the fund financial statements to the government-wide statements. The explanations of the reconciling items are presented in notes 11 and 12.

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Library's services are classified as governmental activities. The Library has no business-type activities.

#### **Government-wide Financial Statements**

The government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of the governmental activities of the Library.

This government-wide focus is primarily on the sustainability of the Library as an entity and the change in the Library's net position resulting from the current year's activities.

Measurement focus refers to what is being measured; basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

#### **Fund Financial Statements**

The governmental fund financial statements are reported using the current financial resources focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., 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 within 60 days of the end of the fiscal period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

Fund financial statements report detailed information about the Library. The focus of fund financial statements is on major funds rather than fund type. The financial statements of governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balance.

The financial transactions of the Library are reported in individual funds in the fund financial statements. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

## Stokes Brown Public Library (Joint Venture)

### Notes to Financial Statements For the Year Ended June 30, 2025

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#### Note 1. **Summary of Significant Accounting Policies**

##### **Fund Financial Statements**

The Library reports the following major fund:

General Fund – The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund. All of the essential governmental services are reported in the General Fund.

##### **Fund Balance**

The Library reports fund balances in the governmental fund financial statements which are classified as follows:

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

Restricted – Amounts that can be spent only for specific purposes because of the Library's charter, state or federal laws, or externally-imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by the formal action of a resolution made by the Library's highest level of decision-making authority, the Board of Trustees; to be reported as committed, amounts cannot be used for any other purpose unless the Library takes the same highest level of action, a Board resolution, to remove or change the constraint.

Assigned – Amounts the Library intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority.

Unassigned – Amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Library considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Library considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees or the finance committee has provided otherwise in its commitment or assignment actions.

# Stokes Brown Public Library (Joint Venture)

## Notes to Financial Statements For the Year Ended June 30, 2025

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### Note 1. **Summary of Significant Accounting Policies**

#### **Net Position**

Government-wide fund net position is divided into three components:

Investment in capital assets – Consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position – Consists of assets that are restricted by the Library's creditors (e.g., through debt covenants), by state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted – All other net position is reported in this category.

#### **Financial Statement Accounts**

##### *Cash*

Cash consists of cash on hand, demand deposits, and highly liquid investments (including restricted cash) with maturities of three months or less from the date of acquisition.

##### *Investments*

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of net position. Realized and unrealized gain and loss are reflected in the statement of activities as general revenues. Net long-term investment income includes interest and dividend income, realized gain and loss, and unrealized gain and loss.

##### *Capital Assets*

Capital assets purchased or acquired are reported at historical cost or estimated historical cost, if historical cost is not available. Contributed assets are reported at estimated fair value as of the date received. Costs incurred for repairs and maintenance are expensed as incurred.

Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized as follows:

Buildings and land	Acquisitions with a useful life greater than 1 year
Land improvements	Projects over \$10,000
Building renovations and improvements	Projects over \$100,000 extending the useful life
Equipment	Equipment costing over \$3,000 with a useful life greater than 1 year
Library books and audio visual materials	Acquisitions with a useful life greater than 1 year

# Stokes Brown Public Library (Joint Venture)

## Notes to Financial Statements For the Year Ended June 30, 2025

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### Note 1. **Summary of Significant Accounting Policies**

#### **Financial Statement Accounts**

##### *Capital Assets*

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	7 – 50 years
Land improvements	20 years
Books and audio visual	10 years
Furniture and equipment	5 – 10 years

##### *Revenues*

General revenues consist almost entirely of allocations provided by the City of Springfield and Robertson County. These revenues are recognized when they become available.

Program revenues include fines, donations and gifts, and in-kind allocations from the Red River Regional Library. These revenues have no receivable component and are recognized when collected or provided.

