

**WINFIELD PUBLIC LIBRARY**  
**WINFIELD, KANSAS**

**FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2017**

Prepared By  
Edw. B. Stephenson & Co., CPAs Chartered  
Certified Public Accountants  
Winfield, Kansas

# **WINFIELD PUBLIC LIBRARY**

**WINFIELD, KANSAS**

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**EDW. B  
STEPHENSON  
& CO., CPAs  
CHARTERED**  
~~~~~

EDW. B. STEPHENSON  
(1905-1985)

JAMES R. DOBBS  
(1927-1997)

HARRY L. SHETLAR, JR.  
(1931-2000)

MORRIS W. JARVIS  
(1935-1999)

N. DEAN BRADBURY  
(1936-2005)

LOREN L. PONTIOUS  
(Retired)

**SHAREHOLDERS**

AARON R. IVERSON, CPA

MAURICE P. ROBERTS, CPA

**ACCOUNTANTS**

HEIDI M. HUENERGARDT, CPA

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Winfield, Kansas 67156  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Winfield Public Library  
Winfield, Kansas 67156

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Winfield Public Library, a component unit of the City of Winfield, Kansas, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above presents fairly, in all materials 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, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters*****Required Supplementary Information**

The Library has omitted management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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, Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require the schedule of the Library's proportionate share of the net pension liability, and the schedule of Library contribution to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Government Accounting Standards Board, who considers it to be an essential part of the 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Winfield Public Library, Winfield, Kansas.

The supplementary 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 statements. Such information has been subjected to the auditing procedures applied in the audit

of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, 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 financial statements as a whole.

Edw. B. Stephenson & Co., CPAs Chartered

May 15, 2018

**WINFIELD PUBLIC LIBRARY**  
**WINFIELD, KANSAS**  
**Governmental Funds Balance Sheet/Statement of Net Position**  
**December 31, 2017**

**Exhibit 1**

|                                                     | <b>General<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Trust<br/>Funds</b> | <b>Total</b>         | <b>Adjustments<br/>(Note 2)</b> | <b>Statement<br/>of<br/>Net Position</b> |
|-----------------------------------------------------|-------------------------|--------------------------------------|------------------------|----------------------|---------------------------------|------------------------------------------|
| <b>ASSETS</b>                                       |                         |                                      |                        |                      |                                 |                                          |
| Cash                                                | \$ 242,296.23           | \$ 378,539.45                        | \$ 4,929.89            | \$ 625,765.57        | \$ -                            | \$ 625,765.57                            |
| Due from City of Winfield                           | -                       | -                                    | -                      | -                    | -                               | -                                        |
| Capital assets (net of<br>accumulated depreciation) | -                       | -                                    | -                      | -                    | 1,804,201.60                    | 1,804,201.60                             |
| Total assets                                        | <u>\$ 242,296.23</u>    | <u>\$ 378,539.45</u>                 | <u>\$ 4,929.89</u>     | <u>\$ 625,765.57</u> | <u>\$ 1,804,201.60</u>          | <u>\$2,429,967.17</u>                    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                         |                                      |                        |                      |                                 |                                          |
| Deferred outflows - pension                         | \$ -                    | \$ -                                 | \$ -                   | \$ -                 | \$ 46,709.04                    | \$ 46,709.04                             |
| Total deferred outflows of resources                | <u>\$ -</u>             | <u>\$ -</u>                          | <u>\$ -</u>            | <u>\$ -</u>          | <u>\$ 46,709.04</u>             | <u>\$ 46,709.04</u>                      |
| <b>LIABILITIES</b>                                  |                         |                                      |                        |                      |                                 |                                          |
| Accounts payable                                    | \$ 7,760.36             | \$ -                                 | \$ -                   | \$ 7,760.36          | \$ -                            | \$ 7,760.36                              |
| Salary and benefits payable                         | 74.60                   | -                                    | -                      | 74.60                | 15,577.02                       | 15,651.62                                |
| Long-term liabilities                               |                         |                                      |                        |                      |                                 |                                          |
| Due within one year                                 | -                       | -                                    | -                      | -                    | -                               | -                                        |
| Due after one year                                  | -                       | -                                    | -                      | -                    | 171,077.00                      | 171,077.00                               |
| Total liabilities                                   | <u>\$ 7,834.96</u>      | <u>\$ -</u>                          | <u>\$ -</u>            | <u>\$ 7,834.96</u>   | <u>\$ 186,654.02</u>            | <u>\$ 194,488.98</u>                     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                         |                                      |                        |                      |                                 |                                          |
| Deferred inflows - pension                          | \$ -                    | \$ -                                 | \$ -                   | \$ -                 | \$ 17,857.00                    | \$ 17,857.00                             |
