LAWRENCE PUBLIC LIBRARY

Lawrence, Kansas

Financial Statements

December 31, 2024

LAWRENCE PUBLIC LIBRARY
A Component Unit of the City of Lawrence, Kansas
Annual Financial Statements
For the Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Lawrence Public Library
Lawrence, Kansas

Report on the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lawrence Public Library, Lawrence, Kansas, a component unit of the City of Lawrence, Kansas, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lawrence Public Library as of December 31, 2024, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for twelve months beyond the financial statement date.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve, collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amount and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 that the schedule of the Changes in the Library's total OPEB liability and related ratios, the schedule of the Library's proportionate share of the net pension liability, and the schedule of Library contributions, as listed in the table of contents, 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 financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

April 17, 2025

LAWRENCE PUBLIC LIBRARY
STATEMENT OF NET POSITION
December 31, 2024

Assets and Deferred Outflows of Resources:	
Assets:	
Current assets:	
Cash and cash equivalents	$ 1,669,108
Total current assets	1,669,108
Noncurrent assets:	
Capital assets	6,260,480
Less: Accumulated depreciation	[2,781,510]
Total noncurrent assets	3,478,970
Total assets	5,148,078
Deferred outflow of resources:	
KPERS pension related	981,193
KPERS OPEB related	24,405
Total deferred outflow of resources	1,005,598
Total assets and deferred outflow of resources	$ 6,153,676
Liabilities and Deferred Inflows of Resources:	
Liabilities:	
Accounts payable	$ 85,595
Accrued liabilities	91,855
Accrued compensation	
Due within one year	131,134
Due in more than one year	262,268
Net pension liability	3,299,523
Other post employment benefit obligation - KPERS	54,634
Total liabilities	3,925,009
Deferred inflow of resources:	
KPERS pension related	24,587
KPERS OPEB related	36,577
Total deferred inflow of resources	61,164
Total liabilities and deferred inflow of resources	$ 3,986,173
Net Position:	
Net investment in capital assets	$ 3,478,970
Unrestricted	[1,311,467]
Total net position	$ 2,167,503

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

LAWRENCE PUBLIC LIBRARY
STATEMENT OF ACTIVITIES
Year ended December 31, 2024

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net [Expenses] Revenue and Changes in Net Assets: Total
Governmental activities:				
Culture and recreation	$ 7,462,000	$ 43,189	$ 757,709	$ [6,661,102]
Total	$ 7,462,000	$ 43,189	$ 757,709	[6,661,102]
General Revenues:				
City appropriation				6,180,000
Investments earnings				118,962
Miscellaneous				26,629
Total general revenues				6,325,591
Change in net position				[335,511]
Net position - beginning				2,503,014
Net position - ending				$ 2,167,503

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

LAWRENCE PUBLIC LIBRARY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024

	General	Capital Improvement	Total Governmental Funds
Assets:			
Cash	$ 836,025	$ 833,083	$ 1,669,108
Total Assets	$ 836,025	$ 833,083	$ 1,669,108
Liabilities:			
Accounts payable	$ 85,595	$ -	$ 85,595
Accrued liabilities	91,855	-	91,855
Total Liabilities	177,450	-	177,450
Fund Balances:			
Restricted	549,665	-	549,665
Assigned	34,198	833,083	867,281
Unassigned	74,712	-	74,712
Total Fund Balances	658,575	833,083	1,491,658
Total Liabilities and Fund Balances	$ 836,025	$ 833,083	$ 1,669,108

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

LAWRENCE PUBLIC LIBRARY
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2024