#### **Budgets**

The Library Board appoints a committee, consisting of board members along with the librarian, which formulates the original budget. The budget is prepared on a modified accrual basis of accounting. The budget is then submitted to the full Library Board for approval. After Board approval, it is then submitted to the City of Springfield Aldermen for approval. After the City Aldermen have approved the budget, it is then submitted to the budget committee of the Robertson County Commission. Upon passing review of that budget committee, it is then submitted to the full County Commission, which has the final approval. The operating budget includes proposed expenditures and the means of financing them. Budget amendments require approval by the Board of Trustees. The legal level of budgetary control is the line-item level. When unexpected or excess financing becomes available during the year, the Library Board has given the librarian authority to use her discretion as to how the funds are to be used, unless stipulated by the donor or grantor. Since funding is an unknown variable for the Library, expenditures are difficult to budget throughout the year. As funding becomes available, the board often authorizes additional expenditures. The budgetary basis is consistent with GAAP.

#### **Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements in accordance with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

#### **Jointly Governed Organizations**

The Stokes Brown Public Library Board comprises the governing Board for Robertson County of the Regional Library system, which is a component of the State Library System. The Library does not provide and is not liable for any financial support of the system.

#### **Restricted Resources**

The Library applies expenses against restricted resources first when both restricted and unrestricted resources are available.

## Stokes Brown Public Library (Joint Venture)

### Notes to Financial Statements For the Year Ended June 30, 2025

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#### Note 1. **Summary of Significant Accounting Policies**

##### **Pensions**

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Library's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the Library's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of the TCRS. Investments are reported at fair value.

##### **Other Postemployment Benefit (OPEB) Plan**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined on the same basis as they are reported by the Library. For this purpose, the Library recognizes benefit payments when due and payable in accordance with benefit terms. The Library's OPEB plan is not administered through a trust.

#### Note 2. **Cash**

Deposits in financial institutions are required by state statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions, less the amount protected by Federal Deposit Insurance Corporation insurance (FDIC). Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

The Library is authorized by law to invest idle funds in obligations of the US government and nonconvertible debt securities of the Federal Home Loan Bank, Federal National Mortgage Association, Federal Farm Credit Bank, and Federal Home Loan Mortgage Corporation, and other obligations guaranteed by the US government or any of its agencies. The Library is also authorized to invest in secured certificates of deposit and other evidences of deposit at state and federal chartered banks and savings and loan associations. The Library also may invest in obligations of the US government or its agencies under a repurchase agreement, if the state director of local finance approves repurchase agreements as an authorized investment. Finally, the Library may invest in the local government investment pool created by Title 9, Chapter 4, Part 7, *Tennessee Code Annotated*.

The Library has not adopted formal policies to restrict credit risk, interest rate risk, or custodial risk beyond requirements of state statutes. In addition, the Library has not adopted a formal policy to limit the amount the Library may invest in any one issuer.

At June 30, 2025, the carrying value of the Library's deposits (including those of the component units) totaled \$602,246 and the bank balances totaled \$617,377. Of the bank balances, \$494,940 was insured by the FDIC, and \$122,437 was collateralized by the State of Tennessee Collateral Pool.

## Stokes Brown Public Library (Joint Venture)

### Notes to Financial Statements For the Year Ended June 30, 2025

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#### Note 3. **Nonspendable Fund Balance/Nonexpendable Net Position**

Nonspendable fund balance/nonexpendable net position consists of a \$20,000 endowment that has been restricted by a donor. The Library is allowed to use the earnings only, not the corpus, for general budget purposes. This amount is also reported as restricted cash on the balance sheet.

#### Note 4. **Fair Value Measurements**

The Library and its component units is authorized to invest funds in, among other things, financial institutions, and direct obligations of the Federal Government. During 2023, the Library and its component units invested in certificates of deposit and government sponsored agency securities. The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

GASB Statement No. 72, *Fair Value Measurements and Disclosures*, (GASB 72) defines fair value and expanded disclosures about fair value measurements. GASB 72 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GASB 72 also established a fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

The Library and its component units have implemented the accounting standards topic regarding fair value measurements. The standards define fair value, establish a framework for measuring fair value in accordance with US GAAP and expand disclosures about fair value measurements. These standards use the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes.

Level 2: Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data.

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level I, primarily include certain common stock and preferred stock equities. These investments are traded daily in public markets in the United States and other foreign countries. The fair value of these investments is based on the last reported sales price on the last day of the plan year.

