Manhattan Public Library

Financial Statements
As of December 31, 2022
and For the Year Then Ended

With Report by Independent Auditors

KIENTZ & PENICK
CPAs, LLC

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KIENTZ & PENICK
CPAs, LLC

To the Board of Trustees of
Manhattan Public Library
629 Poyntz Ave
Manhattan, Kansas 66502

May 4, 2023

Independent Auditor's Report

Opinion
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Manhattan Public Library (the Library), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Library as of December 31, 2022, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide (KMAAG). Our responsibilities under those standards are further described below in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are required to be independent of the Library and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 statements.

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 statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of American require that the management's discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basis financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Kientz & Penick, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Information

This discussion and analysis of Manhattan Public Library (the Library) financial performance provides an overview of the Library's financial activities for the year ended December 31, 2022. Please read this in conjunction with the Library's financial statements, which begin after this section of the report.

Financial Highlights

During the course of 2022, there were no financial issues of note and the Library was able to conduct business within the limits of the annual budget. The 2022 budget collected 4.537 mils of levied taxes from the City of Manhattan, Kansas (the City), under the Carter Ordinance cap of 6-mill. Oversight and redundancies in processes remain strong, from a management point of view.

There were no major projects that require funding beyond the established budget. Costs for both the Automated Handling Unit and the front desk project have been paid. The Library also completed the sixth year of ten for payment of the expansion bond for the Children's Area. The remaining payments will be approximately $133,500 per year.

At the end of the year, we were able to transfer $147,842 into the Capital Improvement fund which has been above years past. We were also able to provide an additional 6% COLA and 3% merit increase to staff moving into the year ended December 31, 2023. This will help with employee satisfaction and retention by keeping us closer to other salary increases across the community.

The care and upkeep of the building, that has seen different additions completed in different years, remains a challenge. Improvements and updates to the oldest parts of the building and facilities are to be expected. As ongoing issues are addressed, the Library will look for grants and other financial assistance beyond reserves in the Capital Improvement Fund and endowments.

General Budget Overview of Tax Funds

General Fund (Ad Valorem or property tax fund) - income on personal property.

Cash-basis law – KSA 10-113, 10-1121. Expenditures are made in compliance with the cash-basis law. No indebtedness can be created in excess of available funds. A Library cannot spend more tax money than authorized in the annual tax budgets. Money in the General Fund must be spent the year it is received, though a balance may be carried forward for the purpose of paying January bills (the Library reserves funds in the Grant, Fees and Interest Fund for this purpose). Up to 10% of the budgeted funds may be transferred to a Capital Improvement Fund. K.S.A 75-2556 stipulates that municipalities supporting a public library must budget as much or more for the budget year as received in the current year in order for the Library to be eligible for state grant-in-aid through the State Library of Kansas. K.S.A. 12-1220 grants library boards with the authority to levy a tax for the Library in such sum as the library board shall determine. The Library operates under the provision of a Charter Ordinance (established in 1984) that sets the maximum tax levy for the general fund at 6 mills. In addition to 6 mills, Kansas statute and a local ordinance grant the Library board authority to levy a separate tax for an Employee Benefit Fund.

Employee Benefit Fund (EFB) - income on personal property for specific employee benefits.

The fund covers employee health insurance, the Library's contribution to the Kansas Public Library Employee retirement plan (KPERS), social security, workers-compensation insurance and unemployment insurance. Unlike the General Fund, carryover is allowed from previous years, which allows flexibility to reduce the amount of revenue required for the next year and for changes in health insurance costs or employee status which are not known before the budget is due.

General Budget Overview of Non-Tax Funds

Grants, Fees and Interest (GFI)

Includes federal, state, system aid, e-rate reimbursement, income from fines, etc. Non-tax funds are not subject to the cash-basis law – funds may be carried over. State aid is state and federal funding that is redistributed to libraries across Kansas through the State Library of Kansas. It has declined by 70% since 2011.

Endowment

Includes financial support from the Manhattan Library Foundation, the Manhattan Library Association, and monetary gifts from the public.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities on pages 6 and 7 provide information about the activities of the Library as a whole and present a longer-term view to the Library's finances. Fund financial statements start on page 8.

For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Library's operations in more detail than the government-wide statements by providing information about the Library's most significant funds.

Reporting the Library as a Whole

The Statements of Net Position and the Statements of Activities

One of the most important questions asked about the Library's finances is "Is the Library as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Library as a whole and about its activities that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Library's net position and changes in it.

Think of the Library's net position, the difference between assets and liabilities, as one way to measure the Library's financial health or financial position. Over time, increases or decreases in the Library's net position are one indicator of whether financial health is improving or deteriorating.

