

**THE HUTCHINSON PUBLIC LIBRARY
HUTCHINSON, KANSAS**

FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2020

**THE HUTCHINSON PUBLIC LIBRARY
HUTCHINSON, KANSAS**

For the Year Ended December 31, 2020

BOARD OF DIRECTORS

Martha Fee
Chairman

Jocelyn Woodson
Treasurer

Joe Keck
Vice Chairman

Jeff Roberson
Director

Mary Hester
Director

Steve Timken
Director

Mary Evans
Director

LIBRARY OFFICIALS

Gregg Wamsley
Library Director

Tina Stropes
Business Manager

John B. Swearer
Attorney

**THE HUTCHINSON PUBLIC LIBRARY
HUTCHINSON, KANSAS**

For the Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hutchinson Public Library
Hutchinson, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Hutchinson Public Library, Kansas, as of and for the year ended December 31, 2020 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. 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*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Hutchinson Public Library on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Hutchinson Public Library as of December 31, 2020, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Hutchinson Public Library as of December 31, 2020, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Other Matters

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Hutchinson Public Library as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated March 13, 2020, which contained an unmodified opinion on the basic financial statement. The 2019 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/chief-financial-officer/municipal-services>. The 2019 actual column (2019 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2020, (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2019 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 2019 basic financial statement. The 2019 comparative information was subjected to the auditing procedures applied in the audit of the 2019 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 2019 basic financial statement or to the 2019 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 2019 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, 2019 on the basis of accounting described in Note 1.


Swindoll, Janzen, Hawk & Loyd, LLC
Hutchinson, KS

March 1, 2021

**THE HUTCHINSON PUBLIC LIBRARY
HUTCHINSON, KANSAS**

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Regulatory Basis

For the Year Ended December 31, 2020

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
GENERAL FUND:						
General Fund	\$ 102,677	\$ 1,839,175	\$ 1,839,949	\$ 101,903	\$ 14,542	\$ 116,445
SPECIAL PURPOSE FUNDS:						
Employee Benefits Fund	60,829	384,306	387,394	57,741	-	57,741
Billing Fines and Fees Fund	33,368	18,100	38,318	13,150	-	13,150
SCKLS Allocation Fund	81,392	103,900	102,032	83,260	-	83,260
Capital Improvement Fund	292,896	150,000	88,413	354,483	-	354,483
State Grants in Aid Fund	-	11,688	11,688	-	-	-
Expendable Gift Fund	2,573,777	351,588	171,686	2,753,679	-	2,753,679
Total Special Purpose Funds	3,042,262	1,019,582	799,531	3,262,313	-	3,262,313
TRUST FUND:						
Nonexpendable Gift Fund	954,124	-	-	954,124	-	954,124
Total Reporting Entity	\$ 4,099,063	\$ 2,858,757	\$ 2,639,480	\$ 4,318,340	\$ 14,542	\$ 4,332,882

COMPOSITION OF CASH

Petty Cash	\$ 200
Checking and savings accounts	888,666
CD	50,000
U.S. Agency bonds	50,357
Federated money market funds	704,827
	<u>1,694,050</u>

PRIVATE GIFT MONIES INVESTED BY AUTHORITY OF K.S.A. 12-1225

Equity pool at community foundation	334,362
Stocks and bonds at local financial institution	2,304,470
	<u>2,638,832</u>

Total Reporting Entity	<u>\$ 4,332,882</u>
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**THE HUTCHINSON PUBLIC LIBRARY
HUTCHINSON, KANSAS**

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Municipal Financial Reporting Entity*

The Hutchinson Public Library is a municipal corporation governed by a seven-member board. This financial statement presents the Hutchinson Public Library (the municipality) and does not include any 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 (i.e. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(d) Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Purpose Funds (unless specifically exempted by statute), Bond and Interest Funds, and Business Funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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

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

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

A legal operating budget is not required for Capital Project Funds, Agency Funds, Trust Funds and certain Special Purpose Funds as noted in the presentation of the appropriate Schedule 2.

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

(e) Cash and Investments

Cash includes amounts in demand and time deposits at financial institutions. Investments are governed by Kansas Statutes (K.S.A.). K.S.A. 12-1675 governs the investing of public funds. K.S.A. 12-1225 governs the investing of private gift money given to the Library. K.S.A. 12-1675 authorizes the Library to invest public funds in U.S. Treasury bills and notes, repurchase agreements, the State Municipal Investment Pool, and others. K.S.A. 12-1225 authorizes the Library Board to invest private gift monies in the manner to best serve the interests of the Library. Investments relating to private gift money consist of U.S. Treasury obligations, federal agency obligations, common stocks, various other bond instruments, and others.

