



**Basic Financial Statements
and
Supplementary Information
with
Independent Auditors' Report
Year Ended September 30, 2025**

MADISON LIBRARY DISTRICT
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September 30, 2025

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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 (the District) as of and for the year ended September 30, 2025, 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, 2025, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 the 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 auditors' 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 the 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 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

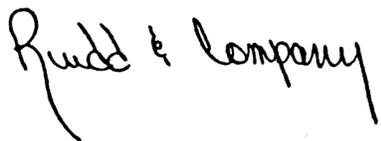
Accounting principles generally accepted in the United States of America require that the budgetary comparison information and pension information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although 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 DATE, 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 28, 2025

Basic Financial Statements

MADISON LIBRARY DISTRICT
Statement of Net Position
September 30, 2025

Assets

Current Assets

Cash and cash equivalents	\$ 1,100,292
Investments	53,630
Property taxes	17,000
Fines receivable (net of allowance for doubtful accounts of \$12,405)	23,039
Prepaid expenses	17,323

Total Current Assets	1,211,284
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Capital Assets, net	2,473,658
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Total Assets	3,684,942
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Deferred Outflow of Resources

Pension	61,415
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Total Assets and Deferred Outflows of Resources	\$ 3,746,357
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Liabilities

Current Liabilities

Accounts payable	\$ 1,348
Other liabilities	85,040
Current portion of bonds payable	255,000

Total Current Liabilities	341,388
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Long-term Liabilities

Net pension liability	255,664
Bonds payable	540,000

Total Long-term Liabilities	795,664
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Total Liabilities	1,137,052
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Deferred Inflows of Resources

Pension	110,680
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Total Liabilities and Deferred Inflows of Resources	1,247,732
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Net Position

Investment in capital assets, net of related debt	1,678,658
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Restricted:

Restricted for Debt Service	153,422
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Restricted for Other Purposes	20,192
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Unrestricted	646,353
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Total Net Position	\$ 2,498,625
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The accompanying notes are an integral part of the financial statements.

MADISON LIBRARY DISTRICT
Statement of Activities
September 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Taxes	Operating Grants and Contributions	Capital Grants and Contributions	
Staff expenses	\$ 1,005,731	\$ -	\$ -	\$ -	\$ (1,005,731)
Library materials	96,593	37,017	-	-	(59,576)
Operating expenses	333,230	2,169	7,726	-	(323,335)
Depreciation expense	156,883	-	-	-	(156,883)
Interest expense	33,418	-	-	-	(33,418)
Total Governmental Activities	\$ 1,625,855	\$ 39,186	\$ 7,726	\$ -	(1,578,943)

General Revenues:

Property taxes levied	1,604,315
State taxes	100,284
Investment earnings	31,125
Miscellaneous	1,138
Total General Revenue	1,736,862
Change in Net Position	157,919
Net Position - Beginning Balance	2,340,706
Net Position - Ending Balance	\$ 2,498,625

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

MADISON LIBRARY DISTRICT
Balance Sheet – Governmental Funds
September 30, 2025

	General Fund	Debt Service Fund	Total Governmental Funds
Assets			
Current Assets			
Cash and cash equivalents	\$ 947,023	\$ 153,269	\$ 1,100,292
Investments	53,630	-	53,630
Property taxes receivable	13,875	3,125	17,000
Fines receivable (net of allowance for doubtful accounts of \$12,405)	23,039	-	23,039
Prepaid expenses	17,323	-	17,323
Total Assets	1,054,890	156,394	1,211,284
Liabilities and Fund Balances			
Liabilities			
Accounts payable	1,348	-	1,348
Accrued payroll	85,040	-	85,040
Total Liabilities	86,388	-	86,388
Deferred Inflows of Resources			
Unavailable revenues	13,142	2,972	16,114
Fund Balances			
Restricted	20,192	153,422	173,614
Unassigned	935,168	-	935,168
Total Fund Balances	955,360	153,422	1,108,782
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,054,890	\$ 156,394	\$ 1,211,284

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
For the Year Ended September 30, 2025