The following is a summary of the statement of net position:

	2022	%	2021	%
Assets and Deferred Outflows				
Current assets	$ 5,972,873	78%	$ 5,841,057	82%
Noncurrent assets	910,769	12%	880,690	12%
Deferred outflows of resources	734,437	10%	450,081	6%
Total Assets and Deferred Outflows	$ 7,618,079	100%	$ 7,171,828	100%
Liabilities, Deferred Outflows and Net Position				
Current liabilities	$ 63,317	1%	$ 95,379	1%
Noncurrent liabilities	2,248,909	30%	1,426,816	20%
Deferred inflows of resources	3,646,948	48%	4,070,327	57%
Net position	1,658,905	21%	1,579,306	22%
Total Liabilities, Deferred Outflows and Net Position	$ 7,618,079	100%	$ 7,171,828	100%

The most sensitive balance above is the noncurrent liabilities which are predominantly related to the Library's net pension liability as a participant in the State of Kansas, KPERS pension plan.

The following is a summary of significant changes in net position:

	2022	2021
Net Program Expense		
Program revenues	$ 315,233	$ 520,564
Program expenses	(3,593,041)	(3,476,099)
Net Program Expense	(3,277,808)	(2,955,535)
General revenues	3,416,469	3,360,497
Other changes	(59,062)	-
Change in Net Position	$ 79,599	$ 404,962

As shown above, the Library funds the majority of its programs through general revenues, primarily intergovernmental taxes from the City of Manhattan, Kansas.

Fund Financial Statements
Analysis of the Library's major funds begins on page 8. The budgetary statements are on pages 10 and 11 and provide detailed information about the general fund and the employee benefit fund, not the Library as a whole. However, the Library Board established other funds to help or control money for particular purposes or to show that it is meeting legal responsibility for using grants and other monies. The Library uses governmental funds.

The Library's services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can regularly be converted to cash. The governmental fund statements provide a short-term view of the Library's general government operations and the services it provides.

Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. The relationship (or differences) between governmental activities (reported in a statement of net position and the statement of activities) and the governmental funds is provided in the reconciliation at the bottom of the fund financial statements.

Capital Asset Administration
At the end of 2022, the Library had $910,769 invested in capital assets, net of depreciation. The most significant capital acquisition for 2022 was the circulation desk renovation project at a total cost of $350,166, of which $155,344 was incurred in 2021.

Factors Bearing on the Future of the Library
At the time these financial statements were prepared and audited, the Library was aware of the following items that could have significant impact on its finances in the future:

- The care and upkeep of the Library facility, which includes different additions constructed in different years, presents challenges and requires capital improvement funds and endowment funds be monitored for sufficiency.

- The Library continues to closely consider external factors such as (1) the costs of facilities, (2) KPERS and other employee benefit costs, and (3) third-party service charges.

Contacting the Library's Financial Management
This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Library's finances. The report is also designed to show the Library's accountability for the money it receives. Further questions concerning this report, or the financial status of the Library should be directed to:

Eric Norris, Library Director
Manhattan Public Library
629 Poyntz Ave
Manhattan, KS 66502

FINANCIAL STATEMENTS

	Governmental Activities
	Public Library
Assets and Deferred Outflows of Resources	
Assets	
Current Assets	
Cash and cash equivalents	$ 1,862,275
Certificates of deposit	457,769
Intergovernmental receivable	3,575,500
Prepaid expenses and other assets	77,329
Total Current Assets	5,972,873
Noncurrent Assets	
Capital assets, net	910,769
Total Assets	6,883,642
Deferred Outflows of Resources	
KPERS pension plan	734,437
Total Assets and Deferred Outflows of Resources	$ 7,618,079
Liabilities, Deferred Inflows of Resources and Net Position	
Liabilities	
Current Liabilities	
Accounts payable	$ 17,734
Payroll liabilities	45,583
Total Current Liabilities	63,317
Noncurrent Liabilities	
Compensated absences liability	102,696
KPERS net pension liability	2,146,213
Total Noncurrent Liabilities	2,248,909
Total Liabilities	2,312,226
Deferred Inflows of Resources	
KPERS pension plan	71,448
Unavailable intergovernmental receivable	3,575,500
Total Deferred Inflows of Resources	3,646,948
Net Position	
Net investment in capital assets	910,769
Restricted – nonexpendable permanent endowment	582,393
Unrestricted	165,743
Total Net Position	1,658,905
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 7,618,079

	Governmental Activities
	Public Library
Program Expenses	
Personnel services	$ 2464,400
Contractual services	471,774
Commodities	447,757
Miscellaneous	4,884
Capital outlay (for items not meeting capitalization policy)	82,659
Depreciation	121,567
Total Program Expenses	3,593,041
Program Revenues	
Charges for services	76,872
Operating grants and contributions	234,776
Capital grants and contributions	3,585
Total Program Revenues	315,233
Net Program Expense	3,277,808
General Revenues	
Intergovernmental taxes – City of Manhattan, Kansas	3,395,290
Interest income	19,023
Other income	2,156
Total General Revenues	3,416,469
Other Changes in Net Position	
Loss on disposal of capital assets	(59,062)
Change in Net Position	79,599
Net Position – Beginning	1,579,306
Net Position – Ending	$ 1,658,905