Investments are reported at cost on the books of the Library. The fair value of these investments are reflected in footnote 3. Fair value of U.S. Treasury obligations, federal agency obligations, stocks, and bonds are determined by published market quotes. The fair value of funds at the community foundation is based on the value of the pooled investments as determined by the Hutchinson Community Foundation manager. The Hutchinson Community Foundation is a nonprofit organization that pools money for investment purposes.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

No statutory violations were noted in 2020.

3. DEPOSITS AND INVESTMENTS

As of December 31, 2020, the Library had the following investments and maturities under K.S.A. 12-1225.

Investment Type	Fair Value	Investment Maturities (in Yrs)		Rating U.S.
		Less than 1	1-5	
Investments managed by outside financial institution:				
Federated money market fund	\$ 704,827	\$ 704,827	\$ -	N/A
Federal agencies	51,395	-	50,357	S&P AAA
Common stock	2,238,270	2,238,270	-	N/A
Mutual fund	721	721	-	N/A
Certificate of Deposit	832,422	832,422	-	N/A
Investments managed by outside community foundation:				
Balanced pool	561,096	561,096	-	N/A
Total Fair Value	\$ 4,388,731	\$ 4,337,336	\$ 50,357	

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. The rating of the Library's investments is noted above.

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. However, as discussed in the Investment Policy for Private Funds, not all investments using private funds are required to be secured. The Library's allocation of investments of private funds, as of December 31, 2020, is as follows:

Investment Type	Percentage of Investments
Federated money market fund	20.80%
Federal agencies	1.49%
Common stock	35.14%
Mutual fund	3.63%
Corporate bonds	20.25%
Exchange trade - fixed	8.99%
Certificate of deposit	1.48%
HCF Balance pool	8.22%

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 at December 31, 2020.

3. DEPOSITS AND INVESTMENTS (CONT.)

At December 31, 2020, the Library's carrying amount of deposits was \$888,666 and the bank balance was \$956,322. The bank balance was held by three banks with the majority of the funds located in one bank, resulting in a concentration of credit risk. Of the bank balance, \$267,117 was covered by federal depository insurance and the remaining \$689,206 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. There are exceptions related to investments of private funds as discussed below.

Investment Policy for Private Funds

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

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

Concentration of credit risk - This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Library's investments are diversified among various issuers and industry types. The percentage attributable to any one single issuer within the investment types, averages less than 5%.

Custodial credit risk - investments - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of investments that are in the possession of an outside party. The Library's investments held at the community foundation and in trust may be subject to this risk as the underlying investments are held by the community foundation and outside financial institution. The amount at risk is approximately \$3,444,016.

4. CAPITAL ASSETS

The presentation of the financial statement in accordance with the regulatory basis of accounting does not include the capital assets of the Library. The Library continues to maintain records on capital assets. The balances and activity stated at cost with no depreciation, are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Land	\$ 305,942	\$ -	\$ -	\$ 305,942
Building	3,365,671	-	-	3,365,671
Mobile equipment	50,772	-	-	50,772
Furniture	1,037,692	1,531	4,898	1,034,325
Electronic equipment	<u>436,344</u>	<u>24,845</u>	<u>21,122</u>	<u>440,067</u>
	<u>\$ 5,196,421</u>	<u>\$ 26,376</u>	<u>\$ 26,020</u>	<u>\$ 5,196,777</u>

5. LONG-TERM LIABILITIES

There were no long-term liabilities as of the year ended December 31, 2020.

6. DEFINED BENEFIT 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 after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% for the Death and Disability Program) and the statutory contribution rate was 8.61% for the fiscal year ended December 31, 2020. Contributions to the pension plan from the Library were \$107,3295 for the year ended December 31, 2020.

Net Pension Liability. At December 31, 2020, the Library's proportionate share of the collective net pension liability reported by KPERS was \$1,137,762. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The Library's proportion of the net pension liability was based on the ratio of the Library's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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

7. 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 of 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) Other Post Employment Benefits - KPERS Death and Disabilities

Death and Disability Other Post Employment Benefits. As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2020.

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONT.)