## Stokes Brown Public Library (Joint Venture)

### Notes to Financial Statements For the Year Ended June 30, 2025

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#### Note 4. Fair Value Measurements

Investments that trade in markets that are not considered to be actively traded on a daily basis, but are valued based on quoted market prices, dealer and broker quotations, bid prices, or alternative pricing sources using observable inputs, are classified within Level 2. These include certain US Government and foreign obligations, investment grade corporate bonds and bank loans, certain mortgage and asset backed securities, less liquid listed securities, certain government agency securities, and foreign currency exchange purchase and sales contracts. Common and collective trust funds, investment entities and short- term investment funds, whose underlying assets are primarily invested in securities that are actively traded, are fair valued based upon the redemption value of each unit on the last business day of the plan year.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 investments include private equity funds, real estate investment, limited partnerships, certain mortgage and asset backed and common and collective trust funds that are primarily invested in real estate. The fair value of these investments is determined by estimated provided by independent pricing sources in asset classes, non-binding bid prices from industry vendors and managers, and the net asset value on the last day of plan year.

	Level 1	Level 2	Level 3	Total
Investments in fair value hierarchy				
U.S. Treasury Securities	\$ 20,179	\$ -	\$ -	\$ 20,179

All federal securities, guaranteed by or linked to the U.S. government, are rated Aaa by Moody's and AA+ by Standard & Poor's. (Treasury securities and Federal Home Loan Mortgage Company also have a AAA rating from Fitch). As of June 30, 2025, the investments that constituted a concentration risk due to the investments exceeding 5% of the portfolio balance were the U.S. Treasury Securities.

*Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policies place no specific limit on the weighted average maturity of the Library and its component unit's investment portfolios. However, the average maturity of the portfolios is monitored and managed so that the changing interest rates will cause only minimal deviations in the net asset value. The Cash Investment policy states no maturity greater than 5 years or provided by State Statute. As of June 30, 2025, the investments of the Library and its component units had average weighted maturities.

## Stokes Brown Public Library (Joint Venture)

Notes to Financial Statements  
For the Year Ended June 30, 2025

### Note 4. Fair Value Measurements

*Credit Risk:* Custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, the Library and its component units will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Library and its component units does not have a policy with regard to custodial credit risk of investments. As of June 30, 2025, all investments were insured or registered, or the securities were held by the Library and its component units or its agent in the Library and its component unit's name.

As of June 30, 2025, the Library and its component units had the following investments measured at fair value per GASB Statement No. 72:

	Fair Value Measurements Using			
June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable (Level 3)	
Investments by fair value level				
Debt securities				
U.S. Treasury securities	\$ 20,179	\$ 20,179	\$ -	\$ -
Total investments by fair value level	<b>\$ 20,179</b>	<b>\$ 20,179</b>	<b>\$ -</b>	<b>\$ -</b>
Investments measured at the net asset value (NAV)	\$ -			\$ -
Total investments measured at fair value	<b>\$ 20,179</b>			

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

## Stokes Brown Public Library (Joint Venture)

Notes to Financial Statements  
For the Year Ended June 30, 2025

### Note 5. Capital Assets

Changes in capital assets for the year are as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Capital assets, not being depreciated				
Land	\$ 60,000	\$ -	\$ -	\$ 60,000
Capital assets, being depreciated				
Building and improvements	4,328,248	9,612	-	4,337,860
Books and audio visual	1,304,555	60,594	-	1,365,149
Furniture and equipment	<u>832,055</u>	<u>50,813</u>	<u>-</u>	<u>882,868</u>
	6,464,858	121,019	-	6,585,877
Less: accumulated depreciation				
Building and improvements	1,104,117	104,214	-	1,208,331
Books and audio visual	975,642	68,761	-	1,044,403
Furniture and equipment	<u>606,880</u>	<u>90,186</u>	<u>-</u>	<u>697,066</u>
	<u>2,686,639</u>	<u>263,161</u>	<u>-</u>	<u>2,949,800</u>
Capital assets, net	<b>\$ 3,838,219</b>	<b>\$ (142,142)</b>	<b>\$ -</b>	<b>\$ 3,696,077</b>

Depreciation expense of \$263,161 was charged to the library services governmental activity.

