OTTAWA LIBRARY'S MUNICIPAL FINANCIAL REPORTING ENTITY
Ottawa, Kansas

FINANCIAL STATEMENT
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2023

OTTAWA LIBRARY'S MUNICIPAL FINANCIAL REPORTING ENTITY

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234 South Main
Ottawa, Kansas 66067
(785) 242-3170
(785) 242-9250
www.ag.cpa WEB SITE

Agler & Gaeddert CHARTERED
Certified Public Accountants

Harold K. Mayes, CPA
Lucille L. Hinderliter, CPA

INDEPENDENT AUDITOR'S REPOORT

Board of Directors
Ottawa Library
Ottawa, Kansas

Report on Financial Statements
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Ottawa Library's Municipal Financial Reporting Entity as of and for the year ended December 31, 2023 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 of Adverse Opinion 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 Ottawa Library's Municipal Financial Reporting Entity as of December 31, 2023, 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 Ottawa Library's Municipal Reporting Entity as of December 31, 2023, 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 C.

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 responsibility 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 Ottawa Library's Municipal Financial Reporting Entity, 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.

Matters giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note C of the financial statement, the financial statement is prepared by Ottawa Library's Municipal Financial Reporting Entity 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 C 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 Statements
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 C; 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 Ottawa Library's Municipal Financial Reporting Entity 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 Responsibility for the Audit of the Financial Statement
Our objectives are to obtain reasonable assurance about where 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 an 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 judgement made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

1. Exercise professional judgement and maintain professional skepticism throughout the audit.
2. 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.
3. 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 Ottawa Library's Municipal Financial Reporting Entity internal control. Accordingly, no such opinion is expressed.
4. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimate made by management, as well as evaluate the overall presentation of the financial statement.
5. Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ottawa Library's Municipal Financial Reporting Entity 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 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 expenditure-actual and budget and 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 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 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 C.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2024 on our consideration of Ottawa Library's Municipal Financial Reporting Entity internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ottawa Library's Municipal Financial Reporting Entity internal control over financial reporting and compliance.

Prior Year Comparative

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Ottawa Library's Municipal Financial Reporting Entity as of and for the year ended December 31, 2022 (not presented herein), and have issued our report thereon dated April 27, 2023, which contained an unmodified opinion on the basic financial statement. The 2022 basic financial statement and our accompanying report are not presented herein, but available in electronic form from the web site of the Kansas Department of Administration at the following link http//admin.ks.gov/offices/oar/municipal-services. The 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2023 (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 2022 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 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 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 2022 basic financial statement or to the 2022 basic financial statements itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2022 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, 2022, on the basis of accounting described in Note C.

Harold K. Mayes Jr

Harold K. Mayes Jr. CPA
Agler & Gaeddert, Chartered
Ottawa, Kansas
April 24, 2024

OTTAWA LIBRARY'S MUNICIPAL FINANCIAL REPORTING ENTITY

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

REGULATORY BASIS

For the year ended December 31, 2023

Fund	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures
Governmental Type Funds			
General fund	$ 200,750	$ 1,238,218	$ 1,293,804
Special Purpose Funds			
Capital Improvement	326,560	99,889	79,265
Related Municipal Entities			
Endowment	686,283	129,501	7,919
Friends of the Library	9,022	17,099	17,978
Franklin County Literature Festival	21,903	18,239	18,647
	$ 1,244,518	$ 1,502,946	$ 1,417,613

The accompanying notes are an integral part of this statement.

	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
$	145,164	$ 38,110	$ 183,274
	347,184	1,200	348,384
	807,865	0	807,865
	8,143	0	8,143
	21,495	0	21,495
$	1,329,851	$ 39,310	$ 1,369,161

Composition of cash and investments:	
Petty cash	$ 140
Deposits at banks	
Checking account	120,747
Money market accounts	432,265
Related Municipal Entity	
Money market accounts	8,144
Deposits at trust	
Equity investments	807,865
	$ 1,369,161

The accompanying notes are an integral part of this statement.

OTTAWA LIBRARY'S MUNICIPAL FINANCIAL REPORTING ENTITY

NOTES TO FINANCIAL STATEMENT
December 31, 2023

NOTE A. MUNICIPAL REPORTING ENTITY

The Ottawa Library operates under a seven-member form of government, which is appointed by the Ottawa city commission. The Ottawa Library is a separately administered organization that is dependent on the City of Ottawa for the levy of the Library's taxes and appointment of the respective governing board. The Library's financial statements are included in the City of Ottawa's annual financial statements. These financial statements present the Library and its related municipal entities. The related municipal entities are included in the Library's reporting entity because they are established to benefit the Library's and/or its constituents.