(c) Other Employee Benefits

Vacation: The Library provides all regular full-time employees and eligible regular part-time employees with pay as follows:

1. Director or Professional Grade Employees with ten or more years of service will earn 160 hours annually with pay, accumulating at the monthly rate of 13 hours and 20 minutes. (Maximum accumulation will be 240 hours; $\frac{3}{4}$ time and $\frac{1}{2}$ time employees will accumulate 180 hours and 120 hours respectively).
2. Professional Grade Employees with less than ten years of service or full-time employees with ten years or more of service will earn 120 hours annually with pay, accumulating at the monthly rate of ten hours. (Maximum accumulation will be 240 hours; $\frac{3}{4}$ times and $\frac{1}{2}$ time will accumulate to 180 hours and 120 hours respectively).
3. Other full-time employees will earn 80 hours annually with pay, accumulating at the monthly rate of six hours and 40 minutes. (Maximum accumulation will be 160 hours; $\frac{3}{4}$ times and $\frac{1}{2}$ time will accumulate to 120 hours and 80 hours respectively).

Vacation leave in excess of accumulated maximum limits shall be forfeited as of December 25 of each year. No employee shall take more than two weeks vacation at one time, except when approved by the supervisor and the Library Director. Unearned vacation cannot be taken in advance. Vacation is to be recorded in 15 minute intervals. When reported, any fraction of a quarter hour will be rounded to the next quarter hour. Vacation is to be scheduled in order not to disrupt the continuity of library service. No employee may take earned vacation without prior approval from his/her supervisor. Forms for requesting or recording annual leave are available from the employee's supervisor or the Business Office. The Business Office keeps a record of all absences, and employee leave balances are noted monthly on paycheck stub.

Sick Leave: Full-time employees earn sick leave beginning with the month of employment at the rate of 6.67 hours per month or 80 hours per year. Full-time employees may accrue up to 320 hours. Part-time employees earn sick leave beginning with the month of employment at the rate of 5 hours per month for $\frac{3}{4}$ time employees and 3.33 hours per month for $\frac{1}{2}$ time employees. $\frac{3}{4}$ time employees may accrue up to 240 hours and $\frac{1}{2}$ time employees may accrue up to 160 hours. Sick leave with pay is granted only after it has been earned and for the following reasons:

1. For the absence of the employee due to his/her own illness, injury, medical confinement or quarantine or as a result of childbirth, and recovery or related complications.
2. For the absence of the employee due to illness or injury of someone in the employee's immediate family, for which the employee's presence is needed. Immediate family is defined to mean a spouse, parent, child, grandparent or person for whom you have legal responsibility.
3. Medical or dental appointments. Part-time employees are encouraged to make appointments on their own time, if possible.

Once an employee has been absent for a period of five consecutive working days, the employee must obtain a doctor's certification to return to work. Vacation must be used for sick leave purposes after accrued sick leave is exhausted. Sick leave is to be recorded in 15 minute intervals. Forms for reporting sick leave are available from and must be approved by the employee's supervisor. Upon approval, the form should be forwarded to the Business Office. Scheduled appointments should be requested before appointment time on the Sick/Vacation form available from the employee's supervisor or the business office. Any employee who uses less than 25% of their sick leave earned annually will receive an extra day of vacation in January of the following year.

Sick Leave Pool: All employees working 20 hours or more are eligible to participate in the Library sick leave pool program. The purpose of the program is to contribute sick leave hours to a pool for use when members of the pool have exhausted their accumulated vacation and sick leave, and a physician states that they are unable to work.

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONT.)

(c) Other Employee Benefits (Cont.)

Normal maternity delivery and illness of other family members are not covered by the program. New employees may join in their first month of employment. There will be open enrollment each year between December 1 and December 15. Employees who wish to discontinue participation in the sick leave pool program may do so at any time by notifying the Library Director in writing. Employees who withdraw are not eligible to re-enroll and the hours they have contributed will remain in the pool. At the time an employee retires or leaves employment, they may contribute up to 40 hours of accrued sick leave to the pool. A form for that purpose is available in the business office.

8. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General Fund	Capital Improvement Fund	KSA 12-1,118	\$ 150,000

9. CLAIMS AND JUDGMENTS

The Library participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Library may be required to reimburse the grantor government. As of the date of this report, grant expenditures have not been audited, but the Library believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Library.

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2019 to 2020 and there were no settlements that exceeded insurance coverage in the past three years.

During the ordinary course of its operations, the Library is a party to various claims, legal actions and complaints. It is the opinion of the Library's management and legal counsel that these matters are not anticipated to have a material impact on the Library.

10. COVID-19 PANDEMIC

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Municipality's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Municipality is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2020. Future potential impacts may include further closings of the Library and temporary shutdown of operations.

11. SUBSEQUENT EVENTS

Management has evaluated the effects of the financial statement of subsequent events occurring through the date of this report, which is the date at which the financial statement was available to be issued.

