

LEAVENWORTH PUBLIC LIBRARY

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2019

LEAVENWORTH PUBLIC LIBRARY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Leavenworth Public Library
Leavenworth, Kansas

Report in the financial statement

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Leavenworth Public Library, component unit of the City of Leavenworth, State of Kansas (the Library), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Leavenworth Public Library, as of December 31, 2019, and the respective changes in financial position thereof, and the respective budgetary comparisons for the General fund and the Employee Benefits fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

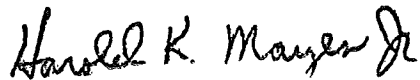
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7 and the schedule of the Library's proportionate share of the net pension liability on page 26 and the schedule of Library contributions on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures

Required Supplementary Information - continued

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 the Library's financial statements as a whole. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Harold K. Mayes Jr." in a cursive script.

Harold K Mayes Jr., CPA
Agler & Gaeddert, Chartered
Ottawa, Ks.
May 28, 2020

LEAVENWORTH PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

Our discussion and analysis of the Leavenworth Public Library's financial performance provides a narrative overview of the Library's financial activities for the fiscal year ended December 31, 2019. Please read it in conjunction with the accompanying financial statements following this report. The Library is a component unit of the City of Leavenworth, Kansas.

FINANCIAL HIGHLIGHTS:

- The assets and deferred outflows of resources of the Library exceeded its liabilities and deferred inflows of resources as of December 31, 2019 by \$1,143,169. Of this amount, \$412,191 (unrestricted net position) may be used to meet the entity's ongoing obligations to patrons and vendors.
- The Library's total net position increased 1.36% from the prior year.
- As of December 31, 2019, the Library's governmental funds reported combined fund balances of \$852,077, a decrease of \$51,446 from the prior year.
- Approximately 97.60%, \$831,559 is available for spending at the Library's discretion (unassigned fund balance).
- As of December 31, 2019, unassigned fund balance for the General Fund was \$798,672 and 77.47% of the total General Fund revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of three parts--the management's discussion and analysis (this section), the basic financial statements, and a supplementary information section that presents combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the Library:

- The first two statements are government-wide financial statements that provide long-term information about the Library's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Library, reporting the Library's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services (Library services) were financed in the short-term as well as what remains for future spending.
 - The Library has no proprietary funds, activities a government operates like businesses.
 - The Library has no fiduciary funds, relationships in which a government acts solely as a trustee or agent for the benefit of those outside of the government.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. In addition to these required elements, we have included a supplementary information section with combining statements that provide details about our non-major governmental funds.

The remainder of this overview section of the management discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Financial Statements

The government-wide statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Library's net position and how it has changed. Net position--the difference between the Library's assets, liabilities, and deferred inflows of resources--is one way to measure the Library's financial health.

LEAVENWORTH PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Over time, increases or decreases in the Library's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Library you need to consider additional non-financial factors such as changes in the City of Leavenworth's property tax base.

In the government-wide financial statements, the Library's activities fall into one category:

- Governmental activities--All of the Library's services are included here. Intergovernmental and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Library's funds, focusing on its most significant or "major" funds--not the Library as a whole. Funds are accounting devices that the Library uses to keep track of specific sources of funding and spending on particular programs.

The Library has one category of fund:

* Governmental funds--All of the Library's services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. Since this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements that explain the differences between them.

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial health. The Library's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,143,169 as of December 31, 2019, the most recent fiscal year.

A significant portion of the Library's net position, 63.95% reflects its investment in capital assets (e.g. equipment, books, furniture and fixtures). The Library uses these capital assets to provide services to its patrons; consequently, these assets are not available for future spending.

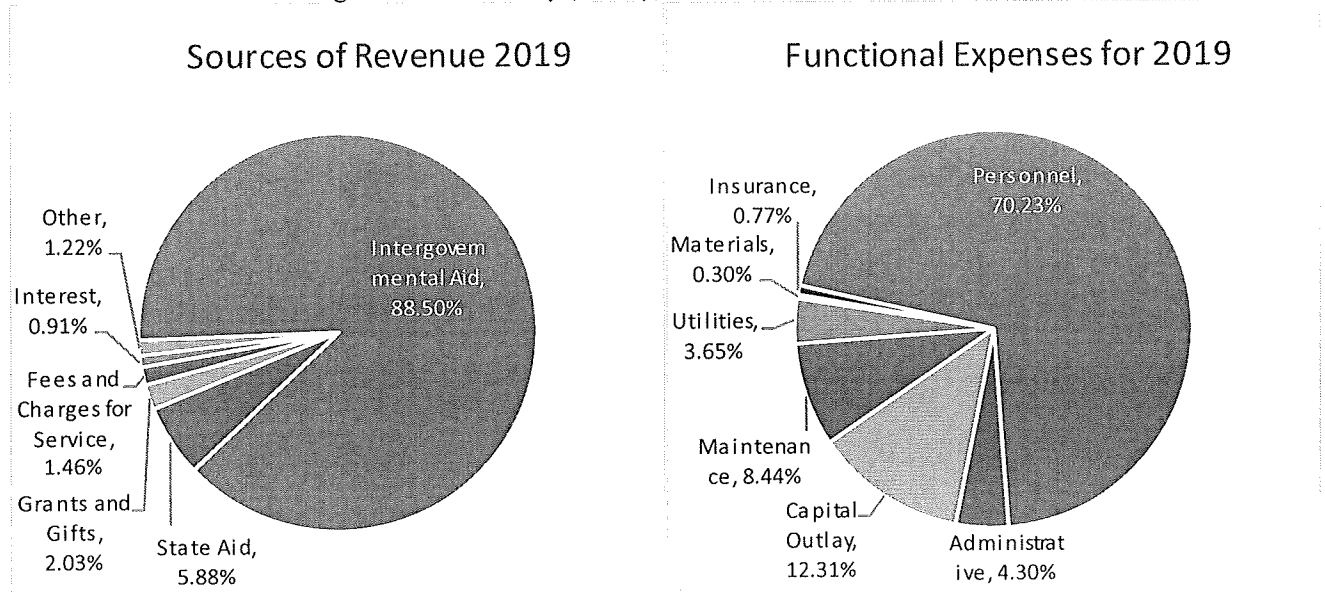
LEAVENWORTH PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