### Note 6. Pension Plan

#### Plan Description

Employees of the Library are provided a defined benefit pension plan (the Plan) through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by statute under Tennessee Code Annotated (TCA), Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

## Stokes Brown Public Library (Joint Venture)

### Notes to Financial Statements For the Year Ended June 30, 2025

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#### Note 6. Pension Plan

##### Benefits Provided

Tennessee Code Annotated (TCA), Title 8, Chapters 34-37, establishes the benefit terms of the Plan and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for non-service-related disability eligibility. The service-related and non-service-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost-of-living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than 0.5%. A 1% COLA is granted if the CPI change is between 0.5% and 1%. A member who leaves employment may withdraw his/her employee contributions, plus any accumulated interest.

##### Employees Covered by Benefit Terms

At the measurement date of June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	6
Active employees	<u>10</u>
	<b>22</b>

##### Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of salary. The Library makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2025, the employer contributions for the Library were \$16,634, based on a rate of 4.26% of covered payroll. By law, employer contributions are required to be paid. The TCRS 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 costs of administration, and an amortized portion of any unfunded liability.

##### Net Pension Liability (Asset)

The Library's net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

## Stokes Brown Public Library (Joint Venture)

### Notes to Financial Statements For the Year Ended June 30, 2025

#### Note 6. Pension Plan

##### Actuarial Assumptions

The total pension liability as of the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44%, based on age, including inflation, and averaging 4.00%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.125%

Mortality rates were based on actual experience, including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2024 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25%. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

##### Actuarial Assumptions

Asset class	Long-term expected real rate of return	Target allocation
US equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
US fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<hr/> <b>100%</b>

## Stokes Brown Public Library (Joint Venture)

### Notes to Financial Statements For the Year Ended June 30, 2025

#### Note 6. Pension Plan

##### Actuarial Assumptions

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75%, based on a blending of the factors described above.

##### Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Library will be made at the ADC rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments to current active and inactive members. Therefore, the long-term expected rate of return on pension plan assets was applied to all periods of projected benefit payments to determine the total pension liability.

	<b>Total pension liability (a)</b>	<b>Plan fiduciary net position (b)</b>	<b>Net pension liability (asset) (a-b)</b>
Balance, June 30, 2023	\$ 791,767	\$ 818,705	\$ (26,938)
Service cost	31,321	-	31,231
Interest	54,485	-	54,485
Differences between expected and actual experience	(37,668)	-	(37,668)
Contributions, employer	-	15,738	(15,738)
Contributions, employees	-	18,472	(18,472)
Net investment income	-	79,987	(79,987)
Benefit payments, including refunds of employee contributions	(31,801)	(31,801)	-
Administrative expenses	-	(1,130)	1,130
Net change	<u>16,337</u>	<u>81,266</u>	<u>(64,929)</u>
Balance, June 30, 2024	<b>\$ 808,104</b>	<b>\$ 899,971</b>	<b>\$ (91,867)</b>

## Stokes Brown Public Library (Joint Venture)

Notes to Financial Statements  
For the Year Ended June 30, 2025

### Note 6. Pension Plan

#### 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 6.75%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (5.75%) or 1% higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current discount rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	\$ 31,321	\$ (91,867)	\$ (189,228)

#### Pension Expense (Negative Pension Expense) and Deferred Outflows/Inflows of Resources Related to Pensions

##### *Pension Expense*

For the year ended June 30, 2025, the Library recognized pension expense of \$2,867.