	General	Employee Benefit	Capital Improvement	Permanent Endowment	Grants, Fees and Interest	Total
Assets						
Cash and cash equivalents	$ 17,856	$ 589,282	$ 846,750	$ 316,919	$ 91,468	$ 1,862,275
Certificates of deposit	-	-	-	266,112	191,657	457,769
Intergovernmental receivable	2,895,500	680,000	-	-	-	3,575,500
Prepaid expenses and other assets	33,683	-	-	43,448	198	77,329
Total Assets	$ 2,947,039	$ 1,269,282	$ 846,750	$ 626,479	$ 283,323	$ 5,972,873
Liabilities, Deferred Inflows of Resources and Fund Balance						
Liabilities						
Accounts payable	$ 17,856	$ -	$ -	$ 638	$ (760)	$ 17,734
Payroll liabilities	-	45,583	-	-	-	45,583
Total Liabilities	17,856	45,583	-	638	(760)	63,317
Deferred Inflows of Resources						
Unavailable intergovernmental receivable	2,895,500	680,000	-	-	-	3,575,500
Fund Balance						
Nonspendable – prepaid expense	33,683	-	-	43,448	198	77,329
Nonspendable – endowment	-	-	-	582,393	-	582,393
Committed	-	-	846,750	-	-	846,750
Assigned	-	543,699	-	-	283,885	827,584
Unassigned	-	-	-	-	-	-
Total Fund Balance	33,683	543,699	846,750	625,841	284,083	2,334,056
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 2,947,039	$ 1,269,282	$ 846,750	$ 626,479	$ 283,323	$ 5,972,873

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position

Total fund balance from the governmental fund balance sheet above	$ 2,334,056
Capital assets are reported net of accumulated depreciation are not reported in the funds	910,769
The KPERS net pension liability, and related deferred inflows and outflows of resources are not reported in the funds	(1,483,224)
The compensated absences liability is not reported in the funds	(102,696)
Total Net Position on the Statement of Net Position	$ 1,658,905

	General	Employee Benefit	Capital Improvement	Permanent Endowment	Grants, Fees and Interest	Total
Revenues						
Intergovernmental taxes	$ 2,732,400	$ 662,890	$ -	$ -	$ -	$ 3,395,290
Charges for services	-	-	-	-	76,872	76,872
Gifts and bequests	-	-	-	207,966	30,395	238,361
Interest income	-	-	-	2,945	16,078	19,023
Other income	-	-	-	-	2,156	2,156
Total Revenues	2,732,400	662,890	-	210,911	125,501	3,731,702
Expenditures						
Personnel services	1,809,048	587,454	-	-	-	2,396,502
Contractual services	429,211	-	-	-	42,563	471,774
Commodities	291,703	-	-	152,701	3,353	447,757
Miscellaneous	-	-	-	4,200	684	4,884
Capital outlay	73,148	-	2,490	210,279	7,450	293,367
Total Expenditures	2,603,110	587,454	2,490	367,180	54,050	3,614,284
Revenue Over (Under) Expenditures	129,290	75,436	(2,490)	(156,269)	71,451	117,418
Other Financing Sources (Uses)						
Interfund transfers received (sent)	(146,746)	-	146,746	-	-	-
Net Change in Fund Balance	(17,456)	75,436	144,256	(156,269)	71,451	117,418
Fund Balance – Beginning	51,139	468,263	702,494	782,110	212,632	2,216,638
Fund Balance – Ending	$ 33,683	$ 543,699	$ 846,750	$ 625,841	$ 284,083	$ 2,334,056

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	
Net change in fund balance from the above statement of revenues, expenditures and changes in fund balances	$ 117,418
Capital outlay which is charged to expenditure in the funds but capitalized in the statement of net position	210,708
Depreciation and loss on disposal of capital assets which is charged to expense in the statement of activities	(180,629)
The change in the estimated KPERS pension obligations which is recognized in the statement of activities	(69,882)
The change in the compensated absences liability is reported on the statement of activities but not in the funds	1,984
Total Change in Net Position on the Statement of Activities	$ 79,599

	Budget	Actual	Variance Over (Under)
Revenues			
Intergovernmental taxes – City of Manhattan, Kansas*	$ 2,732,650	$ 2,732,400	$ (250)
Expenditures			
Personnel services	$ 1,890,000	$ 1,809,048	$ (80,952)
Contractual services	382,650	410,514	27,864
Commodities	310,000	292,721	(17,279)
Capital outlay	90,000	73,148	(16,852)
Transfer to capital improvement fund	60,000	147,843	87,843
Total Expenditures	$ 2,732,650	2,733,274	$ 624
Net Change in Fund Balance (Budget Basis)		(874)	
Fund Balance (Budget Basis) – Beginning		874	
Fund Balance (Budget Basis) – Ending		-	
U.S. GAAP Adjustments to Reconcile to the Balance Sheet			
Change in prepaid expenses		33,683	
Fund Balance (U.S. GAAP Basis) – Ending		$ 33,683	

* The budget and actual amounts of intergovernmental taxes for the City of Manhattan, Kansas (the City) are each reported net of a $133,500 expansion bond payment which is tax levied by the City in order to finance the City's debt service on the Library facility, which is owned by the City and operated by the Library. See note 5 to the financial statements for further information.