Table 1
December 31, 2019
Condensed Statement of Net Position

	Governmental Activities		Total Percentage
	2018	2019	Change 2018-2019
Other assets	\$ 1,930,250	\$ 1,901,704	-1.48%
Capital assets, net of accumulated depreciation	652,335	730,978	12.06%
Total assets	2,582,585	2,632,682	1.94%
Deferred outflows of resources	49,285	56,056	13.74%
Total deferred outflows of resources	49,285	56,056	13.74%
Liabilities	453,093	488,386	7.79%
Total liabilities	453,093	488,386	7.79%
Deferred inflows of resources	1,050,859	1,057,183	0.60%
Total deferred inflows of resources	1,050,859	1,057,183	0.60%
Net position:			
Net investment in capital assets	652,335	730,978	12.06%
Unrestricted	475,583	412,191	-13.33%
Total net position	\$ 1,127,918	\$ 1,143,169	1.35%

Changes in net position. The Leavenworth Public Library's total revenues increased by 10.14%. Approximately 88.50% of Library revenue comes from property taxes. The remaining 11.50% is comprised primarily of state aid, fees and charges, and interest income.

All costs are related to the one governmental activity (Library).



The Library received sufficient revenue during the year ended December 31, 2019 to sustain its operations and increase its net position. See Table 2.

LEAVENWORTH PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

Table 2
Leavenworth Public Library
Changes in Net Position

	Governmental Activities		Total Percentage
	2018	2019	Change 2018-2019
Revenues:			
Program revenues:			
Charges for services	\$ 27,763	\$ 19,374	-30.22%
Operating grants and contributions	21,528	27,031	25.56%
Capital grants and contributions	0	0	0.00%
General revenues:			
Intergovernmental aid	1,074,480	1,176,180	9.47%
State aid	72,376	78,094	7.90%
Interest income	5,788	12,053	108.24%
Miscellaneous	4,680	16,226	246.71%
Total revenues	<u>1,206,615</u>	<u>1,328,958</u>	<u>10.14%</u>
Expenses:			
Library	<u>1,209,073</u>	<u>1,380,404</u>	<u>14.17%</u>
Total expenses	<u>1,209,073</u>	<u>1,380,404</u>	<u>14.17%</u>
Excess (deficiency) of revenues over expenses	(2,458)	(51,446)	1993.00%
Transfers in	0	0	0.00%
Transfers out	<u>0</u>	<u>0</u>	<u>0.00%</u>
Increase (decrease) in net position	<u>\$ (2,458)</u>	<u>\$ (51,446)</u>	<u>1993.00%</u>

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

As the Library completed the year, its governmental funds reported combined fund balances of \$852,077, a decrease from last year. The General Fund reported a decrease in fund balance over the prior year of \$54,334. The Employee Benefits Fund reported a increase in fund balance over the prior year of \$32,887. The Capital Outlay Fund reported a decrease of \$29,999, and the Library Grant Fund decreased by \$0.

The revenues of the General Fund increased by only 2.23%, while expenditures increased by 10.05% The overall effect of operations in the General Fund was a 6.36% decrease in fund balance.

General Fund Budgetary Highlights

Total General Fund revenues for the Library for the year ended December 31, 2019 were 105.69% of budget. Total General Fund expenditures for the year ended December 31, 2019, were 98.68% of budget. Management believes its budgeting efforts are conservative and reasonable. The above percentages would indicate the same.

CAPITAL ASSET ADMINISTRATION

As of December 31, 2019, the Library had invested \$730,978 in capital assets (net of accumulated depreciation), including equipment, books, furniture, and fixtures. These amounts represent a net increase of \$78,643 (net of depreciation) over the prior year.

LEAVENWORTH PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

	Governmental Activities	
	2018	2019
Equipment	\$ 20,809	\$ 49,377
Books	544,518	601,620
Furniture & fixtures	87,008	79,981
Total	\$ 652,335	\$ 730,978

ECONOMIC FACTORS AND CHANGES

2019 was another year of significant change. The public, Board and entire Library staff strived to improve the Strategic Plan, crafted during the prior year, built around a new Mission Statement and focusing on two Roles. A focused, measurable Strategic Plan was submitted to the board during the year. It will shape how we allocate funds, train staff, build collections, use the facility and implement new services. Features of the plan that have been discussed include:

- Expand the variety and quality of all collections
- Focus on purchasing materials our community really wants to read, watch and hear
- Grow our collection of digital materials (eBooks, downloadable video and audio) for all ages
- Explore online services and information sources and add those that the community uses
- Improve the speed of our internet connection
- Increase the number of internet access computers in the Library
- Partner with schools and other agencies
- Amend policies to remove barriers to Library services
- Make using the Library more convenient through technology like self-check, RFID etc.
- Hire and retain the highest quality staff possible

Return-on-investment (ROI) is often used to measure the value of the services that libraries offer their communities. In 2019, the average hardback book cost \$25. Cost-per-circulation was \$7.27. Each time a patron borrowed a book, they saved \$17.73 which adds up to an annual total ROI of \$1,493,912. The Library paid an average of \$17 for each DVD, which translates into a \$506,957 ROI.

