Doniphan County Library District No. 1

Financial Statement
As of December 31, 2025
and For the Year Then Ended

With Report by Independent Auditors

Shipley & Williams CPAs, LLC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Doniphan County Library District No. 1

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances of the Doniphan County Library District No. 1(the District), as of and for the year ended December 31, 2025 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2025, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of December 31, 2025, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions

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 Statement section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the financial statement is prepared by the District on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 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 statement.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, 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 statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. 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 statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Shipley & Williams CPAs, LLC

Shipley & Williams CPAs, LLC
Topeka, Kansas
June 15, 2026

Statement 1

DONIPHAN COUNTY LIBRARY DISTRICT NO. 1
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances And Accounts Payable	Ending Cash Balance
General Fund:						
General Fund	$ 266,406	$ 637,423	$ 632,159	$ 271,670	$ 15,005	$ 286,675
Special Purpose Funds:						
Capital Improvement	2,526	20,235	180	22,581	-	22,581
Employee Benefits	16,513	110,460	126,973	-	-	-
Total	$ 285,445	$ 768,118	$ 759,312	$ 294,251	$ 15,005	$ 309,256

Composition of Cash:	
Checking account	$ 59,963
Investments	249,293
Total Cash	$ 309,256

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

DONIPHAN COUNTY LIBRARY DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2025

Note 1 – Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

The Doniphan County Library District No. 1 (the District), is a municipality with tax levying authority in Doniphan County, Kansas (the County). The governing body is a seven-member Board of Trustees. The District is a separately administered organization that is dependent on the County for the levy of the District's tax and appointment of the respective governing board. The financial statement includes the accounts and funds of all District operations. The District has four locations in the County: Troy, Elwood, Highland and Wathena. Honor sites were added in Bendena, Denton, Leona, Severance and White Cloud to serve the many communities of the County.

Management of the District has evaluated other possible related municipal entities for inclusion in the financial statement and has determined there are no other related entities, which should be included in the District's financial statement. No additional related municipal entities are required to be included in the District's financial statement.

Regulatory Basis Fund Types

The accounts of the District are organized and operated on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

The following types of funds were utilized in recording the financial activities of the District for the year 2025:

General fund – The chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose funds – Used to account for the proceeds of specific tax levies and other specific regulatory receipt sources that are intended for specified purposes.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash.

The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

Note 1 – Summary of Significant Accounting Policies (continued)

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use regulatory basis of accounting.

Reimbursed Expenses

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

Note 2 – Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

If the District is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The District did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held, and the governing body may amend the budget at that time. No budgets were amended in 2025.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

Note 2 – Budgetary Information (continued)

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Note 3 – Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. Effective January 1, 2026, K.S.A. 9-1402 authorizes financial institutions to secure deposits of public moneys of governmental units through the Kansas Collateral Pool (public moneys pooled method as defined by 2025 Senate Substitute for House Bill 2152). The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District did not have a peak period pledge agreement during 2025, and therefore the District did not designate peak periods.

At December 31, 2025, the carrying amount of the District's deposits was $59,963 and the bank balance was $75,516. The bank balance was held by two banks resulting in a concentration of credit risk. The difference between the carrying amount and the bank balance is outstanding checks. Of the bank balance, all was covered by FDIC insurance.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. Investments are diversified to minimize the risk of loss resulting from overconcentration of assets in a specific maturity period, a single issuer, or an individual class of securities.

Note 3 – Deposits and Investments (continued)

Credit risk – Credit risk is the risk that an issuer to an investment will not fulfill its obligations. Through the investment policies of the outside financial institution, the District limits its investments in commercial paper and corporate bonds. The rating of the District's investments is noted below.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investments are diversified among various issuers and industry types.

As of December 31, 2025, the District had the following investments and maturities.

Investments	Cost	FMV	Maturities (in years) Less than 1	Rating	Percentage of Investments
Cash equivalents	$ 3,251	$ 3,251	$ 3,251	n/a	1%
Mutual funds - open-end	60,908	60,908	60,908	n/a	24%
Mutual funds - preferreds	151,174	118,716	151,174	n/a	61%
GMCF-pooled funds	33,960	33,960	33,960	n/a	14%
	$ 249,293	$ 216,835	$ 249,293		

The District has set up a designated fund through which third party donors can contribute to for the benefit of the District. The designated fund had a fair market value of $18,842, at December 31, 2025. All contributions by outside donors into this designated fund will not be recognized until requested and subsequently received by the District.

Note 4 – Property Taxes

In accordance with governing State statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar-year basis and are levied and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half of the full amounts of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes levied and collected in the year prior to January 1st of the ensuing year.