##### *Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended June 30, 2025, the Library reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 45,725	\$ 45,699
Net difference between projected and actual earnings on pension plan investments	-	8,012
Changes in assumptions	10,301	-
Contributions subsequent to the measurement date of June 30, 2024	16,634	-
	<b>\$ 72,660</b>	<b>\$ 53,711</b>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2024," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

## Stokes Brown Public Library (Joint Venture)

Notes to Financial Statements  
For the Year Ended June 30, 2025

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### Note 6. Pension Plan

#### **Pension Expense (Negative Pension Expense) and Deferred Outflows/Inflows of Resources Related to Pensions**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending June 30,</b>		
2026	\$	10,295
2027		24,701
2028		(16,318)
2029		(16,363)
2030		-
Thereafter		-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

#### **Payable to the Pension Plan**

At June 30, 2025, the Library reported a payable of \$1,415 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

# Stokes Brown Public Library (Joint Venture)

Notes to Financial Statements  
For the Year Ended June 30, 2025

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## Note 7. Other Postemployment Benefits for Retiree Health Insurance

### Plan Description

Employees of the Library are provided with pre-age 65 retiree health insurance benefits through the Local Government OPEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-age 65 retired employees and disability participants of local governments who choose coverage participate in the LGOP.

### Benefits Provided

The Library offers the LGOP to provide health insurance coverage to eligible pre-age 65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO, or the wellness health savings consumer-driven health plan for healthcare benefits. Retired plan members of the LGOP receive the same plan benefits as active employees, at a blended premium rate that considers the cost to all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policies related to direct subsidies provided for the retiree premiums. The Library does not directly subsidize the premiums and is only subject to the implicit subsidy for retirees. The LGOP is funded on a pay-as-you-go basis, with no assets accumulating in trust that meet the criteria of paragraph 4 of GASB Statement No. 75.

### Employees Covered by Benefit Terms

At July 1, 2024, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>9</u>
	<b>9</b>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2025, the Library paid \$1 to the LGOP for OPEB benefits as they came due.

## Stokes Brown Public Library (Joint Venture)

### Notes to Financial Statements For the Year Ended June 30, 2025

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#### Note 7. **Other Postemployment Benefits for Retiree Health Insurance**

##### **Actuarial Assumptions**

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44% to 8.72%, based on age, including inflation, and averaging 4.00%
Healthcare cost trend rates	10.68% for pre-age 65 in 2024, decreasing annually over a 13-year period to an ultimate rate of 4.50%. 13.44% for post-65 in 2024, decreasing annually over an 12-year period to an ultimate rate of 4.50%.
Retirees' share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation, a weighted average has been used, with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2024 valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2021. Post-retirement tables are adjusted with a 19% load for males and a 18% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender-distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, with mortality improvement projected to all future years using Scale MP-2021.

##### **Discount Rate**

The discount rate used to measure the total OPEB liability was 3.93%. This rate reflects the interest rate derived from yields on 20-year tax-exempt general obligation municipal bonds prevailing on the measurement date, with an average rating of AA/Aa, as shown on the Bond Buyer 20-Year Municipal GO AA index.

## Stokes Brown Public Library (Joint Venture)

Notes to Financial Statements  
For the Year Ended June 30, 2025

### Note 7. Other Postemployment Benefits for Retiree Health Insurance

#### Changes in the Total OPEB Liability

	<b>Total OPEB liability</b>
Balance, June 30, 2024	\$ 8,081
Service cost	930
Interest	329
Differences between expected and actual experience	171
Changes in assumptions	1,274
Benefit payments	1
Net changes	2,705
Balance, June 30, 2025	<b>\$ 10,786</b>

#### Changes in Assumptions

The discount rate was changed from 3.65% as of the beginning of the measurement period to 3.93% as of June 30, 2024. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates.

#### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

	<b>1% Decrease (2.93%)</b>	<b>Current discount rate (3.93%)</b>	<b>1% Increase (4.93%)</b>
Total OPEB liability	\$ 11,619	\$ 10,786	\$ 10,001

#### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate:

	<b>1% Decrease (5.60% decreasing to 3.50%)</b>	<b>Healthcare cost trend rates assumption (6.60% decreasing to 4.50%)</b>	<b>1% Increase (7.60% decreasing to 5.50%)</b>
Total OPEB liability	\$ 9,632	\$ 10,786	\$ 12,105

#### OPEB Expense

For the fiscal year ended June 30, 2025, the Library recognized OPEB expense of \$1,257.