Total Governmental Fund Balances		$ 1,491,658
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
The cost of capital assets is	$ 6,260,480	
Accumulated depreciation is	2,781,510	3,478,970
OPEB contributions are reported as an expense in the funds and as a deferred outflow of resources in the governmental activities in the statement of net position		24,405
OPEB fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position		[36,577]
Pension contributions are reported as an expense in the funds and as a deferred outflow of resources in the governmental activities in the statement of net position		981,193
Pension fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position		[3,324,110]
The following liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year end consist of:		
Other post employment benefit obligation - KPERS		[54,634]
Accrued compensation		[393,402]
Net Position of Governmental Activities		$ 2,167,503

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

LAWRENCE PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year ended December 31, 2024

	General	Capital Improvement	Total Governmental Funds
Revenues:			
Intergovernmental	$ 6,323,558	$ -	$ 6,323,558
Charges for services	19,744	-	19,744
Investment earnings	84,297	34,665	118,962
Fines, forfeitures and penalties	23,445	-	23,445
Donations and grants	614,151	-	614,151
Miscellaneous	26,629	-	26,629
Transfer in	53,619	-	53,619
Total Revenues	7,145,443	34,665	7,180,108
Expenditures:			
Culture and recreation	7,210,597	-	7,210,597
Transfer out	-	53,619	53,619
Total Expenditures	7,210,597	53,619	7,264,216
Revenues Over [Under] Expenditures	[65,154]	[18,954]	[84,108]
Fund Balance, January 1	723,729	852,037	1,575,766
Fund Balance, December 31	$ 658,575	$ 833,083	$ 1,491,658

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

LAWRENCE PUBLIC LIBRARY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended December 31, 2024

Total Net Change In Fund Balances - Governmental Funds		$ [84,108]
Amounts reported for governmental activities in the statement of activities are different because		
Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	$ 1,019,617	
Depreciation expense	[554,805]	
Loss on disposal of capital assets	[408,637]	56,175
In the statement of activities, certain operating expenses - accrued compensation and other post employment benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.		[60,634]
Pension payments are reported as expenditures in the governmental funds and do not affect the statement of net activities		[246,944]
Changes In Net Position of Governmental Activities		$ [335,511]

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

LAWRENCE PUBLIC LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (REGULATORY BASIS) - GENERAL FUND
Year ended December 31, 2024

	Actual	Final/ Original Budget	Variance Positive [Negative]
Revenues:			
Intergovernmental	$ 6,323,558	$ 6,315,000	$ 8,558
Charges for services	19,744	10,000	9,744
Investment earnings	84,297	23,000	61,297
Fines, forfeitures and penalties	23,445	30,000	[6,555]
Donations and grants	614,151	-	614,151
Miscellaneous	26,629	5,000	21,629
Transfer in	53,619	-	53,619
Total Revenues	7,145,443	$ 6,383,000	$ 762,443
Expenditures:			
Salaries	4,292,604	$ 3,675,000	$ [617,604]
Employee benefits	388,399	585,000	196,601
Payroll taxes	282,011	660,000	377,989
Utilities	92,082	100,000	7,918
Building supplies	17,950	20,000	2,050
Building repairs and maintenance	85,188	60,000	[25,188]
Library supplies	72,076	75,000	2,924
Books, periodicals and materials	784,643	750,000	[34,643]
Equipment	468	10,000	9,532
Technology	326,857	325,000	[1,857]
Insurance	30,238	18,000	[12,238]
Shipping	22,792	20,000	[2,792]
Professional development	30,161	30,000	[161]
Book van and mileage	5,019	5,000	[19]
Programs	592,385	-	[592,385]
Professional fees	120,953	30,000	[90,953]
Advertising and marketing	20,080	20,000	[80]
Capital outlay	80,822	-	[80,822]
Miscellaneous	67	-	[67]
Total Expenditures	7,244,795	$ 6,383,000	$ [861,795]
Revenues Over [Under] Expenditures	[99,352]		
Fund Balance, January 1	723,729		
Encumbrances Outstanding	34,198		
Fund Balance, December 31	$ 658,575		

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

LAWRENCE PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

1. Summary of Significant Accounting Policies

A. Component Unit

The Lawrence Public Library (the Library) is a related municipal entity of the City of Lawrence, Kansas. The Library building is owned by the City of Lawrence, Kansas, and taxes are levied by the City for Library operations. The Library has no related municipal entities of its own.