| Total deferred inflows of resources                 | <u>\$ -</u>             | <u>\$ -</u>                          | <u>\$ -</u>            | <u>\$ -</u>          | <u>\$ 17,857.00</u>             | <u>\$ 17,857.00</u>                      |
| <b>FUND BALANCES/NET ASSETS</b>                     |                         |                                      |                        |                      |                                 |                                          |
| Fund balances:                                      |                         |                                      |                        |                      |                                 |                                          |
| Restricted                                          | \$ -                    | \$ -                                 | \$ 4,929.89            | \$ 4,929.89          | \$ (4,929.89)                   | \$ -                                     |
| Assigned                                            | -                       | 378,539.45                           | -                      | 378,539.45           | (378,539.45)                    | -                                        |
| Unassigned                                          | 234,461.27              | -                                    | -                      | 234,461.27           | (234,461.27)                    | -                                        |
| Total fund balances                                 | <u>\$ 234,461.27</u>    | <u>\$ 378,539.45</u>                 | <u>\$ 4,929.89</u>     | <u>\$ 617,930.61</u> | <u>\$ (617,930.61)</u>          | <u>\$ -</u>                              |
| Total liabilities and fund balances                 | <u>\$ 242,296.23</u>    | <u>\$ 378,539.45</u>                 | <u>\$ 4,929.89</u>     | <u>\$ 625,765.57</u> |                                 |                                          |
| Net Position:                                       |                         |                                      |                        |                      |                                 |                                          |
| Net invested in capital assets                      |                         |                                      |                        |                      | \$ 1,804,201.60                 | \$1,804,201.60                           |
| Restricted for Net Position                         |                         |                                      |                        |                      | -                               | -                                        |
| Unrestricted                                        |                         |                                      |                        |                      | 460,128.63                      | 460,128.63                               |
| Total net position                                  |                         |                                      |                        |                      | <u>\$ 2,264,330.23</u>          | <u>\$2,264,330.23</u>                    |

The Notes to the Financial Statements are an integral part of this statement.

**WINFIELD PUBLIC LIBRARY**  
**WINFIELD, KANSAS**  
**Statement of Governmental Fund Revenues, Expenditures, and**  
**Changes in Fund Balances/Statement of Activities**  
**For the Year Ended December 31, 2017**

**Exhibit 2**

|                                                                                                     | <b>General<br/>Fund</b> | <b>Capital<br/>Projects<br/>Fund</b> | <b>Trust<br/>Funds</b> | <b>Total</b>         | <b>Adjustments<br/>(Note 2)</b> | <b>Statement<br/>of<br/>Activities</b> |
|-----------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------|------------------------|----------------------|---------------------------------|----------------------------------------|
| <b>Revenues:</b>                                                                                    |                         |                                      |                        |                      |                                 |                                        |
| Appropriations from City                                                                            | \$ 538,894.86           | \$ -                                 | \$ -                   | \$ 538,894.86        | \$ -                            | \$ 538,894.86                          |
| Sales Tax Revenue                                                                                   | -                       | -                                    | -                      | -                    | -                               | -                                      |
| Investment earnings                                                                                 | 966.36                  | 1,395.26                             | 28.26                  | 2,389.88             | -                               | 2,389.88                               |
| Charges for fines                                                                                   | 7,520.09                | -                                    | -                      | 7,520.09             | -                               | 7,520.09                               |
| Charges for services                                                                                | 6,209.78                | 8,682.80                             | -                      | 14,892.58            | -                               | 14,892.58                              |
| Miscellaneous                                                                                       | 2,946.55                | -                                    | -                      | 2,946.55             | -                               | 2,946.55                               |
| Operating Grants, gifts and memorials                                                               | 74,564.55               | -                                    | -                      | 74,564.55            | -                               | 74,564.55                              |
| Capital Grants, gifts and memorials                                                                 | -                       | -                                    | -                      | -                    | -                               | -                                      |
| Intergovernmental - State aid                                                                       | 3,778.94                | -                                    | -                      | 3,778.94             | -                               | 3,778.94                               |
