



**Basic Financial Statements
and
Supplementary Information
with
Independent Auditors' Report**

Year Ended September 30, 2021

MADISON LIBRARY DISTRICT
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September 30, 2021

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Madison Library District
Rexburg, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and expendable trust fund of Madison Library District as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and expendable trust fund of Madison Library District, as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

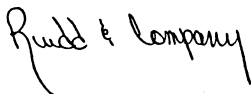
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 29-31 and pension information on pages 32-33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Madison Library District has not presented management discussion and analysis that the Government Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Rexburg, Idaho
February 22, 2022

MADISON LIBRARY DISTRICT
Statement of Net Position
September 30, 2021

Assets

Current Assets

Cash and cash equivalents	\$ 1,083,340
Investments	28,979
Property taxes	13,591
Fines receivable (net of allowance for doubtful accounts of \$1,898)	17,080

Total Current Assets	1,142,990
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Capital Assets

Land, buildings and equipment, net of depreciation	2,635,435
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Deferred Outflow of Resources

Pension	121,831
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Total Assets	3,900,256
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Liabilities

Current Liabilities

Accounts payable	1,451
Other liabilities	59,048
Current portion on long-term obligation	227,000

Total Current Liabilities	287,499
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Long-term Liabilities

Net pension liability	(8,850)
Bonds payable	1,517,000
Total Liabilities	1,795,649

Deferred Inflows of Resources

Pension	289,533
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Total Deferred Inflows of Resources	289,533
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Total Liabilities and Deferred Inflows of Resources	2,085,182
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Net Position

Investment in capital assets, net of related debt	891,435
Restricted:	
Restricted for Debt Service	91,308
Restricted for Capital Improvements	21,972
Unrestricted	541,914

Total Net Position	\$ 1,815,074
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The accompanying notes are an integral part of the financial statements.

MADISON LIBRARY DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2021

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

Total Fund Balance - Governmental Funds	\$ 1,072,413
Certain receivables are not financial resources and are reported as deferred revenues	
Property tax deferred revenue	10,078
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$5,145,906 and the accumulated depreciation is \$2,510,471	2,635,435
Pension contributions are reported in the fund financial statements in the period in which they are paid. The actuarially determined pension liability is recorded on the governmental-wide statements.	(158,852)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Long-term debt	<u>(1,744,000)</u>
Total Net Position - Governmental Activities	<u>\$ 1,815,074</u>

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

MADISON LIBRARY DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2021

Net Changes in Fund Balances - Total Governmental Funds	\$ 216,952
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Property taxes	(3,699)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense:	
Less depreciation	(127,155)
Add capital outlay	44,239
The government funds report current pension contributions as an expenditure. However, the amount recorded in the statement of activities represents the difference in the actuarially determined pension liability from the previous year to the current year.	
	55,284
Governmental funds report principal payments on debt as an expenditure. However, in the statement of activities, debt payments are not an expense and bond premiums are amortized:	
Principal payments on long-term obligations	<u>221,000</u>
Change in Net Position of Governmental Activities	<u>\$ 406,621</u>

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

**MADISON LIBRARY DISTRICT
Combined Statement of Revenue, Expenses,
and Changes in Fund Balance
Expendable Trust Fund
Year Ended September 30, 2021**

Revenues	
Net gain on investments	<u>\$ 316</u>
Excess of Revenues over Expenditures	316
Fund Balance - Beginning	<u>24,811</u>
Fund Balance - Ending	<u>\$ 25,127</u>

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

MADISON LIBRARY DISTRICT
Notes to Financial Statements
September 30, 2021

1. Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

The District reports the following major funds:

Governmental Funds

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District.
- The *capital improvement fund* accounts for resources accumulated and payments made for the construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for patrons within the District.
- The *debt service fund* accounts for resources and payments on long-term obligations.

Fiduciary Fund Types

- *Trust and Agency Funds* – Trust and agency funds are used to account for assets held by the District in a trustee capacity. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Budgetary Policy

The District prepares a budget for its general fund operations. The schedule of revenues and expenditures budget and actual-general fund presents comparison of the legally adopted budget with the actual data on a budgetary basis.

Under Idaho Code, the District's budget establishes maximum legal authorization for expenditures during the fiscal year. Expenditures are not to exceed the budgeted amounts, except as allowed by the Code for certain events. The budget was not amended during 2021.

1. Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The District has one type of deferred outflows of resources. This amounts relates to the District's allocable share of the effect of changes of assumptions during the year on the valuation of the net pension liability. This amount is reportable only in the government-wide financial statements.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The District has two types of items in this area. One item, which arises only under a modified accrual basis of accounting, unavailable revenue, is reported only in the governmental funds balance sheet and represents unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. This is reported in the governmental funds. The second type of deferred inflows of resources relates to the effect on the calculation of the net pension liability of the difference between projected and actual investment earnings on the defined benefit pension plan. This is reported in the government-wide financial statements.