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

Total Fund Balance - Governmental Funds	\$ 1,108,782
<p>Certain receivables are not financial resource and are reported as unavailable revenues in the fund financial statements. For government-wide presentation, they are recorded as revenues when owed:</p>	
Property tax unavailable revenue	16,114
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$5,169,471 and the accumulated depreciation is \$2,695,813.</p>	
	2,473,658
<p>Pension related items not reported in the fund financial statements:</p>	
Deferred pension outflows	61,415
Deferred pension inflows	(110,680)
Net pension liability	(255,664)
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:</p>	
Long-term debt	<u>(795,000)</u>
Total Net Position - Governmental Activities	<u>\$ 2,498,625</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, 2025

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues			
State Sources:			
Revenue sharing	\$ 100,284	\$ -	\$ 100,284
Local Sources:			
Property taxes	1,311,758	292,042	1,603,800
Earnings on investments	26,195	4,930	31,125
Grants and donations	7,726	-	7,726
Other	40,324	-	40,324
 Total Revenues	 <u>1,486,287</u>	 <u>296,972</u>	 <u>1,783,259</u>
Expenditures			
Current:			
Salaries and benefits	1,022,264	-	1,022,264
Library materials and operating costs	429,823	-	429,823
Debt Service			
Interest and expense on bonds	-	33,418	33,418
Principal on bonds	-	250,000	250,000
Capital Outlay	25,192	-	25,192
 Total Expenditures	 <u>1,477,279</u>	 <u>283,418</u>	 <u>1,760,697</u>
 Net Change in Fund Balance	 9,008	 13,554	 22,562
 Fund Balance - Beginning of Year	 <u>946,352</u>	 <u>139,868</u>	 <u>1,086,220</u>
 Fund Balance - End of Year	 <u>\$ 955,360</u>	 <u>\$ 153,422</u>	 <u>\$ 1,108,782</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
For the Year Ended September 30, 2025

Net Changes in Fund Balances - Total Governmental Funds	\$ 22,562
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Property taxes	515
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	(156,883)
Add capital outlay	25,192
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.	
	16,533
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>250,000</u>
Change in Net Position of Governmental Activities	<u>\$ 157,919</u>

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

MADISON LIBRARY DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2025

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 the Financial Statements
For the Year Ended September 30, 2025

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 *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 2025.

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.

MADISON LIBRARY DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2025

1. Summary of Significant Accounting Policies (continued)

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.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Furniture	10
Equipment	7
Computer equipment	5

MADISON LIBRARY DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2025

1. Summary of Significant Accounting Policies (continued)

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 are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor how those amounts may be spent as follows:

Nonspendable fund balance – amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

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

Committed fund balance - amounts that can only be used for specific purposes, pursuant to constraints imposed by formal action (to establish, modify or rescind a fund balance commitment) of the government's highest level of decision-making authority, the Board of Trustees.

Assigned fund balance – amounts that are constrained by the governments' intent to be used for specific purposes, but are neither restricted nor committed. Funds can be assigned by management for particular purposes, and reassigned in the same manner.

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.

Fund balances restricted, committed, or assigned for the purpose of capital outlay are only spent upon Board approval. So, it is possible that capital outlay expenditures would reduce unassigned fund balance.

MADISON LIBRARY DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2025

1. Summary of Significant Accounting Policies (continued)

Net Position

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:

Net investment in capital assets - capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets.

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.

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 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 related to the District's allocable share of 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 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.

MADISON LIBRARY DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2025

1. Summary of Significant Accounting Policies (continued)

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.

New Accounting Pronouncements

During the year, the District implemented the following standards:

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. There was no significant change as a result of the implementation of this standard, and beginning fund balance was not required to be restated for this change.

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. There was no significant change as a result of the implementation of this standard, and beginning fund balance was not required to be restated for this change.

MADISON LIBRARY DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2025

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements (continued)

The following GASB pronouncements have been issued, but will be effective in future years and may impact the City's future financials:

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.

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 28, 2026 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 the Financial Statements
For the Year Ended September 30, 2025

2. Cash and Investments

Cash – The District maintains a primary checking account, and other accounts several local and regional banks and credit unions.

- 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. 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. As of September 30, 2025, \$434,433 of the District’s total deposits were not covered by FDIC or NCUA, and thus were exposed to custodial credit risk.