50% of all Leavenworth residents have a Library card (17,428 cardholders). 14,058 adults have library cards and they borrowed 62% of all materials loaned in 2019. 3,370 children have library cards and borrowed 38% of all materials loaned in 2019. A total of 116,176 people visited the Library, an average of 3.31 visits per Leavenworth resident. Users read 99,127 books (eBook use increased 25%), watched 54,629 DVDs, listened to 13,950 audiobooks and 3,377 CDs, streamed movies or music 3,858 times, and used the internet 20,803 times. 10,680 people attended a Library sponsored program and 287 community members or organizations used a meeting room.

Future budget planning will continue to focus on reallocating "overhead" categories into areas that have a direct benefit to including collections, improved/expanded access to technology training/education.

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 and to demonstrate the Library's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Executive Director of the Leavenworth Public Library, 417 Spruce Street, Leavenworth, Kansas 66048.

LEAVENWORTH PUBLIC LIBRARY

STATEMENT OF NET POSITION

GOVERNMENT-WIDE

December 31, 2019

	Governmental Activities (Primary Government)	Discretely Presented Component Units
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
Cash and investments	\$ 862,184	\$ 370,382
Property taxes receivable	1,039,520	0
Capital assets, net of accumulated depreciation	<u>730,978</u>	<u>0</u>
Total Assets	<u>2,632,682</u>	<u>370,382</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	<u>56,056</u>	<u>0</u>
Total deferred outflows of resources	<u>56,056</u>	<u>0</u>
Total assets and deferred outflows of resources	<u>\$ 2,688,738</u>	<u>\$ 370,382</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
LIABILITIES		
Accounts Payable	\$ 10,107	\$ 0
Net pension liability	<u>478,279</u>	<u>0</u>
Total liabilities	<u>488,386</u>	<u>0</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes	1,039,520	0
Pensions	<u>17,663</u>	<u>0</u>
Total deferred inflows of resources	<u>1,057,183</u>	<u>0</u>
Total liabilities and deferred inflows of resources	<u>\$ 1,545,569</u>	<u>\$ 0</u>
NET POSITION		
Net investment in capital assets	\$ 730,978	\$ 0
Unrestricted	<u>412,191</u>	<u>370,382</u>
Total net position	<u>\$ 1,143,169</u>	<u>\$ 370,382</u>

The accompanying notes are an integral part of this statement.

LEAVENWORTH PUBLIC LIBRARY

STATEMENT OF ACTIVITIES GOVERNMENT-WIDE

For the year ended December 31, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	Discretely Presented Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary government:					
Library	Expenses				
	\$ (1,313,707)	\$ 19,374	\$ 27,031	\$ (1,267,302)	\$ (18,059)
			\$ 0		
General Revenues:					
Intergovernmental aid				1,176,180	0
Kansas State Aid not restricted to specific programs				78,094	0
Interest income				12,053	22
Investment income				0	47,299
Donation income				0	15,390
Miscellaneous				16,226	8,477
Total general revenues				1,282,553	71,188
Change in net position				15,251	53,129
Net position - beginning of year				1,127,918	317,253
Net position - end of year				\$ 1,143,169	\$ 370,382

The accompanying notes are an integral part of the financial statements.

LEAVENWORTH PUBLIC LIBRARY

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2019

	General	Employee Benefits	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 808,779	\$ 32,887	\$ 20,518	\$ 862,184
Property taxes receivable	<u>807,003</u>	<u>232,517</u>	<u>0</u>	<u>1,039,520</u>
Total assets	<u>\$ 1,615,782</u>	<u>\$ 265,404</u>	<u>\$ 20,518</u>	<u>\$ 1,901,704</u>
LIABILITIES				
Accounts payable	\$ <u>10,107</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>10,107</u>
Total Liabilities	<u>10,107</u>	<u>0</u>	<u>0</u>	<u>10,107</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes	<u>807,003</u>	<u>232,517</u>	<u>0</u>	<u>1,039,520</u>
Total deferred inflows of resources	<u>807,003</u>	<u>232,517</u>	<u>0</u>	<u>1,039,520</u>
FUND BALANCES				
Assigned:				
Capital improvements	0	0	20,518	20,518
Unassigned	<u>798,672</u>	<u>32,887</u>	<u>0</u>	<u>831,559</u>
Total fund balances	<u>798,672</u>	<u>32,887</u>	<u>20,518</u>	<u>852,077</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,615,782</u>	<u>\$ 265,404</u>	<u>\$ 20,518</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 730,978
Pension contributions are reported as an expense in the fund and as a deferred outflow of resources in the governmental activities in the statement of net position	56,056
Pension fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position	<u>(495,942)</u>
Net position of governmental activities	<u>\$ 1,143,169</u>

The accompanying notes are an integral part of the financial statements.

