HAYS PUBLIC LIBRARY

Financial Statements
With Independent Auditors' Report

For the Year Ended December 31, 2021

HAYS PUBLIC LIBRARY
Financial Statements With Independent Auditors' Report
For the Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Hays Public Library
Hays, Kansas

Adverse, Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of **Hays Public Library**, a component unit of City Hays, Kansas, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Library's financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
Aggregate Discretely Presented Component Unit	Adverse
Each Major Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Adverse Opinion on Aggregate Discretely Presented Component Units
In our opinion, because of the significance of the matter discussed in the Basis for Adverse, Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of **Hays Public Library** as of December 31, 2021, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on Governmental Activities
In our opinion, except for the matter described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of **Hays Public Library** as of December 31, 2021, and the changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Fund and Aggregate Remaining Fund Information
In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of **Hays Public Library**, as of December 31, 2021, 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.

above+beyond
AdamsBrown, LLC

Basis for Adverse, Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 adverse, qualified and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units
The financial statements do not include financial data for the Library's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the Library unless the Library also issues financial statements for the financial reporting entity that include the financial data for its component units. The Library has not issued such reporting entity financial statements. The effects of not including the Library's legally separate component units on the aggregate discretely presented component units has not been determined.

Matter Giving Rise to Qualified Opinion on the Governmental Activities
The financial statements do not include the required annual cost and long-term obligations of the Library as required by Governmental Auditing Standards Board Statements Number 75. Accounting principles generally accepted in the United States of America require the financial data for these other postemployment benefits be reported in the financial statements. The amount by which this departure from accounting principles generally accepted in the United States of America would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the financial statements has not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statement

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 opinions. 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Hays Public Library's** basic financial statements. The combining balance sheet and combining statement of revenues, expenditures, and changes in fund balance – nonmajor governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the qualified opinion on the basic financial statements as explained in the "Basis for Adverse,

Qualified and Unmodified Opinions" paragraph, the combining balance sheet and combining statement of revenues, expenditures, and changes in fund balance – nonmajor governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



ADAMSBROWN, LLC
Certified Public Accountants
Hays, Kansas

March 16, 2022

The discussion and analysis of **Hays Public Library's** financial performance provides an overview of the Library's financial activities for the year ended December 31, 2021. Please read in conjunction with the Library's financial statements, which begin after this report.

FINANCIAL HIGHLIGHTS

Much of the work and continued progress at the Hays Public Library (HPL) in 2021 was following through on projects and impactful factors from the previous year. Planning for the renovation began in 2019 with much of the work completed in 2020. COVID-19 demanded adaptability as HPL continues to learn and adjust to operations for the safety and wellbeing of our community.

2021 began with the library being approximately halfway through on a major remodel project. Beginning in January, the library was closed Monday-Thursday to allow the contractors to complete more work uninterrupted. Other than the gallery, the main level was closed to construction. The Library resumed normal hours and opened the main floor in April. Substantial completion of the project was in May when the Early Childhood Area was opened to the public. The final construction cost was $1,326,939. Adding development costs and furniture, the total project was $1,609,349.

The library management team saw no turnover in 2021. Two full-time positions were filled in 2021. The Library hired a new Early Literacy Coordinator in March and a new Young Adult Coordinator in November. From January-May, the library operated on a reduced staffing level due to the limited hours and reduced activities. It essentially took the remainder of the year to get all the part-time positions filled. Staffing levels currently stand at 15 full-time and 23 part-time staff members.

Changes to the organization staffing structure were initiated January 1, 2021. Some of the managers' roles were changed, and many staff members began reporting to different managers. The change effectively eliminated the various service departments (Children and Adult) and created one Public Services Department. Samantha Gill began overseeing the Public Services staff and operations. Collection management, which includes purchasing resources, is now overseen by one Collections Manager, Meagan Zampieri-Lillpop.

The pandemic continued to impact our organization as it did the rest of the world in 2021. Library activities were mostly halted anyway due to the construction the first few months of the year. As HPL returned to normal operating hours and rehired part-time staff, the Library began to increase our capacity and library program offerings throughout the year. Summer Reading was scaled back, limiting events with large crowds such as performances. By the fall, HPL was mostly back to the normal programming levels. Outreach activities in the schools and the community also increased in the fall.

CPA Jeff Pinkney provided financial services of accounts payable, accounts receivable, payroll, and financial reporting throughout the entire year of 2021. The board approved continuing our relationship with Pinkney for another year in December 2021.