## Stokes Brown Public Library (Joint Venture)

Notes to Financial Statements  
For the Year Ended June 30, 2025

### Note 7. Other Postemployment Benefits for Retiree Health Insurance

#### Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2025, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
Differences between actual and expected experience	\$ 476	\$ 826
Changes in assumptions and other inputs	3,232	1,683
Employer payments subsequent to measurement date	<u>1</u>	<u>-</u>
Total	<b>\$ 3,709</b>	<b>\$ 2,509</b>

The amounts show above for "Employer payments subsequent to the measurement date" will be included as a reduction to total OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Year ending June 30,</b>	
2026	\$ (2)
2027	(2)
2028	(2)
2029	73
2030	230
Thereafter	902

In the table above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

### Note 8. State Appropriation

The Library receives support annually from the Red River Regional Library Center (the Center), based on the funding the Center receives from the State of Tennessee and the service area population of Robertson County in relation to other counties serviced by the Center. For the fiscal year ended June 30, 2025, the Library received funding of \$16,744 from the Center to purchase books and audiovisual materials.

### Note 9. Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation claims for which the Library carries commercial insurance. Settlements have not exceeded insurance coverage for any claims in the prior three fiscal years.

## Stokes Brown Public Library (Joint Venture)

Notes to Financial Statements  
For the Year Ended June 30, 2025

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### Note 10. **Concentration/Related Party Transactions**

Stokes Brown Public Library has received over 90% of its operational funding from Robertson County and the City of Springfield.

### Note 11. **Reconciliation of Governmental Fund Balance Sheet to Statement of Net Position**

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

Total fund balance, governmental fund	\$ 315,218
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Amounts reported for governmental activities in the statement of net position are different because of:

Assets and deferred outflows that are not current financial resources in governmental funds but are instead reported in the statement of net position

Capital assets, net of related accumulated depreciation	3,696,077
Deferred outflows related to pension costs and other postemployment benefits	76,369
Net pension asset	91,867

Liabilities and deferred inflows reported in the statement of net position, which are not recorded on the governmental funds as they are not due in the current period

Compensated absences	(83,597)
OPEB liability	(10,786)
Deferred inflows related to pensions and other postemployment benefits	<u>(56,220)</u>
Total net position	<b>\$ 4,028,928</b>

## Stokes Brown Public Library (Joint Venture)

Notes to Financial Statements  
For the Year Ended June 30, 2025

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### Note 12. Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

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

Change in fund balance, governmental funds	\$ (29,468)
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Governmental funds reflect pension, OPEB, and compensated absences as paid; however, in the statement of activities, pension expense net of employee contributions, OPEB, and compensated absences are reported as earned.	9,289
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	16,744
--	--------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which expense exceeded capital outlay in the current period.	<u>(158,887)</u>
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Change in net position	\$ (162,322)
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### Note 13. Restatement of Beginning Net Position

During the current fiscal year, the Library implemented GASB Statement No. 101 (Statement 101), Compensated Absences. Statement 101 updates the recognition and measurement criteria for liabilities related to employee leave benefits, such as vacation and sick leave. Implementation of this standard resulted in an increase to its previously reported liability for compensated absences. Restatements were made to the Library's compensated absences liability and net position as of July 1, 2024. The effect of the change in accounting principle on the Library's net position was as follows:

Net Position, beginning of year, as previously reported	\$ 4,233,747
Change in accounting principle	<u>(42,497)</u>
Net position, beginning of the year, as restated	<b>\$4,191,250</b>