| <b>Total Revenues</b>                                                                               | <b>\$ 634,881.13</b>    | <b>\$ 10,078.06</b>                  | <b>\$ 28.26</b>        | <b>\$ 644,987.45</b> | <b>\$ -</b>                     | <b>\$ 644,987.45</b>                   |
| <b>Expenditures/expenses:</b>                                                                       |                         |                                      |                        |                      |                                 |                                        |
| Current:                                                                                            |                         |                                      |                        |                      |                                 |                                        |
| Personal services                                                                                   | \$ 356,336.00           | \$ -                                 | \$ -                   | \$ 356,336.00        | \$ (8,271.84)                   | \$ 348,064.16                          |
| Materials and services                                                                              | 162,368.53              | -                                    | -                      | 162,368.53           | -                               | 162,368.53                             |
| Gifts and memorials                                                                                 | 441.43                  | -                                    | -                      | 441.43               | -                               | 441.43                                 |
| Grants                                                                                              | 19,797.05               | -                                    | -                      | 19,797.05            | -                               | 19,797.05                              |
| Depreciation                                                                                        | -                       | -                                    | -                      | -                    | 63,486.27                       | 63,486.27                              |
| Capital outlay                                                                                      | 12,099.30               | 49,000.00                            | -                      | 61,099.30            | (49,000.00)                     | 12,099.30                              |
| Debt service:                                                                                       |                         |                                      |                        |                      |                                 |                                        |
| Principal                                                                                           | -                       | -                                    | -                      | -                    | -                               | -                                      |
| Interest                                                                                            | -                       | -                                    | -                      | -                    | -                               | -                                      |
| <b>Total expenditures/expenses</b>                                                                  | <b>\$ 551,042.31</b>    | <b>\$ 49,000.00</b>                  | <b>\$ -</b>            | <b>\$ 600,042.31</b> | <b>\$ 6,214.43</b>              | <b>\$ 606,256.74</b>                   |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b>                                        | <b>\$ 83,838.82</b>     | <b>\$ (38,921.94)</b>                | <b>\$ 28.26</b>        | <b>\$ 44,945.14</b>  | <b>\$ (6,214.43)</b>            | <b>\$ 38,730.71</b>                    |
| <b>Other financing sources/uses:</b>                                                                |                         |                                      |                        |                      |                                 |                                        |
| Proceeds from issuance of long-term debt                                                            | -                       | -                                    | -                      | -                    | -                               | -                                      |
| Transfers in                                                                                        | -                       | -                                    | -                      | -                    | -                               | -                                      |
| Transfers out                                                                                       | -                       | -                                    | -                      | -                    | -                               | -                                      |
| <b>Excess (deficiency) of revenues and<br/>transfers in over expenditures<br/>and transfers out</b> | <b>\$ 83,838.82</b>     | <b>\$ (38,921.94)</b>                | <b>\$ 28.26</b>        | <b>\$ 44,945.14</b>  | <b>\$ (6,214.43)</b>            | <b>\$ 38,730.71</b>                    |
| <b>Fund balances/net position:</b>                                                                  |                         |                                      |                        |                      |                                 |                                        |
| Beginning of the year                                                                               | 150,622.45              | 417,461.39                           | 4,901.63               | 572,985.47           | 1,652,614.05                    | 2,225,599.52                           |
| Prior period adjustment                                                                             | -                       | -                                    | -                      | -                    | -                               | -                                      |
| <b>End of the year</b>                                                                              | <b>\$ 234,461.27</b>    | <b>\$ 378,539.45</b>                 | <b>\$ 4,929.89</b>     | <b>\$ 617,930.61</b> | <b>\$ 1,646,399.62</b>          | <b>\$ 2,264,330.23</b>                 |

The Notes to the Financial Statements are an integral part of this statement.

