

SALINA PUBLIC LIBRARY

Salina, Kansas

FINANCIAL STATEMENTS

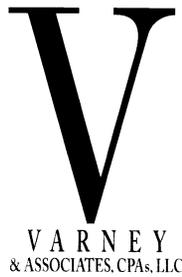
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INDEPENDENT AUDITOR'S REPORT

December 31, 2012 and 2011

SALINA PUBLIC LIBRARY
 Salina, Kansas
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 For the Years Ended December 31, 2012 and 2011

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February 7, 2013

Board of Trustees
Salina Public Library
Salina, Kansas

Independent Auditor's Report

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Salina Public Library (the Library) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statement.

Management's Responsibility 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 1 to meet the financial reporting requirements of the State of Kansas. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United State 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 of 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 valuating 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.

February 7, 2013
Salina Public Library
(Continued)

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

As described in Note 1 of the financial statement, the financial statement is prepared by the Library to meet the requirements of the State of Kansas 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 matter 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 accordance with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2012, or the changes in financial position and cash flows thereof for the years then ended.

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 the Library as of December 31, 2012 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.

Report on Regulatory-Required 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.

Additional Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The additional information schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Library. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Varney & Associates
Certified Public Accountants
Manhattan, Kansas

SALINA PUBLIC LIBRARY
Salina, Kansas

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS

For the Year Ended December 31, 2012

	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds						
General Fund	\$ 218,566	\$ 1,984,669	\$ 2,004,657	\$ 198,578	\$ -	\$ 198,578
Special Purpose Funds						
Employee Benefits Fund	60,762	348,748	349,338	60,172	205	60,377
Central Kansas Library System Fund	1,264	30,814	30,814	1,264	-	1,264
Central Kansas Library System Processing Fund	17,176	10,000	18,322	8,854	-	8,854
State Aid Fund	1,147	20,318	20,318	1,147	-	1,147
Interlibrary Loan Development Program Fund	183	-	17	166	-	166
Class	9,824	34,687	32,734	11,777	-	11,777
Fines and Miscellaneous Fund	136,689	51,217	52,052	135,854	-	135,854
Expendable Memorial	48,328	6,597	-	54,925	-	54,925
Non-expendable Memorial	5,000	55	55	5,000	-	5,000
Greater Salina Community Foundation	49,405	6,288	-	55,693	-	55,693
Capital Projects Funds						
Capital Improvements Fund	459,523	77,000	175,958	360,565	-	360,565
Total Reporting Entity	<u>\$ 1,007,867</u>	<u>\$ 2,570,393</u>	<u>\$ 2,684,265</u>	<u>\$ 893,995</u>	<u>\$ 205</u>	<u>\$ 894,200</u>
Composition of Ending Cash and Investment Balance						
Demand and savings deposits						
Time deposits						
Ending Cash						
Foundation						\$ 778,582
Mutual funds						<u>5,000</u>
Ending Investments						<u>\$ 783,582</u>
Total Cash and Investments						
						\$ 55,693
						<u>54,925</u>
						<u>\$ 110,618</u>
						<u>\$ 894,200</u>

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

Financial Statements

SALINA PUBLIC LIBRARY
Salina, Kansas
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

Note 1: Summary of Significant Accounting Policies

The Salina Public Library (the Library) is a municipality with tax levying authority in Saline County, Kansas (the County). The governing body is composed of seven members who are appointed by the Mayor of the City of Salina, plus the Mayor who serves as the eighth member. The City of Salina (the City) is not financially accountable for the Library.

Regulatory Basis of Accounting

These financial statements are presented on a basis of accounting that demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving the cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

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

Departure from Generally Accepted Accounting Principles

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown non-cash assets such as receivables, inventories and prepaid expense, 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 accounting principles generally accepted in the United States of America. Capital assets that account for the land, building and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes and compensated absences are not presented in the financial statements.

Fund Descriptions

The accounts of the Library 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 minimum number of funds is maintained consistent with legal and managerial requirements. The Library has the following fund types:

Regulatory Basis Fund Types

General Fund

To account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds

To account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

SALINA PUBLIC LIBRARY
Salina, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012 and 2011

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Descriptions (Continued)

Governmental Funds (Continued)

Capital Project Funds

To account for financial resources segregated for the acquisitions of major capital facilities.