**Required Supplementary Information**

**Stokes Brown Public Library (Joint Venture)**  
Schedules of Changes in Net Pension Liability (Asset) and Related Ratios  
Based on Participation in the Public Employee Pension Plan of the TCRS  
Last Fiscal Year Ending June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>										
Service cost	\$ 31,321	\$ 37,468	\$ 27,067	\$ 19,623	\$ 21,785	\$ 16,934	\$ 9,120	\$ 7,972	\$ 6,963	\$ 5,607
Interest	54,485	52,517	43,730	40,690	46,365	39,848	36,441	34,035	31,633	29,282
Differences between expected and actual experience	(37,668)	(23,347)	79,408	17,720	(115,042)	56,403	20,226	19,687	17,601	20,037
Changes in assumptions			-	30,909	-	-	-	11,566	-	-
Benefit payments, including refunds of employee contributions	(31,801)	(30,875)	(29,975)	(29,562)	(28,897)	(27,388)	(25,838)	(25,307)	(25,056)	(24,808)
Net change in total pension liability	16,337	35,763	120,230	79,380	(75,789)	85,797	39,949	47,953	31,141	30,118
Total pension liability, beginning	791,767	756,004	635,774	556,394	632,183	546,386	506,437	458,484	427,343	397,225
Total pension liability, ending (a)	808,104	791,767	756,004	635,774	556,394	632,183	546,386	506,437	458,484	427,343
<b>Plan Fiduciary Net Position</b>										
Contributions, employer	15,738	9,128	7,201	108,016	23,212	38,783	25,697	22,542	18,006	16,103
Contributions, employee	18,472	18,112	18,002	14,955	13,244	17,392	11,523	10,109	8,075	7,221
Net investment income	79,987	51,712	(30,807)	156,224	26,270	35,503	35,067	42,109	9,503	10,721
Benefit payments, including refunds of employee contributions	(31,801)	(30,875)	(29,975)	(29,562)	(28,897)	(27,388)	(25,838)	(25,307)	(25,056)	(24,808)
Administrative expenses	(1,130)	(980)	(925)	(805)	(774)	(940)	(707)	(424)	(378)	(254)
Net change in plan fiduciary net position	81,266	47,097	(36,504)	248,828	33,055	63,350	45,742	49,029	10,150	8,983
Plan fiduciary net position, beginning of year	818,705	771,608	808,112	559,284	526,229	462,879	417,137	368,108	357,958	348,975
Plan fiduciary net position, end of year (b)	899,971	818,705	771,608	808,112	559,284	526,229	462,879	417,137	368,108	357,958
Net pension liability (asset), end of year (a) - (b)	\$ (91,867)	\$ (26,938)	\$ (15,604)	\$ (172,338)	\$ (2,890)	\$ 105,954	\$ 83,507	\$ 89,300	\$ 90,376	\$ 69,385
Plan fiduciary net position as a percentage of total pension liability	111.37%	103.40%	102.06%	127.11%	100.52%	83.24%	84.72%	82.37%	80.29%	83.76%
Covered-employee payroll	\$ 369,439	\$ 362,222	\$ 360,033	\$ 299,104	\$ 283,109	\$ 347,832	\$ 230,463	\$ 202,174	\$ 161,492	\$ 144,417
Net pension liability (asset) as a percentage of covered-employee payroll	-24.87%	-7.44%	-4.33%	-57.62%	-1.02%	30.46%	36.23%	44.17%	55.96%	48.04%

**Notes to Schedule**

*Changes in Assumptions*

In 2021, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth, and mortality improvements.

**Stokes Brown Public Library (Joint Venture)**  
Schedule of Contributions  
Based on Participation in the Public Employee Pension Plan of the TCRS  
Last Fiscal Year Ending June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially-determined contribution	\$ 16,634	\$ 15,738	\$ 9,128	\$ 7,201	\$ 18,016	\$ 23,212	\$ 38,783	\$ 25,697	\$ 22,542	\$ 18,006
Contributions in relation to the actuarially-determined contribution	<u>16,634</u>	<u>15,738</u>	<u>9,128</u>	<u>7,201</u>	<u>108,016</u>	<u>23,212</u>	<u>38,783</u>	<u>25,697</u>	<u>22,542</u>	<u>18,006</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (90,000)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 390,469	\$ 369,437	\$ 362,232	\$ 360,033	\$ 299,104	\$ 283,109	\$ 347,832	\$ 230,463	\$ 202,174	\$ 161,492
Contributions as a percentage of covered-employee payroll	4.26%	4.26%	2.52%	2.00%	36.11%	8.20%	11.15%	11.15%	11.15%	11.15%

**Notes to Schedules**

Actuarially-determined contribution rates for fiscal year 2025 were calculated based on the results of the June 30, 2023 actuarial valuation.