The Board of Directors remained the same in 2021. Mary Toepfer was reappointed for a second four-year term. Shelley Bryant was appointed to her first full four-year term after she filled a previously unexpired term. Katherine Wolfe was elected Board Chair once again. Mayor Sandy Jacobs was a major contributor and very active in her ex officio role on the HPL Board while serving as Mayor of the City of Hays.

HPL anticipates moving forward on improvements to the lower level of the library in 2022. HPL does not foresee making any significant structural or mechanical changes. It will mostly consist of new carpeting, painting, furniture, and reconfiguration of shelving.

2022 is the third and final year of our current strategic plan. HPL intends to invest significant time, staff, and resources into developing our next long-term plan with a focus on improving service and increasing the library's value to the community.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statements of Net Position and Statements of Activities on pages 9 through 10 provide information about the activities of the Library as a whole and present a longer-term view to the Library's finances. Fund financial statements start on page 27. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Library's operations in more detail than the government-wide statements by providing information about the Library's most significant funds.

REPORTING THE LIBRARY AS A WHOLE

The Statements of Net Position and the Statements of Activities

Our analysis of the Library as a whole begins on page 9. One of the most important questions asked about the Library's finances is "Is the Library as a whole better off or worse off as a result of the year's activities?". The Statements of Net Position and the Statements of Activities report information about the Library as a whole and about its activities that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Library's net position and changes in it. Think of the Library's net position, the difference between assets and liabilities, as one way to measure the Library's financial health or financial position. Over time, increases or decreases in the Library's net position are one indicator of whether financial health is improving or deteriorating.

The Library has elected not to include the component units in these financial statements. The notes to the financial statements contain more information concerning the entities that are considered component units of the Library. Financial statements of the component units can be obtained by contacting the **Hays Public Library** Director.

REPORTING THE LIBRARY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Analysis of the Library's major funds begins on page 13. The budgetary fund financial statements begin on page 27 and provide detailed information about the individual funds, not the Library as a whole. However, the Library Board established other funds to help or control money for particular purposes or to show that it is meeting legal responsibility for using grants and other monies. The Library uses governmental funds.

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

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

THE LIBRARY AS A WHOLE

TABLE 1
STATEMENT OF NET POSITION

	Governmental Activities and Total Primary Government	
	2021	2020
Current Assets	$ **3,635,981**	4,098,175
Capital Assets	**2,908,709**	3,066,493
Deferred Outflows	**154,096**	199,647
Total Assets	**6,698,786**	7,364,315
Current Liabilities	**535,016**	877,858
Deferred Inflows	**1,779,239**	1,477,573
Total Liabilities	**2,314,255**	2,355,431
Invested in Capital Assets	**2,908,708**	3,066,493
Unrestricted	**1,475,823**	1,942,391
Total Net Position	$ **4,384,531**	5,008,884

TABLE 2
STATEMENT OF ACTIVITIES

		Program Revenues			Net (Expense) Revenue and Change in Net Position	
					Primary Government Governmental Activities	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**2021**	2020
Primary Government						
Governmental Activities						
General Government	$ 2,574,393	2,048	129,682	100,066	$ **(2,342,597)**	(2,235,879)
General Revenues and Special Items						
City of Hays, KS Apportionment					**1,680,280**	1,660,153
Interest Income					**17,763**	44,884
Miscellaneous					**3,087**	2,945
Fines and Forfeitures					**3,794**	2,021
FHSU Workstudy					**13,320**	11,378
Total General Revenues and Special Items					**1,718,244**	1,721,381
Change in Net Position					**(624,353)**	(514,498)
Net Position - Beginning of Year					**5,008,884**	5,523,382
Net Position - End of Year					$ **4,384,531**	5,008,884

CAPITAL ASSET ADMINISTRATION

At the end of 2021, the Library had $2,908,709 invested in capital assets net of depreciation. Significant capital purchases for 2021 included a vehicle, book drops, books, and nonprint items totaling $181,540.

TABLE 3
CAPITAL ASSETS AT YEAR END (NET OF DEPRECIATION)

	Governmental Activities and Total Primary Government	
	2021	2020
Building	$ **2,074,299**	2,166,888
Equipment	**232,767**	280,724
Furniture and Fixtures	**65,155**	58,302
Books and Nonprints	**536,488**	548,198
Capital Assets Not In Use	**-**	12,381
Total	$ **2,908,709**	3,066,493

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Library's finances. The report is also designed to show the Library's accountability for the money it receives.

Further questions concerning this report or the financial status of the **Hays Public Library** should be directed to the Library Director's office at 1205 Main, Hays, Kansas, (785) 625-9014.