LEAVENWORTH PUBLIC LIBRARY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

As of December 31, 2019

	General	Employee Benefits	Other Governmental Funds	Total Governmental Funds
REVENUES				
Intergovernmental aid	\$ 895,069	\$ 281,111	\$ 0	\$ 1,176,180
Kansas State Aid	77,269	0	825	78,094
Fees and charges for service	19,374	0	0	19,374
Grants and contributions	24,631	0	2,400	27,031
Interest	12,053	0	0	12,053
Other	2,603	0	13,623	16,226
	<u>1,030,999</u>	<u>281,111</u>	<u>16,848</u>	<u>1,328,958</u>
Total revenues				
EXPENDITURES				
Current:				
Personnel	681,548	287,101	825	969,474
Materials	4,158	0	0	4,158
Administration	57,017	0	2,400	59,417
Insurance	10,593	0	0	10,593
Utilities	50,317	0	0	50,317
Maintenance	72,847	0	43,622	116,469
Capital Outlay	169,976	0	0	169,976
	<u>1,046,456</u>	<u>287,101</u>	<u>46,847</u>	<u>1,380,404</u>
Total expenditures				
Excess (deficiency) of revenues over expenditure	<u>(15,457)</u>	<u>(5,990)</u>	<u>(29,999)</u>	<u>(51,446)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	0	38,877	0	38,877
Operating transfers out	<u>(38,877)</u>	<u>0</u>	<u>0</u>	<u>(38,877)</u>
Total other financing sources (uses)	<u>(38,877)</u>	<u>38,877</u>	<u>0</u>	<u>0</u>
Net change in fund balance	(54,334)	32,887	(29,999)	(51,446)
Fund balances-beginning of year	<u>853,006</u>	<u>0</u>	<u>50,517</u>	<u>903,523</u>
Fund balances-end of year	<u>\$ 798,672</u>	<u>\$ 32,887</u>	<u>\$ 20,518</u>	<u>\$ 852,077</u>

The accompanying notes are an integral part of the financial statements.

LEAVENWORTH PUBLIC LIBRARY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS As of December 31, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balance - total government funds	\$	(51,446)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures	\$	213,636	
Donated capital assets		0	
Loss on disposal of capital assets		0	
Depreciation expense		<u>(134,993)</u>	78,643

Pension payments are reported as expenditures in the governmental funds and do not affect the statement

(11,946)

Change in net position of governmental activities as reported on the statement of activities

\$ 15,251

The accompanying notes are an integral part of the financial statements.

LEAVENWORTH PUBLIC LIBRARY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE GENERAL FUND

For the Year Ended December 31, 2019

	Budget	Actual Amounts	Variance with Final Budget Over (Under)
REVENUES			
Intergovernmental aid	\$ 847,214	\$ 895,069	\$ 47,855
Kansas State Aid	72,000	77,269	5,269
Fees and charges for service	29,800	19,374	(10,426)
Grants and contributions	15,000	24,631	9,631
Interest	4,700	12,053	7,353
Other	6,500	2,603	(3,897)
	<u>975,214</u>	<u>1,030,999</u>	<u>55,785</u>
Total revenues			
EXPENDITURES			
Current:			
Personnel	700,960	681,548	(19,412)
Materials	6,300	4,158	(2,142)
Administration	59,100	57,017	(2,083)
Insurance	8,800	10,593	1,793
Utilities	56,020	50,317	(5,703)
Maintenance	74,192	72,847	(1,345)
Capital Outlay	154,980	169,976	14,996
	<u>1,060,352</u>	<u>1,046,456</u>	<u>(13,896)</u>
Total expenditures			
OTHER FINANCING SOURCES (USES)			
Operating transfers in	0	0	0
Operating transfers out	0	(38,877)	(38,877)
	<u>0</u>	<u>(38,877)</u>	<u>(38,877)</u>
Total other financing sources (uses)			
	<u>0</u>	<u>(38,877)</u>	<u>(38,877)</u>
Net change in fund balances	\$ <u>(85,138)</u>	\$ (54,334)	\$ <u>30,804</u>
Fund balance - beginning of year		<u>853,006</u>	
Fund balance - end of year		<u>\$ 798,672</u>	

The accompanying notes are an integral part of the financial statements.

LEAVENWORTH PUBLIC LIBRARY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE EMPLOYEE BENEFIT FUND

For the Year Ended December 31, 2019

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
REVENUES			
Intergovernmental aid	\$ <u>284,000</u>	\$ <u>281,111</u>	\$ <u>(2,889)</u>
Total revenues	<u>284,000</u>	<u>281,111</u>	<u>(2,889)</u>
EXPENDITURES			
Current:			
Personnel	<u>284,000</u>	<u>287,101</u>	<u>3,101</u>
Total expenditures	<u>284,000</u>	<u>287,101</u>	<u>3,101</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	0	38,877	0
Operating transfers in	<u>0</u>	<u>0</u>	<u>38,877</u>
Total other financing sources (uses)	<u>0</u>	<u>38,877</u>	<u>38,877</u>
Net change in fund balances	\$ <u><u>0</u></u>	\$ <u>32,887</u>	\$ <u><u>32,887</u></u>
Fund balance - beginning of year		<u>0</u>	
Fund balance - end of year		\$ <u><u>32,887</u></u>	

The accompanying notes are an integral part of the financial statements.