	Budget	Actual	Variance Over (Under)
Revenues			
Intergovernmental taxes – City of Manhattan, Kansas	$ 662,890	$ 662,890	$ -
Expenditures			
Personnel services	$ 692,890	587,454	$ (105,436)
Net Change in Fund Balance (Budget Basis)		75,436	
Fund Balance (Budget Basis) – Beginning		468,263	
Fund Balance (Budget Basis) – Ending		$ 543,699	

At December 31, 2022, there were no differences between the fund balance (budget basis) presented above and the fund balance (modified accrual basis) as presented on the balance sheet – governmental funds.

Note 1: Summary of Significant Accounting Policies

The accounting and reporting policies of Manhattan Public Library (the Library), relating to the funds included in the accompanying financial statements, conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication titled Audits of State and Local Governments (GASB 34 Edition), and by the Financial Accounting Standards Board, when applicable. The following is a summary of such significant policies.

The Financial Reporting Entity

The Library is organized under Kansas statutes in the City of Manhattan, Kansas (the City) for the purpose of operating a public library for the residents of the City. A board consisting of eight members is appointed by the City, of which the City's mayor is an ex-officio member having the same power to vote and the same responsibility as any other member. The Library's director is an executive officer of the board but has no vote. The board elects an executive board and adopts rules and regulations for the administration of the Library as it deems necessary. The Library receives funding from local and state governmental sources and must comply with the requirements of these funding sources.

The Library is a component unit of the City of Manhattan, Kansas. The Library is controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board. These financial statements include only the funds of the Library.

The Library is a primary government as defined in GASB No. 61 *The Financial Reporting Entity*. The Library Board has the authority to make decisions, influence operations, and has the primary accountability in fiscal matters.

As a municipality, the Library is not subject to income, property or sales taxes. The Library is, however, subject to employment taxes.

Government-Wide and Fund Financial Statements

The government-wide financial statements, the statement of net position, and the statement of activities report financial information for the Library as a whole. Individual funds are not presented, but the statements distinguish governmental activities, which are generally supported by taxes, grants, and the Library's general revenues.

The statement of activities reports the direct expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges for services which report fees, fines, and other charges to users of the Library's services, operating grants and contributions which finance annual operating activities including investment income, and capital grants which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not included with program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

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

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available within the current period or soon enough thereafter to pay liabilities of the current period. The Library considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the liability is incurred. However, expenditures related to compensated absences and claims, and judgments are recorded only when payment is due.

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

Fund Name	Fund Purpose
General Fund	To account for intergovernmental taxes received from the City of Manhattan, Kansas for the purpose of financing general Library operations.
Employee Benefit Fund	To account for intergovernmental taxes received from the City of Manhattan, Kansas for the purpose of financing employee benefit costs.
Capital Improvement Fund	To account for financial resources to be used for improving, furnishing, equipping, remodeling or making additions to the Library.
Permanent Endowment Fund	To account for gifts and bequests received from the public which are to be maintained in perpetuity, invested and only the earnings thereon are spendable for a specified donor purpose which directly benefits the Library's programs and services.
Grants, Fees and Interest	To account for grants, fees, and interest revenue and the related uses of these resources.

Budgetary Information

The Library is not subject to statutory, annual operating budget requirements, but is controlled by the use of an internal budget established and monitored by the governing body. The internal budget is the source of the budget amounts listed on the statement of revenues, expenditures and changes in fund balance (budget basis) for the general and employee benefit funds.

Cash and Cash Equivalents

The Library considers all bank deposit accounts, money market accounts and certificates of deposit classified as current assets to be cash and cash equivalents. Certificates of deposit with maturities of longer than three months can still be used by the Library to meet current liabilities if they wish to pay any applicable penalties for early redemption.

