NORTHEAST KANSAS LIBRARY SYSTEM

FINANCIAL STATEMENT
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2023

Northeast Kansas Library System

TABLE OF CONTENTS
Year ended December 31, 2023

	Statements	Page
Independent Auditor's Report		1
Financial Statement		
Summary Statement of Receipts, Expenditures and Unencumbered Cash	1	4
Notes to Financial Statements		6
Regulatory Basis Supplementary Information	Schedule	
Summary of Expenditures – Actual and Budget	1	13
Schedule of Receipts and Expenditures – General Fund	2a	15
Schedule of Receipts and Expenditures – Courier Service	2b	17
Schedule of Receipts and Expenditures – Employee Benefit Fund	2c	18
Schedule of Receipts and Expenditures – Capital Improvement Fund	2d	19
Schedule of Receipts and Expenditures – NEKL Foundation, Inc.	2e	20

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northeast Kansas Library System
Lawrence, Kansas

Report on Financial Statements
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Northeast Kansas Library System's Municipal Financial Reporting Entity as of and for the year ended December 31, 2023 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 of Adverse Opinion 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 Northeast Kansas Library System's Municipal Financial Reporting Entity as of December 31, 2023, 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 Northeast Kansas Library System's Municipal Reporting Entity as of December 31, 2022, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note C.

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 the *Kansas Municipal Audit and Accounting Guide*. Our responsibility 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 Northeast Kansas Library System's Municipal Financial Reporting Entity, 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 and unmodified audit opinions.

Matters giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note C of the financial statement, the financial statement is prepared by Northeast Kansas Library System's Municipal Financial Reporting Entity on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note C 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 Statements
Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note C; this includes determining that the 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 the 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 Northeast Kansas Library System's Municipal Financial

Reporting Entity 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.

Auditor's Responsibility for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about where 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 an 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 judgement made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

1. Exercise professional judgement and maintain professional skepticism throughout the audit.
2. 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.
3. 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 Northeast Kansas Library System's Municipal Financial Reporting Entity's internal control. Accordingly, no such opinion is expressed.
4. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimate made by management, as well as evaluate the overall presentation of the financial statement.
5. Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northeast Kansas Library System's Municipal Financial Reporting Entity 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 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 expenditure-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1, and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide.* Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 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 C.

Prior Year Comparative

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Northeast Kansas Library System's Municipal Financial Reporting Entity as of and for the year ended December 31, 2022 (not presented herein), and have issued our report thereon dated April 7, 2023, which contained an unmodified opinion on the basic financial statement. The 2022 basic financial statement and our accompanying report are not presented herein, but available in electronic form from the web site of the Kansas Department of Administration at the following link http//admin.ks.gov/offices/oar/municipal-services. The 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2023 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2022 comparative information is the responsibility of management and was derived from and relates

directly to the underlying accounting and other records used to prepare the 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 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 2022 basic financial statement or to the 2022 basic financial statements itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2022 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2022, on the basis of accounting described in Note C.

Harold K. Mayes Jr

Harold K. Mayes Jr. CPA
Agler & Gaeddert, Chartered
Ottawa, Kansas
May 15, 2024

Northeast Kansas Library System

Summary Statement of Cash Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2023

Funds	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances
Government Type Funds		
General Fund	$ 525,847.18	$ 0.00
Special Purpose		
Courier Service	223,471.70	0.00
Employee Benefit	94,083.35	0.00
Capital Improvement	906,851.87	0.00
	1,750,254.10	0.00
Related Municipal Entity		
Northeast Kansas Library System Foundation	18,623.49	0.00
Total Reporting Entity	$ 1,768,877.59	$ 0.00

The accompanying notes are an integral part of this statement.

Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
$ 2,534,718.20	$ 2,400,774.55	$ 659,790.83	$ 0.00	$ 659,790.83
942,407.00	930,444.46	235,434.24	0.00	235,434.24
256,389.54	303,383.15	47,089.74	0.00	47,089.74
272.09	0.00	907,123.96	0.00	907,123.96
3,733,786.83	3,634,602.16	1,849,438.77	0.00	1,849,438.77
9,986.69	21,428.28	7,181.90	0.00	7,181.90
$ 3,743,773.52	$ 3,656,030.44	$ 1,856,620.67	$ 0.00	$ 1,856,620.67

Composition of Cash:	
Checking	$ 176,055.06
Money Market and savings	1,680,465.61
Petty cash	100.00
Total Cash	$ 1,856,620.67

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENT
December 31, 2023

NOTE A. MUNICIPAL REPORTING ENTITY

Northeast Kansas Library System is a regional system of cooperating libraries validated under the statutes of the State of Kansas (K.S.A. 75-2549b). The System covers 14 counties in northeast Kansas (11 of the counties provide taxes to Northeast Kansas Library System). The Library System is governed by a board composed of representatives from each of the Library System's member libraries. In addition, the County Commission in each of the eleven taxing counties of the Northeast Kansas Library System's region appoints one representative from each county to the System board.