Brandon Hines

Brandon Hines
Library Director
Hays Public Library

HAYS PUBLIC LIBRARY
Statements of Net Position
December 31, 2021
(With Comparative Totals at December 31, 2020)

	Primary Government Governmental Activities	
	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Cash	$ **2,031,424**	2,532,255
Apportionments Receivable	**1,604,557**	1,469,106
Prepaid Expenses	**-**	96,814
Capital Assets - Net of Accumulated Depreciation		
Building	**2,074,299**	2,166,888
Equipment	**232,767**	280,724
Furniture and Fixtures	**65,155**	58,302
Books and Nonprints	**536,488**	548,198
Capital Assets - Not Being Depreciated		
Capital Assets Not In Use	**-**	12,381
Total Assets	**6,544,690**	7,164,668
Deferred Outflows of Resources		
Deferred Other - Pension	**124,510**	175,038
Deferred Contributions to Pension Expense	**29,586**	24,609
Total Deferred Outflows of Resources	**154,096**	199,647
Total Assets and Deferred Outflows of Resources	**6,698,786**	7,364,315
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Accounts Payable	**35,087**	202,477
Accrued Payroll Liabilities	**8,903**	2,247
Accrued Payroll	**29,925**	20,496
Compensated Absences	**35,053**	27,760
Deferred Insurance Proceeds	**22,611**	-
Net Pension Liability	**403,437**	624,878
Total Liabilities	**535,016**	877,858
Deferred Inflows of Resources		
Deferred Other - Pension	**174,682**	8,467
Deferred Apportionments Receivable	**1,604,557**	1,469,106
Total Deferred Inflows of Resources	**1,779,239**	1,477,573
Total Liabilities and Deferred Inflows of Resources	**2,314,255**	2,355,431
NET POSITION		
Invested in Capital Assets	**2,908,709**	3,066,493
Unrestricted	**1,475,822**	1,942,391
Total Net Position	$ **4,384,531**	5,008,884

The notes to the financial statements are an integral part of these statements.

HAYS PUBLIC LIBRARY
Statements of Activities
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Primary Government Governmental Activities 2021	2020
Primary Government Governmental Activities						
General Government	$ 2,574,393	2,048	129,682	100,066	$ **(2,342,597)**	(2,235,879)
General Revenues and Special Items						
City of Hays, KS Apportionment					**1,680,280**	1,660,153
Interest Income					**17,763**	44,884
Miscellaneous					**3,087**	2,945
Fines and Forfeitures					**3,794**	2,021
FHSU Workstudy					**13,320**	11,378
Total General Revenues and Special Items					**1,718,244**	1,721,381
Change in Net Position					**(624,353)**	(514,498)
Net Position - Beginning of Year					**5,008,884**	5,523,382
Net Position - End of Year					$ **4,384,531**	5,008,884

The notes to the financial statements are an integral part of these statements.

HAYS PUBLIC LIBRARY
Balance Sheets
Governmental Funds
December 31, 2021
(With Comparative Totals at December 31, 2020)

	General Fund	Library Employee Benefits Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds 2021	Total Governmental Funds 2020
ASSETS						
Cash	$ 504,745	246,618	1,280,061	-	**2,031,424**	2,532,255
Apportionments Receivable - Net	1,375,335	229,222	-	-	**1,604,557**	1,469,106
Total Assets	$ 1,880,080	475,840	1,280,061	-	**3,635,981**	4,001,361
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
Liabilities						
Accounts Payable	$ 35,087	-	-	-	**35,087**	202,477
Accrued Payroll Liabilities	-	8,903	-	-	**8,903**	2,247
Accrued Payroll	29,925	-	-	-	**29,925**	20,496
Deferred Insurance Proceeds	22,611	-	-	-	**22,611**	-
Total Liabilities	87,623	8,903	-	-	**96,526**	225,220
Deferred Inflows of Resources						
Deferred Apportionments Receivable	1,375,335	229,222	-	-	**1,604,557**	1,469,106
Fund Balance						
Assigned - Reserve for Encumbrances	7,427	-	-	-	**7,427**	585,018
Assigned	-	237,715	1,280,061	-	**1,517,776**	1,411,038
Unassigned	409,695	-	-	-	**409,695**	310,979
Total Fund Balance	417,122	237,715	1,280,061	-	**1,934,898**	2,307,035
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 1,880,080	475,840	1,280,061	-	**3,635,981**	4,001,361

The notes to the financial statements are an integral part of these statements.