LEAVENWORTH PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENT

December 31, 2019

NOTE A. MUNICIPAL REPORTING ENTITY

The Leavenworth Public Library (Library) is a political subdivision in the State of Kansas governed by a seven-member board appointed by the mayor of Leavenworth, Kansas. Accounting principles generally accepted in the United States of America have established criteria to be followed in determining which governmental organizations should be included in the reporting entity. Applying these criteria, management has determined that the Library is a component unit of the City of Leavenworth, State of Kansas.

The Leavenworth Library Foundation is considered a component unit of the Library. The Foundation raises funds for and provides funds to the Library. The Foundation operates under a separate board of directors.

NOTE B. BASIS OF PRESENTATION AND BASIS OF ACCOUNTING

Basis of presentation:

Government-wide statements: The statement of net position and the statement of activities display information about the total economic activities of the Library. These statements present the governmental activities of the entity. The Library has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues of the Library.

- * Program revenues include (a) charges paid by the recipients of goods or services offered by the program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements: The fund financial statements provide information about the Library's funds. The Library has only governmental funds. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds.

The Library has the following major governmental funds:

- * *General fund*. This is the Library's main operating fund. It accounts for all financial resources of the Library, except those required to be accounted for in another fund.
- * *Employee benefits fund*. This fund reflects the transactions of specific revenue sources, the usage of which is designated by administrative policy for the benefit of the Library's employees.

Basis of accounting:

The Library has established a system of accounting maintained to reflect compliance with accounting principles generally accepted in the United States of America. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, that is, both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Library considers intergovernmental and state aid to be susceptible to accrual, and amounts received within 60 days are considered to be available. Revenues which are measurable but not yet available, are reported as deferred revenue and recognized as revenues when collected. Expenditures are recorded when the liability is incurred. General capital asset acquisitions are reported as expenditures in governmental funds.

LEAVENWORTH PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENT

December 31, 2019

NOTE C. FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the Library is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2019, fund balances for governmental funds are made up of the following:

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

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

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

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

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

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

NOTE D. 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 reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

NOTE E. BUDGETARY BASIS OF ACCOUNTING

The Library is not subject to statutory budget requirements. The City of Leavenworth levies taxes to fund a portion of the annual budget of the Library. For monitoring purposes, the Board of Trustees of the Library does develop a budget annually. These budget figures have been included in the budgetary comparison statements for the General fund and the Employee Benefits fund.

NOTE F. COMPLIANCE WITH KANSAS STATUTES

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the State Director of Accounts and Reports and interpretation by the legal representative of the Library.

Management is not aware of any statutory violations for the period under audit.

LEAVENWORTH PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENT

December 31, 2019

NOTE G. CASH AND INVESTMENTS

Library – primary governmental unit

As of December 31, 2019, the Library's cash and investments consisted of the following:

Cash	\$ 262,118
Investments	<u>600,066</u>
Total	<u>\$ 862,184</u>

As of December 31, 2019, the Library had the following investments:

Investment Type	Fair Value
Non-negotiable Certificates of deposit:	
Citizens Savings & Loan Association, 01/16/2020	\$ 100,000
Citizens Savings & Loan Association, 08/12/2025	100,000
Citizens Savings & Loan Association, 03/15/2020	100,000
Citizens Savings & Loan Association, 03/15/2024	200,000
Commerce Bank 04/21/2021	<u>100,066</u>
Total Fair Value	<u>\$ 600,066</u>

Leavenworth Library Foundation – component unit

As of December 31, 2019, the Foundation's cash and investments consisted of the following:

Cash	\$ 15,149
Investments	<u>355,233</u>
Total	<u>\$ 370,382</u>

As of December 31, 2019, the Foundation had the following investments:

Investment type	Fair Value	Rating	Percentage
Money market	\$ 43,090	Not available	12.13%
Mutual funds	130,883	Not available	36.84%
Bonds	86,796	AAA	24.43%
Stocks	63,913	Not available	17.99%
Other mutual funds	<u>30,551</u>	Not available	8.60%
Total Fair Value	<u>\$ 355,233</u>		

LEAVENWORTH PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENT

December 31, 2019

NOTE G. CASH AND INVESTMENTS – continued

Leavenworth Library Foundation – component unit (continued)

During the year ended December 31, 2019, the Foundation's net investment income consisted of the following:

Asset Receipts	\$	1,094
Dividends		5,808
Capital Gain		13,320
Foreign tax paid		855
Unrealized gain (loss)		39,628
Withdrawals		(8,435)
Fees		<u>(4,971)</u>
Net investment income	\$	<u>47,299</u>

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 deposits have a main or branch bank in the county in which the Library is located and the banks provide an acceptable rate of return on deposits. In addition, K.S.A. 9-1402 requires the bank to pledge securities for deposits in excess of FDIC coverage. The Library has no other policies that would further limit custodial credit risk.

K.S.A. 12-1675 limits the Library's investment of idle monies 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 investments.

Concentration of credit risk. State statutes place no limit on the amount the Library may invest in any one issuer as long as the investment is 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. The irrevocable line of credit from the Federal Home Loan Bank of Topeka is an instrument that replaces the mortgage backed securities formerly used to secure the bank balances at Citizens.

At December 31, 2019, the Library's carrying amount of deposits was \$862,184 and the bank balance was \$883,974. The bank balance was held by two banks, resulting in a concentration of credit risk. Of the bank balance, \$350,066 was covered by federal depository insurance, and the remaining \$533,908 was collateralized with securities held by the pledging financial institutions' agents in the Library's name.

