TONGANOXIE PUBLIC LIBRARY

Tonganoxie, Kansas

FINANCIAL STATEMENT

For the Year Ended December 31, 2025

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

TONGANOXIE PUBLIC LIBRARY
Tonganoxie, Kansas
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July 9, 2026

VARNEY
& ASSOCIATES, CPAs, LLC

To the Board of Trustees of the
Tonganoxie Public Library
Tonganoxie, Kansas

INDEPENDENT AUDITOR'S REPORT

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Tonganoxie Public Library (the Library), as of and for the year ended December 31, 2025 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2025, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Library as of December 31, 2025, and the aggregate receipts and expenditures for they year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* (KMAAG) described in Note 1.

Basis for Adverse and Unmodified Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and KMAAG. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to the Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 1 of the financial statement, the financial statement is prepared by the Library on the basis of the financial reporting provisions of the KMAAG, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In preparing the financial statement, 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.

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Auditor's Responsibilities for the Audit of the Financial Statement
Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 statement.

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 statement, 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 statement.
- 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 statement.
- 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.

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

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

TONGANOXIE PUBLIC LIBRARY
Tonganoxie, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS
For the Year Ended December 31, 2025

	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	$ 98,284	$ 491,838	$ 488,967	$ 101,155	$ -	$ 101,155
Special Purpose Funds						
Employee Benefits	180,178	117,923	94,728	203,373	-	203,373
Capital Improvement Fund	14,598	1,946	-	16,544	-	16,544
Gifts and Memorials	250,066	18,940	10,003	259,003	-	259,003
Total Reporting Entity	$ 543,126	$ 630,647	$ 593,698	$ 580,075	$ -	$ 580,075

Composition of Cash and Investments	
Cash	
Checking	$ 94,993
Certificate Account	200,204
Savings	284,878
Total Cash	$ 580,075

The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.

TONGANOXIE PUBLIC LIBRARY
Tonganoxie, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2025

Note 1: Summary of Significant Accounting Policies

Reporting Entity

The Tonganoxie Public Library (the Library), a municipality, was organized under the provisions of K.S.A. 12-1236 and governed by an appointed seven-member board. The Library is a related municipal entity of the City of Tonganoxie, Kansas.

Fund Accounting

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 regulations, restrictions, or limitations.

The following types of funds comprise the financial activities of the Library:

General Fund - is the chief operating fund of the Library. This fund is used to account for all financial resources not accounted for in other funds.

Special Purpose Fund - used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Regulatory Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The Library has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the Library to use the regulatory basis of accounting.

Budgetary Control

The Library charter establishes the fiscal year as the twelve-month period beginning January 1. The Library Board prepares a budget of estimated cash receipts and expenditures for the ensuing fiscal year. The annual operating budget is adopted, but is for internal management use only. The Library submits a request to the City annually to collect mil levy on behalf of the Library. The City budget includes the budget for the Library with tax revenues passing through the City. State of Kansas Statutes do not require the Library to prepare or submit a legal budget.

Annual Personal and Sick Leave Benefits

Sick leave is earned by full-time employees and earned by part-time employees based upon percentages of time worked as compared to sick leave granted to full-time employees. Employees are not compensated for any unused sick leave upon termination.

Full-time employees begin earning of annual leave on the first day of employment with a maximum of 96 hours; after five years employment, a maximum of 120 hours; and after ten years employment, a maximum of 160 hours. Annual leave is granted to part-time employees based upon percentage of time worked as compared to annual leave granted to full-time employees.

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the financial statement in compliance with the regulatory basis requires management to make estimates and assumptions that affect the reported amounts of encumbrances at the date of the financial statement and the reported amounts of expenditures during the reporting period. Actual results could differ from those estimates.

Note 2: Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the Library. The statute requires banks eligible to hold the Library's funds have a main or branch bank in the county in which the Library is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. Effective January 1, 2026, K.S.A. 9-1402 authorizes financial institutions to secure deposits of public moneys of governmental units through the Kansas Collateral Pool (public moneys pooled method as defined by 2025 Senate Substitute for House Bill 2152). The Library has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Library's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Library has no investment policy that would further limit its investment choices.

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. As of December 31, 2025, the Library did not have any investments.

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 has no designated "peak periods". All deposits were legally secured at December 31, 2025.

At December 31, 2025, the Library's carrying amount of deposits was $580,075, and the bank balance was $593,018. The bank balance was held by one bank, resulting in a concentration of credit risk. Of that balance, $250,000 was covered by federal depository insurance and the remaining balance was collateralized with securities held by the pledging financial institutions' agents in the Library's name.