**WINFIELD PUBLIC LIBRARY  
WINFIELD, KS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Winfield Public Library is a municipality of the State of Kansas, with a seven member Board of Directors appointed by the City of Winfield, Kansas. The Library is a component unit of the City of Winfield, Kansas, under GASB 14.

**Basis of Accounting**

The financial transactions of the Winfield Public Library are recorded in individual funds. 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 specific regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the Winfield Public Library for the current year:

**Government-Wide Financial Statements**

The government-wide financial statements include the Governmental Funds Balance Sheet/Statement of Net Assets, and the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities. These statements report financial information for the Library as a whole.

The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Items which are not classified as program revenues are presented as general revenues of the Library.

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the Library are prepared in accordance with generally accepted accounting principles (GAAP). The Library applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions, unless they conflict with GASB pronouncements.



**WINFIELD PUBLIC LIBRARY  
WINFIELD, KS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized when eligibility requirements imposed by the provider have been met.

Governmental fund financial statements report using the current resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the year. Expenditures are recorded when the related fund liability is incurred as under accrual accounting; however, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The following types of funds comprise the financial activities of the Winfield Public Library for the current year:

**Governmental Fund Types:**

**General Fund** - to account for all unrestricted resources except those required to be accounted for in another fund.

**Special Revenue Funds** - to account for the proceeds of specific revenues that are restricted by law or administrative action to specified purposes other than debt service or major capital projects.

**Capital Project Funds** - to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary or Trust Funds).

**Fiduciary Funds**

**Trust and Agency Funds** - to account for assets held by the Library in a trustee capacity or as an agent for others. It includes the Children's Trust Fund.

**Cash, Cash Equivalents, and Investments**

The Library's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**WINFIELD PUBLIC LIBRARY  
WINFIELD, KS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

Kansas statutes authorize the Library to invest in temporary notes, no-fund warrants of the Library, time deposits, United States Treasury bills or notes, bonds of municipalities of the State of Kansas, repurchase agreements, and the Kansas Municipal Investment Pool. The Library's cash and investments are described in Note 4.

**Receivables**

The Library follows the policy of recognizing revenue on services when the services are rendered reduced by the applicable contractual adjustments, discounts and allowances. The Library recognizes revenues for unbilled services. Accounts Receivables represent uncollected apportionments due from the City of Winfield.

**Capital Assets**

Capital assets which include land, buildings and improvements, equipment, books and collections and works of art, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial cost of more than \$50,000 for buildings and improvements, \$5,000 for vehicles and \$3,000 for all other assets and an estimated useful life of more than one year. All purchased capital assets are valued at historical cost where records are available and at an estimated historical cost where no such records exist. Donated capital assets are recorded at fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The Library's policy, in accordance with generally accepted accounting principles, is to capitalize and depreciate long-lived assets over their estimated useful lives. Capital assets are stated at cost, or estimated fair value at date of donation. The useful lives for long-lived assets are estimated based on the projected length of use in establishing practice using common industrial tables, available commercial information, and management's judgment. Assets are depreciated over their estimated useful lives, primarily by the straight-line method, with the half year convention. The Library uses lives of 10-39 years for equipment and building improvements.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Library has one item that qualifies for reporting in this category. One item is the

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

deferred outflows for pension reported in the government-wide statement of net position. See Note 5 for more information on the deferred outflows for the pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Library has one item that qualifies for reporting in this category. This item is deferred inflows for pension. See Note 5 for more information on the deferred inflows for the pension.

**Compensated Absences**

The Library accrues accumulated sick leave for full time employees. Sick leave can accumulate up to ninety days. Upon termination, payment is made for one-third (30 days) of the accumulated 90 days of unused sick leave.

**Pensions**

For purposes of measuring the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERS) and additions to/deductions from KPERS' fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The KPERS investments are reported at fair value.