Northeast Kansas Library System's major operations include distribution of financial aid to local libraries, as well as support services including inter-library loan programs, workshops and assemblies, communications, public relations and summer reading programs. The Related Municipal entity noted below has a December 31 year-end.

Related municipal entity

The Northeast Kansas Library Foundation is a not-for-profit corporation set up to receive donations from the public which will benefit the Library System. The Northeast Kansas Library Foundation has been included in Statement 1 and Schedule 2 of the Library System's financial statements.

NOTE B. REGULATORY BASIS FUND TYPES

The accounts of the Northeast Kansas Library System are organized and operated on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The Northeast Kansas Library System potential could have the following types of funds.

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds – 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 specific purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payments of general long-term debt. Northeast Kansas Library System does not have any funds of this type.

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment. Northeast Kansas Library System does not have any funds of this type.

Business Fund – funds financed in whole or part by fees charged to users of goods or services (i.e. enterprise and internal service funds etc.). Northeast Kansas Library System does not have any funds of this type.

Trust fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.). Northeast Kansas Library System does not have any funds of this type.

Agency fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.). Northeast Kansas Library System does not have any funds of this type.

NOTE C. BASIS OF ACCOUNTING

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America - The 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 revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligations 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.

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

NOTE D. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 4th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

Senate Bill 13 repealed the tax lid law and introduced the use of a revenue neutral rate with an additional hearing required if the proposed tax levy exceeds the revenue neutral rate. These policy changes apply to the 2023 budget cycle. Additional information can be found in the Memo to State of Kansas Subdivisions (2023) at https://admin.ks.gov/offices/oar/municipal-services.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Adjustment for Qualifying Budget Credits – Municipalities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by

NOTE D. BUDGETARY INFORMATION – continued

the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trusts funds, and the following special purpose funds: Capital Outlay and Northeast Kansas Library Foundation, Inc.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing board.

NOTE E. DEPOSITS AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

K.S.A. 9-1401 establishes the depositories which may be used by the Northeast Kansas Library System. The statute requires banks eligible to hold the Northeast Kansas Library System's funds have a main or branch bank in one of the eleven counties in which the Northeast Kansas Library System 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 bank to pledge securities for deposits in excess of FDIC coverage. The Northeast Kansas Library System has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Northeast Kansas Library System'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 Northeast Kansas Library System has no investment policy that would further limit its investment choices. The Northeast Kansas Library System rates investments (if any) as noted.

Concentration of credit risk - State statutes place no limit on the amount the Northeast Kansas Library System may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The Northeast Kansas Library System has no investments other than money markets.

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the Northeast Kansas Library System's deposits may not be returned to it. State statutes require the Northeast Kansas Library System'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%. There were no designated "peak periods" during the year. All bank deposits were legally secured at December 31, 2023.

As of December 31, 2023, the carrying amount of the Northeast Kansas Library System's bank deposits was $1,856,620.67 (which includes petty cash funds of $100) and the bank balance was $1,882,312.25. The bank balance was held by two banks resulting in a concentration of credit risk. The difference between carrying amount and bank balance is outstanding checks and deposits. Of the bank balance, $512,227.26 was covered by federal depository insurance, and $1,370,084.99 was collateralized with securities held by the pledging financial institution's agents in the Northeast Kansas Library System'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 Northeast Kansas Library System 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 be adequately secured. The Northeast Kansas Library System had no such investments at year end.

NOTE F. LONG-TERM DEBT

Northeast Kansas Library System has no long-term debt as of December 31, 2023.

NOTE G. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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

Under the Consolidated Omnibus Budget Reconciliation Act (CORBA), the Northeast Kansas Library System 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.

Death and Disability Other Post Employment Benefits: As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disabilities benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefits payments. The employer contribution rate is set at 1% for the year ended December 31, 2023. The amount paid For December 31, 2023 for these benefits was $7,155.59.

