LAWRENCE PUBLIC LIBRARY

Lawrence, Kansas

Financial Statements

December 31, 2021

LAWRENCE PUBLIC LIBRARY
A Component Unit of the City of Lawrence, Kansas
Annual Financial Statements
For the Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Lawrence Public Library
Lawrence, Kansas

Report on the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lawrence Public Library, Lawrence, Kansas, a component unit of the City of Lawrence, Kansas, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lawrence Public Library as of December 31, 2021, and the respective changes in financial position thereof and the respective 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*. 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 amount 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 judgement, 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.

Other Matters
Required Supplementary Information

The Library has omitted management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedule of the Changes in the Library's total OPEB liability and related ratios on pages 23-24, the schedule of the Library's proportionate share of the net pension liability on page 25, and the schedule of Library contributions on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Government 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.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

March 28, 2022

LAWRENCE PUBLIC LIBRARY
STATEMENT OF NET POSITION
December 31, 2021

Assets and Deferred Outflows of Resources:	
Assets:	
Current assets:	
Cash and cash equivalents	$ 1,856,501
Total current assets	1,856,501
Noncurrent assets:	
Capital assets	5,579,082
Less: Accumulated depreciation	[2,564,552]
Total noncurrent assets	3,014,530
Total assets	4,871,031
Deferred outflow of resources:	
KPERS pension related	617,442
KPERS OPEB related	4,681
Total deferred outflow of resources	622,123
Total assets and deferred outflow of resources	$ 5,493,154
Liabilities and Deferred Inflows of Resources:	
Liabilities:	
Accounts payable	$ 47,207
Accrued liabilities	1,961
Accrued compensation	
Due within one year	94,861
Due in more than one year	192,597
Net pension liability	1,693,486
Other post employment benefit obligation	80,283
Other post employment benefit obligation - KPERS	65,248
Total liabilities	2,175,643
Deferred inflow of resources:	
KPERS pension related	638,955
KPERS OPEB related	13,161
Total deferred inflow of resources	652,116
Total liabilities and deferred inflow of resources	$ 2,827,759
Net Position:	
Net investment in capital assets	$ 3,014,530
Unrestricted	[349,135]
Total net position	$ 2,665,395

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

LAWRENCE PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
Year ended December 31, 2021

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net [Expenses] Revenue and Changes in Net Assets: Total
Governmental activities:				
Culture and recreation	$ 5,206,606	$ 32,303	$ 682,464	$ [4,491,839]
Total	$ 5,206,606	$ 32,303	$ 682,464	[4,491,839]

General Revenues:	
City appropriation	4,978,000
Investments earnings	294
Miscellaneous	10,932
Total general revenues	4,989,226
Change in net position	497,387
Net position - beginning	2,168,008
Net position - ending	$ 2,665,395

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

LAWRENCE PUBLIC LIBRARY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

	General	Capital Improvement	Total Governmental Funds
Assets:			
Cash	$ 1,082,225	$ 774,276	$ 1,856,501
Total Assets	$ 1,082,225	$ 774,276	$ 1,856,501
Liabilities:			
Accounts payable	$ 47,207	$ -	$ 47,207
Accrued liabilities	1,961	-	1,961
Total Liabilities	49,168	-	49,168
Fund Balances:			
Restricted	484,044	-	484,044
Assigned	49,200	774,276	823,476
Unassigned	499,813	-	499,813
Total Fund Balances	1,033,057	774,276	1,807,333
Total Liabilities and Fund Balances	$ 1,082,225	$ 774,276	$ 1,856,501

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

LAWRENCE PUBLIC LIBRARY
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2021

Total Governmental Fund Balances		$ 1,807,333
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 funds		
The cost of capital assets is	$ 5,579,082	
Accumulated depreciation is	2,564,552	3,014,530
OPEB contributions are reported as an expense in the funds and as a deferred outflow of resources in the governmental activities in the statement of net position		4,681
OPEB fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position		[13,161]
Pension contributions are reported as an expense in the funds and as a deferred outflow of resources in the governmental activities in the statement of net position		617,442
Pension fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position		[2,332,441]
The following liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year end consist of:		
Other post employment benefit obligation		[80,283]
Other post employment benefit obligation - KPERS		[65,248]
Accrued compensation		[287,458]
Net Position of Governmental Activities		$ 2,665,395