Note 1: Summary of Significant Accounting Policies (Continued)

Property Tax Calendar and Intergovernmental Receivable

Collection of current year property tax by the treasurer of Riley County, Kansas is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing Kansas statutes. Property taxes are collected and remitted to the County treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Consequently, the current year intergovernmental receivable is not available as a resource that can be used to finance the current year operations of the Library, and therefore, is not susceptible to revenue recognition. At December 31st, such taxes are recorded as taxes receivable, net of anticipated delinquencies with a corresponding amount recorded as deferred inflows of resources on the balance sheet of the appropriate funds. It is not practicable to apportion delinquent taxes at the end of the year and, further, the amounts are not material in relationship to the basic financial statements.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the statement of net position and the balance sheet of the governmental funds. The cost of prepaid expenses is recorded as expense in the period when goods or services are received by the Library, rather than in the period paid.

Capital Assets, Net

Capital assets, which include property and equipment, are reported in the governmental column of the statement of net position. Capital assets are defined by the Library as assets or a group of assets with an initial, individual cost of $5,000 or more and an estimated useful life of three or more years.

These assets are valued at historical cost, estimated historical cost if actual cost is not available, or estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income. The Library's works of art are estimated to have an indefinite useful life and as such is not depreciated. Other classes of capital assets are depreciated over each asset's estimated useful life using the straight-line method. The estimated useful lives used for each class of capital asset are as follows:

Class of Capital Asset	Estimated Useful Life (in Years)
Leasehold improvements	10 to 40 years
Furniture and equipment	5 to 10 years

Compensated Absences Liability

The compensated absences liability in the government-wide statement of net position consists of unpaid, accumulated vacation balances. Under the terms of the Library's personnel policy, employees are granted vacation leave in varying amounts depending upon employee classification and length of service. Employees retiring from or terminating their employment with the Library are eligible to receive payment for their accumulated vacation. Because the majority of this liability originates in a service period with an expectation of maturity and liquidation in a future service period that is more than one year into the future, this liability is not reported as liability in the funds.

Net Pension Liability

The Library reports its proportionate share of the KPERS net pension liability on the statement of net position, including related deferred outflows and inflows of resources. See Note 8 for further detailed information on the Library's participation in KPERS.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position Classifications

In the statement of net position, equity is shown as net position and categorized into the following classes:

Class of Net Position	Description
Net investment in capital assets	Capital assets, net of accumulated depreciation and any related debt obligations. This amount is separately classified to identify net position which is not liquid and spendable.
Restricted – nonexpendable permanent endowment	Gifts and bequests received from the public which are to be maintained in perpetuity as endowed principal and only the investment earnings thereon are spendable for a specified donor purpose.
Unrestricted	All other resources of the Library which are not categorized into one of the above classes.

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as needed.

Fund Balance Classifications

In the balance sheet, equity is shown as fund balance and categorized into the following classes:

Class of Fund Balance	Description
Nonspendable – prepaid expense	Cash paid as of the December 31 reporting date which is already spent in order to benefit future reporting periods.
Nonspendable – endowment	Gifts and bequests received from the public which are to be maintained in perpetuity as endowed principal and only the investment earnings thereon are spendable for a specified donor purpose.
Committed	Resources which have been set aside by the Library's board of trustees for capital improvement.
Assigned	Comprised of amounts intended to be used by the Library for specific purposes that are neither restricted nor committed.
Unassigned	All other resources of the Library which are not categorized into one of the above classes. The general fund is the only fund to report positive unassigned fund balances. Other funds may report a deficit fund balance as unassigned but will otherwise report positive fund balance in one of the classes above.

In circumstances when expenditures are made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, and unassigned.

Estimates

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

Subsequent Events

The Library has evaluated subsequent events through May 4, 2023 which is the date the financial statements were available to be issued.

Note 1: Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* ed. The requirements for this statement are first effective for the Library in the year ending December 31, 2023.

Note 2: Banking Deposits

K.S.A. 9-1401 establishes the banking depositories which may be used by the Library. The statute requires banks eligible to hold the Library's fund 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

Kansas 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 the Library. Kansas 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%.

On December 31, 2022, the Library's carrying amount of deposits was $2,230,044 and the bank balance was $2,393,674. The difference between the bank balance and book balance is outstanding checks. The entirety of the bank balance was secured FDIC insurance by limiting the amount of funds on deposit with any single bank to the FDIC limit of $250,000.

Note 3: Risk Management

The Library carries commercial insurance for risks of loss, including property, automobile, general liability, employment practices, crime, and workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 4: Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets				
Works of art	$ 32,400	$ -	$ -	$ 32,400
Construction in progress	155,344	-	(155,344)	-
Total Nondepreciable Capital Assets	187,744	-	(155,344)	32,400
Depreciable Capital Assets				
Furniture and equipment	443,926	366,052	(118,564)	691,414
Leasehold improvements	930,306	-	-	930,306
Total Depreciable Capital Assets	1,374,232	366,052	(118,564)	1,621,720
Cost Basis of Capital Assets	1,561,976	366,052	(273,908)	1,654,120
Accumulated Depreciation	(681,286)	(121,567)	59,502	(743,351)
Capital Assets, Net	$ 880,690	$ 244,485	$ (214,406)	$ 910,769

Note 5: Financing Commitment for Children's Library Expansion

In 2014, the City of Manhattan, Kansas (the City) issued general obligation bonds to finance the children's library expansion under an agreement whereby the Library agreed to repay the City for the annual costs of the debt issue which totaled $1,225,000. This amount will be repaid at an estimated $131,000 per year from 2019 through 2027. For 2022, the City withheld the required debt service payment of $133,500 from the remittance of property tax revenues to the Library.