Related municipal entity:

1. The Endowment Fund is a separate nonprofit corporate entity under 501 (c) 3 of the internal service code and provides support for the Library's and means for individuals to gift cash, stocks or bonds.
2. The Friends of the Library is a separate nonprofit corporate entity under 501 (c) 3 of the internal service code and provides support for the Library.
3. The Franklin County Literature Festival is an organization that annually supports a literature festival.

NOTE B. REGULATORY BASIS FUND TYPES

The accounts of the Library 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. 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 Library's potential could have the following types of funds.

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 revenues sources that are intended for specific purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and used to make payments of general long-term debt. The Library did not have any funds of this type for the current year.

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Fund – funds financed in whole or part by fees charged to users of goods or services (i.e. enterprise and internal service funds etc.). The Library did not have any funds of this type for the current year.

Trust Fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipality reporting entity scholarship funds, etc.).

Agency Fund – funds used to report assets held by the municipal reporting entity in purely a custodial capacity (payroll clearing fund, county tax collection accounts, etc.). The Library did not have any funds of this type for the current year.

OTTAWA LIBRARY'S MUNICIPAL FINANCIAL REPORTING ENTITY

NOTES TO FINANCIAL STATEMENT
December 31, 2023

NOTE C. 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 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 revenues 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 obligations against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt assignment to a fund, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than mentioned above.

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

NOTE D. 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 the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
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.

The Library budget is included in the City of Ottawa budget and the Library follows the same time line as the City for its budget hearings.

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. There were no such budget amendments for this year.

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.

Adjustment for Qualifying Budget Credits – Municipalities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses.

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 D. BUDGETARY INFORMATION - continued

A legal operating budget is not required for the following special revenue funds:

Capital Improvement	Endowment
Friends of the Library	Franklin County Literature Festival

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

NOTE E. CASH AND INVESTMENTS

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 bank 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 9-1405. The Library has no investments other than money markets.

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the Library 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%. There were no designated "peak periods" during the year. All bank deposits were legally secured at December 31, 2023.

At December 31, 2023, the carrying amount of the Library's cash was $531,658 (which includes $140 in cash on hand) and the bank balance was $657,259. The bank balance was held by four banks, which reduces concentration of credit risk. The difference between carrying amount and bank balance is outstanding checks and deposits. Of the bank balance, $657,259 was covered by federal depository insurance.

At December 31, 2023, the carrying amount of the related municipal entity (Friends of the Library's) cash was $8,143 and the bank balance was $8,143. The bank balance was held by one bank resulting in a concentration of credit risk. The difference between carrying amount and bank balance is outstanding checks and deposits. Of the bank balance, $8,143 was covered by federal depository insurance.

At December 31, 2023, the carrying amount of the related municipal entity (Franklin County Literature Festival) cash deposits were $21,495 and the bank balance was $21,495. The bank balance was held by one bank resulting in a concentration of credit risk. The difference between carrying amount and bank balance is outstanding checks and deposits. Of the bank balance, $21,495 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 be adequately secured. The Library (other than the Endowment as described below) had no such investments at year-end.

NOTE E. CASH AND INVESTMENTS – continued

The rating of the Endowment's investments is noted below. The Endowment fund is a 501(c)(3) not for profit corporation) and as such can invest in money markets, stock equities and fixed income mutual funds. The Endowment is not subject to K.S.A. 12-1675.

Carrying value represents original cost and reinvested income. Investments are reported on the financial statements at carrying value. Fair value is market value based upon quoted market prices.

Investment Type	Cost	Market Value	Maturity	Rating
Cash & Equivalents	$ 46,320	$ 46,320	Annually	N/A
Equities - Mutual Funds	437,556	534,049	Annually	N/A
Fixed Income - Mutual Funds	323,988	305,855	Annually	N/A
	$ 807,865	$ 886,225		

Concentration of Credit Risk: State statutes place no limit on the amount the Endowment may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The Library's allocation of investments as of December 31, 2023 is as follows:

Investments	Percentage of Investments
Money Market Accounts	5%
Equity Mutual funds	55%
Fixed Income Mutual Funds	40%

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 of collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The investments listed below are not secured as described in state statutes:

Fixed Income	$ 323,988
Equity Mutual funds	437,556

NOTE F. LAND PURCHASE EXPENSE

As of December 31, 2019, the Library purchased land at a cost of $317,874. The land was purchased for the purposes of building new Library. While the Library works on plans for the new building, the Library has temporarily leased the land. The Library received the following amounts in regards to leases for the year ended December 31, 2023:

Lease Income:	
228 W 15 Street - House	$ 11,800
240 W 15 Street	4,500
228 W 15 Street - Building	3,600
Rental Deposits	
House	0
Total Income from Leases	$ 19,900

NOTE G. INTERFUND TRANSFERS

Operating transfers were as follows:

Transfer to:	Transfer from:	Statutory Authority		Amount
Capital Improvement	General Fund	K.S.A. 12-118	$	70,000
Endowment	General Fund	K.S.A. 12-118		80
General Fund	Friends of the Library	K.S.A. 12-118		500
Endowment	Friends of the Library	K.S.A. 12-118		2,227

NOTE H. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post-Employment Benefits: As provided by K.S.A. 12-5040, the Library allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the Library is subsidizing the retiree's health insurance plan because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been qualified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (CORBA), the Library makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Compensated Absences: Full time employees may accrue vacation at varying intervals according to length of service up to a maximum of 160 hours. Vacation is paid upon resignation or retirement.

Sick leave accrues at the rate of 8 hours per month for full-time employees, up to a maximum of 480 hours. A percentage of accrued sick leave may be paid to employees in good standing upon resignation or retirement, according to their years of service. The Library's policy is to record vacation and sick leave expense when paid.

There is no accrual for vacation or sick leave in these financial statements. The amounts if accrued for vacation and sick leave would be $77,711.

Death and Disability 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 benefits. The employer contribution rate is set at 1% for the Year ended December 31, 2023.

NOTE I. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description - The Ottawa Library participates in the Kansas Public Employees Retirement System (KPERS) which is 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 Comprehensive Annual 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, Kansas 66603) or by calling 1-888-275-5737.

Contributions - KSA 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 the provisions of Section 414(h) on the Internal Revenue Code.

NOTE I. DEFINED BENEFIT PENSION PLAN - continued

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 Death and Disability Program) and the statutory contribution rate was 8.90% for the fiscal year ended December 31, 2023. Contributions to the pension plan made by the Library were $56,106 for the year ended December 31, 2023.

Net Pension Liability

At December 31, 2023, the Library's proportionate share of the collective net pension liability reported to KPERS was $551,938. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. The Library's proportion of the net pension liability was based on the ratio of the Library'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 recognized long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on 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 J. 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. Settlement of claims has not exceeded commercial insurance coverage in any of the last three fiscal years.

NOTE K. OTHER INFORMATION

Ad Valorem Tax Revenue: The determination of assessed valuation and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's office annually determines assessed valuation and the County Clerk spreads the annual assessment to the taxing units. One-half of the property taxes are due December 20 and distributed to the City and then to the Library by January 20 to finance a portion of the current year's budget. The second half is due May 20 and distributed to the City and then to the Library by June 5. The Library draws available funds from the City as the County Treasurer's office sends fund to the City at designated times throughout the year.

Reimbursed Expenses: The Library records reimbursable expenditures in the fund, which made the disbursement and records the reimbursement as revenue in the same fund. For purposes of budgetary comparisons, the reimbursements are shown as adjustments for qualifying budget credits.

Compliance with Kansas Statutes: References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the State Director of Accounts and Reports and interpretation by the legal representative of the municipality. See note E for cash in excess of FDIC coverage.

Use of restricted versus unrestricted unencumbered cash and receipts: The Library uses restricted unencumbered cash receipts first when both restricted and unrestricted unencumbered cash receipts are available.

Subsequent Events: The Library evaluated subsequent events through April 24, 2024, the date the financial statements were available to be issued. The Library is currently in the fund raising stage for a new building. See Note F for land purchased for this purpose. The Library is also considering the issuance of bonds to cover the construction costs.