**THE HUTCHINSON PUBLIC LIBRARY
HUTCHINSON, KANSAS**

REGULATORY – REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2020

THE HUTCHINSON PUBLIC LIBRARY
HUTCHINSON, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

(Budgeted Funds Only)

For the Year Ended December 31, 2020

<u>Funds</u>	<u>Certified Budget</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
GENERAL FUND:			
General Fund	\$ 2,028,528	\$ 1,839,949	\$ (188,579)
SPECIAL PURPOSE FUNDS:			
Employee Benefits Fund	419,015	387,394	(31,621)
Billing Fines & Fees Fund	81,199	38,318	(42,881)
SCKLS Allocation Fund	160,198	102,032	(58,166)
Capital Improvement Fund	254,063	88,413	(165,650)

**THE HUTCHINSON PUBLIC LIBRARY
HUTCHINSON, KANSAS**

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		2020		
	2019 Actual	Actual	Budget	Variance Over (Under)
Receipts				
Taxes-local	\$ 1,744,307	\$ 1,838,440	\$ 1,869,779	\$ (31,339)
Earnings on investments	682	735	-	735
Total Receipts	<u>1,744,989</u>	<u>1,839,175</u>	<u>\$ 1,869,779</u>	<u>\$ (30,604)</u>
Expenditures				
Audit and budget	12,050	12,350	\$ 13,400	\$ (1,050)
Library materials	50,923	42,501	91,000	(48,499)
Online services	52,803	29,318	49,000	(19,682)
OCLC	21,314	19,345	35,000	(15,655)
Equipment and maintenance	21,976	8,242	50,000	(41,758)
Insurance	24,851	26,519	29,500	(2,981)
Periodicals	25,443	27,206	35,500	(8,294)
Postage	13,729	11,728	15,000	(3,272)
Public relations	12,910	9,640	20,000	(10,360)
Contractual services	44,350	23,110	40,000	(16,890)
Building maintenance	44,632	35,629	40,000	(4,371)
Salaries	1,223,691	1,237,869	1,253,608	(15,739)
Supplies	21,834	17,623	30,000	(12,377)
Travel	615	-	3,000	(3,000)
Utilities	97,344	73,240	93,000	(19,760)
Computer services	75,957	115,629	75,000	40,629
Cash carry forward	-	-	65,520	(65,520)
Transfer to Capital Improvement Fund	100,000	150,000	90,000	60,000
Total Expenditures	<u>1,844,422</u>	<u>1,839,949</u>	<u>\$ 2,028,528</u>	<u>\$ (188,579)</u>
Receipts over (under) Expenditures	(99,433)	(774)		
Unencumbered Cash, Beginning	<u>202,110</u>	<u>102,677</u>		
Unencumbered Cash, Ending	<u>\$ 102,677</u>	<u>\$ 101,903</u>		

**THE HUTCHINSON PUBLIC LIBRARY
HUTCHINSON, KANSAS**

SPECIAL PURPOSE FUND

EMPLOYEE BENEFITS FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		2020		
	2019 Actual	Actual	Budget	Variance Over (Under)
Receipts				
Taxes - local	\$ 375,141	\$ 384,306	\$ 385,626	\$ (1,320)
Miscellaneous	-	-	-	-
Total Receipts	<u>375,141</u>	<u>384,306</u>	<u>\$ 385,626</u>	<u>\$ (1,320)</u>
Expenditures				
Workers' compensation	5,577	4,631	\$ 6,000	\$ (1,369)
Social security and medicare	90,930	92,076	95,901	(3,825)
KPERs	120,948	119,572	120,472	(900)
Health insurance	138,729	157,387	182,000	(24,613)
Unemployment insurance	839	6,040	6,393	(353)
Life insurance	5,647	5,983	6,358	(375)
Cafeteria plan management	1,784	1,705	1,891	(186)
Total Expenditures	<u>364,454</u>	<u>387,394</u>	<u>\$ 419,015</u>	<u>\$ (31,621)</u>
Receipts Over (Under) Expenditures	10,687	(3,088)		
Unencumbered Cash, Beginning	<u>50,142</u>	<u>60,829</u>		
Unencumbered Cash, Ending	<u>\$ 60,829</u>	<u>\$ 57,741</u>		

