

**CENTRAL KANSAS LIBRARY SYSTEM**

Financial Statement  
With Independent Auditors' Report

For the Year Ended December 31, 2018

**CENTRAL KANSAS LIBRARY SYSTEM**  
Financial Statement With Independent Auditors' Report  
For the Year Ended December 31, 2018

---

**TABLE OF CONTENTS**

Independent Auditors' Report .....	1
Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis .....	4
Notes to Financial Statement .....	5

**Regulatory–Required Supplementary Information**

Schedule 1 – Summary of Expenditures – Actual and Budget – Regulatory Basis .....	12
Schedule 2 – Schedule of Receipts and Expenditures – Regulatory Basis Individually presented by fund	

**Governmental Type Funds**

**General Fund**

2-1 General Fund .....	13
------------------------	----

**Special Purpose Funds**

2-2 Employee Benefits Fund .....	14
2-3 State Resource Grant Fund .....	15
2-4 Kansas Talking Books Service Grant Fund .....	16
2-5 Dane G. Hansen Grant Fund.....	17
2-6 Summer Library Program Grant Fund.....	18
2-7 Capital Improvement Fund .....	19
2-8 Processing Center Fund .....	20

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**Central Kansas Library System**  
Great Bend, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Central Kansas Library System**, as of and for the year ended December 31, 2018 and the related notes to the financial statement.

### **Management's Responsibility for the Financial Statement**

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 1; 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1, the financial statement is prepared by **Central Kansas Library System** on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**Central Kansas Library System**  
Great Bend, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Central Kansas Library System**, as of and for the year ended December 31, 2018 and the related notes to the financial statement.

### Management's Responsibility for the Financial Statement

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 1; 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

### Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statement is prepared by **Central Kansas Library System** 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 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matters discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the 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 **Central Kansas Library System** as of December 31, 2018, 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 financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **Central Kansas Library System** as of December 31, 2018, 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 1.

### **Other Matters**

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget 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 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of **Central Kansas Library System** as of and for the year ended December 31, 2017 (not presented herein), and have issued our report thereon dated August 15, 2018, which contained an unmodified opinion on the basic financial statement. The 2017 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2017 actual column (2017 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2018 (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 2017 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 2017 basic financial statement. The 2017 comparative information was subjected to the auditing procedures applied in the audit of the 2017 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 2017 basic financial statement or to the 2017 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 2017 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, 2017, on the basis of accounting described in Note 1.

*Adams, Brown, Beran & Ball, Chartered*

**ADAMS, BROWN, BERAN & BALL, CHTD.**

Certified Public Accountants

August 14, 2019

**CENTRAL KANSAS LIBRARY SYSTEM**  
Summary Statement of Receipts, Expenditures and Unencumbered Cash  
Regulatory Basis  
For the Year Ended December 31, 2018

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Type Funds</b>							
<b>General Fund</b>	\$ 182,452	-	2,286,174	1,913,747	<b>554,879</b>	10,012	<b>564,891</b>
<b>Special Purpose Funds</b>							
Employee Benefits Fund	34,808	-	350,459	314,521	<b>70,746</b>	-	<b>70,746</b>
State Resource Grant Fund	-	-	50,387	50,387	-	-	-
Kansas Talking Books Service Grant Fund	14,043	-	14,043	14,043	<b>14,043</b>	-	<b>14,043</b>
Dane G. Hansen Grant Fund	25,000	-	-	25,000	-	-	-
Summer Library Program Grant Fund	(6,095)	-	40,500	40,574	<b>(6,169)</b>	-	<b>(6,169)</b>
Capital Improvement Fund	329,972	-	-	-	<b>329,972</b>	-	<b>329,972</b>
Processing Center Fund	6,528	-	88,108	89,970	<b>4,666</b>	-	<b>4,666</b>
<b>Total Reporting Entity</b>	<u>\$ 586,708</u>	<u>-</u>	<u>2,829,671</u>	<u>2,448,242</u>	<u><b>968,137</b></u>	<u>10,012</u>	<u><b>978,149</b></u>
<b>Composition of Cash</b>				Savings Accounts		\$	<b>952,192</b>
				Checking Accounts			<b>25,257</b>
				Petty Cash			<b>700</b>
				<b>Total Reporting Entity</b>		\$	<u><b>978,149</b></u>

