KINSLEY PUBLIC LIBRARY, KINSLEY, KANSAS

Financial Statement With Independent Auditors' Report

For the Year Ended December 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Kinsley Public Library, Kinsley, Kansas
Kinsley, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Kinsley Public Library, Kinsley, Kansas,** a related municipal entity of City of Kinsley, Kansas, as of and for the year ended December 31, 2024 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 matters 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 Library as of December 31, 2024, 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 Library as of December 31, 2024, 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 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 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 Library 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.

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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 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.

Auditors' 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 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 statement.
- 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.

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 individual fund schedules of regulatory basis receipts and expenditures (Schedule 1 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement; however, is 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Library as of and for the year ended December 31, 2023 (not presented herein), and have issued our report thereon dated April 30, 2024, which contained an unmodified opinion on the basic financial statement. The 2023 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/municipal-audits. The 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2024 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2023 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2023 basic financial statement. The 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2023 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 2023 basic financial statement or to the 2023 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 2023 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2023, on the basis of accounting described in Note 1.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Larned, Kansas

January 16, 2026

KINSLEY PUBLIC LIBRARY, KINSLEY, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2024

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	**Ending Unencumbered Cash Balance**	Add Encumbrances and Accounts Payable	**Ending Cash Balance**
Regulatory Basis Fund Types							
General Fund	$ 109,459	-	151,646	138,732	**122,373**	-	**122,373**
Special Purpose Funds							
Capital Improvement Fund	97,950	-	16,307	31,203	**83,054**	15,553	**98,607**
Total Reporting Entity	$ 207,409	-	167,953	169,935	**205,427**	15,553	**220,980**

Composition of Cash		
Money Market Account	$	**27,503**
Checking Account		**92,720**
Savings Account		**48,877**
CD		**51,880**
Total Reporting Entity	$	**220,980**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kinsley Public Library, Kinsley, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Financial Reporting Entity

The Library is a municipal corporation governed by an appointed seven-member board. A related municipal entity is an entity established to benefit the Library and/or its constituents. The Library receives its funding by a tax levy from the City of Kinsley, Kansas. Acquisition or disposition of real property by the board must be approved by the City of Kinsley, Kansas. Bond issuances must also be approved by the City. The Library has no related municipal entities.

The Library is a related municipal entity of City of Kinsley, Kansas.

Basis of Presentation – Fund Accounting

The accounts of the Library are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the Library for the years ended December 31, 2024.

Regulatory Basis Fund Types

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

Special Purpose Fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) 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 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.

The Library 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 Library to use the regulatory basis of accounting.

Reimbursements
The Library 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 of accounting.

NOTE 2 – BUDGETARY INFORMATION

The governing body of the City of Kinsley, Kansas maintains the tax levy for the **Kinsley Public Library, Kinsley, Kansas** and is responsible for publishing a budget for the General Fund showing the tax funds to be paid to the **Kinsley Public Library, Kinsley, Kansas.**

NOTE 3 – DEPOSITS AND INVESTMENTS

Kinsley Public Library, Kinsley, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the Library. The statute requires banks eligible to hold the Library's funds have a main or branch bank in the county in which the Library 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. The Library has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Library'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 Library has no investment policy that would further limit its investment choices.

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

Custodial Credit Risk - Deposits
Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. State statutes require the Library'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 Library does not use "peak periods". All deposits were legally secured at December 31, 2024.

At December 31, 2024, the Library's carrying amount of deposits was $220,980 and the bank balance was $226,077. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, the entire balance was covered by federal depository 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 Library 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. The Library had no investments at December 31, 2024.

NOTE 4 – LITIGATION

Kinsley Public Library, Kinsley, Kansas is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the Library. Currently, there are no legal proceedings.

NOTE 5 – RISK MANAGEMENT

Kinsley Public Library, Kinsley, Kansas, is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than related to employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

NOTE 6 – GRANTS AND SHARED REVENUES

Kinsley Public Library, Kinsley, Kansas participates in numerous state grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Library has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Library, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 7 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description
Kinsley Public Library, Kinsley, Kansas, participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions
K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution

rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.26% for the fiscal year ended December 31, 2024. Contributions to the pension plan from the Library was $8,171 for the year ended December 31, 2024.

Net Pension Liability

At December 31, 2024, the Library's proportionate share of the collective net pension liability reported by KPERS was $76,621. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. The Library's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A.74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2024.

NOTE 9 – COMPENSATED ABSENCES

Vacation leave for the Director is twenty days per year. After ten years continuous employment, the director will earn twenty-five days vacation per year. Vacation leave for the Director may accrue up to forty days or twice the number of vacation days earned in one year, whichever is greater. Vacation leave for full time employees is earned at the rate of one-fourth working day per month. After one year of continuous employment, full-time employees earn ten working days. After three years of continuous employment, full-time employees will earn twelve working days. All vacation must be used by December 31 of the calendar year.

Sick leave is granted to all full-time employees at the rate of one working day per month. Full-time employees may accrue up to sixty days sick leave. All full-time employees in good standing who terminate employment shall be reimbursed for one-fourth of accrued sick leave.

NOTE 10 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis as authorized by Kansas statutes. **Kinsley Public Library, Kinsley, Kansas's** operating transfers and regulatory authority for the year ended December 31, 2024 were as follows:

From	To	Regulatory Authority		Amount
General Fund	Capital Improvement Fund	K.S.A. 12-1258	$	10,000

KINSLEY PUBLIC LIBRARY, KINSLEY, KANSAS

Regulatory-Required Supplementary Information

KINSLEY PUBLIC LIBRARY, KINSLEY, KANSAS
General Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
Appropriation	$	111,372	**122,035**
Southwest Kansas Library		21,000	**21,000**
State of Kansas		570	**591**
Grants		4,700	**375**
Interest		425	**560**
Other		9,161	**7,085**
Total Receipts		147,228	**151,646**
Expenditures			
Personal Services		103,256	**111,073**
Contractual Services		9,517	**7,850**
Commodities		11,347	**9,267**
Capital Outlay		1,293	**163**
Other		46	**379**
Transfers Out		10,000	**10,000**
Total Expenditures		135,459	**138,732**
Receipts Over (Under) Expenditures		11,769	**12,914**
Unencumbered Cash - Beginning		97,690	**109,459**
Unencumbered Cash - Ending	$	109,459	**122,373**

KINSLEY PUBLIC LIBRARY, KINSLEY, KANSAS
Capital Improvement Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Prior Year Actual	**Current Year Actual**
Receipts			
Interest	$	1,663	**2,807**
Donations		-	**3,500**
Transfers In		10,000	**10,000**
Total Receipts		11,663	**16,307**
Expenditures			
Capital Improvement		10,595	**31,203**
Receipts Over (Under) Expenditures		1,068	**(14,896)**
Unencumbered Cash - Beginning		96,882	**97,950**
Unencumbered Cash - Ending	$	97,950	**83,054**