Ad Valorem Tax Revenue

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's Office annually determines assessed valuation and the county clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20th prior to the fiscal year for which they are budgeted, and the second half is due the following May 10th. Therefore, an individual's taxes are collected in advance of the budget year to be financed. The Library draws all available funds from the County Treasurer's Office at designated times throughout the year.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in 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 of the proposed budget and notice of public hearing on the budget on or before August 5th.
- c. Public hearing on or before August 15th, but at least ten 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 ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There was no such budget amendment 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 statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

SALINA PUBLIC LIBRARY
 Salina, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2012 and 2011

Note 1: Summary of Significant Accounting Policies (Continued)
Budgetary Information (Continued)

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 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, and the following special revenue funds: Central Kansas Library System Fund, Central Kansas Library System Processing Fund, State Aid Fund, Interlibrary Loan Development Program, Class Fund, Greater Salina Community Foundation Fund, Expendable Memorial, and Non-Expendable Memorial Fund. Spending of 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 2: Deposits and Investments

The Library had the following investments and maturities as of December 31:

<u>Investment Type</u>	<u>2012 Fair Value</u>	<u>2011 Fair Value</u>
Mutual Funds	\$ 54,925	\$ 48,328
Greater Salina Community Foundation	55,693	49,405
Total Fair Value	\$ 110,618	\$ 97,733

K.S.A. 9-1401 establishes the depositories which may be used by the Library. The statute requires banks eligible to hold the Library's funds have a main or branch bank in the county in which the Library is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Library has no other policies that would further limit interest rate risk.

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

Concentration of credit risk - State statutes place no limit on the amount the Library may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The Library's allocation of investments as of December 31, 2012 is as follows:

<u>Investments</u>	<u>2012</u>	<u>2011</u>
Mutual Funds	50%	49%
Greater Salina Community Foundation	50%	51%

Custodial credit risk - deposits - Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. State statutes require the Library's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The Library had no designated "peak periods" during the year ended December 31, 2012 and 2011. All deposits were legally secured at December 31, 2012 and 2011.

SALINA PUBLIC LIBRARY
Salina, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012 and 2011

Note 2: Deposits and Investments (Continued)

At December 31, 2012, the carrying amount of the Library's deposits was \$778,582 and the bank balance was \$814,145. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance \$422,010 was covered by federal depository insurance, \$392,135 was collateralized with securities held by the pledging financial institutions' agents in the Library's name. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the Library, the pledging bank and the independent third-party bank holding the pledged securities.

At December 31, 2011, the carrying amount of the Library's deposits was \$904,220 and the bank balance was \$938,737. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance \$427,051 was covered by federal depository insurance, \$511,686 was collateralized with securities held by the pledging financial institutions' agents in the Library's name. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the Library, the pledging bank and the independent third-party bank holding the pledged securities.

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.

Memorial Fund Investments

This fund was established, as allowed by K.S.A. 12-1225(j), from the proceeds of unrestricted amounts received from the estates of Carl F. and Frederick C. Prescott. Since no provisions were specified by the donors, the governing body is empowered to invest or reinvest the funds in a manner deemed to best serve the interests of the Library, pursuant to K.S.A. 12-1225(h). The memorial funds were invested in mutual funds and are recorded at market value.

Greater Salina Community Foundation

This fund was established in 2007 from a bequest. According to Foundation policy, the Foundation has ultimate authority and control over the assets and is empowered to invest the funds in a manner deemed to best serve the interests of the Library.

Note 3: Defined Benefit Pension Plan
Plan Description

The Library participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

SALINA PUBLIC LIBRARY
 Salina, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2012 and 2011

Note 4: Vacation Pay

Full-time employees are entitled to vacation leave as follows: Certified employees earn 10 days for their first six months of service, 15 days for one year of service and 20 days for five years of service. Full-time non-certified employees earn 5 days for their first six months of service, 10 days for one year of service, 15 days for five years of service and 20 days for ten years of service. Part-time employees earn vacation time equaling two times their average hours worked for one year of service, three times their average hours worked for five years of service and four times their average hours worked for ten years of service. Vacation leave is not cumulative. An employee separated from service in any manner, after at least one year of employment, will receive compensation for unused vacation. At December 31, 2012 and 2011, the liability for unused vacation was \$52,537 and \$50,541, respectively.