REGULATORY BASIS
SUPPLEMENTARY INFORMATION

OTTAWA LIBRARY'S MUNICIPAL FINANCIAL REPORTING ENTITY

Schedule 1

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

REGULATORY BASIS

For the year ended December 31, 2023

Fund	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds					
General Fund	$ 1,450,952	$ 0	$ 1,450,952	$ 1,293,804	$ (157,148)

OTTAWA LIBRARY

Schedule 2a

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the year ended December 31, 2023
(With comparative actual totals for the prior year ended December 31, 2022)

		2023		
	2022	Actual	Budget	Variance Over (Under)
Cash Receipts				
Appropriation From City	$ 1,095,059	$ 1,129,661	$ 1,184,330	$ (54,669)
Interest Income	745	677	650	27
State Aid	3,865	3,977	3,500	477
NEKLS Grant	50,381	58,393	36,017	22,376
Fines & Fees	5,228	9,520	7,725	1,795
Copier & Computer Income	6,270	7,642	9,275	(1,633)
Endowment Interest	0	0	8,400	(8,400)
Gifts	2,423	2,554	200	2,354
Program Income	133	132	100	32
Grants/Fundraising	1,759	3,201	0	3,201
Snack Machine Income	1,200	2,454	0	2,454
Community Reads	10,891	19,507	0	19,507
Transfers In (Capital, FOL, & Endow)	0	500	0	500
Total Cash Receipts	1,177,954	1,238,218	$ 1,250,197	$ (11,979)
Expenditures				
Salaries & Benefits				
Staff Salaries	661,151	720,876	$ 728,456	$ (7,580)
Social Security	47,092	51,567	55,425	(3,858)
KPERS	50,399	56,106	49,690	6,416
Employee Insurance	55,491	69,675	79,432	(9,757)
Unemployment	610	674	732	(58)
Workers' Compensation	2,271	3,851	2,062	1,789
Officer & Director Insurance	2,922	2,922	3,000	(78)
	819,936	905,671	918,797	(13,126)
Materials and Programs				
Juvenile Books	31,512	34,259	33,884	375
Adult Books	48,188	49,792	51,821	(2,029)
Periodicals	7,075	7,938	7,615	323
Audio Visual Materials	38,117	43,084	37,642	5,442
Audio Visual Materials - Children	7,430	6,754	7,331	(577)
Programs	5,000	7,000	7,000	0
Purchases From Gift & Grant Receipts	5,809	13,592	0	13,592
Electronic Access	837	1,207	850	357
	143,968	163,626	146,143	17,483

See Independent Auditor's Report.

OTTAWA LIBRARY

Schedule 2a

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the year ended December 31, 2023
(With comparative actual totals for the prior year ended December 31, 2022)

		2023		
	2022	Actual	Budget	Variance Over (Under)
Expenditures (continued)				
Operating				
Building Insurance	$ 6,139	$ 5,892	$ 6,500	$ (608)
Audit	4,205	4,616	4,000	616
Gas	4,319	5,750	4,607	1,143
Water & Electric	21,685	24,066	22,493	1,573
Telephone	5,081	6,259	4,500	1,759
Postage	2,333	3,634	2,000	1,634
Public Relations	8,149	5,000	5,000	0
Building Maintenance	9,985	12,286	12,000	286
Office Supplies	17,963	11,213	15,048	(3,835)
Copier & Computer Expense	2,847	4,128	2,952	1,176
Meetings, Memberships & Mileage	18,883	26,336	20,000	6,336
Equipment Purchases	6,443	5,452	7,000	(1,548)
Equipment Rental & Repair	8,415	8,897	8,300	597
Miscellaneous	411	893	500	393
Automation Support	6,241	6,297	6,600	(303)
Collection Agency	418	478	1,100	(622)
Computer Software Upgrades	3,309	3,553	6,970	(3,417)
Reserve	0	0	196,442	(196,442)
Snack Machine Expense	1,203	3,963	0	3,963
Community Reads Expense	12,303	15,714	0	15,714
Transfers Out	109,506	70,080	60,000	10,080
	249,838	224,507	386,012	(161,505)
Total Expenditures	1,213,742	1,293,804	$ 1,450,952	$ (157,148)
Receipts Over (Under) Expenditures	(35,788)	(55,586)		
Unencumbered Cash, Beginning of Year	236,538	200,750		
Unencumbered Cash, End of Year	$ 200,750	$ 145,164		

See Independent Auditor's Report.

OTTAWA LIBRARY

Schedule 2b

SPECIAL PURPOSE FUNDS
CAPITAL IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the year ended December 31, 2023
(With comparative actual totals for the prior year ended December 31, 2022)

	2022 Actual	2023 Actual
Cash Receipts		
Interest	$ 892	$ 9,889
Gant/Fundraising	118	100
Lease Income	20,250	19,900
Lease Deposit Income	1,100	0
Donations	339	0
Transfers in	109,506	70,000
Total Cash Receipts	132,205	99,889
Expenditures		
Lease Deposits	0	0
Accounting	700	400
Bank Charges	4	0
Fundraising	46,000	62,694
Signage	0	747
Capital Improvements	28,246	15,424
Total Expenditures	74,950	79,265
Receipts Over (Under) Expenditures	57,255	20,624
Unencumbered Cash, Beginning of Year	269,305	326,560
Unencumbered Cash, End of Year	$ 326,560	$ 347,184

See Independent Auditor's Report.