Compensated Absences: The Northeast Kansas Library System polices states that full-time employees will receive 12 to 20 days of vacation leave each calendar year (based upon years of service). Salaried part-time employees receive a proportionate vacation allowance based on the full-time allowance for their position. Upon termination, employees in good standing and with at least six months service receive compensation for unused vacation leave. At December 31, 2023, potential accumulated unused vacation in the amount of $37,121.72 has not been recorded in the accompanying financial statements because its payment is subject to continued funding.

Full-time employees also may accrue one day of sick leave per month up to a maximum accumulation of 1,000 hours. Salaried part-time employees receive a proportionate allowance based on the full-time allowance. Upon retirement, employees receive compensation for 25% of their accumulated sick leave. Total potential accumulated sick leave at year-end at the 25% rate was $21,735.16 but it has not been recorded in the financial statements because its payment is subject continued funding. As of December 31, 2023, the potential payout for vacation and sick leave was $58,856.88.

NOTE H. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description - The Northeast Kansas Library System participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901. et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and requires supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 S Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Contributions - KSA 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members.

NOTE H. DEFINED BENEFIT PENSION PLAN – continued

Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.43% for the fiscal year ended December 31, 2023. Contributions to the pension plan from Northeast Kansas Library System were $60,324.10 for the year ended December 31, 2023.

Net Pension Liability

At December 31, 2023, the Northeast Kansas Library System's proportionate share of the collective net pension liability reported to KPERS was $655,763.00. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. The Northeast Kansas Library System's proportion of the net pension liability was based on the ratio of the Northeast Kansas Library System's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

NOTE I. 457/401A PENION PLAN

Enrollment is optional at any time. During the first year of employment, there is no employer match, with the 457 contribution amount and choice of investment made by the employee. After one year of employment, the employer contribution is dollar for dollar, up to 3% on an employee's gross salary. The employer match is deposited in a 401A defined contribution plan for governmental employers. Vesting is immediate for the 401A funds and the 457 funds.

NOTE J. RISK MANAGEMENT

The Northeast Kansas Library System 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 Northeast Kansas Library System carries commercial insurance. Settled claims resulting from these risks has not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE K. OTHER INFORMATION

Reimbursements: The Northeast Kansas Library System records reimbursable expenditures in the fund that makes the disbursement and records reimbursement as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

Ad valorem tax revenues: The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county. In accordance with Kansas statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year.

NOTE K OTHER INFORMATION – continued

Ad valorem tax revenues: - continued
Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. Taxes are distributed to Northeast Kansas Library System as required by K.S.A, 12-1678a. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year. The Northeast Kansas Library System Treasurer receives funds available from the various County Treasurer's offices.

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 municipality.

Management is not aware of any violations as of December 31, 2023.

Contingencies: The Northeast Kansas Library System receives significant financial assistance from state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the Northeast Kansas Library System at December 31, 2023.

NOTE L. TRANSFERS

There were no transfers of funds during the year ended December 31, 2023.

NOTE M. SUBSEQUENT EVENTS

Subsequent Events: The Northeast Kansas Library System evaluated subsequent events through May 15, 2024, the date the financial statements were available to be issued.

REGULATORY BASIS
SUPPLEMENTARY INFORMATION

Northeast Kansas Library System

Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

Fund		Certified Budget
General Fund	$	3,044,697.00
Special Purpose Fund		
Courier Service Funed		1,101,625.00
Employee Benefit Fund		344,357.00

See Independent Auditor's Report.

Schedule 1

	Adjustment for Qualifying Budget Credit	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (under)
$	0.00	$ 3,044,697.00	$ 2,400,774.55	$ (643,922.45)
	0.00	1,101,625.00	930,444.46	(171,180.54)
	0.00	344,357.00	303,383.15	(40,973.85)

