Oskaloosa Public Library

Financial Statements

December 31, 2021

ATC Accounting

Oskaloosa Public Library
Financial Statement
December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Oskaloosa Public Library Board
Oskaloosa, Kansas 66066

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Oskaloosa Public Library, as of and for the year ended December 31, 2021 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 to meet the financial reporting requirements of the State of Kansas. 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.

Auditors' 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 that 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 Oskaloosa Public Library to meet the requirements of the State of Kansas 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.

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Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters 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 Oskaloosa Public Library as of December 31, 2021, or changes in financial position and cash flows thereof for the year then ended.

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 Oskaloosa Public Library as of December 31, 2021, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2021 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, individual fund schedules of regulatory basis receipts and expenditures-actual (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2021 basic financial statement, however are required to be presented under the provision 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 2021 basic financial statement. The 2021 information has been subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statement or to the 2021 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2021 basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2020 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual (Schedule 2 as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2020 basic financial statement upon which we rendered as unqualified opinion dated December 31, 2021. The 2020 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, Office of Management Analysis and Standards at the following link http://da.ks.gov/ar/muniserv/. Such 2020 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 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 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 2020 basic financial statement or to the 2020 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 2020 comparative information is fairly stated in all material respects in relation to the 2020 basic financial statement as a whole, on the basis of accounting described in Note 1.

ATC Accounting

ATC Accounting

June 24, 2022

Oskaloosa Public Library
Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2021

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances And Accounts Payable	Ending Cash Balance
General Fund	$ 16,768	$ 93,493	$ 91,709	$ 18,552	$ -	$ 18,552
Capital Improvements Fund	$ 481	-	-	481	-	481
Total Financial Reporting Entity	$ 17,249	$ 93,493	$ 91,709	$ 19,033	$ -	$ 19,033

Cash on Hand	$ -
NOW Checking Account	3,713
Time Deposits	15,320
Total Reporting Entity	$ 19,033

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Entity

The Oskaloosa Public Library is a municipal corporation governed by an appointed five-member board. The regulatory financial statement presents the Oskaloosa Public Library.

(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 revenue 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. water fund, electric 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) 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 of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.
The Library has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the Library to use the regulatory basis of accounting.

(d) Budgetary Information

Oskaloosa Public Library is exempt from the Kansas Statute requiring an annual operating budget being legally adopted.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The Library is not aware of any non-compliance with Kansas Statutes.

3. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located or in an adjoining county if such an 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 City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City'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 City has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the District 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 City's deposits may not be returned to it. State statutes require the City's deposits in financial institutes 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, 2021.

At December 31, 2021, the City's carrying amount of deposits was $19,033 and the bank balance was $19,076. The bank balance was held by 1 bank resulting in a concentration of credit risk. Of the bank balance $19,076 was covered by federal depository insurance.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City 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.

4. 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 Kansas law. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-419 and K.S.A. 74-49,210 establishes the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depend on whether the employee is a Tier 1, Tier 2, or Tier 3 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009 and Tier 3 members were first employed in a covered position on or after January 1, 2015. Kansas law establishes the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members through December 31, 2014. On January 1, 2015, Kansas law increased the KPERS member-employee

contribution rate to 6% of covered salary for Tier 1 members. On that date, the Tier 2 member-employee contribution rate remained at 6% of covered salary, and the Tier 3-member contribution rate was established at 6% of covered salary. 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 Tier 1 and Tier 2 be determined annually based on the results of an annual actuarial valuation. Tier 3 Employer credits are established by statute and are based on the member employee's years of service. Tier 1 and Tier 2 is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rate (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.16%, for the fiscal year ended December 31, 2021. Contributions to the pension plan from the Library were $2,699 for the year ended December 31, 2021

Net Pension Liability. At December 31, 2021, the Library's proportionate share of the collective net pension liability reported by KPERS was $29,903. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The Library's proportion of the net pension liability was based on the ration 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.

5. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

(a) Employee Benefits

Vacation – A full-time employees of the Library are entitled to paid vacation. After one full year of employment employees are entitled to five working days of paid vacation. After 2 years of employment employees are entitled to ten working days of paid vacation. After ten years of employment, employees are entitled to fifteen working days of paid vacation and after 20 years of employment, employees are entitled to twenty working days of paid vacation. Each employee must use their vacation within the calendar year or they will lose the vacation. The vacation time is paid at the employee's regular rate. Unused vacation pay will not be paid to employees upon termination.

The cost of accumulated vacation leave is zero since the full-time employee has used all vacation hours in 2021. Future vacation will be recorded as expenditures at the time the vacation leave is utilized, as normal personal service expenditures.

Sick Leave - An employee is given up to eight hours of sick leave each month. Sick leave is not accumulated. Part-time employees and temporary employees are not entitled to sick leave. Sick leave will not be paid upon termination. Therefore, accumulated sick leave has not been accrued.

6. INTERFUND TRANSFERS

No operating transfers were made during the year.

7. CLAIMS AND JUDGMENTS

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 2020 to 2021 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 financial impact on the Library.

8. UNCERTAINTIES

As a result of significant disruption in the U.S. economy due to the ongoing Coronavirus "COVID-19" pandemic in 2020, uncertainties have risen which are likely to negatively impact future operation results. The duration and extent to which COVID-19 may impact financial performance is unknown at this time.

9. SUBSEQUENT EVENTS

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

OSKALOOSA PUBLIC LIBRARY

REGULATORY-REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2021

Oskaloosa Public Library
General Fund
Statement of Cash Receipts and Expenditures – Actual
For the Year End December 31, 2021

	2020 Actual	2021 Actual
Cash Receipts		
Appropriation from City of Oskaloosa	$ 37,491	$ 38,333
Appropriation from Township	24,180	24,529
Northeast Kansas Library Systems Grant	17,400	19,454
E-Rate Reimbursement	960	960
State Aid	615	607
Book/Copy/Fax Fees	1,576	1,910
Fundraising	885	93
Donations/Memorials/Grant	5,378	7,557
Interest on Idle Funds	51	50
Total Cash Receipts	88,536	93,493
Expenditures		
Salaries	50,570	49,692
Payroll Taxes and KPERS	8,971	6,651
Books/Movies/Periodicals	6,137	6,834
Children Programming	20	1,248
Building Maintenance	225	968
Janitorial	2,331	2,621
Equipment Maintenance	1,087	1,163
Office Supplies	1,352	1,734
Telephone and Internet	2,499	2,561
Technology	1,840	2,163
Utilities	2,094	2,623
Insurance	3,776	4,066
Grant Expense	3,385	5,970
Miscellaneous	2,531	3,415
Transfer to Capital Improvements	-	-
Total Expenditures	86,818	91,709
Cash Receipts Over (Under) Expenditures	1,718	1,784
Unencumbered Cash, January 1	15,050	16,768
Unencumbered Cash, December 31	$ 16,768	$ 18,552

Oskaloosa Public Library
Capital Improvement Fund
Statement of Cash Receipts and Expenditures – Actual
For the Year End December 31, 2021

	2020 Actual	2021 Actual
Cash Receipts		
Transfer from General	$ -	$ -
Interest on Idle Funds	1	-
Total Cash Receipts	1	-
Expenditures		
Capital Outlay	2,550	-
Total Expenditures	2,550	-
Cash Receipts Over (Under) Expenditures	(2,549)	-
Unencumbered Cash, January 1	3,030	481
Unencumbered Cash, December 31	$ 481	$ 481