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

LAWRENCE PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year ended December 31, 2021

	General	Capital Improvement	Total Governmental Funds
Revenues:			
Intergovernmental	$ 5,126,565	$ -	$ 5,126,565
Charges for services	10,152	-	10,152
Use of money and property	117	177	294
Fines, forfeitures and penalties	22,151	-	22,151
Donations and grants	533,899	-	533,899
Miscellaneous	10,932	-	10,932
Transfer in	-	88,102	88,102
Total Revenues	5,703,816	88,279	5,792,095
Expenditures:			
Culture and recreation	5,505,277	-	5,505,277
Transfer out	88,102	-	88,102
Total Expenditures	5,593,379	-	5,593,379
Revenues Over [Under] Expenditures	110,437	88,279	198,716
Fund Balance, January 1	922,620	685,997	1,608,617
Fund Balance, December 31	$ 1,033,057	$ 774,276	$ 1,807,333

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

LAWRENCE PUBLIC LIBRARY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended December 31, 2021

Total Net Change In Fund Balances - Governmental Funds		$ 198,716
Amounts reported for governmental activities in the statement of activities are different because		
Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	$ 823,185	
Depreciation expense and loss on disposal	[589,523]	233,662
In the statement of activities, certain operating expenses - accrued compensation and other post employment benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		1,372
Pension payments are reported as expenditures in the governmental funds and do not affect the statement of net activities		63,637
Changes In Net Position of Governmental Activities		$ 497,387

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

LAWRENCE PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (REGULATORY BASIS) - GENERAL FUND
Year ended December 31, 2021

	Actual	Final/ Original Budget	Variance Positive [Negative]
Revenues:			
Intergovernmental	$ 5,126,565	$ 5,098,000	$ 28,565
Charges for services	10,152	5,000	5,152
Use of money and property	117	2,000	[1,883]
Fines, forfeitures and penalties	22,151	15,000	7,151
Donations and grants	533,899	-	533,899
Miscellaneous	10,932	-	10,932
Total Revenues	5,703,816	$ 5,120,000	$ 583,816
Expenditures:			
Salaries	3,278,780	$ 2,865,000	$ [413,780]
Employee benefits	273,902	460,000	186,098
Payroll taxes	221,695	500,000	278,305
Utilities	106,722	100,000	[6,722]
Building supplies	16,298	20,000	3,702
Building repairs and maintenance	60,243	55,000	[5,243]
Library supplies	66,141	79,000	12,859
Books, periodicals and materials	700,439	710,000	9,561
Equipment	27,287	10,000	[17,287]
Technology	261,929	250,000	[11,929]
Insurance	13,557	16,000	2,443
Shipping	18,783	18,000	[783]
Professional development	28,340	30,000	1,660
Book van and mileage	2,272	2,000	[272]
Programs	321,714	-	[321,714]
Professional fees	32,812	25,000	[7,812]
Advertising and marketing	28,389	30,000	1,611
Capital outlay	92,072	-	[92,072]
Miscellaneous	3,102	-	[3,102]
Transfer out	88,102	-	[88,102]
Total Expenditures	5,642,579	$ 5,170,000	$ [472,579]
Revenues Over [Under] Expenditures	61,237		
Fund Balance, January 1	922,620		
Encumbrances Outstanding	49,200		
Fund Balance, December 31	$ 1,033,057		

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

LAWRENCE PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

1. Summary of Significant Accounting Policies

A. Component Unit

The Lawrence Public Library (the Library) is a related municipal entity of the City of Lawrence, Kansas. The Library building is owned by the City of Lawrence, Kansas, and taxes are levied by the City for Library operations. The Library has no related municipal entities of its own.

B. Government-wide and fund financial statements

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the Library as a whole. For the most part, the effect of interfund activity has been removed from these statements. All activities of the Library are governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Items which are not classified as program revenues are presented as general revenues of the Library.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. There are no nonmajor funds.

