

# Financial Statements

Meridian Library District  
Includes Supplementary Information  
Year Ended September 30, 2022



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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Meridian Library District  
Meridian, Idaho

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Meridian Library District as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Meridian Library District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Meridian Library District as of September 30, 2022, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Meridian 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 opinion.

#### Responsibilities of Management for the Financial Statements

Meridian Library District's 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 Meridian 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.





## **Auditor's 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 opinion. 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 GAAS 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 GAAS, 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 Meridian 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 Meridian 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**

Management has omitted Management's 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 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 statement is not affected by this missing information.



## Supplementary Information

Our audit was conducted for the purpose of forming and opinion on the financial statements that collectively comprise Meridian Library District's basic financial statements. The schedule of revenue, expenditures and changes in net position – budget and actual and reconciliation of budgetary basis to GAAP and the schedule of expenditures of federal awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenue, expenditures and changes in net position – budget and actual and reconciliation of budgetary basis to GAAP and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2023 on our consideration of Meridian Library 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 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 Meridian Library District's internal control over financial reporting and compliance.

*Harris CPAs*

Meridian, Idaho  
May 26, 2023

## **BASIC FINANCIAL STATEMENTS**

**MERIDIAN LIBRARY DISTRICT**  
**STATEMENT OF NET POSITION**  
**September 30, 2022**

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	<b><u>Governmental Activities</u></b>
<b>Assets</b>	
Cash and cash equivalents	\$ 11,749,496
Property taxes receivable	7,710,439
Sales tax receivable	124,861
Receivables, net	19,850
Prepaid expenses	21,020
Fixed assets, net	6,805,860
Right of use asset, net	<u>515,558</u>
Total Assets	26,947,084
<b>Deferred Outflows of Resources</b>	
Pension obligations	1,331,106
<b>Liabilities</b>	
Accounts payable	353,538
Accrued liabilities	299,230
Compensated absences	237,124
Lease liability	532,338
Net pension liability	<u>2,371,768</u>
Total Liabilities	3,793,998
<b>Deferred Inflows of Resources</b>	
Deferred tax revenue	7,704,311
Pensions	<u>101,158</u>
Total Deferred Inflows	7,805,469
<b>Net Position:</b>	
Restricted	2,889,128
Net Investment in Capital Assets	7,321,418
Unrestricted	<u>6,468,177</u>
Total Net Position	<u>\$ 16,678,723</u>

See notes to financial statements.

**MERIDIAN LIBRARY DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2022

**PROGRAM REVENUES**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants &amp; Contributions</u>	<u>Net (Expense) Revenue Changes in Net Position</u>
<b>Functions / Programs</b>					
Governmental Activities:					
Library services	\$ 5,498,490	\$ 31,446	\$ 37,825	\$ 0	(5,567,761)
Supporting services	166,405				(166,405)
Depreciation – unallocated	439,023				(439,023)
Long-term lease interest	31,405				(31,405)
Long-term lease principal payments	<u>115,297</u>				<u>(115,297)</u>
 Total Governmental Activities	 <u>\$ 6,250,620</u>	 <u>\$ 31,446</u>	 <u>\$ 37,825</u>	 <u>\$ 0</u>	 <u>(6,319,891)</u>
 General Revenues					
					8,673,534
					58,071
					26,674
					<u>19,999</u>
					 Total General Revenues <u>8,778,278</u>
					 Change in Net Position 2,458,387
					 Net Position
					Beginning of Year <u>14,220,336</u>
					End of Year <u>\$ 16,678,723</u>

See notes to financial statements.



**MERIDIAN LIBRARY DISTRICT**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**September 30, 2022**

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	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 8,890,761	\$ 2,858,735	\$ 11,749,496
Property taxes receivable	7,710,439		7,710,439
Sales tax receivable	124,861		124,861
Receivables, net	19,850		19,850
Prepaid expenses	<u>21,020</u>		<u>21,020</u>
Total Assets	<u>\$ 16,766,931</u>	<u>\$ 2,858,735</u>	<u>\$ 19,625,666</u>
<b>Liabilities</b>			
Accounts payable	\$ 353,538	\$ 0	\$ 353,538
Accrued liabilities	<u>299,230</u>		<u>299,230</u>
Total Liabilities	652,768		652,768
<b>Deferred Inflows of Resources</b>			
Deferred tax revenue	7,704,311		7,704,311
<b>Fund Balances</b>			
Nonspendable	21,020		21,020
Restricted	30,393	2,858,735	2,889,128
Assigned	5,152,267		5,152,267
Unassigned	<u>3,206,172</u>		<u>3,206,172</u>
Total Fund Balances	<u>8,409,852</u>	<u>2,858,735</u>	<u>11,268,587</u>
Total Liabilities and Fund Balances	<u>\$ 16,766,931</u>	<u>\$ 2,858,735</u>	<u>\$ 19,625,666</u>

See notes to financial statements.