Note 5 – Interfund Transactions

Operating transfers were as follows:

From	To	Amount	Authority
General	Employee Benefits	$ 54,402	n/a
Capital Improvement	Employee Benefits	18,876	n/a

Note 6 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no decreases in insurance coverage from the prior year.

Note 7 – Stewardship, Compliance, and Accountability

Expenditures in the General Fund and Employee Benefits Fund exceeded the adopted budgets for the year ended December 31, 2025, which is a violation of K.S.A. 79-2935.

Note 8 – Evaluation of Subsequent Events

The District has evaluated events and transactions for potential recognition or disclosure through June 15, 2026, which is the date the financial statement was available for issue.

Regulatory-Required Supplementary Information

SCHEDULE 1

DONIPHAN COUNTY LIBRARY DISTRICT NO. 1
SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget	Expenditures Chargeable to Current Year	Variance Over (Under)
General Fund:					
General Fund	$ 610,000	$ -	$ 610,000	$ 632,159	$ 22,159
Special Purpose Funds:					
Capital Improvement	34,000	-	34,000	180	(33,820)
Employee Benefits	113,350	-	113,350	126,973	13,623

See independent auditor's report on regulatory-required supplementary information.

DONIPHAN COUNTY LIBRARY DISTRICT NO. 1
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Actual	Budget	Variance Over (Under)
Receipts			
Ad valorem tax	$ 525,325	$ 521,549	$ 3,776
Delinquent tax	1,159	-	1,159
Motor vehicle tax	16,988	37,981	(20,993)
Recreational vehicle tax	604	857	(253)
16/20 M vehicle tax	18,150	5,525	12,625
Commercial vehicle tax	1,814	2,173	(359)
Watercraft tax	-	534	(534)
Donations/Trusts	12,182	12,000	182
Grants	11,233	15,000	(3,767)
State aid	3,420	-	3,420
Fees	3,369	3,000	369
Reimbursements	5,164	4,500	664
Interest on idle funds	2,335	2,300	35
Miscellaneous	15	10,000	(9,985)
Transfer in	54,402	-	54,402
Neighborhood revitalization rebate	(18,737)	(16,229)	(2,508)
Total Receipts	637,423	$ 599,190	$ 38,233
Capital improvements	-	$ 5,000	$ (5,000)
Commodities	39,080	40,000	(920)
Materials	70,395	78,000	(7,605)
Operating	103,135	97,000	6,135
Personnel	417,397	350,000	67,397
Technology	2,152	15,000	(12,848)
Transfer out	-	25,000	(25,000)
Total Expenditures	632,159	$ 610,000	$ 22,159
Receipts Over (Under) Expenditures	5,264		
Unencumbered Cash, Beginning	266,406		
Unencumbered Cash, Ending	$ 271,670		

DONIPHAN COUNTY LIBRARY DISTRICT NO. 1
CAPITAL IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Actual	Budget	Variance Over (Under)
Receipts			
Transfer in	$ 18,876	$ 15,000	$ 3,876
Miscellaneous	1,310	10,000	(8,690)
Interest on idle funds	49	-	49
Total Receipts	20,235	$ 25,000	$ (4,765)
Expenditures			
Capital improvements	180	$ 34,000	$ (33,820)
Miscellaneous	-	-	-
Total Expenditures	180	$ 34,000	$ (33,820)
Receipts Over (Under) Expenditures	20,055		
Unencumbered Cash, Beginning	2,526		
Unencumbered Cash, Ending	$ 22,581		

DONIPHAN COUNTY LIBRARY DISTRICT NO. 1
EMPLOYEE BENEFITS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Actual	Budget	Variance Over (Under)
Receipts			
Ad valorem tax	$ 105,930	$ 105,580	$ 350
Delinquent tax	240	-	240
Motor vehicle tax	6,443	8,355	(1,912)
Recreational vehicle tax	140	188	(48)
16/20M vehicle tax	1,129	1,215	(86)
Commercial vehicle tax	365	478	(113)
Watercraft tax	-	118	(118)
Neighborhood revitalization rebate	(3,787)	(3,570)	(217)
Total Receipts	110,460	$ 112,364	$ (1,904)
Expenditures			
Health insurance	49,670	$ 85,000	$ (35,330)
FICA	4,025	25,000	(20,975)
Retirement	-	3,000	(3,000)
Unemployment	-	350	(350)
Transfer out	73,278	-	73,278
Total Expenditures	126,973	$ 113,350	$ 13,623
Receipts Over (Under) Expenditures	(16,513)		
Unencumbered Cash, Beginning	16,513		
Unencumbered Cash, Ending	$ -		