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

## CENTRAL KANSAS LIBRARY SYSTEM

Notes to Financial Statement

December 31, 2018

---

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Central Kansas Library System** has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

#### **Use of Estimates**

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from those estimates.

#### **Financial Reporting Entity**

The Library System is a regional system of cooperating libraries that covers 16 counties in Central Kansas. The Library System is governed by a board comprising of one representative from each of its member libraries and one representative from each of the 16 counties it serves. The financial statement consists of all the funds of the Library System that are considered to be controlled by or dependent on the Library System. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The Library System has no related municipal entities.

#### **Basis of Presentation – Fund Accounting**

The accounts of the Library System are organized and operated on the basis of funds. In governmental accounting, 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 minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the Library System for the year ended December 31, 2018.

#### **Regulatory Basis Fund Types**

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

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

#### **Basis of Accounting**

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 receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.



## **CENTRAL KANSAS LIBRARY SYSTEM**

### **Notes to Financial Statement**

December 31, 2018

---

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

#### **Departure From Accounting Principles Generally Accepted in the United States of America**

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the Library System are not presented in the financial statement. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, and temporary notes are not presented in the financial statement.

#### **Property Tax Calendar**

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

#### **Restricted Assets**

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Donations received by the Library System that are designated for the low vision program are restricted for low vision expenditures. The amount that was restricted at December 31, 2018 was \$1,683 and was included in the general fund's unencumbered cash.

#### **Reimbursements**

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

#### **NOTE 2 – PROCESSING CENTER FUND**

The Processing Center Fund serves as a clearing account through which various member libraries within the system order books.

#### **NOTE 3 – 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

## CENTRAL KANSAS LIBRARY SYSTEM

Notes to Financial Statement

December 31, 2018

---

the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue 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 10 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.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues 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 the Library System 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, trust funds, and the following special purpose funds: Dane G. Hansen Grant Fund, Summer Library Program Grant Fund and Capital Improvement Fund.

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 body.

### NOTE 4 – DEPOSITS AND INVESTMENTS

**Central Kansas Library System** follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

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

## CENTRAL KANSAS LIBRARY SYSTEM

### Notes to Financial Statement

December 31, 2018

---

K.S.A. 12-1675 limits the 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 Library System has no investment policy that would further limit its investment choices.

#### Concentration of Credit Risk

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

#### Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Library System's deposits may not be returned to it. State statutes require the 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%. The Library System does not use "peak periods". All deposits were legally secured at December 31, 2018.

At December 31, 2018, the Library System's carrying amount of deposits was \$978,149 and the bank balance was \$1,021,305. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and \$771,305 was collateralized with securities held by the pledging financial institutions' agents in the 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 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 to be adequately secured. The Library System had no investments at December 31, 2018.

### NOTE 5 – LITIGATION

**Central Kansas Library System** is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the Library System.

### NOTE 6 – RISK MANAGEMENT

**Central Kansas Library System** carries commercial insurance for risks of loss, including property, general liability, inland marine, workers' compensation, automobile, and umbrella. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### NOTE 7 – GRANTS AND SHARED REVENUES

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

## CENTRAL KANSAS LIBRARY SYSTEM

Notes to Financial Statement

December 31, 2018

---

### NOTE 8 – DEFINED BENEFIT PENSION PLAN

#### General Information about the Pension Plan

##### Plan Description

**Central 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 required 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](http://www.kpers.org) or by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

##### Contributions

K.S.A. 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. 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 8.39% for the fiscal year ended December 31, 2018. Contributions to the pension plan from the Library System were \$66,470 for the year ended December 31, 2018.