Note 5: Sick Pay

Full-time employees earn 96 hours of sick leave annually to be used for illness, maternity, or death in the family. Any unused portion may accumulate up to a maximum of 120 working days. Sick leave may not be used until earned. An employee separated from service in good standing will receive compensation for 50% of his/her accumulated sick leave. At December 31, 2012 and 2011, the liability for 50% of unused sick pay was \$104,726 and \$96,766, respectively

Note 6: Personal Leave

Full-time employees earn two days of personal leave annually. Employees are not entitled to personal leave until completion of one year of employment. Personal leave is not cumulative and is not paid out upon termination. Based upon this, there is no liability for personal leave at December 31, 2012 and 2011.

Note 7: Interfund Transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
General Fund	Capital Improvement Fund	\$ 77,000
Non-expendable Adams Memorial Fund	Fines and Miscellaneous Fund	55

Note 8: Subsequent Events

Management has evaluated the effects of the financial statement of subsequent events occurring through February 7, 2013 which is the date at which the financial statement was available to be issued.

SALINA PUBLIC LIBRARY
REGULATORY - REQUIRED
SUPPLEMENTARY INFORMATION
SALINA PUBLIC LIBRARY

SALINA PUBLIC LIBRARY
 Salina, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
 (Budgeted Funds Only)
 For the Year Ended December 31, 2012

SCHEDULE 1

	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Favorable (Unfavorable)</u>
General Fund	<u>\$ 2,184,831</u>	<u>\$ 2,004,657</u>	<u>\$ 180,174</u>
Special Purpose Funds			
Employee Benefits Fund	<u>\$ 407,393</u>	<u>\$ 349,338</u>	<u>\$ 58,055</u>

Financial Statements

SALINA PUBLIC LIBRARY

SCHEDULE 2-A

Salina, Kansas

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2012

GENERAL FUND

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
General property taxes			
Saline County	\$ 1,983,434	\$ 1,974,148	\$ 9,286
Interest	304	1,300	(996)
Other	931	-	931
Total Cash Receipts	<u>\$ 1,984,669</u>	<u>\$ 1,975,448</u>	<u>\$ 9,221</u>
EXPENDITURES AND TRANSFERS			
Salaries - All	\$ 1,355,849	\$ 1,442,831	\$ 86,982
Library materials - Books	144,608	162,000	17,392
Library materials - Non-print	83,789	100,000	16,211
Library materials - Information technology	22,265	25,000	2,735
Periodicals - Reference	24,598	25,000	402
Staff development and travel	13,243	15,000	1,757
Water	12,398	6,000	(6,398)
Light and heat	96,546	100,000	3,454
Equipment and improvements	2,869	6,000	3,131
Telephone	5,686	6,000	314
Repairs and maintenance	35,597	48,000	12,403
Office and library supplies	10,843	12,000	1,157
Public relations	32,707	32,000	(707)
Accounting	5,966	7,000	1,034
Insurance	21,754	22,000	246
Automation	48,491	72,000	23,509
Postage	5,957	6,000	43
Contingency	4,491	18,000	13,509
Transfer to Capital Improvements Fund	77,000	80,000	3,000
Total Expenditures and Transfers	<u>\$ 2,004,657</u>	<u>\$ 2,184,831</u>	<u>\$ 180,174</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (19,988)</u>	<u>\$ (209,383)</u>	<u>\$ 189,395</u>
UNENCUMBERED CASH AND INVESTMENT BALANCE - BEGINNING OF YEAR	<u>218,566</u>	<u>193,893</u>	<u>24,673</u>
UNENCUMBERED CASH AND INVESTMENT BALANCE - END OF YEAR	<u>\$ 198,578</u>	<u>\$ (15,490)</u>	<u>\$ 214,068</u>