HAYS PUBLIC LIBRARY
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
December 31, 2021

Amounts reported for governmental activities in the statement of net assets differ from the fund balances of governmental funds on the preceding balance sheet as shown in the following reconciliation:

Fund balances of governmental funds from the balance sheet.	$	1,934,898
Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity on the balance sheet.		2,908,709
Net pension liability has not been included in the governmental fund activity on the balance sheet.		(403,437)
Deferred pension contributions and other resulting from the pension liability are recognized as deferred outflows and inflows on the balance sheet.		(20,586)
Compensated absences have not been included in the governmental fund activity on the balance sheet.		(35,053)
Net position of governmental activities as reported on the statement of net position (Statement 1).	$	4,384,531

The notes to the financial statements are an integral part of these statements.

HAYS PUBLIC LIBRARY
Statements of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	General Fund	Library Employee Benefits Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds 2021	Total Governmental Funds 2020
Revenues						
Intergovernmental	$ 1,483,000	197,280	-	100,066	**1,780,346**	1,752,609
Federal Aid - COVID	-	-	-	-	**-**	9,888
FHSU Workstudy	13,320	-	-	-	**13,320**	11,378
Fines and Forfeitures	3,794	-	-	-	**3,794**	2,021
Charges for Services	2,048	-	-	-	**2,048**	1,914
Grants	38,827	-	-	-	**38,827**	39,508
Donations	90,855	-	-	-	**90,855**	193,192
Miscellaneous	3,087	-	-	-	**3,087**	2,945
Interest Income	17,763	-	-	-	**17,763**	44,884
Total Revenues	1,652,694	197,280	-	100,066	**1,950,040**	2,058,339
Expenditures						
General Government	971,252	232,015	-	76,120	**1,279,387**	2,079,058
Capital Outlay	752,019	-	262,825	27,946	**1,042,790**	497,349
Total Expenditures	1,723,271	232,015	262,825	104,066	**2,322,177**	2,576,407
Excess of Revenues Over (Under) Expenditures	(70,577)	(34,735)	(262,825)	(4,000)	**(372,137)**	(518,068)
Other Financing Sources (Uses)						
Transfers In	-	-	148,300	-	**148,300**	147,300
Transfers Out	(148,300)	-	-	-	**(148,300)**	(147,300)
Total Other Financing Sources (Uses)	(148,300)	-	148,300	-	**-**	-
Net Change in Fund Balance	(218,877)	(34,735)	(114,525)	(4,000)	**(372,137)**	(518,068)
Fund Balance - Beginning of Year	635,999	272,450	1,394,586	4,000	**2,307,035**	2,825,103
Fund Balance - End of Year	$ 417,122	237,715	1,280,061	-	**1,934,898**	2,307,035

The notes to the financial statements are an integral part of these statements.

HAYS PUBLIC LIBRARY
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2021

Net change in fund balance - total governmental funds (Statement 4).	$	(372,137)
Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays ($181,540) exceeded depreciation ($322,881) and reclassifications of assets not in use ($12,381) in the current period.		(153,722)
Capital assets were retired during the current year. These losses on retirement are not accounted for in the general governmental funds; however, these changes are reflected in the statement of activities. This is the amount by which original asset costs ($258,615) exceeded the accumulated depreciation ($254,553) for the retired assets.		(4,062)
An expense is recorded for pension liability when earned. In the governmental funds, an expense is recorded when the benefits are paid.		9,675
Compensated absences increased from the prior year. These balances are not accounted for in the general governmental funds; however, the changes are reflected in the statement of activities.		(7,293)
Prepaid expenses increased from the prior year. These balances are not accounted for in the general governmental funds; however, the changes are reflected in the statement of activities.		(96,814)
Change in net position of governmental activities (Statement 2).	$	(624,353)

The notes to the financial statements are an integral part of these statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Library is organized under Kansas statutes in the City of Hays, Kansas for the purpose of operating a public library for the residents of the City of Hays. A board consisting of seven members is appointed by the Hays City Commissioners. The Board elects an executive board and adopts rules and regulations for the administration of the Library as it deems necessary. The Library receives funding from local and state governmental sources and must comply with the requirements of these funding sources.

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

The Library is a primary government as defined in GASB #61. The Library Board has the authority to make decisions, influence operations, and has the primary accountability in fiscal matters.

The Library has the following component units that have not been audited and are excluded from the financial reporting entity:

Hays Public Library Trust

The Hays Public Library Trust provides support in order to facilitate the goals and needs of the Library and to promote Library services. Contact the Library Director for information on how to obtain a copy of the financial statements.

Friends of the Hays Public Library

Friends of the Hays Public Library promotes the growth, development, and the greatest possible use of the **Hays Public Library** to meet community needs by deriving funds from memberships, gifts, and fundraising projects. Contact the Library Director for information on how to obtain a copy of the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Government-Wide and Fund Financial Statements

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

The statement of activities reports the direct expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a

distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges for services which report fees, fines, and other charges to users of the Library's services, operating grants and contributions which finance annual operating activities including investment income, and capital grants which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not included with program revenues are reported as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The Library reports the following major governmental funds.

