



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

Year Ended September 30, 2024

MADISON LIBRARY DISTRICT
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September 30, 2024

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Madison Library District
Rexburg, Idaho

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Madison Library District as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Madison Library District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Madison Library District, as of September 30, 2024, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Madison Library District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Madison Library District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Madison Library District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Madison Library District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

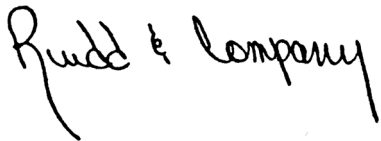
Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 27 and pension information on pages 28-29 be presented to supplement the basic financial statements. Such information is the responsibility of

management and, 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.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2025, 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 solely 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 the effectiveness of the District's 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
January 22, 2025

MADISON LIBRARY DISTRICT
Statement of Net Position
September 30, 2024

Assets

Current Assets

Cash and cash equivalents	\$ 1,080,668
Investments	53,501
Property taxes	16,664
Grants receivable	7,000
Fines receivable (net of allowance for doubtful accounts of \$5,578)	22,314
Prepaid expenses	17,323

Total Current Assets	1,197,470
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Capital Assets, net	2,605,349
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Total Assets	3,802,819
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Deferred Outflow of Resources

Pension	84,737
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Total Assets and Deferred Outflows of Resources	3,887,556
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Liabilities

Current Liabilities

Accounts payable	5,238
Other liabilities	90,413
Current portion of bonds payable	250,000

Total Current Liabilities	345,651
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Long-term Liabilities

Net pension liability	398,957
Bonds payable	795,000

Total Long-term Liabilities	1,193,957
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Total Liabilities	1,539,608
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Deferred Inflows of Resources

Pension	7,242
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Total Liabilities and Deferred Inflows of Resources	1,546,850
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Net Position

Investment in capital assets, net of related debt	1,560,349
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Restricted:

Restricted for Debt Service	139,868
Restricted for Other Purposes	21,559
Unrestricted	618,930

Total Net Position	\$ 2,340,706
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The accompanying notes are an integral part of the financial statements.

MADISON LIBRARY DISTRICT
Statement of Activities
For the Year Ended September 30, 2024

Functions/programs - governmental activities

General Government	
Staff expenses	\$ 980,901
Library materials	91,296
Operating expenses	445,862
Depreciation expense	154,925
Interest expense	40,946
	<hr/>
Total general government	1,713,930
	<hr/>

Program revenues

Charges for services	41,266
Operating grants and donations	7,076
	<hr/>
Total program revenues	48,342
	<hr/>

Total governmental activities	(1,665,588)
	<hr/>

General revenues

Property taxes	1,546,393
State revenues	96,879
Interest	26,648
Other revenues	1,549
	<hr/>

Total general revenues	1,671,469
	<hr/>

Change in net position	5,881
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Net Position - Beginning of the Year	2,334,825
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Net Position - End of the Year	\$ 2,340,706
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The accompanying notes are an integral part of the financial statements.

MADISON LIBRARY DISTRICT
Balance Sheet
Governmental Funds
September 30, 2024

	General Fund	Capital Improvement Fund	Debt Service Fund	Total Governmental Funds
Assets				
Current Assets				
Cash and cash equivalents	\$ 941,002	\$ -	\$ 139,666	\$ 1,080,668
Investments	53,501	-	-	53,501
Property taxes receivable	13,493	-	3,171	16,664
Grants receivable	7,000	-	-	7,000
Fines receivable (net of allowance for doubtful accounts of \$5,578)	22,314	-	-	22,314
Prepaid expenses	17,323	-	-	17,323
Total Assets	1,054,633	-	142,837	1,197,470
Liabilities and Fund Balances				
Liabilities				
Accounts payable	5,238	-	-	5,238
Accrued payroll	90,413	-	-	90,413
Total Liabilities	95,651	-	-	95,651
Deferred Inflows of Resources				
Unavailable revenues	12,630	-	2,969	15,599
Fund Balances				
Restricted	21,559	-	139,868	161,427
Unassigned	924,793	-	-	924,793
Total Fund Balances	946,352	-	139,868	1,086,220
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,054,633	\$ -	\$ 142,837	\$ 1,197,470

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, 2024

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

Total Fund Balance - Governmental Funds	\$ 1,086,220
Certain receivables are not financial resource and are reported as unavailable revenues	
Property tax unavailable revenue	15,599
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$5,144,279 and the accumulated depreciation is \$2,538,930	2,605,349
Pension related items not reported in the fund financial reporting level	
Deferred pension outflows	84,737
Deferred pension inflows	(7,242)
Net pension liability	(398,957)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Long-term debt	<u>(1,045,000)</u>
Total Net Position - Governmental Activities	<u>\$ 2,340,706</u>

