Grant County Library

Financial Statement

For the Year Ended December 31, 2022

Grant County Library
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For the Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Honorable Board of Directors
Grant County Library
Ulysses, Kansas 67880

Adverse and Unmodified Opinions

We have audited the accompanying financial statement of the Grant County Library, which comprise the statement of receipts, expenditures and unencumbered cash as of December 31, 2022, 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 Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Grant County Library, as of December 31, 2022, or changes in net position, or cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the financial statement referred to above present fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Grant County Library, as of December 31, 2022, 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* as 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, 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 Grant County 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 Opinions on U.S. Generally Accepted Accounting Principles
As described in Note 1 of the financial statement, the financial statement is prepared by the Grant County Library, on the basis of the financial reporting provisions of *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 and pervasive.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the 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 financial statement that are 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 Grant County 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 double 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards, 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 Grant County 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 Grant County 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 summary of regulatory basis expenditures - actual and budget, individual fund schedules of regulatory basis receipts and expenditures - actual and budget, funds (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 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Grant County Library as of and for the year ended December 31, 2021 (not presented herein), and have issued our reported thereon dated May 3, 2022, which contained an unmodified opinion on the basic financial statement. The 2021 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: http://admin.ks.gov/offices/oar/municipal-services. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2021 (Schedule 2 as listed in the table of contents) is presented for the purposes of additional analysis and is not a required part of the basic financial statement. Such 2021 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 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 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 2021 basic financial statement or to the 2021 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 2021 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, 2021, on the basis of accounting described in Note 1.

Dirks, Anthony & Duncan LLC

DIRKS, ANTHONY & DUNCAN, LLC
Certified Public Accountants

April 25, 2023

Grant County Library
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2022

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances Payable	Ending Cash Balance
General Fund:						
General Fund	$ 481,549	$ 390,176	$ 394,701	477,024	-	$ 477,024
Special Purpose Funds:						
Employee Benefits Fund	245,356	117,080	114,932	247,504	-	247,504
Building Fund	12,975	11	-	12,986	-	12,986
State Aid Fund	224	2,027	2,027	224	-	224
Total Reporting Entity	$ 740,104	$ 509,294	$ 511,659	$ 737,738	$ -	$ 737,738

Composition of Cash:		
	Building Fund	$ 12,987
	Checking Account	431,850
	Certificate of Deposits	292,810
	Petty Cash	91
	Total Reporting Entity	$ 737,738

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

GRANT COUNTY LIBRARY
Notes to the Financial Statement
December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Financial Reporting Entity

The Grant County Library (the Library) is a municipality of the State of Kansas organized under K.S.A. 12-1219, with a five-member Board appointed by the Grant County Commissioners. The Library is a component unit of Grant County, Kansas, as determined under Government Accounting Standards Board (GASB) Standard No 14. The Grant County Library has no related municipal entities.

b) 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 regulatory receipt sources (other than Capital Project and tax levies for long- term debt) that are intended for specified purposes.

Bond and Interest Fund - used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

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 in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund, etc.)

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 municipal reporting entity, scholarship funds, etc.)

Agency Fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

c) 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.

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.

d) Budgetary Information

The Library does not levy taxes, and therefore, is not required to publish a legal operating budget. However, a budget is prepared and used for the purpose of administrative control.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

References made herein to the statutes are not intended as interpretations of law but are offered for consideration of the Director of Accounts and Reports, Kansas Department of Administration and Interpretation by legal repetition of the Municipality.

There were no statute violations noted for the year ending December 31, 2022.

NOTE 3 – DEPOSITS 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 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 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. All deposits were legally secured on December 31, 2022.

At December 31, 2022, the Library's carrying amount of deposits was $737,738 and the bank balance was $764,804. The bank balance was held by two (2) banks resulting in a concentration of credit risk. Of the bank balance, $286,661 was covered by federal depository insurance, and the remaining balance was collateralized with securities held by the pledging financial institutions' agents in the Library's name.

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.

NOTE 4 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description. The Library 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 Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South 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 before 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

NOTE 4 – DEFINED BENEFIT PENSION PLAN (CONT.)

KPERS 3 members. Member contribution 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 to 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 8.90% for KPERS for the fiscal year ended December 31, 2022. Contributions to the pension plan from the Library were $16,739 for KPERS for the year ended December 31, 2022.