**Fund Balance**

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the Library is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2017, fund balances for governmental funds are made up of the following:

*Nonspendable fund balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

*Restricted fund balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

**WINFIELD PUBLIC LIBRARY  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

*Committed fund balance* – includes amounts that can only be spent for specific purposes determined by a formal action of the Library’s highest level of decision-making authority, the Board of Trustees. Commitments may be changed or lifted only by the Board of Trustees taking the same formal action that imposed the constraint originally.

*Assigned fund balance* – includes amounts intended to be used by the Library for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the Board of Trustees or (2) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes.

*Unassigned fund balance* - is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, 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 and liabilities, deferred outflows and deferred inflows and disclosure of contingent assets and liabilities, deferred outflows and deferred inflows at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Budgetary Policy**

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

**Net Position**

In accordance with GASB Statement 34, the Library reflects in the basic financial statements the following categories of Net Position, representing the excess, or deficit, of total assets over total liabilities.

**Net Investment in Capital Assets**

An amount reflecting the grouping of all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category. Net investment in capital assets excludes unspent bond proceeds.

**WINFIELD PUBLIC LIBRARY  
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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Restricted Net Position**

An amount reflects net position that is subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislations. A legally enforceable enabling legislation restriction in one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor.

**Unrestricted Net Position**

An amount reflecting the net position of the Library that is not restricted for any project or purpose.

**NOTE 2 - ADOPTION OF NEW ACCOUNTING STANDARDS**

In 2006 the Library adopted the provisions of GASB Statement Number 34, *Basic Financial Statement-and Management Discussion and Analysis-for State and Local Governments*. This change resulted in the creation of new financial statements for reporting the Library's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type.

Under the provisions of GASB 34, as a Special-Purpose Government with activity limited to single type of operation, the Library is presenting government-wide statements in a limited manner.

**NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Compliance with Kansas Statutes**

For the year ended December 31, 2017, the Library is in compliance with the cash basis and budget laws of the State of Kansas. For the same period the Library had no funds with deficit fund balances or retained earnings.

**NOTE 4 - DETAILED NOTES ON FUNDS AND ACCOUNTS**

**Deposits and Investments**

K.S.A. 9-1401 establishes the depositories which may be used by the Library. The statute requires banks eligible to hold the Library's funds have a main or branch bank in the county in which the Library is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Library has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Library's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities;

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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 Municipality may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. State statutes require the Library's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2017.

At December 31, 2017, the Library's carrying amount of deposits was \$625,687.31 and the bank balance was \$645,123.17. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000.00 was covered by federal depository insurance; \$395,123.17 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.

**Interfund Transfers**

The Library had no interfund transfers in the current year.

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**Capital Assets**

The following is a summary of changes in the Capital Assets during the year:

| <b>Description</b>         | <b>Cost</b>              | <b>Asset</b>        |                  | <b>Cost</b>            |
|----------------------------|--------------------------|---------------------|------------------|------------------------|
|                            | <b>Beginning of Year</b> | <b>Additions</b>    | <b>Deletions</b> | <b>Ending of Year</b>  |
| Leasehold Cost             | \$ 2,113,885.82          | \$ 49,000.00        | \$ -             | \$ 2,162,885.82        |
| Computers & Equipment      | 182,083.40               | -                   | -                | 182,083.40             |
| Furniture and Fixtures     | 112,515.70               | -                   | -                | 112,515.70             |
| Books, A/V, and Automation | 249,454.23               | -                   | -                | 249,454.23             |
| <b>TOTALS</b>              | <b>\$ 2,657,939.15</b>   | <b>\$ 49,000.00</b> | <b>\$ -</b>      | <b>\$ 2,706,939.15</b> |

  

| <b>Description</b>         | <b>Accumulated<br/>Depreciation</b> | <b>Depreciation</b> |                  | <b>Accumulated<br/>Depreciation</b> |
|----------------------------|-------------------------------------|---------------------|------------------|-------------------------------------|
|                            | <b>Beginning of Year</b>            | <b>Provision</b>    | <b>Deletions</b> | <b>Ending of Year</b>               |
| Leasehold Cost             | \$ 391,084.67                       | \$ 54,254.57        | \$ -             | \$ 445,339.24                       |
| Computers & Equipment      | 182,083.40                          | -                   | -                | 182,083.40                          |
| Furniture and Fixtures     | 101,517.03                          | 916.56              | -                | 102,433.59                          |
| Books, A/V, and Automation | 164,566.18                          | 8,315.14            | -                | 172,881.32                          |
| <b>TOTALS</b>              | <b>\$ 839,251.28</b>                | <b>\$ 63,486.27</b> | <b>\$ -</b>      | <b>\$ 902,737.55</b>                |

**Long-term Liabilities**

There are no long-term liabilities.