Pensions

For the purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Retirement System of Idaho Based Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. Cash and Investments

The District maintains a primary checking account and several short-term savings accounts at local financial institutions, state investment pool and investments with Edward Jones. The board of trustees set the investment policies and review the investments.

The District's cash accounts are insured through the Federal Deposit Insurance Corporation up to \$250,000 per depository.

MADISON LIBRARY DISTRICT
Notes to Financial Statements
September 30, 2021

2. Cash and Investments (Continued)

The following is a reconciliation of the District's deposit and investment balance as of September 30, 2021:

Cash and investments reported on the statement of net assets	\$ 1,112,319
Cash and investments reported on the statement of fiduciary net assets	<u>25,127</u>
Total cash and cash investments	<u>\$ 1,137,446</u>
Petty cash	\$ -
Investments categorized	54,105
Deposits categorized	<u>1,083,341</u>
Total cash and cash investments	<u>\$ 1,137,446</u>

3. Property Tax

Property taxes of the District are based on the assessments against property owners. Tax levies on such assessed values are certified to the county prior to the commencement of the fiscal year.

Taxes are collected by Madison County and remitted to the District primarily in January and July of the fiscal year. Accordingly, the tax revenues for the year ended September 30, 2021 are based on the assessed values established in 2020.

The District defers recognition of property taxes assessed but not collected within sixty days of the fiscal year-end. Such amounts will be recognized as revenues in the fiscal year they become available.

5. Pension Plan (continued)

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointment officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2021 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters of covered compensation. The District's contributions were \$50,206 for the year ended September 30, 2021.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2021, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021, the District's proportion was .000112055 percent.

For the year ended September 30, 2021, the District recognized pension expense (revenue) of (\$5,078). At September 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MADISON LIBRARY DISTRICT
Notes to Financial Statements
September 30, 2021

7. Long-Term Bonds (Continued)

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 227,000	\$ 54,936	\$ 281,936
2023	233,000	47,786	280,786
2024	239,000	40,446	279,446
2025	250,000	32,918	282,918
2026	255,000	25,043	280,043
2027 - 2028	<u>540,000</u>	<u>25,672</u>	<u>565,672</u>
	<u>\$ 1,744,000</u>	<u>\$ 226,801</u>	<u>\$ 1,970,801</u>

8. Changes in Long-Term Debt

A summary of general long-term debt transactions of the District for the year ended September 30, 2021, is as follows:

	<u>Long-term Obligations September 30, 2020</u>	<u>Obligations Incurred</u>	<u>Obligations Paid</u>	<u>Long-term Obligations September 30, 2021</u>	<u>Current Portion</u>
Net Pension Liability	\$ 255,219	\$ -	\$ 264,069	\$ (8,850)	\$ -
Revenue Bonds Series 2016	<u>1,965,000</u>	<u>-</u>	<u>221,000</u>	<u>1,744,000</u>	<u>227,000</u>
	<u>\$ 2,220,219</u>	<u>\$ -</u>	<u>\$ 485,069</u>	<u>\$ 1,735,150</u>	<u>\$ 227,000</u>

9. Subsequent Events

In preparing these financial statements, the District has evaluated events and transaction for potential recognition or disclosure through February 22, 2022 the date the financial statements were available to be issued.

Required Supplementary Information

MADISON LIBRARY DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - Capital Improvement Fund
Year Ended September 30, 2021

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local Sources:			
Earnings on investments	\$ 220	\$ 92	\$ (128)
Total Revenues	220	92	(128)
Expenditures			
Current:			
Library materials and operating costs	-	-	-
Total Expenditures	-	-	-
Excess of Revenues over Expenditures	220	92	(128)
Fund Balance Beginning of Year	21,880	21,880	-
Fund Balance End of Year	\$ 22,100	\$ 21,972	\$ (128)

See Independent Auditor's Report.

MADISON LIBRARY DISTRICT
Schedule of Employers's Share of Net Pension Liability
PERSI Base Plan - Last 10 Fiscal Years*

	Employer's Portion of net the pension liability	Employer's proportionate share of the net pension liability	Employer's covered- employee payroll	Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.0110%	\$ 141,640	\$ 305,277	46.40%	91.38%
2016	0.0112%	224,742	334,173	67.25%	87.26%
2017	0.0111%	174,770	346,708	50.41%	87.26%
2018	0.0116%	170,379	388,095	43.90%	87.26%
2019	0.0116%	132,600	390,687	33.94%	97.16%
2020	0.0109%	255,219	406,038	62.86%	91.18%
2021	0.0112%	(8,850)	420,485	-2.10%	91.18%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of September 30, 2021.

See Independent Auditor's Report

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Madison Library District financial statements are free from 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 financial statement. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rexburg, Idaho
February 22, 2022