C. Measurement Focus, Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to certain compensated absences are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Interest income associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Accounting and Financial Statement Presentation (Continued)

The Library reports the following major governmental funds:

The General Fund is the Library's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Improvement Fund was authorized, under K.S.A. 12-1258, to transfer annually an amount from the general operating fund, not to exceed 10 percent of the amount of money credited to such fund, to a capital improvement fund.

D. Inventories

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

E. Cash and Investments

The Library's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments in the Kansas Municipal Investment Pool (KMIP) are carried at fair value.

Cash balances are invested to the extent available in certificates of deposit and other authorized investments.

F. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the capital assets reported on the statement of net position. Capital assets are defined by the Library as tangible assets with an initial, individual cost of more than $1,000. Capital assets of the Library are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Equipment	5
Collection	10
Building Improvements	20

G. Vacation and Sick Pay

The Library's policy regarding vacation pay permits employees to accumulate a maximum of 28 days. In addition, employees are allowed to accumulate a maximum of 90 days sick leave. Employees are paid unused vacation and 25 percent of unused sick leave upon termination. A liability for unused vacation and sick leave in the amount of $287,458 is accounted for in the government wide financial statements.

1. Summary of Significant Accounting Policies (Continued)

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. Fund Balance Reserves

In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulation of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Library Board. Assigned fund balances include amounts that are constrained by the Library management's intent to be used for specific purposes but are neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available restricted amounts are considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

The following is the detail for fund balance classifications in the financial statements:

	Major Governmental Funds	
	General Fund	Capital Improvement Fund
Fund balances:		
Restricted for:		
Culture and recreation	$ 484,044	$ -
Assigned for:		
Culture and recreation	49,200	-
Capital improvement	-	774,276
Unassigned	499,813	-
Total fund balances	$ 1,033,057	$ 774,276

J. Net Position

Net position represents the difference between assets and liabilities. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

1. Summary of Significant Accounting Policies (Continued)

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Library reports changes in net pension liability proportion and contributions made after the measurement date for other postemployment benefits as deferred outflows of resources in the governmental activities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Differences between expected and actual experience, changes in proportion, and changes in assumptions are reported as deferred inflows for governmental activities.

2. Stewardship, Compliance and Accountability

Budgetary Information

The Lawrence Public Library is a related municipal entity of the City of Lawrence, Kansas. Under Charter Ordinance No. 16, the governing body of the City of Lawrence, Kansas, maintains the tax levy for the maintenance of the Lawrence Public Library, and is responsible for publishing a budget for the Library Fund showing the tax funds to be paid to the Lawrence Public Library. It should be noted the budget figures in this report are internally prepared for management purposes only and are not required to be published.

3. Cash and Investments

The Library's cash is considered to be active funds by management and is invested according to K.S.A. 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county in which the Library is located or in a county adjacent to the Library and the banks provide an acceptable rate for active funds.

Various Library investments are considered to be idle funds by management and are invested according to K.S.A. 12-1675. The statutes requires that the Library invest its idle funds in only temporary notes of the Library, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury bills or notes or the Kansas Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

As of December 31, 2021, the Library had the following investments:

Investment Type	Fair Value	Rating
Kansas Municipal Investment Pool	$ 1,400,841	N/A

KMIP is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the Governor of the State of Kansas. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

3. Cash and Investments (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402. As of December 31, 2021 the City's deposits were considered fully secured.

4. Defined Benefit Pension Plan

Description of Pension Plan. The Library participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
  - State/School employees
  - Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the Library are included in the local employees group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits. Benefits are established by statute and may only be changed by the State Legislature. Members with ten or more years of credited service, may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

4. Defined Benefit Pension Plan (Continued)

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions. Member contributions are established by state law and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2021.

The actuarially determined employer contribution rates and the statutory contribution rates for local employees is 8.87% (not including the 1% contribution rate for the Death and Disability Program). Member contribution rates as a percentage of eligible compensation for the fiscal year ended is 6.00% for local employees.

Employer Allocations. Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the Library's share of the collective pension amounts as of June 30, 2021 was based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal year ended June 30, 2021.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2021, the Library's proportion was .141%, which was an increase of .002% from its proportion measured at June 30, 2020.