**NOTE 5 – DEFINED BENEFIT PENSION PLAN**

General Information About the Pension Plan

*Plan Description.* The Winfield Public Library participates in a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement Systems (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provision 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

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Substantially all public employees in Kansas are covered by the Pension Plan. Participation by a local political subdivision is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the Library are included in the Local employee group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at [www.kpers.org](http://www.kpers.org).

*Benefits Provided.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees with ten or more years of credited service may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 points.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees 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.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee'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 post-retirement 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 employees. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. 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.



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*Contributions.* K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation for each of the three state wide 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. KPERS is funded on an actuarial reserve basis.

For KPERS fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employers 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 for the KPERS fiscal year ended June 30, 2017.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate were 8.46% for the fiscal year ended June 30, 2017. Contributions to the Pension Plan from the Library were \$18,233.65 for the year ended December 31, 2016.

Member contribution rates as a percentage of eligible compensation in fiscal year 2017 are 6% for public employees.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*

At December 31, 2017, the Library reported a liability of \$171,077 for its proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2017, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this

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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:

- Public employees, which includes:
  - State/School employees
  - Local employees
- 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 presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The Library's proportion of the collective net pension liability was based on the ratio of the Library's actual contributions to KPERS, relative to the total employer and nonemployer contributions of the Local group within KPERS for the KPERS fiscal year ended June 30, 2017. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2017, the Library's proportion was .011811 which was an increase of .0019 from its proportion measured as of June 30, 2016.

*Pension Expense.* For the year ended December 31, 2017, the Library recognized pension expense of \$18,234, which includes the changes in the collective net pension liability, projected earnings on pension plan investment, and the amortization of deferred outflows of resources and deferred inflows of resources for the current year.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* At December 31, 2017, the Library reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

|                                                          | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|----------------------------------------------------------|-----------------------------------|----------------------------------|
| Library contributions subsequent to the measurement date | \$ 8,814                          | \$ -                             |
| Difference between expected and actual experience        | 827                               | 5,915                            |
| Net difference between projected and actual earnings     |                                   |                                  |
| on pension plan investments                              | 5,366                             | -                                |
| Changes of assumptions                                   | 9,213                             | 1,251                            |
| Changes in proportionate share                           | 22,489                            | 10,691                           |
| Total                                                    | <u>\$ 46,709</u>                  | <u>\$ 17,857</u>                 |

\$8,814 reported as deferred outflows of resources related to pensions resulting from the Library's contributions subsequent to the measurement date will be recognized as a reduction

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of the net pension liability for the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended<br>12/31 |                  |
|---------------------|------------------|
| 2018                | \$ 1,549         |
| 2019                | 8,101            |
| 2020                | 5,675            |
| 2021                | 2,168            |
| 2022                | 2,545            |
|                     | <u>\$ 20,038</u> |

*Actuarial assumptions*

|                                                                                |                                            |
|--------------------------------------------------------------------------------|--------------------------------------------|
| Price inflation                                                                | 2.75 percent                               |
| Wage inflation                                                                 | 4.00 percent                               |
| Salary increases, including wage increases                                     | 3.50 to 12.00 percent, including inflation |
| Long-term rate of return, net of investment expense, including price inflation | 7.75 percent                               |

Mortality rates were based on the RP-2014 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-2017.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study, which covered the three-year period ending December 31, 2015.