**MERIDIAN LIBRARY DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2022**

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Total fund balance – total governmental funds \$ 11,268,587

Amounts reported for governmental activities in the  
Statement of Net Position are different because

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds. These  
assets, net of accumulated depreciation, consist of:

Cost of capital assets	12,031,431
Right of use asset	618,670
Accumulated depreciation	<u>(5,328,683)</u>

Total capital assets, net of accumulated depreciation 7,321,418

Deferred outflows of resources not reported in the funds: 1,331,106

Long-term liabilities, including bonds payable and accrued leave,  
are not due and payable in the current period and therefore are  
not reported as fund liabilities. These liabilities consist of:

Compensated absences payable	(237,124)
Lease liability	(532,338)
Net pension liability	<u>(2,371,768)</u>

Total long-term liabilities (3,141,230)

Deferred inflows of resources not reported in the funds: (101,158)

Total Net Position of Governmental Activities \$ 16,678,723

See notes to financial statements.

**MERIDIAN LIBRARY DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2022**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>Revenue</b>			
Program Revenues			
Grants	\$ 37,825	\$	\$ 37,825
Fines and fees	14,235		14,235
Copy and print services	<u>17,211</u>	<u>                    </u>	<u>17,211</u>
Total Program Revenue	69,271		69,271
General revenue			
Taxes	7,273,534	1,400,000	8,673,534
Earnings on investments	27,010	31,061	58,071
Donations and sponsorships	26,674		26,674
Other income	<u>19,999</u>	<u>                    </u>	<u>19,999</u>
Total General Revenue	<u>7,347,217</u>	<u>1,431,061</u>	<u>8,778,278</u>
Total Revenue	7,416,488	1,431,061	8,847,549
<b>Expenditures</b>			
Library Services			
Salary and fringe benefits	3,819,470		3,819,470
Supplies, maintenance and operations	517,737		517,737
Collections and programs	791,982		791,982
Administrative	166,405		166,405
Professional services	110,223		110,223
Information technology	178,018		178,018
Library mobile services	11,190		11,190
Professional development	25,993		25,993
Other expenses	<u>15,682</u>	<u>                    </u>	<u>15,682</u>
Total Library Services	5,636,700		5,636,700
Capital outlay	<u>200,531</u>	<u>1,986,016</u>	<u>2,186,547</u>
Total Expenditures	5,837,231	1,986,016	7,823,247
Excess of Revenue over Expenditures	1,579,257	(554,955)	1,024,302
<b>Other Financing Sources (Uses)</b>			
Transfers in (out)	<u>(805,282)</u>	<u>805,282</u>	<u>0</u>
Net Change in Fund Balances	773,975	250,327	1,024,302
<b>Fund Balance</b>			
Beginning of Year	<u>7,635,877</u>	<u>2,608,408</u>	<u>10,244,285</u>
End of Year	<u>\$ 8,409,852</u>	<u>\$ 2,858,735</u>	<u>\$ 11,268,587</u>

See notes to financial statements.

**MERIDIAN LIBRARY DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2022**

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Net change in fund balances – total governmental funds \$ 1,024,302

Amounts reported for governmental activities in the  
Statement of Activities are different because

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of those assets are allocated  
over their estimated useful lives as depreciation expense. In the current  
period, these amounts are:

Capital outlay	2,186,547	
Right of use asset	618,670	
Depreciation expense	<u>(439,023)</u>	
Excess of capital outlay over depreciation expense		2,366,194

Under the modified accrual basis of accounting is used in the  
Governmental funds, expenditures are not recognized for  
transactions that are not normally paid with expendable financial  
resources. In the statement of activities, which is presented on the  
accrual basis, expenses and liabilities are reported regardless of  
financial resource availability.

Change in pension revenue	(435,794)	
Lease liability	(532,338)	
Decrease in compensated absence payable	<u>36,023</u>	
		<u>(932,109)</u>

Change in Net Position of Governmental Activities \$ 2,458,387

## MERIDIAN LIBRARY DISTRICT NOTES TO FINANCIAL STATEMENTS

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### Note A – Summary of Significant Accounting Policies

#### *General Statement*

Meridian Library District (the District) was organized under the provisions of Idaho Code Section 33-2703. The District is supported by fines, fees, grants, property tax revenue and sales tax passed through Ada County. Under the direction of the District's board of trustees, staff provides technical support services.

#### *Financial Reporting Entity*

The general purpose financial statements, included herein, present the financial position, results of operations and changes in fund balance of certain governmental fund types of Meridian Library District. For financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by generally accepted accounting principles. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility including, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units for which they exercise authority over.