Net Pension Liability
At December 31, 2022, the Library's proportionate share of the collective net pension liability reported by KPERS was $1187,29423,631. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. 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 contribution 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 www.kpers.org or can be obtained as described above.
financial statement.

NOTE 5 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

a) 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 retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), 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.

b) Death and Disability Other Post-Employment Benefit
As provided by K.S.A. 74-4927, disable 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 payment. The employer contribution rate is set at 1% for the year ended December 31, 2022.

c) Other Employee Benefits
Compensated Absences. Vacation and sick leave are earned and credited according to a table in the employee policy handbook. Employees may accrue up to 60 days of sick leave. Sick leave is earned by computing the average hours worked per week divided by 5. The amount of unused sick leave at December 31, 2022 is $5,897 in wages and $451 in employee benefits. Vacation pay not taken at year end is not carried over to the next year per the policy handbook.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of this report. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in this financial statement.

Grant County Library

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

Schedule 1

Grant County Library
Summary of Expenditures - Actual and Budget
Regulatory Basis
(Budgeted Funds Only)
For the Year Ended December 31, 2022

Funds	Adopted Budget	Expenditures Chargeable to Current Year Budget	Variance Over (Under)
General Fund:			
General Fund	$ 386,001	$ 394,701	$ 8,700
Special Purpose Fund:			
Employee Benefits Fund	117,080	114,932	(2,148)

Grant County Library
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over (Under)
Receipts				
Appropriations	$ 384,909	$ 384,909	$ 397,979	$ (13,070)
Librarian Collections/Miscellaneous	2,062	3,866	2,685	1,181
Interest on Idle Funds Invested	1,186	1,401	461	940
Total Receipts	388,157	390,176	$ 401,125	$ (10,949)
Expenditures				
Salaries	207,081	203,507	200,969	2,538
Books	25,594	32,079	27,500	4,579
Periodicals	1,459	3,241	1,000	2,241
Supplies and Office Expense	9,402	12,618	13,300	(682)
Repairs and Maintenance	24,030	21,272	25,000	(3,728)
Utilities	25,843	29,306	30,000	(694)
Equipment and Improvements	8,220	5,541	7,500	(1,959)
Insurance and Bonds	20,700	22,881	20,200	2,681
Miscellaneous/Audit	6,792	9,695	9,618	77
Travel and Continuing Education	154	266	500	(234)
Audio-Visual	6,652	13,880	10,000	3,880
Systems	41,325	40,415	40,415	-
Capital Outlay	-	-	-	-
Total Expenditures	377,252	394,701	$ 386,001	8,699
Receipts Over (Under) Expenditures	10,905	(4,525)		$ (19,648)
Unencumbered Cash, January 1	470,644	481,549		
Unencumbered Cash, December 31	$ 481,549	$ 477,024		

Grant County Library
Employee Benefits Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance-Over (Under)
Receipts				
Appropriations	$ 117,080	$ 117,080	$ 124,009	$ (6,929)
Total Receipts	117,080	117,080	$ 124,009	$ (6,929)
Expenditures				
Social Security/Medicare	15,840	15,557	15,374	183
KPERS	17,152	17,710	22,018	(4,308)
Kansas Unemployment	98	85	201	(116)
Health Insurance/Life	77,408	80,958	78,287	2,671
Workmen's Compensation	2,058	622	1,200	(578)
Total Expenditures	112,555	114,932	$ 117,080	(2,148)
Receipts Over (Under) Expenditures	4,525	2,148		$ (4,780)
Unencumbered Cash, January 1	240,831	245,356		
Unencumbered Cash, December 31	$ 245,356	$ 247,504		

Grant County Library
Building Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2021)

	Prior Year	Current Year
Receipts		
Interest on Idle Funds Invested	$ 6	$ 11
Total Receipts	6	11
Expenditures		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	6	11
Unencumbered Cash, January 1	12,969	12,975
Unencumbered Cash, December 31	$ 12,975	$ 12,986

Grant County Library
State Aid Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2021)

	Prior Year	Current Year
Receipts		
State Aid	$ 4,366	$ 2,027
Total Receipts	4,366	2,027
Expenditures		
Books/Periodicals	4,142	2,027
Total Expenditures	4,142	2,027
Receipts Over (Under) Expenditures	224	-
Unencumbered Cash, January 1	-	224
Unencumbered Cash, December 31	$ 224	$ 224