Northeast Kansas Library System

Schedule 2a

GENERAL FUNDS
GENERAL FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		2023		
Cash Receipts	2022 Actual	Actual	Budget	Variance-Over (Under)
Taxes and shared receipts				
Ad valorem Property	$ 1,899,662.60	$ 2,133,638.11	$ 2,163,228.00	$ (29,589.89)
Motor Vehicle	169,147.59	168,864.01	166,435.00	2,429.01
Recreational Vehicle	4,234.25	4,130.00	4,377.00	(247.00)
Truck	9,156.15	9,197.87	10,771.00	(1,573.13)
Delinquent	21,472.31	26,649.84	20,000.00	6,649.84
Other	981.37	1,220.33	0.00	1,220.33
Commercial	8,634.99	8,611.56	8,698.00	(86.44)
Watercraft	1,396.02	1,412.78	1,523.00	(110.22)
Other sources				
State Aid	50,839.64	50,839.64	50,840.00	(0.36)
Grant/Contract	0.00	23,500.00	0.00	23,500.00
E-rate income	8,035.20	8,035.20	8,000.00	35.20
Next Shared	78,700.00	71,650.00	80,575.00	(8,925.00)
Digital Book	1,300.00	1,350.00	0.00	1,350.00
Apple - Tuition	(1,800.00)	5,300.00	0.00	5,300.00
Reimbursements	16,410.18	14,910.38	12,400.00	2,510.38
Interest	433.66	5,408.48	400.00	5,008.48
Total Receipts	2,268,603.96	2,534,718.20	$ 2,527,247.00	$ 7,471.20
Expenditures				
Salaries	642,850.18	686,658.59	$ 713,758.00	$ (27,099.41)
Materials	33,531.33	32,719.04	39,790.00	(7,070.96)
Telephone	2,262.18	4,540.80	3,110.00	1,430.80
On-line Services/Internet	19,271.99	18,132.90	23,620.00	(5,487.10)
Bibliographic Services	1,423.62	1,508.77	1,800.00	(291.23)
Meter & Stamp Postage	1,672.61	2,877.26	2,050.00	827.26
Printing	13,161.93	15,606.95	21,350.00	(5,743.05)
Insurance & Bonding	9,125.33	10,518.50	11,150.00	(631.50)
Supplies	2,136.72	6,659.44	25,000.00	(18,340.56)
Contractual Services	124,680.65	102,982.29	241,000.00	(138,017.71)
NEKLS Courier Expense	2,600.00	3,850.00	3,850.00	0.00
Contractual Courier (subsidy)	145,849.00	147,676.00	190,000.00	(42,324.00)
Accounting, Audit Fees & Bank Charges	6,645.76	7,399.42	8,125.00	(725.58)
Budget & Legal Fees	3,205.49	3,764.18	25,200.00	(21,435.82)
Travel	7,219.98	18,109.73	41,250.00	(23,140.27)
Staff Development	9,583.39	14,567.64	22,270.00	(7,702.36)
Utilities & Cleaning	12,364.80	13,720.44	15,875.00	(2,154.56)
Workshops	19,040.01	13,627.88	57,500.00	(43,872.12)
Summer Reading Program	5,904.57	300.00	10,000.00	(9,700.00)

Northeast Kansas Library System

Schedule 2a

GENERAL FUNDS
GENERAL FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance-Over (Under)
Expenditures - continued				
Repair/Maintenance	$ 21,696.52	$ 32,736.19	$ 21,800.00	$ 10,936.19
Vehicle Expense	5,087.00	4,402.19	8,200.00	(3,797.81)
Grants to Libraries	1,067,455.07	1,160,334.29	1,201,541.00	(41,206.71)
Software & Support	9,280.49	20,822.90	34,520.00	(13,697.10)
Other Expenses	185.00	5,280.00	385.00	4,895.00
Apple	6,481.23	7,471.32	0.00	7,471.32
CSLP	0.00	8,071.00	0.00	8,071.00
Capital Outlay	20,618.05	56,436.83	24,200.00	32,236.83
Transfers Out	200,000.00	0	0.00	0.00
Cash Carryforward	0	0	297,353.00	(297,353.00)
Total Expenditures	2,393,332.90	2,400,774.55	$ 3,044,697.00	$ (643,922.45)
Receipts Over (Under) Expenditures	(124,728.94)	133,943.65		
Unencumbered Cash, Beginning	650,576.12	525,847.18		
Unencumbered Cash, Ending	$ 525,847.18	$ 659,790.83		

Northeast Kansas Library System

Schedule 2b

SPECIAL PURPOSE FUNDS
COURIER SERVICE FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	2022 Actual	2023 Actual	2023 Budget	2023 Variance-Over (Under)
Cash Receipts				
Fees	$ 380,071.33	$ 600,881.00	$ 559,343.00	$ 41,538.00
NEKLS Fees	148,449.00	151,526.00	193,850.00	(42,324.00)
State Grant	230,677.42	190,000.00	190,000.00	0.00
Other	0.00	0.00	0.00	0.00
Total Receipts	759,197.75	942,407.00	$ 943,193.00	$ (786.00)
Expenditures				
Salaries	32,246.00	33,849.00	$ 33,849.00	$ 0.00
Benefits - Courier	22,754.00	21,151.00	21,151.00	0.00
Supplies	17,232.75	32,983.10	16,000.00	16,983.10
Contractual Courier	804,531.65	842,461.36	981,561.00	(139,099.64)
Cash Carryforward	0.00	0.00	49,064.00	(49,064.00)
Total Expenditures	876,764.40	930,444.46	$ 1,101,625.00	$ (171,180.54)
Receipts Over (Under) Expenditures	(117,566.65)	11,962.54		
Unencumbered Cash, Beginning	341,038.35	223,471.70		
Unencumbered Cash, Ending	$ 223,471.70	$ 235,434.24		