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

MADISON LIBRARY DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2024

	General Fund	Capital Improvement Fund	Debt Service Fund	Total Governmental Funds
Revenues				
State Sources:				
Revenue Sharing	\$ 96,879	\$ -	\$ -	\$ 96,879
Local Sources:				
Property taxes	1,252,332	-	289,964	\$ 1,542,296
Earnings on investments	22,963	-	3,685	26,648
Grants and donations	7,076	-	-	7,076
Other	42,815	-	-	42,815
Total Revenues	1,422,065	-	293,649	1,715,714
Expenditures				
Current:				
Salaries and benefits	929,963	-	-	929,963
Library materials and operating costs	529,885	7,273	-	537,158
Debt service				
Interest and expense on bonds	-	-	40,946	40,946
Principal on bonds	-	-	239,000	239,000
Capital Outlay	1,904	-	-	1,904
Total Expenditures	1,461,752	7,273	279,946	1,748,971
Excess (Deficiency) of Revenues over Expenditures	(39,687)	(7,273)	13,703	(33,257)
Fund Balance Beginning of Year	986,039	7,273	126,165	1,119,477
Fund Balance End of Year	\$ 946,352	\$ -	\$ 139,868	\$ 1,086,220

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
For the Year Ended September 30, 2024

Net Changes in Fund Balances - Total Governmental Funds	\$ (33,257)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Property taxes	4,097
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	(154,925)
Add capital outlay	1,904
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.	
	(50,938)
Governmental funds report principal payments on debt as an expenditure. However, in the statement of activities, debt payments are not an expense:	
Principal payments on long-term obligations	<u>239,000</u>
Change in Net Position of Governmental Activities	<u>\$ 5,881</u>

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

MADISON LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended September 30, 2024

1. Summary of Significant Accounting Policies

The financial statements of the Madison Library District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The Board of Trustees has responsibilities for all activities relating to the Madison Library District. The Board is not included in any other governmental “reporting entity” as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct *expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to patrons who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MADISON LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended September 30, 2024

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 the 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.

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 2024.

MADISON LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended September 30, 2024

1. Summary of Significant Accounting Policies (Continued)

Cash and Equivalents

The District's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Property Tax Receivables

Property taxes are recognized as revenue in the period for which the taxes are levied. The tax levy is used to finance operations for the current fiscal year. All property taxes are considered due as of the second Monday in January and are levied on the second Monday in September. Taxes are payable in two installments on December 20 and June 20 of the following year. All taxes collected within 60 days of September 30 are considered available to pay current liabilities for the current fiscal year. Amounts not collected are deferred and recognized when they become available to the District.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1 - defined as observable inputs such as quoted market prices in active markets;
- Level 2 - defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and
- Level 3 - defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions.

The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

General Library materials

General library materials, consisting of books and reference materials, on hand at year end have not been recorded as a capital asset and are treated as an expense when purchased.

Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized. The Board has a capitalization policy for purchases of \$1,000 or more.

MADISON LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended September 30, 2024

1. Summary of Significant Accounting Policies (Continued)

Capital Assets (continued)

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	40
Furniture	10
Equipment	7
Computer equipment	5

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

Fund Balance

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balances represent tentative plans for future use of financial resources that are subject to change. Fund balance is classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

Restricted fund balance – amounts constrained to specific purposes externally imposed by creditors (such as through debt covenants), grantor and contributors, or laws, or regulations of other governments, or through constitutional provisions, or by enabling legislation.

Unassigned fund balance – amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other governmental funds, it may be necessary to report a negative residual balance as unassigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first.

MADISON LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended September 30, 2024

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 amount 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. The 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. As of September 30, 2024, the balance is \$7,242.

Pensions

For the purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee 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.

MADISON LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended September 30, 2024

1. Summary of Significant Accounting Policies (continued)

Upcoming Accounting Pronouncements

GASB Statement No. 101 – Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This Statement also addresses corrections of errors in previously issued financial statements. The requirements of this Statement are effective for fiscal years beginning after December 15, 2024.