Note 6: Interfund Transfers

During 2022, the Library's Board of Trustees, under authority granted by KSA 12-1258, approved a transfer of $147,843 from the General Fund to the Capital Improvement Fund.

Note 7: Cost Sharing Agreement with NCKL

The Library and North Central Kansas Libraries System (NCKL) share common management and also have an agreement in place whereby the Library agrees to provide certain operating resources, such as personnel, occupancy and supplies. Additionally, the Library is responsible for the net pension liability of NCKL employees that participate in the Kansas Public Employees Retirement System (KPERS), which is a pension plan administered by the State of Kansas and described more fully in Note 8.

For 2022, NCKL made payments to the Library totaling $698,631 for personnel services and $44,952 for occupancy and supply expenses under this agreement.

Note 8: Participation in KPERS 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. KPERS provides pension benefits to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

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

Substantially all public employees in Kansas are covered by KPERS. The State of Kansas and Kansas schools are required to participate, while participation by local political subdivisions is optional but irrevocable once elected. The Library is an employer participant included in the Local Employees group.

Benefits

Benefits are established by statute and may only be changed by the Kansas legislature. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points" (Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

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

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

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

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

Note 8: Participation in KPERS Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Contributions

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

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers, which includes the state and the school employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll. The actuarially determined employer contribution rate and the statutory contribution rates are as follows for the year ended June 30, 2022:

	Actuarial Employer Rate	Statutory Employer Capped Rate
State employees (1)	9.97%	13.33%
School employees (1)	14.20	13.33
Local government employees	8.90	8.90
Police and Firemen	22.99	22.99
Judges	18.40	18.40

The State/School subgroups are combined into one group for purposes of determining a contribution rate. Rates shown for KPERS State, School and Judges represent the rates for the fiscal year ending June 30, 2022. KPERS Local and Police and Firemen rates are calendar year. Member contribution rates as a percentage of eligible compensation in fiscal year 2022 are 6.00% for Public Employees, 7.15% for Police and Firemen, and 6.00% or 2.00% for Judges.

Employer and Nonemployer Allocations

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

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

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages as of June 30, 2022, are based on the ratio of each employer's contributions to total employer and nonemployer contributions of the group for the fiscal year ended June 30, 2022. The contributions used exclude contributions made for prior service, excess benefits and irregular payments.

Note 8: Participation in KPERS Pension Plan (Continued)

Net Pension Liability

The components of the collective net pension liability of the participating employers by each group at June 30, 2022, were as follows:

	Total Pension Liability	Less Fiduciary Net Position	Net Pension Liability
State/School	$ 23,831,622,936	$ 16,686,212,453	$ 7,145,410,483
Local	6,776,232,258	4,788,187,901	1,988,044,357
Police & Firemen	4,256,824,095	2,814,592,245	1,442,231,850
Judges	219,878,005	183,083,505	36,794,500
	$ 35,084,557,294	$ 24,472,076,104	$ 10,612,481,190

The Library's proportionate share of the local group net pension liability at June 30, 2022 was determined as follows:

Library contributions	$ 192,784
Local Group contributions	178,576,507
Library's percentage of Local Group contributions	.107956%
Total net pension liability of the Local Group	1,988,044,357
Library's proportionate share of the net pension liability	$ 2,146,213

Receivables

In addition to statutorily determined contractually required contributions, certain agencies also make payments through an additional component of their required employer contribution rate or annual installment payments. Both options include interest at 8 percent per year, for the cost-of-service credits granted retroactively when the agency initially joined KPERS. As of June 30, 2022, the outstanding balance was $2,564,230. These payments are due over various time periods up through December 31, 2032. No portion of these receivables was related to the Library's participation in KPERS.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of the previous December 31, 2021, which was rolled forward to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Price Inflation	2.75 percent
Salary Increase	3.50 to 12.00 percent, including price inflation
Investment Rate of Return	7.00 percent compounded annually, net of investment expense and including price inflation

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

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

Note 8: Participation in KPERS Pension Plan (Continued)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below. In KPERS, the Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate. However, the State/School groups do not necessarily do so.

Based on legislation first passed in 1993, the employer contribution rates certified by KPERS Board may not increase by more than the statutory cap. Subsequent legislation in 2012 set the statutory cap at 0.90 percent for Fiscal Year 2014, 1.00 percent for Fiscal Year 2015, 1.10 percent for Fiscal Year 2016 and 1.20 percent for Fiscal Years 2017 and beyond.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the statutorily capped rates.