Governmental Fund Categories

General Fund – to account for and report all financial resources not accounted for and reported in another fund.

Employee Benefits Fund – to account for revenues and expenditures derived from taxes levied for employee benefit expenditures.

Capital Improvement Fund – to account for financial resources to be used for improving, furnishing, equipping, remodeling, or making additions to the Library.

The Library reports the following non-major governmental fund:

Special Revenue Fund – to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specified purpose.

Encumbrances
Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Budgetary Information
The Library is not subject to the legal annual operating budget requirements, but is controlled by the use of an internal budget established by the governing body. The internal budget is the source of the budget amounts listed on Schedule 1.

Property Tax Calendar and Apportionments Receivable
Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the Library, and therefore, are not susceptible to accrual. At December 31st, such taxes are recorded as taxes receivable, net of anticipated delinquencies with a corresponding amount recorded as deferred inflows of resources on the balance sheet of the appropriate funds. It is not practicable to apportion delinquent taxes at the end of the year and, further, the amounts are not material in relationship to the basic financial statements.

Accounting for Capital Assets and Depreciation
Capital assets, which include property and equipment, are reported in the governmental column of the government-wide financial statements. Capital assets are defined by the Library as assets or a group of assets with an initial, individual cost of $2,500 or more and an estimated useful life in excess of three years. These assets are valued at historical cost, estimated historical cost if actual cost is not available, or estimated fair value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Building	40 years
Equipment	6 years
Furniture and Fixtures	10 years
Books and Nonprints	7 years

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Depreciable Capital Assets				
Building	$ 4,103,825	-	-	4,103,825
Equipment	563,576	26,190	(24,742)	565,024
Furniture and Fixtures	227,183	12,381	-	239,564
Books and Nonprints	1,897,775	142,969	(233,873)	1,806,871
Total Depreciable Capital Assets	**6,792,359**	**181,540**	**(258,615)**	**6,715,284**
Accumulated Depreciation	(3,738,247)	(322,881)	254,553	(3,806,575)
Capital Assets, Net of Accumulated Depreciation	**3,054,112**	**(141,341)**	**(4,062)**	**2,908,709**
Non-Depreciable Capital Assets				
Capital Assets Not In Use	12,381	-	(12,381)	-
Total Capital Assets	$ **3,066,493**	**(141,341)**	**(16,443)**	**2,908,709**

Deposits and Investments
The Library follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the statement of net position.

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 investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Library has no investment policy that would further limit its investment choices.

Concentration of Credit Risk
State statutes place no limit on the amount the Library may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. State statutes require the Library's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The Library does not use "peak periods". All deposits were legally secured at December 31, 2021.

At December 31, 2021, the Library's carrying amount of deposits was $2,031,424 and the bank balance was $2,031,384. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance and $1,781,384 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. The Library had no investments at December 31, 2021.

Compensated Absences
Paid Time Off (PTO)
PTO is offered to full time and part time staff. Full time staff begin accruing PTO immediately upon commencement of employment but cannot use any PTO until three months after commencement. Part time staff start accruing PTO after one year of employment. Accrual hours at dependent on the years of service. The maximum amount of carryover is equal to one year's accrual.

Full time staff accrue PTO on the following schedule:

Years of Service	Accrual Hours per month	Max Annual Hours	Actual Annual Days
0	15	180	22.5
5	17	204	25.5
10	19	228	28.5

Part time staff accrue PTO on the following schedule:

Years of Service	Accrual Hours per month	Max Annual Hours	Actual Annual Days
1	6	72	9

The liability for PTO applicable to the governmental activities at December 31, 2021 has been recorded in the statement of net position in the amount of $35,053.

Other Post Employment Benefits
As provided by K.S.A. 12-5040, the Library allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the Library is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Library makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

As provided by K.S.A.74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at

1% for the year ended December 31, 2021. The cost of this has not been quantified in these financial statements.

Equity Classifications
In the government-wide statements, equity is shown as net position and classified into two components:

- Invested in capital assets – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Unrestricted net position – all other net position that does not meet the definition of "restricted" or "net investment in capital assets".

In the governmental fund financial statements, fund balance is comprised of five different classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The fund balance is classified as follows:

- Non-spendable – Assets legally or contractually required to be maintained or are not in spendable form. Such constraint is binding until the legal requirement is repealed or the amounts become spendable.

- Restricted – Assets with externally imposed constraints, such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.