Meridian Library District is governed by an elected Board of Trustees which possesses final decision making authority and is held primarily accountable for those decisions. The Board of Trustees is responsible for approving the budget, establishing spending limitations, funding any deficits and borrowing funds and/or issuing bonds to finance construction.

#### *Basis of Presentation – Government-Wide Financial Statements*

The government-wide financial statements consist of a statement of net position and a statement of activities to report information about the District as a whole. The statement of net position reports all financial and capital resources. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

## MERIDIAN LIBRARY DISTRICT NOTES TO FINANCIAL STATEMENTS

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### Note A – Summary of Significant Accounting Policies (Continued)

#### *Basis of Presentation – Government-Wide Financial Statements (Continued)*

Taxes and other items not properly included among program revenues are reported instead as general revenues. Gains on the sale of capital assets are reported as general revenues, losses on the sale of capital assets are reported as function/program expenses. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### *Basis of Presentation – Fund financial Statements*

Fund financial statements report detailed information about the District. The District has only governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. All remaining governmental funds are aggregated and presented in a single column as non-major funds.

The District reports the following major governmental funds:

- The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The *Capital Projects Fund* is used to account for financial resources to be used for the improvement, acquisition or construction of major capital assets. The Capital Projects Fund presented in the financial statements consists of Plant Facilities Levy collections used for the Orchard Park branch tenant improvements.

#### *Measurement Focus and Basis of Accounting*

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem 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. Amounts reported as program revenues include: (1) fines and copy and print fees; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all ad valorem taxes.

## MERIDIAN LIBRARY DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note A – Summary of Significant Accounting Policies (Continued)

##### *Measurement Focus and Basis of Accounting (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 60 days of the end of the current fiscal period. An exception to this is federal and state grants collected on a reimbursement basis, which are recognized as revenue when reimbursable expenditures are made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

##### *Budgets and Budgetary Accounting*

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. In August, the District submits a proposed budget for the fiscal year commencing the following October 1 that is ratified by the governing body. The fiscal year 2022 budget was approved on August 31, 2021.
2. The Director is the disbursement officer for all funds in accordance with the approved budget.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund.

The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

##### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

## MERIDIAN LIBRARY DISTRICT NOTES TO FINANCIAL STATEMENTS

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### Note A – Summary of Significant Accounting Policies (Continued)

#### *Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand, cash in banks, and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short-term maturities.

#### *Investments*

Idaho Code provides authorization for the investment of funds as well as specific direction regarding allowable investments. The District's policy is consistent with this direction. The District currently invests in interest bearing bank accounts and the State of Idaho local government investment pool.

#### *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

#### *Capital Assets*

The accounting treatment over equipment (fixed assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements - In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Assets costing more than \$1,000 with a useful life of three years or more are included in capital assets. Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The district holds land, buildings and various pieces of equipment with useful lives between 3 – 40 years.

Fund Financial Statements - In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.



## MERIDIAN LIBRARY DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note A – Summary of Significant Accounting Policies (Continued)

##### *Accumulated Paid Time Off and Comp Time*

The District provides paid time off (PTO) and compensatory time to its employees. It is the District's policy to permit employees to accumulate earned but unused PTO and compensatory time off. A liability is reported for unpaid accumulated PTO for full-time employees up to 320 hours and for part-time employees who work over 20 hours a week up to 160 hours. The liability is also reported for unpaid accumulated compensatory time for all non-exempt employees up to 240 hours.

##### *Program Revenue*

All restricted federal and state contracts are shown as program revenue. Revenue from contracts, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Program expenses are allocated to restricted program revenue when both restricted and unrestricted revenues are available.

##### *Deferred Outflows and Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources. Deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future periods and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. As of September 30, 2022, the District has deferred outflows of \$1,331,106 related to pension plan obligations and deferred inflows of \$101,158 and \$7,704,311 related to the pension plan and property taxes, respectively.

##### *Unavailable and Advanced Revenue*

The District reports unavailable and advanced revenues on its Statement of Net Position and Fund Balance Sheet. Advanced revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for advanced revenue is removed from the balance sheet and the revenue is recognized.

**MERIDIAN LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Note A – Summary of Significant Accounting Policies (Continued)**

*Pensions*

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

**Note B – Deposits with Financial Institutions and Investments**

Idaho Code provides authorization for the investment of funds as well as specific direction regarding allowable investments. The District's policy is consistent with this direction.

*Banking and Investment Policy*

As of September 30, 2022 the District had deposits or investments in the following accounts:

1. US Bank – General Checking (federally insured)
2. First Interstate Bank – Payroll (federally insured)
3. State of Idaho – Local Government Investment Pool (uncategorized)

The District considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents and they are carried at cost, which approximates market value.