B. Government-wide and fund financial statements

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the Library as a whole. For the most part, the effect of interfund activity has been removed from these statements. All activities of the Library are governmental activities.

The 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 specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Items which are not classified as program revenues are presented as general revenues of the Library.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. There are no nonmajor funds.

C. Measurement Focus, Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be available when they are 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 current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to certain compensated absences are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Interest income associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Accounting and Financial Statement Presentation (Continued)

The Library reports the following major governmental funds:

The General Fund is the Library's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Improvement Fund was authorized, under K.S.A. 12-1258, to transfer annually an amount from the general operating fund, not to exceed 10 percent of the amount of money credited to such fund, to a capital improvement fund.

D. Inventories

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

E. Cash 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. Investments in the Kansas Municipal Investment Pool (KMIP) are carried at fair value.

Cash balances are invested to the extent available in certificates of deposit and other authorized investments.

F. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not included in the capital assets reported on the statement of net position. Capital assets are defined by the Library as tangible assets with an initial, individual cost of more than $1,000. Capital assets of the Library are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Equipment	5
Collection	10
Building Improvements	20

G. Vacation and Sick Pay

The Library's policy regarding vacation pay permits employees to accumulate a maximum of 28 days. In addition, employees are allowed to accumulate a maximum of 90 days sick leave. Employees are paid unused vacation and 25 percent of unused sick leave upon termination. A liability for unused vacation and sick leave in the amount of $393,402 is accounted for in the government-wide financial statements.

1. Summary of Significant Accounting Policies (Continued)

H. Use of Estimates

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

I. Fund Balance Reserves

In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulation of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Library Board. Assigned fund balances include amounts that are constrained by the Library management's intent to be used for specific purposes but are neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available restricted amounts are considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

The following is the detail for fund balance classifications in the financial statements:

	Major Governmental Funds	
	General Fund	Capital Improvement Fund
Fund balances:		
Restricted for:		
Culture and recreation	$ 549,665	$ -
Assigned for:		
Culture and recreation	34,198	-
Capital improvement	-	833,083
Unassigned	74,712	-
Total fund balances	$ 658,575	$ 833,083

J. Net Position

Net position represents the difference between assets and liabilities. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

1. Summary of Significant Accounting Policies (Continued)

K. 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.

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. Differences between expected and actual experience, changes in proportion, and changes in assumptions are reported as deferred inflows for governmental activities.

2. Stewardship, Compliance and Accountability

Budgetary Information

The Lawrence Public Library is a related municipal entity of the City of Lawrence, Kansas. Under Charter Ordinance No. 16, the governing body of the City of Lawrence, Kansas, maintains the tax levy for the maintenance of the Lawrence Public Library, and is responsible for publishing a budget for the Library Fund showing the tax funds to be paid to the Lawrence Public Library. It should be noted the budget figures in this report are internally prepared for management purposes only and are not required to be published.

3. Cash and Investments

The Library's cash is considered to be active funds by management and is invested according to K.S.A. 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county in which the Library is located or in a county adjacent to the Library and the banks provide an acceptable rate for active funds.

Various Library investments are considered to be idle funds by management and are invested according to K.S.A. 12-1675. The statutes requires that the Library invest its idle funds in only temporary notes of the Library, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury bills or notes or the Kansas Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

As of December 31, 2024, the Library had the following investments:

Investment Type	Fair Value	Rating
Kansas Municipal Investment Pool	$1,443,961	N/A

KMIP is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the Governor of the State of Kansas. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

3. Cash and Investments (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402. As of December 31, 2024 the City's deposits were considered fully secured.