Northeast Kansas Library System

Schedule 2c

SPECIAL PURPOSE FUNDS
EMPLOYEE BENEFIT FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance-Over (Under)
Cash Receipts				
Taxes and shared receipts				
Ad valorem Property	$ 248,927.96	$ 226,829.09	$ 229,750.00	$ (2,920.91)
Motor Vehicle	26,668.93	22,486.99	21,802.00	684.99
Recreational Vehicle	667.78	549.39	573.00	(23.61)
Truck	1,442.89	1,449.24	1,411.00	38.24
Delinquent	3,179.08	3,613.90	0.00	3,613.90
Other taxes	128.79	129.70	0.00	129.70
Commercial Vehicle	1,361.49	1,145.96	1,139.00	6.96
Watercraft	220.18	185.27	200.00	(14.73)
Direct reimbursement	0.00	0.00	220.00	(220.00)
Total Receipts	282,597.10	256,389.54	$ 255,095.00	$ 1,294.54
Expenditures				
Payroll Taxes	48,993.53	52,545.81	$ 344,357.00	$ (291,811.19)
Retirement - KPERS	60,315.19	64,819.88	0.00	64,819.88
Retirement 401A	9,156.09	9,876.46	0.00	9,876.46
Health insurance	164,924.05	175,092.77	0.00	175,092.77
Workman's Compensation	375.00	783.00	0.00	783.00
Unemployment Tax	283.66	265.23	0.00	265.23
Total Expenditures	284,047.52	303,383.15	$ 344,357.00	$ (40,973.85)
Receipts Over (Under) Expenditures	(1,450.42)	(46,993.61)		
Unencumbered Cash, Beginning	95,533.77	94,083.35		
Unencumbered Cash, Ending	$ 94,083.35	$ 47,089.74		

Northeast Kansas Library System

Schedule 2d

SPECIAL PURPOSE FUNDS
CAPITAL IMPROVEMENT FUND
Schedule of Cash Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	2022 Actual	2023 Actual
Cash Receipts		
Other sources		
Interest	$ 209.16	$ 272.09
Transfers In	200,000.00	0.00
Total Receipts	200,209.16	272.09
Expenditures		
Other	0.00	0.00
Total Expenditures	0.00	0.00
Receipts Over (Under) Expenditures	200,209.16	272.09
Unencumbered Cash, Beginning	706,642.71	906,851.87
Unencumbered Cash, Ending	$ 906,851.87	$ 907,123.96

Northeast Kansas Library System

Schedule 2e

RELATED MUNICIPAL ENTITY
NORTHEAST KANSAS LIBRARY FOUNDATION, INC
Schedule of Cash Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022

	2022 Actual	2023 Actual
Cash Receipts		
Other sources		
Donations - Individual Contributions	$ 5,245.00	$ 5,270.00
Donations Library Day Giving	4,960.00	2,605.00
Donations Giving Tuesday	0.00	1,395.00
Donations - Sale of Stock	1,012.48	0.00
Donations - Other	70.00	530.14
Other	26.65	27.77
Interest	11.24	158.78
Total Receipts	11,325.37	9,986.69
Expenditures		
Donations Remitted - Individual	4,930.25	10,399.70
Donations Remitted - Library Day of Giving	4,222.10	2,808.92
Contributions Remitted - Other	0.00	6,449.47
Contributions Remitted - Giving Tuesday	0.00	878.77
Registration Fees	40.00	40.00
Stripe Contribution Fee	181.09	228.51
Printing and copying	118.16	0.00
Other Costs	691.50	622.91
Sale of Stock	25.33	0.00
Total Expenditures	10,208.43	21,428.28
Receipts Over (Under) Expenditures	1,116.94	(11,441.59)
Unencumbered Cash, Beginning	17,506.55	18,623.49
Unencumbered Cash, Ending	$ 18,623.49	$ 7,181.90