**THE HUTCHINSON PUBLIC LIBRARY
HUTCHINSON, KANSAS**

SPECIAL PURPOSE FUND

BILLING FINES AND FEES FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		2020		
	2019 Actual	Actual	Budget	Variance Over (Under)
Receipts				
Fines and fees	\$ 42,827	\$ 16,632	\$ 50,400	\$ (33,768)
Investment income	4,506	1,468	-	1,468
Total Receipts	47,333	18,100	\$ 50,400	\$ (32,300)
Expenditures				
Operating	40,827	26,049	\$ 5,000	\$ 21,049
Equipment and maintenance	-	-	30,000	(30,000)
Copier	7,597	7,115	15,000	(7,885)
Microfilm	7,281	3,058	-	3,058
Supply	1,579	1,796	21,500	(19,704)
Travel/Training	-	300	1,000	(700)
Cash carry forward	-	-	8,699	(8,699)
Total Expenditures	57,284	38,318	\$ 81,199	\$ (42,881)
Receipts Over (Under) Expenditures	(9,951)	(20,218)		
Unencumbered Cash, Beginning	43,319	33,368		
Unencumbered Cash, Ending	\$ 33,368	\$ 13,150		

**THE HUTCHINSON PUBLIC LIBRARY
HUTCHINSON, KANSAS**

SPECIAL PURPOSE FUND

SCKLS ALLOCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		2020		
	2019 Actual	Actual	Budget	Variance Over (Under)
Receipts				
Allocation from SCKLS	\$ 145,672	\$ 103,900	\$ 110,000	\$ (6,100)
Expenditures				
Library materials	105,554	32,318	\$ 100,668	\$ (68,350)
Equipment and maintenance	1,929	10,921	10,000	921
Postage	38	58	4,530	(4,472)
Salaries	12,200	14,400	-	14,400
Travel	9,617	8,112	10,000	(1,888)
Contractual services	10,808	22,499	20,000	2,499
Operating	-	13,724	15,000	(1,276)
Total Expenditures	140,146	102,032	\$ 160,198	\$ (58,166)
Receipts over (under) Expenditures	5,526	1,868		
Unencumbered Cash, Beginning	75,866	81,392		
Unencumbered Cash, Ending	\$ 81,392	\$ 83,260		

**THE HUTCHINSON PUBLIC LIBRARY
HUTCHINSON, KANSAS**

SPECIAL PURPOSE FUND

CAPITAL IMPROVEMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	2019 Actual	2020		Variance Over (Under)
		Actual	Budget	
Receipts				
Transfer from General Fund	\$ 100,000	\$ 150,000	\$ 90,000	\$ 60,000
Expenditures				
Equipment and maintenance	31,167	88,413	\$ 254,063	\$ (165,650)
Receipts over (under) Expenditures	68,833	61,587		
Unencumbered Cash, Beginning	224,063	292,896		
Unencumbered Cash, Ending	<u>\$ 292,896</u>	<u>\$ 354,483</u>		

**THE HUTCHINSON PUBLIC LIBRARY
HUTCHINSON, KANSAS**

SPECIAL PURPOSE FUND

STATE GRANTS IN AID FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	<u>2019 Actual</u>	<u>2020 Actual</u>
Receipts		
State aid	\$ 11,612	\$ 11,688
Expenditures		
Library materials	<u>11,612</u>	<u>11,688</u>
Receipts over (under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**THE HUTCHINSON PUBLIC LIBRARY
HUTCHINSON, KANSAS**

SPECIAL PURPOSE FUND

EXPENDABLE GIFT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	<u>2019 Actual</u>	<u>2020 Actual</u>
Receipts		
Contributions	\$ 180,989	\$ 105,993
Earnings on investments	92,604	245,595
Total Receipts	<u>273,593</u>	<u>351,588</u>
Expenditures		
Library materials	111,785	169,338
Online services	201	2,166
Miscellaneous operations	486	-
Remodeling expense	749	-
Operating	<u>1,434</u>	<u>182</u>
Total Expenditures	<u>114,655</u>	<u>171,686</u>
Receipts over (under) Expenditures	158,938	179,902
Unencumbered Cash, Beginning	<u>2,414,839</u>	<u>2,573,777</u>
Unencumbered Cash, Ending	<u>\$ 2,573,777</u>	<u>\$ 2,753,679</u>

THE HUTCHINSON PUBLIC LIBRARY
HUTCHINSON, KANSAS

TRUST FUND

NONEXPENDABLE GIFT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	<u>2019 Actual</u>	<u>2020 Actual</u>
Receipts		
Contributions	\$ -	\$ -
Expenditures		
Operating	<u>-</u>	<u>-</u>
Receipts over (under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>954,124</u>	<u>954,124</u>
Unencumbered Cash, Ending	<u>\$ 954,124</u>	<u>\$ 954,124</u>