At December 31, 2019, the Foundation's carrying amount of deposits was \$15,149 and the bank balance was \$15,149. The bank balance was held by one bank, resulting in a concentration of credit risk. Of the bank balance, \$15,149 was covered by federal depository insurance.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the 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.

LEAVENWORTH PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENT

December 31, 2019

NOTE H. INTERFUND TRANSFERS

Interfund transfers are recorded as Other Financing Sources in the fund receiving the cash from another fund and as Other Financing Uses in the fund from which the transfer is made. There was one interfund transfer from the General Fund of \$38,877 to the Employee Benefits Fund of \$38,877.

NOTE I. CAPITAL ASSETS

Purchased capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed capital assets are reported at estimated fair value at the time received.

Depreciation methods and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Depreciation method	Estimated useful life
Equipment	Straight-line	5-20 years
Books	Straight-line	10-20 years
Furniture & fixtures	Straight-line	5-20 years

Capital balances and activity for the year ended December 31, 2019 was as follows:

	Beginning balance	Additions	Dispositions	Ending Balance
Capital Assets				
Equipment	\$ 188,435	\$ 42,981	\$ 0	\$ 231,416
Books	1,636,609	167,110	46,580	1,757,139
Furniture & fixtures	374,394	3,545	0	377,939
Total capital assets	2,199,438	213,636	46,580	2,366,494
Less accumulated depreciation for:				
Equipment	167,626	14,413	0	182,039
Books	1,092,091	110,008	46,580	1,155,519
Furniture & fixtures	287,386	10,572	0	297,958
Total accumulated depreciation	1,547,103	134,993	46,580	1,635,516
Total capital assets, net	\$ 652,335	\$ 78,643	\$ 0	\$ 730,978

NOTE J. OPERATING LEASES

The Library, as lessee, has various non-cancelable leases for certain office equipment, all of which are classified as operating leases. Rent expense under these non-cancelable leases was \$1,680 for the year ended December 31, 2019.

Future minimum lease payments under the operating lease are:

2020	\$ 1,260
Total minimum lease payments	\$ 1,260

The Library has a maintenance agreement covering three copiers. Per the agreement, the Library is charged \$0.0079 per black and white copy and \$0.055 per color copy.

LEAVENWORTH PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENT

December 31, 2019

NOTE K. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Health Insurance

The City of Leavenworth provides health insurance benefits to Library retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statutes, which may be amended by the State Legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium costs for other similarly situated employees. The City of Leavenworth requires participating retirees to contribute 100 percent of the blended premium cost of active employees up to age 65 (including the employer and the employee share).

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. There is no cost to the Library under this program.

Death and Disability.

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, 2019. It appears the amount of deferred outflows, inflows and net pension liability are not material and have not been quantified in this financial statement.

Compensated absences

Full-time and part-time employees who work twenty (20) or more hours a week shall begin to accrue annual leave from commencement of employment, but they shall not be permitted to use any annual leave until completing the six-month introductory period. Part-time employees working under twenty (20) hours a week and temporary employees will not be compensated for annual leave. Employees terminated prior to the completion of their six-month introductory period shall not be compensated for any accrued annual leave.

Annual leave shall accrue at this rate:

- ☐ **Full-time** employees: twelve (12) days per year (8 hours per month)
- ☐ **Part-time** employees: pro-rated annual leave
 - o Employees working **20-29** hours per week: four (4) hours per month
 - o Employees working **30-39** hours per week: six (6) hours per month
- ☐ The Library Director: twenty (20) days per year beginning at time of employment

After four (4) years of continuous service:

- ☐ **Full-time** employees: fifteen (15) days per year (10 hours per month).
- ☐ **Part-time** employees:
 - o Employees working **20-29** hours per week: (6) hours per month
 - o Employees working **30-39** hours per week: (8) hours per month

After ten (10) years of continuous service:

- ☐ **Full-time** employees: twenty (20) days per year.

Full-time employees may carry over twelve (12) days (15 days after 4 years; 20 days after 10 years) from one calendar year to the next.

Part-time employees may carry over comparable amounts based on their pro-rated leave.

LEAVENWORTH PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENT

December 31, 2019

NOTE K. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS - continued

Upon termination of employment, employees will be compensated for accumulated annual leave based on their years of service:

- ☐ < than 5 years – 144 hours
- ☐ 5 to 10 years – 176 hours
- ☐ 10 to 15 years – 208 hours
- ☐ > 15 years – 240 hours

Sick leave shall be accrued at this rate:

- ☐ **Full-time** employees: twelve (12) days per year (8 hours per month)
- ☐ Employees working **20-29** hours per week: (4) hours per month
- ☐ Employees working **30-39** hours per week: (6) hours per month

After four (4) years of continuous service:

- ☐ **Full-time** employees: fifteen (15) days per year (10 hours per month)
- ☐ Employees working **20-29** hours per week: (6) hours per month
- ☐ Employees working **30-39** hours per week: (8) hours per month

Sick leave will continue to accrue; all accumulated leave shall carry over year-to-year. Upon termination of employment employees will not be compensated for accumulated sick leave.

Amounts accumulated for compensated absences are not accrued in these financial statements.

NOTE L. ENCUMBRANCES

The Library uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executor contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance. At December 31, 2019, the Library did not have any recorded encumbrances in governmental funds.