In 2015, S.B. 4, reduced the previously certified State/School statutory rate from 11.27 percent to 8.65 percent for the last half of Fiscal Year 2015. That same session, S.B. 228 recertified statutory rates to 10.91 percent for Fiscal Year 2016 and 10.81 percent for Fiscal Year 2017 in anticipation of the issuance of $1.0 billion in pension obligation bonds.

Legislation in the 2016 session (S.B. 161) provided for the delay of up to $100.0 million in State and School contributions to the Retirement System for Fiscal Year 2016. Concurrently, 2016 H. Sub for S.B. 249 provided that the delayed contributions would be paid in full, with interest at 8.00 percent, by June 30, 2018. However, legislation passed by the 2017 Legislature removed the repayment provision. In addition, 2017 S. Sub for H.B. 2052 delayed $64.0 million in Fiscal Year 2017 contributions, to be paid over 20 years in level dollar installments. The first-year payment of $6.4 million was paid in full at the beginning of Fiscal Year 2018, and appropriations for Fiscal Year 2018 were made for the State/School group at the statutory contribution rate of 12.01 percent for that year.

Additional legislation in the 2017 Session (S. Sub for H.B. 2002) provided for a reduction of $194.0 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20-year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as receivables by the System.

Note 8: Participation in KPERS Pension Plan (Continued)

Discount Rate (Continued)

The 2018 Legislature passed H. Sub for S.B. 109 that provided additional contributions to the school group of $56.0 million in Fiscal Year 2018 and $82.0 million in Fiscal Year 2019.

The 2019 Legislature passed S.B. 9 that provided additional contributions to the school group of $115.0 million in Fiscal Year 2019. H. Sub for S.B. 25 from the 2019 Legislative session authorized additional funding for the KPERS School Group in Fiscal Year 2020 of $51.0 million.

The 2021 Legislature passed H.B. 2405, which authorizes the state of Kansas to issue bonds with net proceeds of $500.0 million to fund a portion of the school's unfunded actuarial liability. S.B. 159 recertified the State/School contribution rates for Fiscal Years 2022 and 2023. Fiscal Year 2022 was recertified from 14.09 percent to 13.33 percent and Fiscal Year 2023 from 13.86 percent to 13.11 percent. The bond proceeds were received by KPERS on August 26, 2021.

The 2022 Legislature passed S.B. 421, which authorized the state of Kansas to transfer $1.125 billion from the State General Fund directly to KPERS in Fiscal Years 2022 and 2023. The first $253.9 million pays off the outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining $871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, $600.0 million was transferred to the System. S.B. 421 authorized two additional transfers totaling $271.0 million in Fiscal Year 2023 (reflected in the projected cash flows of the System).

Based on the employer contribution history described above, it is a reasonable assumption that the State/School group's contribution rate may not be certified at the statutory rate at some point in the future. It has been assumed that the contribution rates will be made within the same range as have been seen in the past few years. Using this assumption, actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the KPERS pension plan, as well as the Library's proportionate share of the local group net pension liability, as of June 30, 2022, calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate:

	1.00% Decrease (6.00%)	Discount Rate (7.00%)	1.00% Increase (8.00%)
State/School	$ 10,101,451,359	$ 7,145,410,483	$ 4,675,015,720
Local	2,855,889,939	1,988,044,357	1,265,002,874
Police & Firemen	1,978,232,090	1,442,231,850	996,248,755
Judges	57,896,907	36,794,500	18,598,681
	$ 14,993,470,295	$ 10,612,481,190	$ 6,954,866,030
Library's proportionate share of the local group net pension liability	$ 3,083,105	$ 2,146,213	$ 1,365,647

A number of these employers make contributions directly to KPERS for KPERS retirees filling KPERS covered positions per K.S.A. 74-4937, "working after retirement" employees. The resulting proportional share of these agencies' "working after retirement" contributions and resulting net pension liability are attributable to the employer.

Note 8: Participation in KPERS Pension Plan (Continued)

Special Funding Situation

The employer contributions for non-public school Library schools, as defined in K.S.A. 74-4931 (2) and (3), are funded by the State of Kansas on behalf of these employers. Therefore, these employers, area vocational technical schools and community junior colleges, are considered to be in a special funding situation as defined by GASB Statement No. 68. The State of Kansas is treated as a nonemployer contributing entity in the System. Since these employers do not contribute directly to the pension plan for active employees, there is no net pension liability or deferred inflows or outflows to report in the financial statements for active employees. The notes to their financial statements must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the non-public school Library employer. In addition, each non-public school Library employer must recognize the pension expense associated with their employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with their employer.

A number of these employers make contributions directly to KPERS for KPERS retirees filling KPERS covered positions per K.S.A. 74-4937, "working after retirement" employees. The resulting proportional share of these agencies' "working after retirement" contributions and resulting net pension liability are attributable to the employer.