- Committed – Assets with a purpose formally imposed by resolution by the Library Board of Directors, binding unless modified or rescinded by the Library Board of Directors.

- Assigned – Comprised of 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 Directors or (2) a body or official to whom the Library's Board of Directors has delegated the authority to assign amounts to be used for specific purposes as prescribed by the Library's fund balance and cash policy.

- Unassigned – All amounts not included in the other fund balance classifications. The general fund shall be the only fund to report positive unassigned fund balances. All other governmental funds may report negative unassigned fund balances.

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

Assigned Fund Balances consist of amounts intended to be used for employee benefits, future capital improvements, and encumbrances in the amounts of $237,715, $1,280,061, and $7,427, respectively.

Deferred Inflows of Resources/Deferred Outflows of Resources
In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Library reports a collective deferred outflow of resources related to pensions which is described in more detail in Note 3 – Defined Benefit Pension Plan.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from several sources: long-term accounts and notes receivable, forgivable loans, property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred revenues are reported in both the government-wide statement of net position and the governmental funds balance sheet for apportionments receivable for property taxes. Property taxes are not recognized as revenue until the period for which they are levied. Additionally, the Library reports collective deferred inflow of resources related to pensions, which is described in more detail in Note 3 – Defined Benefit Pension Plan.

Reimbursements
The Library records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

Pending Governmental Accounting Standards Board Statements
GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. Statement 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for periods beginning after June 15, 2021, as a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.*

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. The requirements for this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements for this statement are effective for periods beginning after June 15, 2021.

NOTE 2 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis as authorized by Kansas statutes. **Hays Public Library's** operating transfers and statutory authority for the year ended December 31, 2021 were as follows:

From	To	Statutory Authority		Amount
General Fund	Capital Improvement Fund	12-1258	$	148,300

NOTE 3 – DEFINED BENEFIT PENSION PLAN

Plan Description

Hays Public Library participates in a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement (GASB) 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 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 "points".

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. The 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 cash balance retirement pan (KPERS 3) was created for new hires starting after January 1, 2015. Normal retirement age for KPERS 3 is 65 with 5 years of service or 60 with 30 years of service. Early retirement is available at age 55 with 10 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.

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 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, 2021.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory employer capped contribution rate for local employees are both 8.87%. The member contribution rate as a percentage of eligible compensation for the fiscal year ended June 30, 2021 was 6.00% for local employees.

Contributions to the pension plan for the Library were $58,390 for the year ended December 31, 2021.

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 Fireman
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identity 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 December 31, 2021 are 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, 2021.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments.

Net Pension Liability

Net pension liability activity for the year ended December 31, 2021 was as follows:

Net Pension Liability	$403,437
Measurement Date	June 30, 2021
Valuation Date	December 31, 2020
Library's Proportion	0.034%
Change in Proportion	-0.0002%

Actuarial Assumptions

The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Price inflation	2.75%
Salary increase	3.50 to 12.00%, including inflation
Investment rate of return net of investment expense, including price inflation	7.25%

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

The long-term expected rate of return of 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 and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table.

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

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The actuarial assumptions used in the calculation of the total pension liability were based on the results of the most recent actuarial experience study. It covered the three-year period of January 1, 2016 through December 31, 2018 and was dated January 7, 2020.

The projection of cash flows used to determine the discount rate was based on member and employer contributions. The local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap was 1.2%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the Library's proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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 (6.25%) or 1 percentage point higher (8.25%) than the current rate:

1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
$663,615	$403,437	$185,245

Pension Expense
For the year ended December 31, 2021, the Library recognized pension expense of $51,949, 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
At December 31, 2021, 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	$ 15,925	3,653
Net differences between projected and actual earnings on investments	-	143,259
Changes in assumptions	79,417	-
Changes in proportion	29,168	27,770
Library contributions subsequent to measurement date	29,586	-
Total	**$ 154,096**	**174,682**

The $29,586 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2022. 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	
2022	$5,763
2023	(5,879)
2024	(11,955)
2025	(39,726)
2026	1,625
Thereafter	-

NOTE 4 – LITIGATION

At times, **Hays Public Library** is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the Library. Currently, there are no legal proceedings.

NOTE 5 – RISK MANAGEMENT

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

NOTE 6 – GRANTS AND SHARED REVENUES

Hays Public Library participates in numerous state grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Library has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Library, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 7 – COMPARATIVE DATA

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of the changes in **Hays Public Library's** financial position and operations. The comparative totals appear in the government-wide financial statements, fund financial statements, and the accompanying supplemental financial statements. However, complete comparative data has not been presented in all the financial statements since their inclusion would make the statement unduly complex and difficult to read.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 16, 2022, which is the date the financial statements were available to be issued.