*Methods and Assumptions Used to Determine Contribution Rates:*

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Amortization period	Varies by year
Asset valuation	10-year smoothed, within a 20.0% corridor to market value
Inflation	2.25%
Salary increases	Graded salary ranges from 8.72% to 3.44%, based on age, including inflation, averaging 4.00%, net of investment expense, including inflation
Investment rate of return	Pattern of retirement determined by experience study
Retirement age	Customized table based on actual experience, including adjustment for some anticipated improvement
Mortality	2.125%
Cost-of-living adjustment	

*Changes in Assumptions*

In 2021, the following assumptions were changed: decrease inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions.

In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified mortality assumptions.

**Stokes Brown Public Library (Joint Venture)**  
Schedule of Changes in the Total OPEB Liability and Related Ratios  
Last Fiscal Year Ending June 30,

	2025	2024	2023	2022	2021	2020	2019
<b>Total OPEB Liability</b>							
Service cost	\$ 930	\$ 657	\$ 658	\$ 872	\$ 1,051	\$ 641	\$ 4,115
Interest	329	195	146	146	201	198	146
Differences between actual and expected experience	171	196	160	(86)	(754)	(1,262)	273
Benefit payments	1	-	-	-	-	-	-
Changes in assumptions and other inputs	<u>1,274</u>	<u>2,170</u>	<u>(2,216)</u>	<u>(545)</u>	<u>552</u>	<u>267</u>	<u>300</u>
Net change in total OPEB liability	2,705	3,218	(1,252)	387	1,050	(156)	4,834
Total OPEB liability, beginning of year	<u>8,081</u>	<u>4,863</u>	<u>6,115</u>	<u>5,728</u>	<u>4,678</u>	<u>4,834</u>	<u>-</u>
Total OPEB liability, end of year	<b>\$ 10,786</b>	<b>\$ 8,081</b>	<b>\$ 4,863</b>	<b>\$ 6,115</b>	<b>\$ 5,728</b>	<b>\$ 4,678</b>	<b>\$ 4,834</b>
Covered-employee payroll	\$ 390,469	\$ 369,437	\$ 362,232	\$ 360,033	\$ 299,104	\$ 283,109	\$ 347,832
Total OPEB liability as a percentage of covered-employee payroll	2.76%	2.19%	1.34%	1.70%	1.92%	1.65%	1.39%

**Notes to Schedule**

There are no assets accumulating in a trust that meet the criteria in paragraph 4 of GASB 75 related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year end.

GASB 75 requires this data to be presented as part of a 10-year schedule, but it is not required to be presented retroactively prior to the implementation date of GASB 75. Years will be added to this schedule in future years until 10 years of information is available.

*Changes in Assumptions*

The discount rate was changed from 3.65% as of the beginning of the measurement period, to 3.93% as of June 30, 2024. This change in assumption increased the total OPEB liability. Other changes changes in assumptions include adjustments to initial per capita costs and slight changes to the near term health care cost trend rates.

## **Supplementary Information**

**Stokes Brown Public Library (Joint Venture)**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2025

Federal Grantor/Pass-through grantor	Program/Cluster name	Assistance listing number	Contract number	Expenditures
<b>Federal Awards</b>				
Pass-through funding through the Tennessee State Library and Archives				
Institute of Museum and Library Services	Grants to States Program	45.310	LS-253654-OLS-23	\$ 2,288
Total federal awards				<b>\$ 2,288</b>

**Notes to Schedule**

Note 1. **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards summarizes the expenditures of the Library under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Library, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Library. Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 2. **Indirect Cost Rate**

The Library has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Trustees  
Stokes Brown Public Library

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the aggregate discretely presented component units, and the major fund of Stokes Brown Public Library (the Library) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 22, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of This Report**

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

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC  
Mt. Juliet, Tennessee  
December 22, 2025

**Stokes Brown Public Library (Joint Venture)**

Summary Schedule of Prior Year Findings

For the Year Ended June 30, 2025

**Financial Statement Findings**

**Finding Number**

N/A

**Finding Title**

There were no prior findings reported.

**Status**

N/A