The Library's participation in the KPERS pension plan is not subject to the special funding situation as described above.

Deferred Outflows of Resources and Deferred Inflows of Resources

A summary of the Library's proportionate share of deferred outflows of resources and deferred inflows of resources reported as of December 31, 2022, are detailed in the tables below. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive plan members at the beginning of the measurement period. Investment gains and losses are recognized over a fixed five-year period. Deferrals on the differences between expected and actual earnings on investments are netted as either a deferred outflow or inflow of resources.

Deferred Outflows of Resources	
Differences between expected and actual experience	$ 81,179
Net difference between projected and actual earnings on pension plan investments	181,677
Changes in assumptions	343,060
Changes in proportion	20,062
Library contributions to the KPERS plan after the measurement date of June 30, 2022	108,459
Total Deferred Outflows of Resources	734,437
Deferred Inflows of Resources	
Differences between expected and actual experience	3,847
Changes in proportion	67,601
Total Deferred Inflows of Resources	71,448
Net Deferred Outflows of Resources	$ 662,989

Note 8: Participation in KPERS Pension Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The following table provides the amortization effect of the Library's net deferred outflows, as of December 31, 2022, that will be recognized in pension expense in future years:

Future Year	Increase to Pension Expense
2023	$ 271,884
2024	140,239
2025	58,374
2026	185,974
2027	6,518
	$ 662,989

Pension Expense

Pension expense includes changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The components of pension expense for the year ending December 31, 2022 is as follows:

Service cost	$ 155,890
Interest	482,062
Projected earnings on plan investments	(399,578)
Employee contributions	(129,852)
Expensed portion of difference between actual and expected experience in the total pension liability	10,634
Expensed portion of current period assumption changes	38,656
Expensed portion of difference between projected and actual earnings on plan investments	135,925
Administrative expenses	4,215
Other changes	(2,469)
Recognition of beginning deferred outflows of resources	153,999
Recognition of beginning deferred inflows of resources	(173,408)
Total Library Pension Expense	$ 276,074

The Library's pension expense is included as a component of personnel expenses on the statement of activities.

REQUIRED SUPPLEMENTARY INFORMATION

	2022	2021	2020	2019	2018
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Schedule of the Library's Proportionate Share of the KPERS Net Pension Liability					
Library's proportion of the net pension liability	.107956%	.110182%	.115151%	.114440%	.109046%
Library's proportionate share of KPERS net pension liability	$ 2,146,213	$ 1,322,136	$ 1,996,320	$ 1,599,153	$ 1,519,872
Library's covered payroll	2,350,974	2,275,483	2,276,133	2,169,581	2,092,310
Library's proportionate share of the KPERS net pension liability as a percentage of the Library's covered payroll	91.29%	58.10%	87.71%	73.71%	72.64%
KPERS fiduciary net position as a percentage of the total net pension liability	70.66%	76.40%	66.30%	69.88%	68.88%
Schedule of Library Contributions to KPERS					
Contractually required Library contributions	$ 276,072	$ 185,644	$ 190,265	$ 182,805	$ 164,434
Contributions in relation to the contractually required amount	276,072	185,644	190,265	182,805	164,434
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Library's covered payroll	$ 2,350,974	$ 2,275,483	$ 2,276,133	$ 2,169,581	$ 2,092,310
Contributions as a percentage of covered payroll	11.74%	8.16%	8.36%	8.43%	7.86%

	2017	2016	2015	2014	2013
Measurement date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Schedule of the Library's Proportionate Share of the KPERS Net Pension Liability					
Library's proportion of the net pension liability	.108297%	.110957%	.111399%	.107776%	.106653%
Library's proportionate share of KPERS net pension liability	$ 1,568,634	$ 1,716,538	$ 1,462,718	$ 1,326,521	$ 1,623,345
Library's covered payroll	2,056,253	2,031,764	1,987,674	1,901,086	1,838,535
Library's proportionate share of KPERS net pension liability as a percentage of the Library's covered payroll	76.29%	84.49%	73.59%	69.78%	88.30%
KPERS fiduciary net position as a percentage of the total pension liability	67.12%	65.10%	64.95%	66.60%	59.94%
Schedule of Library Contributions to KPERS					
Contractually required Library contributions	$ 169,394	$ 177,487	$ 170,355	$ 148,402	$ 131,273
Contributions in relation to the contractually required amount	169,394	177,487	170,355	148,402	131,273
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Library's covered payroll	$ 2,056,253	$ 2,031,764	$ 1,987,674	$ 1,901,086	$ 1,838,535
Contributions as a percentage of covered payroll	8.24%	8.74%	8.57%	7.81%	7.14%

Note to the Schedules Above

The amounts listed above are exclusive of cost sharing reimbursements received from the North Central Kansas Libraries System.