4. Defined Benefit Pension Plan

Description of Pension Plan. The Library participates in a cost-sharing multiple-employer 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 System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

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

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

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

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits. Benefits are established by statute and may only be changed by the State Legislature. Members 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 a member's combined age and years of service equal 85.

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

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc 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 employers. 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.

4. Defined Benefit Pension Plan (Continued)

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.

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

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2024.

The actuarially determined employer contribution rates and the statutory contribution rates for local employees is 8.43% (not including the 1% contribution rate for the Death and Disability Program). Member contribution rates as a percentage of eligible compensation for the fiscal year ended is 6.00% for local employees. Contributions to the pension plan from the Library were $371,134 for the year ended December 31, 2024.

Employer Allocations. 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 method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

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

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages 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 allocation percentages for the Library's share of the collective pension amounts as of June 30, 2024 was based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal year ended June 30, 2024.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. As of June 30, 2024, the Library's proportion was .155%, which was an increase of .012% from its proportion measured at June 30, 2023.

Net Pension Liability. As of December 31, 2024, the Library reported a liability of $3,299,523 for its proportionate share of the net pension liability.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024, using the following actuarial assumptions:

4. Defined Benefit Pension Plan (Continued)

Assumptions	Rate
Price inflation	2.75%
Wage inflation	3.50%
Salary increases, including wage increases	3.50% to 15.50%, including inflation
Investment rate of return	7.00%

Mortality rates were based on the PUB 2010 Mortality Tables, with age setbacks and set forwards based on different membership groups. Future mortality improvements are anticipated using Scale MP-2021.

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 percentage. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 29, 2024, as provided by KPERS' investment consultant, are summarized in the following table:

Asset	Long-Term Allocation	Long-Term Expected Real Rate of Return
Non-U.S. Equities	43.00%	8.20%
Core Fixed Income	13.00%	2.20%
Yield Driven	12.00%	5.30%
Infrastructure	3.00%	6.80%
Real Estate	15.00%	5.70%
Alternatives	11.00%	12.00%
Short Term Investments	3.00%	0.30%
	100.00%	

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. 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 State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups 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 future years. Employers contribute the full actuarial determined rate for Police & Firemen, and Judges. Future employer contribution rates were also modeled for Police & Firemen and Judges, assuming all actuarial assumptions are met in future years. 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.

4. Defined Benefit Pension Plan (Continued)

Sensitivity of the Library's proportionate share of the net pension liability to changes in the discount rate. The following tables present the Library's proportionate share of the net pension liability as of June 30, 2024, calculated using the discount rate of 7.00%, as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

1% decrease (6.00%)	Discount rate (7.00%)	1% increase (8.00%)
$4,776,807	$3,299,523	$2,064,917

Pension Expense. For the year ended December 31, 2024, the Library recognized pension expense of $594,791, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources. As of December 31, 2024, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	$ 401,365	$ -
Differences between projected and actual earnings on investments	20,214	-
Changes in assumptions	199,439	-
Changes in proportion	182,078	24,587
Total	$ 803,096	$ 24,587

$178,097 reported as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. 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 December 31,	Deferred [Inflows] Outflows Amount
2025	218,491
2026	389,513
2027	113,698
2028	56,807
2029	-
Total	$ 778,509

5. Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Library carries commercial insurance to cover such contingencies. Settlements have not exceeded insurance coverage for each of the past three years.

6. Economic Dependency

The Library is economically dependent on the City of Lawrence. Any reduction or termination of the City's financial support could have a significantly negative impact on the Library.