Net Pension Liability. At December 31, 2021, the Library reported a liability of $1,693,486 for its proportionate share of the net pension liability.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021, using the following actuarial assumptions:

4. Defined Benefit Pension Plan (Continued)

Assumptions	Rate
Price inflation	2.75%
Wage inflation	3.50%
Salary increases, including wage increases	3.25% to 11.75%, including inflation
Investment rate of return	7.25%

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and set forward as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2016, through December 31, 2018. The experience study is dated January 7, 2020.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, the date of the most recent actuarial valuation, are summarized in the following table:

Asset	Long-Term Allocation	Long-Term Expected Real Rate of Return
U.S Equities	23.50%	5.20%
Non-U.S. Equities	23.50%	6.40%
Private Equity	8.00%	9.50%
Private Real Estate	11.00%	4.45%
Yield Driven	8.00%	4.70%
Real Return	11.00%	3.25%
Fixed Income	11.00%	1.55%
Short Term Investments	4.00%	0.25%
	100.00%	

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police & Firemen, and Judges. Future employer contribution rates were also modeled for Police & Firemen and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

4. Defined Benefit Pension Plan (Continued)

Sensitivity of the Library's proportionate share of the net pension liability to changes in the discount rate. The following tables present the Library's proportionate share of the net pension liability as of June 30, 2021, calculated using the discount rate of 7.50%, as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

1% decrease (6.25%)	Discount rate (7.25%)	1% increase (8.25%)
$2,785,620	$1,693,486	$777,593

Pension Expense. For the year ended December 31, 2021, the Library recognized pension expense of $413,057, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources. As of December 31, 2021, 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
Differences between actual and expected experience	$ 66,846	$ 15,334
Differences between projected and actual earnings on investments	-	601,353
Changes in assumptions	333,365	22,268
Changes in proportion	89,796	-
Total	$ 490,007	$ 638,955

$127,435 reported as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Deferred [Inflows] Outflows Amount
2022	17,094
2023	[550]
2024	[31,588]
2025	[144,790]
2026	10,886
Total	$ [148,948]

5. 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; and natural disasters for which the Library carries commercial insurance to cover such contingencies. Settlements have not exceeded insurance coverage for each of the past three years.

6. Economic Dependency

The Library is economically dependent on the City of Lawrence. Any reduction or termination of the City's financial support could have a significantly negative impact on the Library.

7. Capital Assets

A summary of changes in capital assets follows:

	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021
Collection	$ 3,524,298	$ 663,315	$ 342,346	$ 3,845,267
Equipment	1,595,412	159,871	21,467	1,733,815
Totals at historical cost	5,119,711	823,185	363,813	5,579,083
Less accumulated depreciation for:				
Collection	1,098,001	415,908	229,833	1,284,076
Equipment	1,240,841	60,106	20,471	1,280,476
Total accumulated depreciation	2,338,842	476,014	250,304	2,564,552
Governmental activities capital assets, net	$ 2,780,868	$ 347,171	$ 113,509	$ 3,014,530

The Library's total depreciation expense was charged to governmental functions as follows:

Culture and recreation	$ 476,014

8. Other Postemployment Benefits - KPERS

Plan Description. The Library participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Benefits. Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of $100 and a maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

8. Other Postemployment Benefits - KPERS (Continued)

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Covered Employees. The Library has the following employee covered by the Plan as of June 30, 2021:

Active employees	68
Disabled members	-
Total	68

Total OPEB Liability. The Library's total OPEB liability of $65,248 reported as of December 31, 2021, was measured as of June 30, 2021 (the measurement date), and was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021, using the following actuarial assumptions:

Valuation date	December 31, 2020
Actuarial cost method	Entry age normal
Inflation	2.75%
Salary increases	3.00%
Discount rate (based on 20 year municipal bond rate with an average rating of AA/Aa or better, obtained through the Bond Buyer General Obligation 20-Bond Municipal Index)	2.16%

The discount rate was based on the bond buyer general obligation 20-year municipal bond municipal index.

Mortality rates were based on the RP 2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2021.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2016, through June 30, 2018. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2020 KPERS pension valuation.