Investments – The board of trustees set the investment policies and reviews the investments. As of September 30, 2025, the District had the following investments:

State Treasurer’s Local Government Investment Pool (LGIP) - \$37,227 pooled cash investment account. Fair market value is measured using level 2 inputs and was equal to the carrying amount. These investments have an average maturity of 68 days. The Local Government Investment Pool is audited annually and the related financial statements and note disclosures are included in the State of Idaho’s Annual Comprehensive Financial Report, a copy of which can be downloaded from www.sco.idaho.gov.

Other Investments - \$16,403 investment 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. The District also has \$550,256 invested through local bank CD’s with a maturity of between 3-12 months and are valued using level 2 inputs and fair market value is considered equal to the carrying amount.

- 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.
- 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.
- 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 the Financial Statements
For the Year Ended September 30, 2025

3. Capital Assets

A summary of changes in capital assets are as follows:

	Balance September 30, 2024	Additions	Dispositions	Balance September 30, 2025
Non Depreciable Assets - Land	\$ 203,065	\$ -	\$ -	\$ 203,065
Depreciable				
Buildings	3,689,606	-	-	3,689,606
Equipment	1,251,608	25,192	-	1,276,800
Total Depreciable	4,941,214	25,192	-	4,966,406
Total Capital Assets	\$ 5,144,279	\$ 25,192	\$ -	\$ 5,169,471
Accumulated Depreciation	\$ 2,538,930	\$ 156,883	\$ -	\$ 2,695,813
Total Capital Assets, net of accumulated depreciation	\$ 2,605,349	\$ (131,691)	\$ -	\$ 2,473,658

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 the Financial Statements
For the Year Ended September 30, 2025

4. Pension Plan (continued)

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, 2025, it was 7.18% for general employees and 10.36% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.96% for general employees and 13.48% for public safety. The District's contributions were \$72,780 for the year ended September 30, 2025.

MADISON LIBRARY DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2025

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, 2025, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, 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, 2025, the District's proportion was .01057265 percent.

For the year ended September 30, 2025, the District recognized pension expense (revenue) of \$(16,533). At September 30, 2025, 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	\$ 48,178	\$ -
Changes in assumptions or other inputs	-	44,957
Net difference between projected and actual earnings on pension plan investments earnings on pension plan investments	-	65,723
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	(10,869)	-
Employer contributions subsequent to the measurement date	<u>24,106</u>	<u>-</u>
Total	<u>\$ 61,415</u>	<u>\$ 110,680</u>

\$24,106 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, 2025.

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, 2025, the beginning of the measurement period ended June 30, 2025, is 4.6 and 4.6 for the measurement period June 30, 2025.

MADISON LIBRARY DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2025

4. Pension Plan (continued)

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,

2026	\$ 39,330
2027	(46,799)
2028	(41,247)
2029	(24,655)

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, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases including inflation	3.15%
Investment rate of return-net of investment fees	6.55%
Cost-of-living (COLA) adjustments	1.00%

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%
	5% of Fire and Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2021
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%

MADISON LIBRARY DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2025

4. Pension Plan (continued)

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, 2025 is based on the results of an actuarial valuation date of July 1, 2025.

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 2025.

Asset Class	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap	22.0%	4.75%
Small/Mid Cap	10.0%	4.95%
International Equity	11.0%	4.75%
Emerging Markets Equity	11.0%	4.95%
Domestic Fixed	20.0%	2.25%
TIPS	10.0%	2.05%
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 6.55%. 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.

MADISON LIBRARY DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2025

4. Pension Plan (continued)

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 6.55 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 (5.55 percent) or 1-percentage-point higher (7.55 percent) than the current rate:

	<u>1% Decrease (5.55)%</u>	<u>Current Discount Rate (6.55)%</u>	<u>1% Increase (7.55)%</u>
Employer's proportionate share of the net pension liability (asset)	\$ 615,129	\$ 255,664	\$ (38,003)

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, 2025, 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. Changes in Long-Term Obligations

A summary of general long-term obligations of the District for the year ended September 30, 2025, is as follows:

	<u>Long-term Obligations October 1, 0</u>	<u>Obligations Incurred</u>	<u>Obligations Paid</u>	<u>Long-term Obligations September 30, 0</u>	<u>Current Portion</u>
Net Pension Liability	\$ 398,957	\$ -	\$ (143,293)	\$ 255,664	\$ -
Revenue Bonds Series 2016	1,045,000	-	250,000	795,000	255,000
	<u>\$ 1,443,957</u>	<u>\$ -</u>	<u>\$ 106,707</u>	<u>\$ 1,050,664</u>	<u>\$ 255,000</u>

MADISON LIBRARY DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2025

6. 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 the outstanding 2008E Series Revenue Bonds issued in 2008. The bond is set to mature in September 2028 with payments in March and September of each year. Revenues from tax assessments are used to pay the bond.

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>
2026	\$ 255,000	\$ 25,043	\$ 280,043
2027	265,000	17,010	282,010
2028	<u>275,000</u>	<u>8,661</u>	<u>283,661</u>
	<u>\$ 795,000</u>	<u>\$ 50,714</u>	<u>\$ 845,714</u>

7. Fund Balances

Details of constraints on fund balances of governmental funds:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
Fund Balances:			
Restricted:			
Debt payments	\$ -	\$ 153,422	\$ 153,422
Other purposes	20,192	-	20,192
Unassigned	<u>935,168</u>	<u>-</u>	<u>935,168</u>
Total fund balances	<u>\$ 955,360</u>	<u>\$ 153,422</u>	<u>\$ 1,108,782</u>

8. 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.

MADISON LIBRARY DISTRICT
Notes to the Financial Statements
For the Year Ended September 30, 2025

8. Tax Abatement (continued)

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 \$9,345 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, 2025

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
State Sources:			
Revenue Sharing	\$ 57,000	\$ 100,284	\$ 43,284
Local Sources:			
Property taxes	1,287,798	1,311,758	23,960
Earnings on investments	8,100	26,195	18,095
Grants and donations	1,050	7,726	6,676
Other	30,700	40,324	9,624
 Total Revenues	 <u>1,327,648</u>	 <u>1,486,287</u>	 <u>101,639</u>
Expenditures			
Current:			
Salaries and benefits	1,085,458	1,022,264	63,194
Library materials and operating costs	447,780	429,823	17,957
Capital Outlay	-	25,192	(25,192)
 Total Expenditures	 <u>1,533,238</u>	 <u>1,477,279</u>	 <u>55,959</u>
 Excess (Deficiency) of Revenues over Expenditures	 (205,590)	 9,008	 214,598
 Fund Balance Beginning of Year	 <u>946,352</u>	 <u>946,352</u>	 <u>-</u>
 Fund Balance End of Year	 <u>\$ 740,762</u>	 <u>\$ 955,360</u>	 <u>\$ 214,598</u>

See Independent Auditor's Report.

MADISON LIBRARY DISTRICT
Schedules of Employer's Share of Net Pension Liability and
Employer Contributions
For the Year Ended September 30, 2025

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
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%
2025	0.0105727%	255,664	546,022	46.82%	90.89%

Date reported in measured as of June 30, 2025 (measurement date)

Schedule of Employer Contributions
PERSI Base Plan
Last 10 Fiscal Years

	Statutorily Required Contributions	Contributions in Relation to Statutorily Required Contributions	Contribution (Deficiency)/ Excess	Employer's Covered Employee Payroll	Contribution Percent of Covered Employee Payroll
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%
2025	72,780	72,780	0	608,529	11.96%

Date reported in measured as of September 30, 2025 (reporting date)

See Independent Auditor's Report.

MADISON LIBRARY DISTRICT
Notes to Required Supplementary Information
September 30, 2025

Budget to Actual:

For budgetary purposes, capital asset purchases are budgeted according to the functional use. GAAP reporting requirements consider capital assets to be non-current in nature and adjust the presentation to show them separately. This results in variances for both capital asset costs and the applicable functional categories that would not otherwise exist.

Net Pension Liability:

Changes of benefits – None

Changes of composition of population covered by the benefit terms – NONE

Changes of assumptions:

- Adjustment of the average expected remaining service lives of all employees from 4.6 to 4.4 years
- Discount rate adjustment from 6.35% to 6.55%

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, 2025, 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 28, 2026.

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.

Rexburg, Idaho
January 28, 2026