7. Capital Assets

A summary of changes in capital assets follows:

	Balance January 1, 2024	Additions	Retirements	Balance December 31, 2024
Capital assets, not being depreciated				
Construction-in-progress	$ 188,350	$ 6,819	$ 195,169	$ -
Capital assets, being depreciated				
Collection	3,822,944	750,445	609,773	3,963,616
Equipment	2,027,692	269,172	-	2,296,864
Totals at historical cost	6,038,986	1,026,436	804,943	6,260,480
Less accumulated depreciation for:				
Collection	1,157,785	452,258	389,486	1,220,556
Equipment	1,458,406	102,548	-	1,560,954
Total accumulated depreciation	2,616,191	554,805	389,486	2,781,510
Governmental activities capital assets, net	$ 3,422,795	$ 471,631	$ 415,456	$ 3,478,970

The Library's total depreciation expense was charged to governmental functions as follows:

Culture and recreation	$ 554,805

8. Other Postemployment Benefits - KPERS

Plan Description. The Library participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Benefits. Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

8. Other Postemployment Benefits - KPERS (Continued)

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of $100 and a maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Covered Employees. The Library has the following employee covered by the Plan as of June 30, 2024:

Active employees	71
Disabled members	-
Total	71

Total OPEB Liability. The Library's total OPEB liability of $54,634 reported as of December 31, 2024, was measured as of June 30, 2024 (the measurement date), and was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024, using the following actuarial assumptions:

Valuation date	December 31, 2023
Actuarial cost method	Entry age normal
Inflation	2.75%
Salary increases	3.00%
Discount rate (based on 20 year municipal bond rate with an average rating of AA/Aa or better, obtained through the Bond Buyer General Obligation 20-Bond Municipal Index)	3.93%

The discount rate was based on the bond buyer general obligation 20-year municipal bond municipal index.

Mortality rates were based on the RP 2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2021.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study prepared during 2023. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2023 KPERS pension valuation.

The changes in the total OPEB liability are as follows:

8. Other Postemployment Benefits - KPERS (Continued)

	Total KPERS OPEB Liability
Balance 1/1/2024	$ 44,433
Service cost	5,821
Effect of liability gains or losses	1,677
Interest	1,834
Changes in assumptions	869
Balance 12/31/2024	$ 54,634

Sensitivity of the total KPERS OPEB liability to changes in the discount rate. The following presents the Library's total OPEB liability calculated using the discount rate of 3.93%, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.93%) or 1-percentage point higher (4.93%) than the current rate:

	1% decrease (2.93%)	Discount rate (3.93%)	1% increase (4.93%)
Total KPERS OPEB Liability	$ 57,556	$ 54,634	$ 51,617

Sensitivity of the total KPERS OPEB liability to changes in the healthcare cost trend rates. The following presented the total KPERS OPEB liability of the Library calculated using the current healthcare cost trend rates as well as what the Library's total KPERS OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates. The reader should note that healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS, but this exhibit is provided as it is a required disclosure under GASB 75.

	1% decrease	Healthcare cost Trend rates	1% increase
Total KPERS OPEB Liability	$ 54,634	$ 54,634	$ 54,634

OPEB Expense. For the year ended June 30, 2024, the Library's recognized OPEB expense of $2,662, which includes the changes in the total OPEB liability, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources. As of June 30, 2024, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Inflows of Resources	Outflows of Resources
Differences between expected and actual experience	$ [21,719]	$ 1,512
Changes of assumptions	[14,858]	3,649
Total	$ [36,577]	$ 5,161

8. Other Postemployment Benefits - KPERS (Continued)

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling $19,244 consist of payments made to KPERS for benefits and administrative costs and will be recognized as a reduction in the total OPEB liability during the year ended December 31, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2025	$ [4,993]
2026	[4,946]
2027	[4,707]
2028	[4,347]
2029	[4,193]
Thereafter	[8,230]
Total	$[31,416]

9. Interfund Transfers

Following is a reconciliation of interfund transfers during the year ended December 31, 2024:

From	To	Regulatory Authority	Amount
Capital Improvement	General	K.S.A. 12-1258	$ 53,619

LAWRENCE PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended December 31, 2024

OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS - KPERS

Schedule of Changes in the Library's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years*