#### Net Pension Liability

At December 31, 2018, the Library System's proportionate share of the collective net pension liability reported by KPERS was \$651,653. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. The Library System's proportion of the net pension liability was based on the ratio of the 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 this financial statement.

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

### NOTE 9 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **Central Kansas Library System** allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium,

## **CENTRAL KANSAS LIBRARY SYSTEM**

Notes to Financial Statement

December 31, 2018

---

conceptually, the Library System is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the 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.

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, 2018.

### **NOTE 10 – COMPENSATED ABSENCES**

#### **Vacation**

**Central Kansas Library System's** policy regarding vacation is as follows:

##### Director

- 22 days – 1st year of service
- 22 days – After the 1<sup>st</sup> year of service

##### Administrative and Professional Staff

- 22 days – 1st year of service
- 22 days – After the 1<sup>st</sup> year of service

##### Supervisory Personnel

- 10 days – 1st year of service
- 15 days – 1 to 10 years of service
- 20 days – 10 years or more of service

##### Support Personnel

- 5 days – 1st year of service
- 10 days – 1 to 10 years of service
- 15 days – 10 years or more of service

Part-time regular employees accrue a proportionate allowance based on the full-time allowance for their position. Part-time hourly employees accrue no vacation. Only upon the approval by the Director may vacation be carried over to the next year. The potential liability for vacation at December 31, 2018 was \$5,767. This is not reflected in the financial statement.

#### **Sick Leave**

Full-time employees shall earn and accrue sick leave at the rate of one day per month, which is forfeited upon termination of the employee. Part-time regular employees are allowed to accrue proportionate sick leave based on number of hours worked in relation to a full-time position.

Included in the accumulated sick leave balance is an amount of the Library System's sick leave pool. The purpose of the sick leave pool is to allow staff members to contribute unused sick leave to a pool and allow participating members, who would otherwise have their pay reduced, draw from the pool and avoid having their pay reduced. The number of sick leave days that can be drawn from the pool by one individual in any one year is limited to 20 percent of the days in the pool or one month, whichever is

## CENTRAL KANSAS LIBRARY SYSTEM

Notes to Financial Statement  
December 31, 2018

---

greater. The number of sick leave days that can be drawn by all individuals is limited to the total days in the pool. The potential liability for sick leave at December 31, 2018 was \$137,583. This is not reflected in the financial statement.

### **Bank-Time**

Bank-time is an opportunity for non-exempt employees to work more than 40 hours in a regular workweek and be compensated for the extra time as time off at a later date. They are granted bank-time at the rate of time-and-one-half for every hour worked over 40 hours. Employees are not allowed to accumulate more than 24 hours of compensatory time. Employees who resign are encouraged to use all accumulated bank-time before the last day of work. The potential liability for bank-time at December 31, 2018 was \$3,123. This is not reflected in the financial statement.

**CENTRAL KANSAS LIBRARY SYSTEM**

Regulatory-Required Supplementary Information

**CENTRAL KANSAS LIBRARY SYSTEM**  
Summary of Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2018

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
<b>Governmental Type Funds</b>					
<b>General Fund</b>	\$ 2,345,319	-	2,345,319	<b>1,913,747</b>	(431,572)
<b>Special Purpose Funds</b>					
Employee Benefits Fund	361,955	-	361,955	<b>314,521</b>	(47,434)
State Resource Grant Fund	53,500	-	53,500	<b>50,387</b>	(3,113)
Kansas Talking Books Service Grant Fund	16,500	-	16,500	<b>14,043</b>	(2,457)
Processing Center Fund	46,496	48,108	94,604	<b>89,970</b>	(4,634)