Financial Statements

SALINA PUBLIC LIBRARY

SCHEDULE 2-A

Salina, Kansas

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2012

**SPECIAL PURPOSE FUNDS
EMPLOYEE BENEFIT FUND**

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Favorable (Unfavorable)</u>
CASH RECEIPTS			
General property taxes			
Saline County	\$ 348,748	\$ 344,132	\$ 4,059
EXPENDITURES			
Social security taxes	\$ 91,520	\$ 110,330	\$ 18,810
Kansas Public Employees' Retirement System	92,145	99,211	7,066
Unemployment insurance	1,212	1,442	230
Health insurance	158,116	191,110	32,994
Workers' compensation insurance	6,345	5,300	(1,045)
Total Expenditures	<u>\$ 349,338</u>	<u>\$ 407,393</u>	<u>\$ 58,055</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (590)	\$ (63,261)	\$ 62,114
UNENCUMBERED CASH AND INVESTMENT BALANCE - BEGINNING OF YEAR	<u>60,762</u>	<u>81,856</u>	<u>(21,094)</u>
UNENCUMBERED CASH AND INVESTMENT BALANCE - END OF YEAR	<u>\$ 60,172</u>	<u>\$ 18,595</u>	<u>\$ 41,020</u>

Financial Statements

SALINA PUBLIC LIBRARY
 Salina, Kansas
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

SCHEDULE 2-B

For the Year Ended December 31, 2012
 (With Comparative Actual Total for the Prior Year Ended December 31, 2011)

SPECIAL PURPOSE FUNDS
CENTRAL KANSAS LIBRARY SYSTEM FUND

	2012	2011
CASH RECEIPTS		
Central Kansas Library System Grant	\$ 30,814	\$ 30,224
Transfers in	-	-
Total Cash Receipts	\$ 30,814	\$ 30,224
EXPENDITURES		
Interlibrary loan equipment, copying, and other	\$ 13,299	\$ 11,904
Binding	-	183
Internet	162	83
Postage	300	1,297
Miscellaneous	17,053	16,830
Total Expenditures	\$ 30,814	\$ 30,297
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ (73)
UNENCUMBERED CASH AND INVESTMENT BALANCE - BEGINNING OF YEAR	1,264	1,337
UNENCUMBERED CASH AND INVESTMENT BALANCE - END OF YEAR	\$ 1,264	\$ 1,264

Financial Statements

SALINA PUBLIC LIBRARY

Salina, Kansas

SCHEDULE 2-B

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended December 31, 2012

(With Comparative Actual Total for the Prior Year Ended December 31, 2011)

**SPECIAL PURPOSE FUNDS
CENTRAL KANSAS LIBRARY SYSTEM PROCESSING FUND**

	<u>2012</u>	<u>2011</u>
CASH RECEIPTS		
Central Kansas Library System Grant	\$ 10,000	\$ 17,500
Transfers in	-	-
Total Cash Receipts	<u>\$ 10,000</u>	<u>\$ 17,500</u>
EXPENDITURES		
Processing supplies	\$ 9,056	\$ 5,770
Processing fees and catalog reference material	5,001	4,268
Miscellaneous	4,265	1,944
Total Expenditures	<u>\$ 18,322</u>	<u>\$ 11,982</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (8,322)	\$ 5,518
UNENCUMBERED CASH AND INVESTMENT BALANCE - BEGINNING OF YEAR	<u>17,176</u>	<u>11,658</u>
UNENCUMBERED CASH AND INVESTMENT BALANCE - END OF YEAR	<u>\$ 8,854</u>	<u>\$ 17,176</u>

Financial Statements

SALINA PUBLIC LIBRARY

Salina, Kansas

SCHEDULE 2-B

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended December 31, 2012

(With Comparative Actual Total for the Prior Year Ended December 31, 2011)

**SPECIAL PURPOSE FUNDS
STATE AID FUND**

	<u>2012</u>	<u>2011</u>
CASH RECEIPTS		
State grant-in-aid	\$ 20,318	\$ 22,694
EXPENDITURES		
Library materials	\$ 5,977	\$ 1,438
Supplies	7,889	4,510
Equipment, furniture, and software	800	1,030
Outreach services	2,600	5,800
Miscellaneous	3,052	9,916
Total Expenditures	<u>\$ 20,318</u>	<u>\$ 22,694</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ -
UNENCUMBERED CASH AND INVESTMENT BALANCE - BEGINNING OF YEAR	<u>1,147</u>	<u>1,147</u>
UNENCUMBERED CASH AND INVESTMENT BALANCE - END OF YEAR	<u>\$ 1,147</u>	<u>\$ 1,147</u>