HAYS PUBLIC LIBRARY

Required Supplementary Information

HAYS PUBLIC LIBRARY
General Fund
Summary Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	2021			
	Original and Final Budget	**Actual**	Variance Positive (Negative)	2020 Actual
Revenues				
Intergovernmental	$ 1,483,000	**1,483,000**	-	1,473,000
Federal Aid - COVID	-	**-**	-	9,888
FHSU Workstudy	-	**13,320**	13,320	11,378
Fines and Forfeitures	-	**3,794**	3,794	2,021
Charges for Services	-	**2,048**	2,048	1,914
Grants	-	**38,827**	38,827	11,000
Donations	-	**90,855**	90,855	193,192
Miscellaneous	-	**25,698**	25,698	2,945
Interest Income	-	**17,763**	17,763	44,884
Total Revenues	1,483,000	**1,675,305**	192,305	1,750,222
Expenditures				
Salaries	850,000	**713,212**	136,788	682,402
Legal and Professional	24,000	**25,505**	(1,505)	18,765
Continuing Education	27,000	**14,244**	12,756	7,187
Insurance	28,000	**19,286**	8,714	17,193
Library Promotion	15,000	**11,992**	3,008	10,272
Supplies	64,000	**53,364**	10,636	27,649
Maintenance and Repair	64,000	**49,551**	14,449	772,855
Databases	20,000	**11,220**	8,780	6,957
Periodicals	6,000	**5,936**	64	5,811
Donations Spent	-	**10,180**	(10,180)	191,825
Telephone	5,000	**5,900**	(900)	3,602
Utilities	70,000	**52,930**	17,070	44,463
Capital Outlay	335,000	**432,358**	(97,358)	590,676
Total Expenditures	$ 1,508,000	**1,405,678**	102,322	2,379,657

See independent auditors' report.

HAYS PUBLIC LIBRARY
General Fund
Summary Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	2021			
	Original and Final Budget	**Actual**	Variance Positive (Negative)	2020 Actual
Excess of Revenues Over Expenditures	$ (25,000)	**269,627**	294,627	(629,435)
Other Financing Sources (Uses)				
Transfers Out	-	**(148,300)**	(148,300)	(147,300)
Excess of Revenues and Other Sources Over Expenditures and Other (Uses)	(25,000)	**121,327**	146,327	(776,735)
Budgetary Basis Fund Balance - Beginning of Year	304,112	**310,979**	6,867	1,087,714
Budgetary Basis Fund Balance - End of Year	$ 279,112	**432,306**	153,194	310,979
GAAP Adjustments				
Encumbrances		**7,427**		
Deferred Insurance Proceeds		**(22,611)**		
Fund Balance - End of Year		**417,122**		

See independent auditors' report.

HAYS PUBLIC LIBRARY
Library Employee Benefits Fund
Summary Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	2021			
	Original and Final Budget	**Actual**	Variance Positive (Negative)	2020 Actual
Revenues				
Intergovernmental	$ 197,280	**197,280**	-	187,153
Expenditures				
KPERS	71,000	**63,847**	7,153	63,105
Social Security	64,000	**59,100**	4,900	55,913
Unemployment Taxes	1,200	**724**	476	689
Workers' Compensation	6,000	**2,257**	3,743	2,382
Health Insurance	100,000	**100,595**	(595)	91,830
Disability Insurance	4,400	**5,492**	(1,092)	4,664
Total Expenditures	246,600	**232,015**	14,585	218,583
Excess of Revenues Over (Under) Expenditures	(49,320)	**(34,735)**	14,585	(31,430)
Budgetary Basis Fund Balance - Beginning of Year	272,450	**272,450**	-	303,880
Budgetary Basis Fund Balance - End of Year	$ 223,130	**237,715**	14,585	272,450
GAAP Adjustments		**-**		
Fund Balance - End of Year		**237,715**		

See independent auditors' report.

HAYS PUBLIC LIBRARY
Schedule of Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
December 31, 2021

		2021	2020	2019	2018	2017	2016	2015
The Library's proportion of the collective net pension liability		**0.034%**	0.036%	0.035%	0.034%	0.031%	0.027%	0.027%
The Library's proportionate share of the net pension liability	$	**403,437**	624,878	484,888	478,663	446,427	410,190	352,185
The Library's covered payroll	$	**658,291**	656,661	670,875	609,996	632,178	460,452	464,526
The Library's proportionate share of the collective net pension liability as a percentage of its covered payroll		**61.29%**	95.16%	72.28%	78.47%	70.62%	89.08%	75.82%
Plan's fiduciary net position	$	**25,254,595,319**	20,606,874,005	20,648,053,887	19,696,209,235	18,633,840,421	17,192,432,371	16,635,520,735
Plan fiduciary net position as a percentage of the total pension liability		**76.40%**	66.30%	69.88%	68.88%	67.12%	65.09%	64.95%

GASB No. 68 requires presentation of ten years. Until a full 10 year trend is compiled, the Library will present information for those years for which information is available.