The changes in the total OPEB liability are as follows:

8. Other Postemployment Benefits - KPERS (Continued)

	Total KPERS OPEB Liability
Balance 1/1/2021	$ 57,109
Service cost	9,669
Effect of liability gains or losses	[3,160]
Interest	1,476
Changes in assumptions	154
Balance 12/31/2021	$ 65,248

Sensitivity of the total KPERS OPEB liability to changes in the discount rate. The following presents the Library's total OPEB liability calculated using the discount rate of 2.16%, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16%) or 1-percentage point higher (3.16%) than the current rate:

	1% decrease (1.16%)	Discount rate (2.16%)	1% increase (3.16%)
Total KPERS OPEB Liability	$ 68,117	$ 65,248	$ 62,020

Sensitivity of the total KPERS OPEB liability to changes in the healthcare cost trend rates. The following presented the total KPERS OPEB liability of the Library calculated using the current healthcare cost trend rates as well as what the Library's total KPERS OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates. The reader should note that healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS, but this exhibit is provided as it is a required disclosure under GASB 75.

	1% decrease	Healthcare cost Trend rates	1% increase
Total KPERS OPEB Liability	$ 65,248	$ 65,248	$ 65,248

OPEB Expense. For the year ended June 30, 2021, the Library's recognized OPEB expense of $8,139, which includes the changes in the total OPEB liability, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources. At June 30, 2021, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ [12,177]	$ -
Changes of assumptions	[984]	4,681
Total	$ [13,161]	$ 4,681

8. Other Postemployment Benefits - KPERS (Continued)

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling $0 consist of payments made to KPERS for benefits and administrative costs and will be recognized as a reduction in the total OPEB liability during the year ended December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2022	$ [1,243]
2023	[1,243]
2024	[1,243]
2025	[1,243]
2026	[1,196]
Thereafter	[2,312]
Total	$ [8,480]

9. Other Postemployment Benefits

Plan Description. The Library provides for a continuation of medical, prescription drug and dental insurance benefits to eligible early retirees and their spouses. K.S.A. 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan.

Funding Policy. The contribution requirements of plan participants and the Library are established and amended by the Library. The required contribution is based on projected pay-as-you-go financing requirements. Plan participants contributed approximately 100% of the total premiums of the Plan, through their required contribution of $505 per month for retiree-only coverage and $1,600 per month for retiree and dependents coverage.

As of December 31, 2021, the following employees were covered by the benefit terms.

Active employees	51
Retirees and covered spouses	1
Total	52

Actuarial Assumptions. The Library's total OPEB liability of $80,283 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2021, actuarial valuation was determined by utilizing the alternative measurement method, using the following assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

9. Other Postemployment Benefits (Continued)

Valuation date	December 31, 2021
Actuarial cost method	Entry age normal as a level percentage of payroll
Inflation	1.00%
Salary increases	5.30%
Discount rate	2.15%
Healthcare cost trend rates	Medical & Pharmacy: Actual trend is valued for claims, admin costs and retiree contribution premiums based on the December 31, 2020 and December 31, 2021 renewal data. Medical: 4.90% in 2021 through 2030 and after and Pharmacy: 5.90% in 2021 decreasing to 4.30% in 2030 and after

The discount rate was based on an index rate for 20-year, tax-exempt general obligation municipal bonds. Mortality rates were based on Pub-2010 Public Retirement Plan Mortality Tables projected for 10 years.

Changes in the total OPEB liability are as follows:

Balance 1/1/2021	$ 78,699
Service cost	253
Interest	1,736
Economic/demographic gains or losses	[455]
Changes in assumptions	50
Balance 12/31/2021	$ 80,283

The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.15%) or one percentage point higher (3.15%) than the current discount rate:

	1% decrease (1.15%)	Discount rate (2.15%)	1% increase (3.15%)
Total OPEB Liability	$ 81,905	$ 80,283	$ 78,719

The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% decrease	Healthcare cost Trend rates	1% increase
Total OPEB Liability	$ 78,801	$ 80,283	$ 81,786