## CENTRAL KANSAS LIBRARY SYSTEM

## General Fund

## Schedule of Receipts and Expenditures - Actual and Budget

## Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Revenues				
Current Property Tax	\$ 1,835,642	1,998,947	2,040,186	(41,239)
Neighborhood Revitalization Rebate	(3,769)	(2,948)	(3,155)	207
Delinquent Tax	20,144	24,458	-	24,458
Motor Vehicle Tax	148,732	123,937	142,894	(18,957)
Recreational Vehicle Tax	3,768	2,807	2,655	152
16/20M Vehicle Tax	17,638	17,270	17,702	(432)
Commercial Vehicle Tax	18,373	15,472	13,027	2,445
Watercraft Tax	564	486	1,174	(688)
Jordan Library Contract	7,500	7,500	7,500	-
Miscellaneous Income	2,503	9,918	500	9,418
Interest	362	474	275	199
Donations	1,197	751	-	751
KOHA and Other Reimbursements	46,255	36,289	34,100	2,189
E-Rate Reimbursements	6,966	4,255	22,500	(18,245)
Shared Salary Reimbursements	66,893	46,558	80,000	(33,442)
<b>Total Receipts</b>	2,172,768	2,286,174	2,359,358	(73,184)
<b>Expenditures</b>				
Personal Services	780,641	713,169	775,000	(61,831)
Central Administration	578,704	484,361	464,000	20,361
Continuing Education	24,201	15,360	22,000	(6,640)
Children's Services	7,144	10,403	8,500	1,903
Public Information	823	-	4,500	(4,500)
Automation	2,899	17,408	10,035	7,373
Books by Mail	8,533	7,373	8,000	(627)
Rotating Books	71,617	62,886	68,500	(5,614)
Reference	1,997	430	22,000	(21,570)
Pathfinder Central ILS	32,000	32,000	32,000	-
Interlibrary Loan	6,165	5,317	6,000	(683)
Technical Services	37,401	43,211	95,000	(51,789)
Kansas Talking Books	37,548	23,587	42,000	(18,413)
Grants	459,817	496,410	656,500	(160,090)
Capital Outlay	-	-	56,284	(56,284)
School Library	719	1,832	-	1,832
Transfers Out	50,000	-	75,000	(75,000)
<b>Total Expenditures</b>	2,100,209	1,913,747	2,345,319	(431,572)
<b>Receipts Over (Under) Expenditures</b>	72,559	372,427		
<b>Unencumbered Cash - Beginning</b>	109,893	182,452		
<b>Unencumbered Cash - Ending</b>	\$ 182,452	554,879		

**CENTRAL KANSAS LIBRARY SYSTEM**  
**Employee Benefits Fund**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

			Current Year		
	Prior Year Actual		Actual	Budget	Variance Over (Under)
<b>Receipts</b>					
Taxes and Shared Revenues					
Current Property Tax	\$ 379,744		317,888	324,448	(6,560)
Neighborhood Revitalization Rebate	(802)		(628)	(501)	(127)
Delinquent Tax	20		391	-	391
Motor Vehicle Tax	-		25,609	29,631	(4,022)
Recreational Vehicle Tax	-		583	551	32
16/20M Vehicle Tax	-		3,316	3,671	(355)
Commercial Vehicle Tax	-		3,199	2,701	498
Watercraft Tax	-		101	243	(142)
<b>Total Receipts</b>	<u>378,962</u>		<u>350,459</u>	<u>360,744</u>	<u>(10,285)</u>
<b>Expenditures</b>					
Social Security	64,580		59,485	65,025	(5,540)
KPERS	74,470		74,392	82,500	(8,108)
Workers Compensation	10,527		79	7,800	(7,721)
Insurance	192,273		178,336	205,180	(26,844)
Unemployment Insurance	778		763	850	(87)
Employer Section 125	778		1,317	600	717
Miscellaneous	748		149	-	149
<b>Total Expenditures</b>	<u>344,154</u>		<u>314,521</u>	<u>361,955</u>	<u>(47,434)</u>
<b>Receipts Over (Under) Expenditures</b>	34,808		35,938		
<b>Unencumbered Cash - Beginning</b>	<u>-</u>		<u>34,808</u>		
<b>Unencumbered Cash - Ending</b>	\$ 34,808		70,746		