Covered payroll is measured as of the measurement date, the most recent of which was June 30, 2021.

Note: Information on this schedule is as of the measurement date.

HAYS PUBLIC LIBRARY
Schedule of the Library's Contributions
Kansas Public Employees Retirement System
December 31, 2021

		2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$	**56,647**	59,556	55,430	51,786	48,209	42,413	41,017
Contributions in relation to the contractually required contribution		**(56,647)**	(59,556)	(55,430)	(51,786)	(48,209)	(42,413)	(41,017)
Contribution deficiency (excess)	$	**-**	-	-	-	-	-	-
The Library's covered payroll	$	**658,291**	656,661	670,875	609,996	632,178	460,452	464,526
Contributions as a percentage of covered payroll		**8.61%**	9.07%	8.26%	8.49%	7.63%	9.21%	8.83%

GASB No. 68 requires presentation of ten years. Until a full 10 year trend is compiled, the Library will present information for those years for which information is available.

KPERS Pension Plan

Changes in assumptions.

The major items of impact in the actuarial valuation dated December 31, 2014 relative to the prior valuation are as follows:

- Reduce disability rates by 20% for all three KPERS groups.
- Increase the termination of employment rates for State-Males and Local-Males and Females.
- Modify the election of a deferred benefit by Local vested members who terminate employment in future years.
- Modify the retirement rates for the C60 group.
- Increase the load for the impact of final average salary provisions for Local, C55 and C60 members hired before July 1, 1993.
- Establish an interest crediting rate of 6.50% for KPERS 3 members.

As a result of the experience study completed in November 2016, there were several changes made to the actuarial assumptions and methods since the prior valuation are as follows:

- The price inflation assumption was lowered from 3.00% to 2.75%.
- The investment return assumption was lowered from 8.00% to 7.75%.
- The general wage growth assumption was lowered from 4.00% to 3.50%.
- The payroll growth assumption was lowered from 4.00% to 3.00%.
- The post-retirement health mortality assumption was changed to the RP-2014 Mortality Table, with adjustments to better fit the observed experience for the various KPERS groups. The most recent mortality improvement scale, MP-2016, is used to anticipate future mortality improvements in the valuation process through the next experience study.
- The active member mortality assumption was modified to also be based on the RP-2014 Employee Mortality Table with adjustments.
- The retirement rates for the select period (when first eligible for unreduced benefits under Rule of 85) were increased, but all other retirement rates were decreased.
- Disability rates were decreased for all three groups.
- The termination of employment assumption was increased for all three groups.
- The interest crediting rate assumption for KPERS 3 members was lowered from 6.50% to 6.25%.

As a result of the experience study completed in January 2020, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2019 and include:

- The investment return assumption was lowered from 7.75% to 7.25%.
- The general wage growth assumption was lowered from 3.50% to 3.25%.
- The payroll growth assumption was lowered from 3.00% to 2.75%.

Changes from the January 2020 experience study that impacted the Local group are listed below:

- Retirement rates were adjusted to partially reflect observed experience.
- Termination rates were increased for most KPERS groups.
- Disability rates were reduced.
- Factors for the State group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%.

HAYS PUBLIC LIBRARY

Supplementary Information

HAYS PUBLIC LIBRARY
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	State Aid Fund	Central Kansas Library Service Fund	Total Nonmajor Funds
ASSETS			
Cash	$ -	-	-
FUND BALANCE			
Fund Balance	$ -	-	-

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	State Aid Fund	Central Kansas Library Service Fund	Total Nonmajor Funds
Revenues			
Intergovernmental	$ **5,897**	**94,169**	**100,066**
Expenditures			
Salaries	**5,897**	**70,224**	**76,121**
Capital Outlay	**-**	**27,945**	**27,945**
Total Expenditures	**5,897**	**98,169**	**104,066**
Excess of Revenues Over (Under) Expenditures	**-**	**(4,000)**	**(4,000)**
Budgetary Basis Fund Balance - Beginning of Year	**-**	**4,000**	**4,000**
Budgetary Basis Fund Balance - End of Year	$ **-**	**-**	**-**

See independent auditors' report.