NOTE M. DEFINED BENEFIT PENSION PLAN

Description of Pension Plan. The Library participates in a cost-sharing multiple employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49: Public employees, which includes: State/School employees, Local employees, and Police and Firemen.

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.

LEAVENWORTH PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENT

December 31, 2019

NOTE M. DEFINED BENEFIT PENSION PLAN - continued

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

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

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

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

The actuarially determined employer contribution rates and the statutory contribution rates for local employees is 8.89%. Member contribution rates as a percentage of eligible compensation for the fiscal year ended is 6.00% for public employees.

Employer Allocations. Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

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

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and non-employer allocations are applied to amounts presented in the schedules of pension amounts by employer and non-employer.

The allocation percentages for the Library's share of the collective pension amounts as of June 30, 2019 and 2018 was based on the ratio of its contributions to the total of the employer and non-employer contributions of the group for the fiscal years ended June 30, 2019. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2019, the Library's proportion was 0.034227%, which was an increase of 0.001719% from its proportion measured at June 30, 2018.

LEAVENWORTH PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENT

December 31, 2019

NOTE M. DEFINED BENEFIT PENSION PLAN – continued

Net Pension Liability. At December 31, 2019, the Library reported a liability of \$478,279, for its proportionate share of the net pension liability.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019, using the following actuarial assumptions:

Actuarial Cost Method	Entry age normal
Price Inflation	2.75 percent
Salary Increase	3.50 to 12.00 percent, including price inflation
Investment Rate of Return	7.75 percent compounded annually, net of investment expense, including price inflation

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. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013 through December 31, 2015. The experience study is dated November 18, 2016.

The actuarial assumption changes adopted by the Pension Plan for all groups based on the experience study:

- Price inflation assumption lowered from 3.00 percent to 2.75 percent
- Investment return assumption was lowered from 8.00 percent to 7.75 percent
- General wage growth assumption was lowered from 4.00 to 3.5 percent
- Payroll growth assumption was lowered from 4.00 percent to 3.00 percent

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. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated November 18, 2016, 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
Global Equity	47.00%	6.85%
Fixed Income	13.00%	1.25%
Yield driven	8.00%	6.55%
Real return	11.00%	1.71%
Real estate	11.00%	5.05%
Alternatives	8.00%	9.85%
Short-term investments	2.00%	-0.25%
	<u>100.000%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below:

LEAVENWORTH PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENT

December 31, 2019

NOTE M. DEFINED BENEFIT PENSION PLAN – continued

In KPERS, the State/School and 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 for Fiscal Year 2019 was 1.2 percent.

The Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate.

Sensitivity of the Library's Proportionate share 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 7.75%, 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 (6.75%) or 1-percentage point higher (8.75%) than the current rate:

1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
\$ 714,319	\$ 478,279	\$ 280,835

Pension Expense. For the year ended December 31, 2019, the Library recognized pension expense of 75,757, 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, 2019, 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	\$ 1,047	\$ 12,045
Net difference between projected and actual earnings on investment	11,252	0
Changes in assumptions	14,618	969
Changes in proportion	29,139	4,649
Total	\$ 56,056	\$ 17,663

Amounts reported as deferred inflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

LEAVENWORTH PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENT

December 31, 2019

NOTE M. DEFINED BENEFIT PENSION PLAN – continued

<u>Year ended December 31,</u>		<u>Deferred (Inflows) Outflows Amount</u>
2020	\$	20,862
2021		2,748
2022		6,856
2023		7,577
2024		<u>349</u>
Total	\$	<u><u>38,392</u></u>

NOTE N. 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. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant change in insurance coverage from the previous fiscal year.

NOTE O. RELATED PARTY TRANSACTIONS

City of Leavenworth

The Library is housed in a facility owned by the City of Leavenworth. The City issued debt to construct the library facility and has assumed responsibility for principal and interest payments on the debt.

The City of Leavenworth provides health insurance benefits to Library employees and their dependents.

Leavenworth Library Foundation

During the year ended December 31, 2019, the Library's component unit, the Leavenworth Library Foundation, donated \$16,000 to the Library.

NOTE P. SUBSEQUENT EVENTS

The Library evaluated subsequent events through May 28, 2020, the date the financial statements were available to be issued. No subsequent events were identified which require disclosure

REQUIRED SUPPLEMENTAL
INFORMATION

LEAVENWORTH PUBLIC LIBRARY

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019

KPERS PENSION PLAN:

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

	<u>2019</u>	<u>2018</u>
Library's proportion of the net pension liability	0.034%	0.033%
Library's proportionate share of the net pension liability	\$ 478,279	\$ 453,093
Library's covered-employee payroll	\$ 656,550	\$ 619,185
Library's proportional share of the net pension liability as a percentage of its covered employee payroll	72.85%	73.18%
Plan fiduciary net position as a percentage of the total pension liability	69.88%	68.87%

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

Schedule of the Library's Contributions Last Ten Fiscal Years*

	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 54,673	\$ 49,020
Contributions in relation to the contractually required contribution	<u>54,673</u>	<u>49,020</u>
Contribution deficiency (excess)	\$ <u>0</u>	\$ <u>0</u>
Library's covered-employee payroll	\$ 656,550	\$ 619,185
Contributions as a percentage of covered-employee payroll	8.327%	7.917%

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

	<u>2017</u>		<u>2016</u>		<u>2015</u>
	0.033%		0.033%		0.030%
\$	470,907	\$	510,628	\$	398,312
\$	584,240	\$	583,838	\$	554,714
	80.60%		87.46%		71.80%
	67.12%		65.10%		64.95%