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 weighting the expected future real rates of return by the target asset allocation per-

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centage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocations as of June 30, 2017 are summarized in the following table:

| <u>Asset Class</u>     | <u>Target<br/>Allocation</u> | <u>Long- Term Expected<br/>Real Rate of Return</u> |
|------------------------|------------------------------|----------------------------------------------------|
| Global equity          | 47%                          | 6.80%                                              |
| Fixed income           | 13%                          | 1.25%                                              |
| Yield driven           | 8%                           | 6.55%                                              |
| Real return            | 11%                          | 1.71%                                              |
| Real estate            | 11%                          | 5.05%                                              |
| Alternatives           | 8%                           | 9.85%                                              |
| Short-term investments | <u>2%</u>                    | -0.25%                                             |
| Total                  | <u><u>100%</u></u>           |                                                    |

*Discount rate.* The discount rate used by KPERS to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employees do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in the future. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Pension plan fiduciary net position.* Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

*Sensitivity of the Library's proportionate share of the collective net pension liability to changes in the discount rate.* The following presents the Library's proportionate share of the collective net pension liability calculated using the discount rate of 7.75%, as well as what the Library's proportionate share of the collective net pension liability would be if it were

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calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

|                                                                       | 1% Decrease<br>(6.75%) | Current<br>Discount Rate<br>(7.75%) | 1% Increase<br>(8.75%) |
|-----------------------------------------------------------------------|------------------------|-------------------------------------|------------------------|
| Library's proportionate share of the collective net pension liability | \$ 246,388             | \$ 171,077                          | \$ 107,593             |

**NOTE 6 – CHILDREN’S TRUST**

The following is a summary of the activity in the trust fund during the current year:

|                                                                | Children's<br>Trust       |
|----------------------------------------------------------------|---------------------------|
| Revenues                                                       | \$ 28.26                  |
| Gifts                                                          | -                         |
| Total Revenues                                                 | <u>28.26</u>              |
| Expenses                                                       |                           |
| Appropriations                                                 | \$ -                      |
| Total Expenses                                                 | <u>\$ -</u>               |
| Excess (Deficiency) of Revenues over Expenses Before Transfers | \$ 28.26                  |
| Transfers In (Out)                                             | -                         |
| Excess (Deficiency) of Revenues over Expenses                  | <u>\$ 28.26</u>           |
| Fund Balance - Beginning of year                               | <u>\$ 4,901.63</u>        |
| Fund Balance - End of year                                     | <u><u>\$ 4,929.89</u></u> |

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**KPERS PENSION PLAN**  
**December 31, 2017**

**Schedule of the Library's Proportionate Share of the Collective Net Pension Liability  
Last Ten Years**

|                                                                                                                           | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|
| The Library's proportion of the collective net pension liability                                                          | .011811%    | .009942%    | 0.01045%    |
| The Library's proportion share of the collective net pension liability                                                    | \$ 171,077  | \$ 153,806  | \$ 137,213  |
| The Library's covered - employee payroll                                                                                  | \$ 201,371  | \$ 190,254  | \$ 172,034  |
| The Library's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll | 84.96%      | 80.84%      | 79.76%      |
| Plan fiduciary net position as a percentage of the total pension liability                                                | 32.88%      | 65.10%      | 64.95%      |

**Schedule of Library's Contribution  
Last Ten Years**

|                                                                      | <u>2017</u>     | <u>2016</u>     | <u>2015</u>     |
|----------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Contractually required contribution                                  | \$ 18,234       | \$ 17,895       | \$ 17,988       |
| Contributions in relation to the contractually required contribution | <u>(18,234)</u> | <u>(17,895)</u> | <u>(17,988)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| The Library's covered-employee payroll                               | \$ 201,371      | \$ 190,254      | \$ 172,034      |
| Contribution as a percentage of covered-employee payroll             | 9.05%           | 9.41%           | 10.46%          |

Notes

Data became available with the inception of GASB 68 during fiscal year 2015, therefore 10 years of data is unavailable.