LAWRENCE PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2021

OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS - KPERS

Schedule of Changes in the Library's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years*

Total OPEB liability	2021	2020	2019	2018
Service cost	$ 9,669	$ 8,529	$ 7,336	$ 7,302
Interest	1,476	1,986	1,860	1,565
Effect of liability gains or losses	[3,160]	[6,515]	-	-
Difference between expected and actual experience	-	-	[2,640]	[3,931]
Changes in assumptions	154	4,895	922	[617]
Net change in total OPEB liability	8,139	8,895	7,478	4,319
Total OPEB liability - beginning	57,109	48,214	40,736	36,417
Total OPEB liability - ending	$ 65,248	$ 57,109	$ 48,214	$ 40,736
Covered-employee payroll	$ 2,683,174	$ 2,577,857	$ 2,518,557	$ 2,266,098
Total OPEB liability as a percentage of covered-employee payroll	2.43%	2.22%	1.91%	1.80%
Actuarially determined contribution	$ 26,823	$ 26,848	$ 25,570	$ 17,950
Actual contribution	$ 26,823	$ 26,848	$ 25,570	$ 17,950
Contributions as a percentage of covered payroll	1.00%	1.04%	1.02%	0.79%

* Data became available with the inception of GASB 75 during fiscal year 2018, therefore 10 years of data is not available.

LAWRENCE PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
For the Year Ended December 31, 2021

OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

Schedule of Changes in the Library's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years*

Total OPEB liability	2021	2020	2019	2018
Interest	$ 1,736	$ 172	$ -	$ -
Service cost	253	-	-	-
Economic/demographic gains or losses	[455]	72,614	-	-
Changes in assumptions	50	[955]	-	-
Net change in total OPEB liability	1,584	71,831	-	-
Total OPEB liability - beginning**	78,699	6,868	-	-
Total OPEB liability - ending	$ 80,283	$ 78,699	$ -	$ -
Covered payroll	$ 2,930,938	$ 2,154,999	$ -	$ -
Total OPEB liability as a percentage of covered-employee payroll	2.74%	3.65%	0.00%	0.00%
Actuarially determined contribution	$ -	$ -	$ -	$ -
Actual contribution	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

* Data became available with the inception of GASB 75 during fiscal year 2018, therefore 10 years of data is not available.

LAWRENCE PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
For the Year Ended December 31, 2021

KPERS PENSION PLAN

Schedule of the Library's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Library's proportion of the net pension liability	0.141%	0.143%	0.139%	0.134%	0.126%	0.124%	0.125%
Library's proportionate share of the net pension liability	$2,785,620	$2,480,373	$1,946,917	$1,864,152	$1,822,287	$1,914,031	$1,638,101
Library's covered-employee payroll	$2,683,174	$2,606,244	$2,490,020	$2,340,556	$2,151,495	$2,059,391	$1,922,835
Library's proportional share of the net pension liability as a percentage of its covered-employee payroll	103.82%	95.17%	78.19%	79.65%	84.70%	92.94%	85.19%
Plan fiduciary net position as a percentage of the total pension liability	81.14%	70.77%	75.02%	74.22%	72.15%	68.55%	71.98%

*The amounts presented for each fiscal year were determined as of 12/31. Data became available with the inception of GASB 68 during the fiscal year 2015, therefore 10 years of data is unavailable.

Schedule of the Library's Contributions
Last Ten Fiscal Years*

	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Contractually required contribution	$ 249,568	$ 231,038	$ 231,695	$ 208,912	$ 198,010	$ 197,507	$ 195,230
Contributions in relation to the contractuallly required contribution	249,568	231,038	231,695	208,912	198,010	197,507	195,230
Contribution deficiency [excess]	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Library's covered-employee payroll	$2,813,618	$2,683,174	$2,606,244	$2,490,020	$2,340,556	$2,151,495	$2,059,391
Contributions as a percentage of covered-employee payroll	8.87%	8.61%	8.89%	8.39%	8.46%	9.18%	9.48%

*The amounts presented for each fiscal year were determined as of 12/31. Data became available with the inception of GASB 68 during the fiscal year 2015, therefore 10 years of data is unavailable.