Total OPEB liability	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 5,821	$ 6,023	$ 10,090	$ 9,669	$ 8,529	$ 7,336	$ 7,302
Interest	1,834	1,748	1,627	1,476	1,986	1,860	1,565
Effect of liability gains or losses	1,677	[6,420]	[13,307]	[3,160]	[6,515]	-	-
Difference between expected and and actual experience	-	-	-	-	-	[2,640]	[3,931]
Changes in assumptions	869	[272]	[20,304]	154	4,895	922	[617]
Net change in total OPEB liability	10,201	1,079	[21,894]	8,139	8,895	7,478	4,319
Total OPEB liability - beginning	44,433	43,354	65,248	57,109	48,214	40,736	36,417
Total OPEB liability - ending	$ 54,634	$ 44,433	$ 43,354	$ 65,248	$ 57,109	$ 48,214	$ 40,736
Covered-employee payroll	$2,744,025	$2,744,025	$2,734,214	$2,683,174	$2,577,857	$2,518,557	$2,266,098
Total OPEB liability as a percentage of covered-employee payroll	1.99%	1.62%	1.59%	2.43%	2.22%	1.91%	1.80%
Actuarially determined contribution	$ 35,508	$ 52,928	$ -	$ 26,823	$ 26,848	$ 25,570	$ 17,950
Actual contribution	$ 35,508	$ 52,928	$ -	$ 26,823	$ 26,848	$ 25,570	$ 17,950
Contributions as a percentage of covered payroll	1.29%	1.93%	0.00%	1.00%	1.04%	1.02%	0.79%

* Data became available with the inception of GASB 75 during fiscal year 2018, therefore 10 years of data is not available.

LAWRENCE PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
For the Year Ended December 31, 2024

KPERS PENSION PLAN

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

	Library's Proportion of the Net pension Liability	Library's Proportionate Share of the Net pension Liability	Library's Covered-employee Payroll	Proportionate Share of the Net pension Liability as a Percentage of It's Covered Employee Payroll	Plan Fiduciary net Position as a Percentage of The total Pension liability
12/31/2024	0.155%	$3,299,523	$ 3,447,260	95.71%	71.71%
12/31/2023	0.143%	2,990,228	2,842,236	105.21%	70.55%
12/31/2022	0.145%	2,875,865	2,813,618	102.21%	70.66%
12/31/2021	0.141%	2,785,620	2,683,174	103.82%	81.14%
12/31/2020	0.143%	2,480,373	2,606,244	95.17%	70.77%
12/31/2019	0.139%	1,946,917	2,490,020	78.19%	75.02%
12/31/2018	0.134%	1,864,152	2,340,556	79.65%	74.22%
12/31/2017	0.126%	1,822,287	2,151,495	84.70%	72.15%
12/31/2016	0.124%	1,914,031	2,059,391	92.94%	68.55%
12/31/2015	0.125%	1,638,101	1,922,835	85.19%	71.98%

Schedule of the Library's Contributions
Last Ten Fiscal Years

	Contractually Required Contribution	Contributions In relation to the Contractually Required Contribution	Contribution Deficiency [Excess]	Library's Covered-employee payroll	Contributions As a percentage of covered Employee payroll
12/31/2024	$ 343,548	$ 343,548	$ -	$ 3,710,019	9.26%
12/31/2023	290,604	290,604	-	3,447,260	8.43%
12/31/2022	252,959	252,959	-	2,842,236	8.90%
12/31/2021	249,568	249,568	-	2,813,618	8.87%
12/31/2020	231,038	231,038	-	2,683,174	8.61%
12/31/2019	231,695	231,695	-	2,606,244	8.89%
12/31/2018	208,912	208,912	-	2,490,020	8.39%
12/31/2017	198,010	198,010	-	2,340,556	8.46%
12/31/2016	197,507	197,507	-	2,151,495	9.18%
12/31/2015	195,230	195,230	-	2,059,391	9.48%