Financial Statements

SALINA PUBLIC LIBRARY

Salina, Kansas

SCHEDULE 2-B

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended December 31, 2012

(With Comparative Actual Total for the Prior Year Ended December 31, 2011)

**SPECIAL PURPOSE FUNDS
INTERLIBRARY LOAN DEVELOPMENT PROGRAM FUND**

	<u>2012</u>	<u>2011</u>
CASH RECEIPTS		
Interlibrary loan development grant	\$ -	\$ -
EXPENDITURES		
Library materials	\$ 17	\$ 1,401
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (17)	\$ (1,401)
UNENCUMBERED CASH AND INVESTMENT BALANCE - BEGINNING OF YEAR	<u>183</u>	<u>1,584</u>
UNENCUMBERED CASH AND INVESTMENT BALANCE - END OF YEAR	<u>\$ 166</u>	<u>\$ 183</u>

Financial Statements

SALINA PUBLIC LIBRARY
 Salina, Kansas
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

SCHEDULE 2-B

For the Year Ended December 31, 2012
 (With Comparative Actual Total for the Prior Year Ended December 31, 2011)

SPECIAL PURPOSE FUNDS
CLASS

	2012	2011
CASH RECEIPTS		
Class fees	\$ 34,038	\$ 39,635
Grants	649	279
Total Cash Receipts	\$ 34,687	\$ 39,914
 EXPENDITURES		
Instructor	\$ 8,460	\$ 10,930
Supplies	5,475	8,213
Grants	-	-
Other	18,799	22,564
Total Expenditures	\$ 32,734	\$ 41,707
 RECEIPTS OVER (UNDER) EXPENDITURES	\$ 1,953	\$ (1,793)
 UNENCUMBERED CASH AND INVESTMENT BALANCE - BEGINNING OF YEAR	9,824	11,617
 UNENCUMBERED CASH AND INVESTMENT BALANCE - END OF YEAR	\$ 11,777	\$ 9,824

Financial Statements

SALINA PUBLIC LIBRARY

SCHEDULE 2-B

Salina, Kansas

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended December 31, 2012

(With Comparative Actual Total for the Prior Year Ended December 31, 2011)

**SPECIAL PURPOSE FUNDS
FINES AND MISCELLANEOUS FUND**

	<u>2012</u>	<u>2011</u>
CASH RECEIPTS		
Fines	\$ 28,996	\$ 34,831
Donations/Memorials	4,264	5,093
Interest	183	541
Miscellaneous	17,719	18,668
Transfers in	55	50
Total Cash Receipts	<u>\$ 51,217</u>	<u>\$ 59,183</u>
EXPENDITURES		
Equipment and software	\$ 22,909	\$ 14,781
Grants/Programs	14,400	9,651
Library materials	2,486	2,385
Central Kansas Credit Bureau	50	180
Miscellaneous	12,207	11,342
Total Expenditures	<u>\$ 52,052</u>	<u>\$ 38,339</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (835)	\$ 20,844
UNENCUMBERED CASH AND INVESTMENT BALANCE - BEGINNING OF YEAR	<u>136,689</u>	<u>115,845</u>
UNENCUMBERED CASH AND INVESTMENT BALANCE - END OF YEAR	<u>\$ 135,854</u>	<u>\$ 136,689</u>

Financial Statements

SALINA PUBLIC LIBRARY

Salina, Kansas

SCHEDULE 2-B

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended December 31, 2012

(With Comparative Actual Total for the Prior Year Ended December 31, 2011)

**SPECIAL PURPOSE FUNDS
EXPENDABLE MEMORIAL FUND**

	<u>2012</u>	<u>2011</u>
CASH RECEIPTS		
Dividends	\$ 791	\$ 616
Market value adjustment	5,806	837
Total Receipts	<u>\$ 6,597</u>	<u>\$ 1,453</u>
EXPENDITURES		
Market value adjustment	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 6,597	\$ 1,453
UNENCUMBERED CASH AND INVESTMENT BALANCE - BEGINNING OF YEAR	<u>48,328</u>	<u>46,875</u>
UNENCUMBERED CASH AND INVESTMENT BALANCE - END OF YEAR	<u>\$ 54,925</u>	<u>\$ 48,328</u>