GASB Statement No. 102 – Certain Risk Disclosures. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024

GASB Statement No. 103 – Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information. The Statement requires that governments display the inflows and outflows related to unusual or infrequent items separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide and governmental fund statements of resource flows. The Statement requires governments to present budgetary comparison information using a single method of communication – RSI. Governments are also required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025

MADISON LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended September 30, 2024

1. Summary of Significant Accounting Policies (continued)

Upcoming Accounting Pronouncements (continued)

GASB Statement No. 104 – Disclosure of Certain Capital Assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. This Statement also requires additional disclosure for capital assets held for sale and requires that capital assets held for sale be evaluated each reporting period. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through January 22, 2025 the date the financial statements were available to be issued. There were no subsequent-type events required to be disclosed.

MADISON LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended September 30, 2024

2. Cash and Investments

The District maintains a primary checking account and several CD's at local financial institutions, and savings accounts with the state investment pool. The board of trustees set the investment policies and reviews the investments.

The District's cash accounts are insured through the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) up to \$250,000 per depository.

1. Deposits – At September 30, 2024, the carrying amount of the District's deposits were \$1,134,169 and the respective bank balances totaled \$1,138,856.
2. Custodial Credit Risk, Deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. As of September 30, 2024, \$388,856 of the District's total deposits were not covered by FDIC or NCUA, and thus were exposed to custodial credit risk.
3. Investments – As of September 30, 2024, the District had invested \$35,561 in the State Treasurer's pooled cash investment account. Fair market value is measured using level 2 inputs and was equal to the carrying amount. They have a maturity of less than one year. The District had \$17,940 invested in taxable municipal bonds. This is stated at fair market value using level 2 inputs. The bonds have a maturity date of May 1, 2049. CD investments with a maturity of greater than 3 months are valued using level 2 inputs and fair market value is considered equal to the carrying amount.
4. Custodial Credit Risk, Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of the investments. The State diversifies these funds to reduce this risk.
5. Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from changes in interest rates, the District structures its portfolio so that securities mature to meet cash requirements for ongoing operations. The District had \$35,651 invested in the State Investment Pool at September 30, 2024. It also has \$17,940 invested in taxable municipal bonds, and \$531,765 invested in CDs with local banks.
6. Credit Risk – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. It is the District's policy to limit investments to the safest types of securities and to diversify the District's investment portfolio so that potential losses on securities will be minimized. The District follows Idaho statute that outlines qualifying investment options.

MADISON LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended September 30, 2024

3. Capital Assets

A summary of changes in capital assets are as follows:

	Balance September 30, 2023	Additions	Dispositions	Balance September 30, 2024
Non Depreciable				
Assets - Land	\$ 203,065	\$ -	\$ -	\$ 203,065
Depreciable				
Buildings	3,689,606	-	-	3,689,606
Equipment	1,249,704	1,904	-	1,251,608
Total Depreciable	4,939,310	1,904	-	4,941,214
Total Capital Assets	\$ 5,142,375	\$ 1,904	\$ -	\$ 5,144,279
Accumulated Depreciation	\$ 2,384,005	\$ 154,925	\$ -	\$ 2,538,930
Total Capital Assets, net of accumulated depreciation	\$ 2,758,370	\$ (153,021)	\$ -	\$ 2,605,349

Depreciation expense is charged to general government function.

4. Pension Plan

Plan Description

The District contributes to the Base Plan, which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies, and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

MADISON LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended September 30, 2024

4. Pension Plan (continued)

Pension Plan

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

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 public safety. As of June 30, 2024 it was 6.71% for general employees and 9.83% for public safety. Effective July 1, 2024, these rates were adjusted to 7.18% for general employees, and 10.83% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for public safety. Effective July 1, 2024, these rates were adjusted to 11.96% for general employees, and 14.65% for public safety. The District's contributions were 61,596 for the year ended September 30, 2024.

MADISON LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended September 30, 2024

4. Pension Plan (continued)

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

At September 30, 2024, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024, the District's proportion was .000110976 percent.

For the year ended September 30, 2024, the District recognized pension expense (revenue) of \$114,740. At September 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 63,518	\$ -
Changes in assumptions or other inputs	15,805	-
Net difference between projected and actual earnings on pension plan investments earnings on pension plan investments	-	7,242
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	(11,215)	-
Employer contributions subsequent to the measurement date	16,629	-
Total	<u>\$ 84,737</u>	<u>\$ 7,242</u>

MADISON LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended September 30, 2024

4. Pension Plan (continued)

\$16,629 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2024, the beginning of the measurement period ended June 30, 2023 is 4.6 and 4.6 for the measurement period June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year ended September 30,	
2025	\$ 17,146
2026	70,638
2027	(16,251)
2028	(10,667)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year’s earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return-net of investment fees	6.35%
Cost-of-living adjustments	1%