OTTAWA LIBRARY

Schedule 2c

RELATED MUNICIPAL ENTITY
ENDOWMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the year ended December 31, 2023
(With comparative actual totals for the prior year ended December 31, 2022)

	2022 Actual	2023 Actual
Cash Receipts		
Contributions	$ 15,988	$ 55,511
Dividends	13,947	18,567
Sale of Investments	58,513	167,130
Capital Gains	6,781	4,183
Cost of Investments Sold	(55,611)	(118,197)
Transfers In	0	2,307
Total Cash Receipts	39,618	129,501
Expenditures		
Trustee & Other Fees	7,106	7,919
Total Expenditures	7,106	7,919
Receipts Over (Under) Expenditures	32,512	121,582
Unencumbered Cash, Beginning of Year	653,771	686,283
Unencumbered Cash, End of Year	$ 686,283	$ 807,865

See Independent Auditor's Report.

OTTAWA LIBRARY

Schedule 2d

RELATED MUNICIPAL ENTITY
FRIENDS OF THE LIBRARY
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the year ended December 31, 2023
(With comparative actual totals for the prior year ended December 31, 2022)

	2022 Actual	2023 Actual
Cash Receipts		
Membership	$ 2,640	$ 2,780
Book Sale	6,608	6,558
Interest	2	9
Other	1,719	7,752
Total Cash Receipts	10,969	17,099
Expenditures		
Newsletter	345	433
Reading Programs	2,538	3,000
Wish List	632	360
Franklin Co. Children's Literature Festival	1,000	1,000
O-Town Reads Project	1,000	8,200
Memorials	500	0
Member Expense	0	55
Organizational Dues	25	0
Friends of the Library Building	229	849
Misc. Expense	0	18
Bookmarks	447	0
Endowment Fund Contribution	500	500
KS Reads to Preschoolers	81	125
Adult Summer Reading	1,226	711
Transfers out	0	2,727
Total Expenditures	8,523	17,978
Receipts Over (Under) Expenditures	2,446	(879)
Unencumbered Cash, Beginning of Year	6,576	9,022
Unencumbered Cash, End of Year	$ 9,022	$ 8,143

See Independent Auditor's Report.

OTTAWA LIBRARY

Schedule 2e

RELATED MUNICIPAL ENTITY
FRANKLIN COUNTY LITERATURE FESTIVAL
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the year ended December 31, 2023
(With comparative actual totals for the prior year ended December 31, 2022)

	2022 Actual	2023 Actual
Cash Receipts		
Donations	$ 18,542	$ 17,373
Banquet	604	866
Total Cash Receipts	19,146	18,239
Expenditures		
Airfare	0	961
Sponsor Books	5,741	1,409
Honorarium	12,000	13,500
Hotel	0	550
Insurance	580	375
Meals & Entertainment	1,003	883
Office Supplies	0	111
Postage	0	114
Travel	1,392	744
Total Expenditures	20,716	18,647
Receipts Over (Under) Expenditures	(1,570)	(408)
Unencumbered Cash, Beginning of Year	23,473	21,903
Unencumbered Cash, End of Year	$ 21,903	$ 21,495

See Independent Auditor's Report.

SPECIAL REPORT

234 South Main
Ottawa, Kansas 66067
(785) 242-3170
(785) 242-9250
www.ag.cpa WEB SITE

Agler & Gaeddert CHARTERED
Certified Public Accountants

Harold K. Mayes, CPA
Lucille L. Hinderliter, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFROMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Ottawa Library Board
Ottawa, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of Ottawa Library's Municipal Financial Reporting Entity as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise Ottawa Library's Municipal Financial Reporting Entity basic financial statement, and have issued our report thereon dated April 24, 2024. The Library prepares its financial statements on a regulatory basis of accounting which demonstrates compliance with the Kansas Municipal Audit and Accounting Guide, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United Sates of America.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Harold K. Mayes Jr

Harold K Mayes Jr., CPA
Agler & Gaeddert, Chartered
Ottawa, Kansas
April 24, 2024