Financial Statements

SALINA PUBLIC LIBRARY
 Salina, Kansas
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

SCHEDULE 2-B

For the Year Ended December 31, 2012
 (With Comparative Actual Total for the Prior Year Ended December 31, 2011)

SPECIAL PURPOSE FUNDS
EXPENDABLE GREATER SALINA COMMUNITY FOUNDATION

	2012	2011
CASH RECEIPTS		
Gain on investments	\$ 6,288	\$ -
EXPENDITURES		
Loss on investments	\$ -	\$ 718
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 6,288	\$ (718)
UNENCUMBERED CASH AND INVESTMENT BALANCE - BEGINNING OF YEAR	49,405	50,123
UNENCUMBERED CASH AND INVESTMENT BALANCE - END OF YEAR	\$ 55,693	\$ 49,405

Financial Statements

SALINA PUBLIC LIBRARY

Salina, Kansas

SCHEDULE 2-B

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended December 31, 2012

(With Comparative Actual Total for the Prior Year Ended December 31, 2011)

**SPECIAL PURPOSE FUNDS
NON-EXPENDABLE ADAMS MEMORIAL FUND**

	<u>2012</u>	<u>2011</u>
CASH RECEIPTS		
Interest	\$ 55	\$ 50
EXPENDITURES		
Transfer to Fines and Miscellaneous Fund	\$ 55	\$ 50
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ -
UNENCUMBERED CASH AND INVESTMENT BALANCE - BEGINNING OF YEAR	<u>5,000</u>	<u>5,000</u>
UNENCUMBERED CASH AND INVESTMENT BALANCE - END OF YEAR	<u>\$ 5,000</u>	<u>\$ 5,000</u>

Financial Statements

SALINA PUBLIC LIBRARY

Salina, Kansas

SCHEDULE 2-B

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

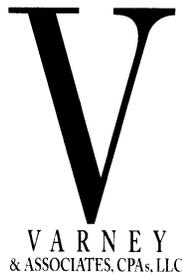
For the Year Ended December 31, 2012

(With Comparative Actual Total for the Prior Year Ended December 31, 2011)

CAPITAL PROJECT FUND

	<u>2012</u>	<u>2011</u>
CASH RECEIPTS		
Total Cash Receipts	\$ 77,000	\$ 116,000
EXPENDITURES		
Capital expense	\$ 175,958	\$ 62,869
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (98,958)	\$ 53,131
UNENCUMBERED CASH AND INVESTMENT BALANCE - BEGINNING OF YEAR	<u>459,523</u>	<u>406,392</u>
UNENCUMBERED CASH AND INVESTMENT BALANCE - END OF YEAR	<u>\$ 360,565</u>	<u>\$ 459,523</u>

Financial Statements



February 7, 2013

Board of Trustees
Salina Public Library
Salina, Kansas

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

We have audited the statutory basis financial statements of the Salina Public Library (the Library) as of and for the year ended December 31, 2012 and have issued our report thereon dated February 7, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

February 7, 2013
Salina Public Library
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Kunney & Associates
Certified Public Accountants
Manhattan, Kansas

**ADDITIONAL SUPPLEMENTARY
ADDITIONAL INFORMATION**

SALINA PUBLIC LIBRARY
 Salina, Kansas
FUNDS ON DEPOSIT COMPARED WITH DEPOSITORY COVERAGE
 December 31, 2012

	<u>Sunflower Bank</u>	<u>Simmons Bank</u>
Funds on Deposit		
Demand deposits	\$ 172,010	\$ -
Savings	642,135	-
Time deposits	-	5,000
Total Funds on Deposit	<u>\$ 814,145</u>	<u>\$ 5,000</u>
Coverage		
FDIC coverage	\$ 422,010	\$ 250,000
Securities pledged - Market value	1,565,693	-
Total Coverage	<u>\$ 1,987,703</u>	<u>\$ 250,000</u>
FUNDS AT RISK	<u>NONE</u>	<u>NONE</u>

Additional Information