	<u>2017</u>		<u>2016</u>		<u>2015</u>
\$	50,853	\$	52,798	\$	46,390
	<u>50,853</u>		<u>52,798</u>		<u>46,390</u>
\$	<u><u>0</u></u>	\$	<u><u>0</u></u>	\$	<u><u>0</u></u>
\$	584,240	\$	583,838	\$	554,714
	8.704%		9.043%		8.363%

SUPPLEMENTAL INFORMATION

LEAVENWORTH PUBLIC LIBRARY

COMBINING BALANCE SHEET - GENERAL FUND

As of December 31, 2019

	General	Gifts & Memorial	Total General Fund
ASSETS			
Cash and equivalents	\$ 699,152	\$ 109,627	\$ 808,779
Property taxes receivable	<u>807,003</u>	<u>0</u>	<u>807,003</u>
Total assets	<u>\$ 1,506,155</u>	<u>\$ 109,627</u>	<u>\$ 1,615,782</u>
LIABILITIES			
Accounts payable	\$ <u>10,107</u>	\$ <u>0</u>	\$ <u>10,107</u>
Total Liabilities	<u>10,107</u>	<u>0</u>	<u>10,107</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	<u>807,003</u>	<u>0</u>	<u>807,003</u>
Total deferred inflows of resources	<u>807,003</u>	<u>0</u>	<u>807,003</u>
FUND BALANCES			
Unassigned	<u>689,045</u>	<u>109,627</u>	<u>798,672</u>
Total fund balances	<u>689,045</u>	<u>109,627</u>	<u>798,672</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,506,155</u>	<u>\$ 109,627</u>	<u>\$ 1,615,782</u>

See Independent Auditor's Report.

LEAVENWORTH PUBLIC LIBRARY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND

For the year ended December 31, 2019

	General	Gifts & Memorial	Total General Fund
REVENUES			
Intergovernmental aid	\$ 895,069	\$ 0	\$ 895,069
Kansas state aid	77,269	0	77,269
Fees and charges for service	19,374	0	19,374
Grants and contributions	0	24,631	24,631
Interest	12,053	0	12,053
Other	2,603	0	2,603
Total revenues	<u>1,006,368</u>	<u>24,631</u>	<u>1,030,999</u>
EXPENDITURES			
Current:			
Personnel	681,548	0	681,548
Materials	4,158	0	4,158
Administration	56,280	737	57,017
Insurance	10,593	0	10,593
Utilities	50,317	0	50,317
Maintenance	66,541	6,306	72,847
Capital Outlay	169,976	0	169,976
Total expenditures	<u>1,039,413</u>	<u>7,043</u>	<u>1,046,456</u>
Excess (deficiency) of revenues over expenditure	<u>(33,045)</u>	<u>17,588</u>	<u>(15,457)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	0	0	0
Operating transfers out	<u>(38,877)</u>	<u>0</u>	<u>(38,877)</u>
Total other financing sources (uses)	<u>(38,877)</u>	<u>0</u>	<u>(38,877)</u>
Net change in fund balance	(71,922)	17,588	(54,334)
Fund balances-beginning of year	<u>760,967</u>	<u>92,039</u>	<u>853,006</u>
Fund balances-end of year	<u>\$ 689,045</u>	<u>\$ 109,627</u>	<u>\$ 798,672</u>

See Independent Auditor's Report.

LEAVENWORTH PUBLIC LIBRARY

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

As of December 31, 2019

	Capital Outlay	Library Grant	Total Non-major Governmental Funds
ASSETS			
Cash and equivalents	\$ 20,518	\$ 0	\$ 20,518
Total assets	<u>\$ 20,518</u>	<u>\$ 0</u>	<u>\$ 20,518</u>
LIABILITIES			
Payroll taxes payable	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES			
Assigned:			
Capital improvements	<u>20,518</u>	<u>0</u>	<u>20,518</u>
Total fund balances	<u>20,518</u>	<u>0</u>	<u>20,518</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,518</u>	<u>\$ 0</u>	<u>\$ 20,518</u>

See Independent Auditor's Report.

LEAVENWORTH PUBLIC LIBRARY

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS

For the year ended December 31, 2019

	Capital Outlay	Library Grants	Total Non-major Governmental Funds
REVENUES			
Kansas state aid	\$ 0	\$ 825	\$ 825
Grants and contributions	0	2,400	2,400
Other	13,623	0	13,623
	<u>13,623</u>	<u>0</u>	<u>13,623</u>
Total revenues	<u>13,623</u>	<u>3,225</u>	<u>16,848</u>
EXPENDITURES			
Current:			
Personnel	0	825	825
Administration	0	2,400	2,400
Maintenance	43,622	0	43,622
	<u>43,622</u>	<u>0</u>	<u>43,622</u>
Total expenditures	<u>43,622</u>	<u>3,225</u>	<u>46,847</u>
Excess (deficiency) of revenues over expenditure	<u>(29,999)</u>	<u>0</u>	<u>(29,999)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	0	0	0
Operating transfers out	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balance	(29,999)	0	(29,999)
Fund balances-beginning of year	<u>50,517</u>	<u>0</u>	<u>50,517</u>
Fund balances-end of year	<u>\$ 20,518</u>	<u>\$ 0</u>	<u>\$ 20,518</u>

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