MADISON LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended September 30, 2024

4. Pension Plan (continued)

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries – Males	Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries – Females	Pub-2010 General Tables, increased 21%
Teachers – Males	Pub-2010 Teacher Tables, increased 12%
Teachers – Females	Pub-2010 Teacher Tables, increased 21%
Fire & Police – Males	Pub-2010 Safety Tables, increased 21%
Fire & Police – Females	Pub-2010 Safety Tables, increased 26%
Disabled Members – Males	Pub-2010 Disabled Tables, increased 38%
Disabled Members – Females	Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System’s asset allocation. The assumptions and the System’s formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System’s assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2024.

MADISON LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended September 30, 2024

4. Pension Plan (continued)

Asset Class	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	0.0%	0.00%
Large Cap	18.0%	4.50%
Small/Mid Cap	11.0%	4.70%
International Equity	15.0%	4.50%
Emerging Markets Equity	10.0%	4.90%
Domestic Fixed	20.0%	-0.25%
TIPS	10.0%	-0.30%
Real Estate	8.0%	3.75%
Private Equity	8.0%	6.00%

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	<u>1% Decrease (5.35%)</u>	<u>Current Discount Rate (6.35%)</u>	<u>1% Increase (7.35%)</u>
Employer's proportionate share of the net pension liability (asset)	\$ 758,143	\$ 398,957	\$ 105,594

MADISON LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended September 30, 2024

4. Pension Plan (continued)

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

At September 30, 2024, the District reported no payables to the defined benefit pension plan for legally required employer contributions or for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

5. Long-Term Bonds

On June 15, 2016, the District issued \$2,385,000 in General Obligation Refunding Bonds with an average interest rate of 3.150% to advance refund \$2,385,000 of the outstanding 2008E Series Revenue Bonds issued in 2008. The 2008E Series Revenue Bond was paid off completely in 2018. Revenues from tax assessments will be used to pay the bond. The following is a summary of a summary of the long-term obligations:

	<u>2024</u>
General Obligation Refunding Bonds, Series 2016, interest rate 3.150% due in semi-annual installments in March and September through 2028.	<u>\$ 1,045,000</u>
Total	1,045,000
Less Current Maturities of Long-Term Debt	<u>250,000</u>
Long-Term Debt net of Current Maturities	<u>\$ 795,000</u>

MADISON LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended September 30, 2024

5. Long-Term Bonds (continued)

Scheduled principal repayments on long-term obligations for the next four years are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 250,000	\$ 32,918	\$ 282,918
2026	255,000	25,043	280,043
2027	265,000	17,010	282,010
2028	275,000	8,661	283,661
	<u>\$ 1,045,000</u>	<u>\$ 83,632</u>	<u>\$ 1,128,632</u>

Interest expense on long-term bonds for the year ended September 30, 2024 was \$40,946.

Changes in Long-Term Debt

A summary of general long-term debt transactions of the District for the year ended September 30, 2024, is as follows:

	<u>Long-term Obligations September 30, 2023</u>	<u>Obligations Incurred</u>	<u>Obligations Paid</u>	<u>Long-term Obligations September 30, 2024</u>	<u>Current Portion</u>
Net Pension Liability	\$ 442,868	\$ -	\$ 43,911	\$ 398,957	\$ -
Revenue Bonds Series 2016	1,284,000	-	239,000	1,045,000	250,000
	<u>\$ 1,726,868</u>	<u>\$ -</u>	<u>\$ 282,911</u>	<u>\$ 1,443,957</u>	<u>\$ 250,000</u>

MADISON LIBRARY DISTRICT
Notes to Financial Statements
For the Year Ended September 30, 2024

6. Fund Balances

Details of constraints on fund balances of governmental funds:

	General Fund	Special Revenue Funds	Total
Fund Balances:			
Restricted:			
Debt payments	\$ -	\$ 139,868	\$ 139,868
Other purposes	21,559	-	21,559
Unassigned	924,793	-	924,793
Total fund balances	<u>\$ 946,352</u>	<u>\$ 139,868</u>	<u>\$ 1,086,220</u>

7. Tax Abatement

Governmental Accounting Standards Board Statement No. 77 define tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are entitled and (B) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The State of Idaho Revenue and Taxation Statute 602NN allows Idaho Counties to enter into a tax abatement agreement for entities that are looking to make significant improvement to their plant facilities. Madison County entered into an agreement with Basic American Foods for the new addition and upgrade to their processing plant. The agreement abates a portion of the taxes on the new construction over a period of five years. The abatement will be 80% of the tax in the first year, and second year, 60% in the third year, 40% in the fourth year and 20% in the final year. The value of the property will be adjusted for depreciation for each year of the abatement. After the fifth year the property will go back on as new construction at the full cost of the new project. The effect of the abatement to the Library District will be the mill levy for each year multiplied by the value of the new construction at the percent of reduction as listed above for each year the abatement is in place. Income tax revenue of the District was reduced by the \$51,937 under the tax abatement agreement with Madison County at Basic American Foods.