Note 3: Interfund Transfers

There were no operating transfers during the year.

Note 4: Other Long-Term Obligations from Operations

Other Post Employment Benefits

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

Under the Consolidated Omnibus Budget Reconciliations 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. There is no direct cost to the Library under this program.

Note 5: Defined Benefit Pension Plan

The Library sponsors a 457 retirement plan for full-time employees. The Library matches up to 7% of the employees' gross wages. For the year ended December 31, 2025, total employer contributions were $17,666.

Note 6: 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; injuries to employees; and natural disasters for which the Library carries commercial insurance. Settled claims have not exceeded commercial coverage in any of the three preceding years. There have not been significant reductions to coverage from prior years.

Note 7: Stewardship, Compliance and Accountability

There were no violations of Kansas statutes during the period under examination.

Note 8: Subsequent Events

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

REGULATORY REQUIRED SUPPLEMENTARY INFORMATION

TONGANOXIE PUBLIC LIBRARY
Tonganoxie, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended December 31, 2025

Fund	Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental type funds					
General Fund	$ 472,230	$ -	$ 472,230	$ 488,967	$ 16,737
Employee benefits	114,715	-	114,715	94,728	(19,987)
	$ 586,945	$ -	$ 586,945	$ 583,695	$ (3,250)

TONGANOXIE PUBLIC LIBRARY
Tonganoxie, Kansas
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
December 31, 2025

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Taxes and shared revenue			
Combined taxes	$ 430,487	$ 421,269	$ 9,218
NEKLS	42,021	-	42,021
Fees and charges for services	5,567	-	5,567
Donations and grants	8,586	40,061	(31,475)
Interest on idle funds	2,096	2,500	(404)
State aid	3,118	-	3,118
Miscellaneous	(37)	8,400	(8,437)
Total Receipts	$ 491,838	$ 472,230	$ 19,608
EXPENDITURES			
Personnel services	$ 285,863	$ 263,010	$ 22,853
Collection development	61,580	68,444	(6,864)
Technology	37,751	33,500	4,251
Utilities	23,499	24,928	(1,429)
Administration	6,700	16,248	(9,548)
Outside services	25,595	-	25,595
Programs and projects	16,371	17,500	(1,129)
Building maintenance	16,647	29,560	(12,913)
Insurance	11,533	19,040	(7,507)
Advertising and promotional events	1,220	-	1,220
Other	2,208	-	2,208
Total Expenditures	$ 488,967	$ 472,230	$ 16,737
Receipts over (Under) Expenditures	$ 2,871		
Unencumbered Cash - January 1	98,284		
Unencumbered Cash - December 31	$ 101,155		

TONGANOXIE PUBLIC LIBRARY
Tonganoxie, Kansas
EMPLOYEE BENEFITS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
December 31, 2025

	Actual	Budget	Variance Over (Under)
RECEIPTS			
Taxes and shared revenue			
Ad valorem	$ 103,542	$ 114,715	$ (11,173)
Delinquent	1,272	-	1,272
Motor vehicle	12,834	-	12,834
Recreational vehicle	263	-	263
Miscellaneous	12	-	12
Total Receipts	$ 117,923	$ 114,715	$ 3,208
EXPENDITURES			
Health insurance	$ 62,507	$ 114,715	$ (52,208)
Labor expense	22,500	-	22,500
Employee benefits	9,721	-	9,721
Total Expenditures	$ 94,728	$ 114,715	$ (19,987)
Receipts over (Under) Expenditures	$ 23,195		
Unencumbered Cash - January 1	180,178		
Unencumbered Cash - December 31	$ 203,373		

TONGANOXIE PUBLIC LIBRARY
Tonganoxie, Kansas
CAPITAL IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
December 31, 2025

RECEIPTS		
Interest on idle funds	$	1,946
EXPENDITURES		
Outside services	$	-
Receipts over (Under) Expenditures	$	1,946
Unencumbered Cash - January 1		14,598
Unencumbered Cash - December 31	$	16,544

TONGANOXIE PUBLIC LIBRARY
Tonganoxie, Kansas
GIFTS AND MEMORIAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
December 31, 2025

RECEIPTS		
Donations and grants	$	11,276
Interest on idle funds		5,594
Miscellaneous		2,070
Total Receipts	$	18,940
EXPENDITURES		
Special programs	$	10,003
Receipts over (Under) Expenditures	$	8,937
Unencumbered Cash - January 1		250,066
Unencumbered Cash - December 31	$	259,003