**CENTRAL KANSAS LIBRARY SYSTEM**  
**State Resource Grant Fund**

Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
State Aid	\$ 53,039	<b>50,387</b>	<u>53,500</u>	<u>(3,113)</u>
<b>Expenditures</b>				
Personal Services	<u>53,039</u>	<u><b>50,387</b></u>	<u>53,500</u>	<u>(3,113)</u>
<b>Receipts Over (Under) Expenditures</b>	-	-		
<b>Unencumbered Cash - Beginning</b>	<u>-</u>	<u>-</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>-</u>	<u>-</u>		

**CENTRAL KANSAS LIBRARY SYSTEM**  
**Kansas Talking Books Service Grant Fund**  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2018  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
State Aid	\$ 28,086	<b>14,043</b>	16,500	(2,457)
<b>Expenditures</b>				
Personal Services	14,043	<b>14,043</b>	16,500	(2,457)
<b>Receipts Over (Under) Expenditures</b>	14,043	-		
<b>Unencumbered Cash - Beginning</b>	-	<b>14,043</b>		
<b>Unencumbered Cash - Ending</b>	\$ 14,043	<b>14,043</b>		

**CENTRAL KANSAS LIBRARY SYSTEM**  
**Dane G. Hansen Grant Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2018  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Foundation Grant	\$ 50,000	-
<b>Expenditures</b>		
School Grants	25,000	<b>25,000</b>
<b>Receipts Over (Under) Expenditures</b>	25,000	<b>(25,000)</b>
<b>Unencumbered Cash - Beginning</b>	-	<b>25,000</b>
<b>Unencumbered Cash - Ending</b>	\$ 25,000	-

**CENTRAL KANSAS LIBRARY SYSTEM**  
**Summer Library Program Grant Fund**  
Schedule of Receipts and Expenditures  
Regulatory Basis

For the Year Ended December 31, 2018  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Federal Aid	\$ 40,500	<b>40,500</b>
<b>Expenditures</b>		
Contractual Services	41,075	<b>40,574</b>
<b>Receipts Over (Under) Expenditures</b>	(575)	<b>(74)</b>
<b>Unencumbered Cash - Beginning</b>	(5,520)	<b>(6,095)</b>
<b>Unencumbered Cash - Ending</b>	\$ (6,095)	<b>(6,169)</b>

**CENTRAL KANSAS LIBRARY SYSTEM**  
**Capital Improvement Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2018  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Transfers In	\$ 50,000	-
<b>Expenditures</b>	-	-
<b>Receipts Over (Under) Expenditures</b>	50,000	-
<b>Unencumbered Cash - Beginning</b>	279,972	<b>329,972</b>
<b>Unencumbered Cash - Ending</b>	\$ 329,972	<b>329,972</b>

**CENTRAL KANSAS LIBRARY SYSTEM**  
**Processing Center Fund**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Reimbursements	\$ 66,744	<b>88,108</b>	40,000	48,108
<b>Expenditures</b>				
Books, Materials and Audiovisual	66,712	<b>89,970</b>	46,496	43,474
(a) Adjustment for Qualifying Budget Credit	-	-	48,108	(48,108)
<b>Total Expenditures</b>	66,712	<b>89,970</b>	94,604	(4,634)
<b>Receipts Over (Under) Expenditures</b>	32	<b>(1,862)</b>		
<b>Unencumbered Cash - Beginning</b>	6,496	<b>6,528</b>		
<b>Unencumbered Cash - Ending</b>	\$ 6,528	<b>4,666</b>		
<b>(a) Adjustment for Qualifying Budget Credit</b>				
Reimbursements Over Amount Budgeted			\$ 48,108	