Required Supplementary Information

MADISON LIBRARY DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual - General Fund
For the Year Ended September 30, 2024

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
State Sources:			
Revenue Sharing	\$ -	\$ 96,879	\$ 96,879
Local Sources:			
Property taxes	1,156,584	1,252,332	95,748
Earnings on investments	2,000	22,963	20,963
Grants and donations	1,050	7,076	6,026
Other	100,530	42,815	(57,715)
Total Revenues	<u>1,260,164</u>	<u>1,422,065</u>	<u>161,901</u>
Expenditures			
Current:			
Salaries and benefits	1,029,753	929,963	99,790
Library materials and operating costs	440,680	529,885	(89,205)
Capital Outlay	-	1,904	(1,904)
Total Expenditures	<u>1,470,433</u>	<u>1,461,752</u>	<u>8,681</u>
Excess (Deficiency) of Revenues over Expenditures	(210,269)	(39,687)	170,582
Fund Balance Beginning of Year	<u>986,039</u>	<u>986,039</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 775,770</u>	<u>\$ 946,352</u>	<u>\$ 170,582</u>

See Independent Auditor's Report.

MADISON LIBRARY DISTRICT
Schedule of Employer'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	0.0110000%	\$ 141,640	\$ 305,277	46.40%	91.38%
2016	0.0110000%	224,742	334,173	67.25%	87.26%
2017	0.0110000%	174,770	346,708	50.41%	90.68%
2018	0.0120000%	170,379	388,095	43.90%	91.69%
2019	0.0120000%	132,600	390,687	33.94%	93.79%
2020	0.0109907%	255,219	406,038	62.86%	88.22%
2021	0.0112055%	(8,850)	420,485	-2.10%	100.36%
2022	0.0113757%	448,060	464,375	96.49%	83.09%
2023	0.0110976%	442,868	478,501	92.55%	83.83%
2024	0.0106655%	398,957	523,675	76.18%	85.54%

*GASB Statement No. 68 requires ten years of information to be presented in this table.

Data reported is measured as of June 30, 2024.

See Independent Auditor's Report

MADISON LIBRARY DISTRICT
Schedule of Employer Contributions
PERSI Base Plan - Last 10 Fiscal Years*

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution (deficiency) excess	Employer's covered- employee payroll	Contributions as a percentage of covered- employee
2015	\$ 34,104	\$ 34,557	\$ 453	\$ 305,277	11.32%
2016	36,705	37,651	946	334,173	11.27%
2017	39,093	39,456	363	346,708	11.38%
2018	42,069	44,857	2,788	388,095	11.56%
2019	44,663	44,812	149	390,687	11.47%
2020	46,724	48,481	1,757	406,038	11.94%
2021	44,188	50,206	6,018	420,485	11.94%
2022	53,562	55,446	1,884	464,375	11.94%
2023	56,340	56,210	(130)	478,501	11.75%
2024	61,540	61,596	56	541,251	11.37%

*GASB Statement No. 68 requires ten years of information to be presented in this table.

Data reported is measured as of September 30, 2024.

See Independent Auditor's Report



RUDD & COMPANY^{INC.}

certified public accountants | business consultants

Independent Auditors' 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*

To the Board of Trustees
Madison Library District
Rexburg, Idaho

We have audited, in accordance with the 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, the financial statements of the governmental activities, and each major fund of the Madison Library District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Madison Library District's basic financial statements, and have issued our report thereon dated January 22, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Madison Library District internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Madison Library District internal control. Accordingly, we do not express an opinion on the effectiveness of the Madison Library District internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

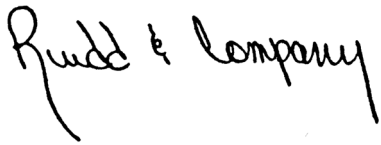
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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.

A handwritten signature in cursive script that reads "Rudd & Company". The signature is written in dark ink and is positioned above the typed text of the location and date.

Rexburg, Idaho
January 22, 2025