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Fund</u>
Federally Insured	\$ 3,290,099	\$ 500,000	General
Uncollateralized	1,205	2,789,765	General
Collateralized by securities held by the pledging financial institution:	5,836,279	5,836,279	General
	<u>2,621,913</u>	<u>2,621,913</u>	Capital Projects
	<u>\$ 11,749,496</u>	<u>\$ 11,747,957</u>	

## MERIDIAN LIBRARY DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note B – Deposits with Financial Institutions and Investments

##### *Credit Risk*

Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's, and Fitch's. The LGIP terminated its rating service in December 2009 as the cost of the rating outweighed the benefit to the pool as a whole. The funds objectives and overall strategy and structure has not changed.

##### *Interest Rate Risk*

Interest rate risk is the risk that the changes in market interest rates will adversely impact the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates. The District's banking and investment policy ranks yield behind safety and liquidity when making deposit and investment decisions, and invests accordingly to meet these policy requirements.

##### *Custodial Credit Risk*

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The Federal Deposit Insurance Corporation (FDIC) insures \$250,000 of the bank balance. At September 30, 2022, \$11,247,956 of the District's deposits in financial institutions were uninsured by the FDIC. \$8,458,192 of the uninsured balance was deposited in the LGIP.

##### *Concentration of Credit Risk*

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The GASB has adopted a principal that governments should provide note disclosure when five percent of the total entities investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The District does not have any such investments.

**MERIDIAN LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note C – Receivables**

Receivables at September 30, 2022 are as follows:

2022 Property taxes	\$ 7,670,244
2021 Property taxes	29,475
Previous years property taxes	<u>10,720</u>
Total property taxes receivable	7,710,439
Sales tax	124,861
Fines	26,238
Fines allowance	(20,728)
Other receivables	<u>14,340</u>
Total other receivables	<u>144,711</u>
Net total receivables	<u>\$ 7,855,150</u>

**Note D – Pension Plan**

*Plan Description*

The Meridian Library 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](http://www.persi.idaho.gov).

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.

**MERIDIAN LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note D – Pension Plan (Continued)**

Employee membership data related to the PERSI Base Plan, as of June 30, 2022 was as follows:

Retirees and beneficiaries	53,190
Terminated and vested	15,489
Terminated and non-vested	34,714
Active plan members	
Vested	44,288
Non-vested	<u>30,121</u>
	<u>177,802</u>

*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 appointed 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 and earnings from investments. 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) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

**MERIDIAN LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Note D – Pension Plan (Continued)**

*Member and Employer Contributions (Continued)*

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2022 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% general employees and 12.28% for police and firefighters. The District’s contributions were \$289,629 for the year ended September 30, 2022.

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

At September 30, 2022, Meridian Library District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Meridian Library District’s proportion of the net pension liability was based on Meridian Library District share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2022, Meridian Library District proportion was 0.0602161 percent.

For the year ended September 30, 2022, Meridian Library District recognized pension expense of \$435,794. At September 30, 2022 Meridian Library 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 expense	\$ 260,808	\$ 10,586
Changes in assumptions or other inputs	386,669	0
Net difference between projected and actual earnings on pension plan investments	545,716	0
Changes in the employer’s proportion and differences between the employer’s contributions and the employer’s proportionate contributions	55,856	90,572
Meridian Library District’s contributions subsequent to the measurement date	<u>82,057</u>	<u>0</u>
Total	<u>\$ 1,331,106</u>	<u>\$ 101,158</u>

**MERIDIAN LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note D – Pension Plan (Continued)**

\$60,573 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, 2022.

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, 2021 the beginning of the measurement period ended June 30, 2021 is 4.6 and 4.6 for the measurement period June 30, 2022.

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:

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	(282,805)
2024	(307,011)
2025	(141,992)
2026	(450,799)

*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 September 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return, net of investment expenses	6.35%
Cost-of-living adjustments	1.00%.

**MERIDIAN LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note D – 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, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2022 is based on the results of an actuarial valuation date of July 1, 2022.

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 2022.

<u>Asset Class</u>	<u>DB Plans</u>	<u>Sick Leave</u>
Fixed Income	30.0%	50.0%
US/Global Equity	55.0%	39.3%
International Equity	15.0%	10.7%
Cash	<u>0.0%</u>	<u>0.0%</u>
Total	<u>100%</u>	<u>100%</u>



**MERIDIAN LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note D – Pension Plan (Continued)**

*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 7.10 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 or 1-percentage-point higher than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share Of the net pension liability (asset)	\$ <u>4,185,938</u>	\$ <u>2,371,768</u>	\$ <u>886,917</u>

*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](http://www.persi.idaho.gov).

*Payables to the pension plan*

At September 30, 2022, the District reported no payables to the defined benefit pension plan for legally required employee contributions.

**MERIDIAN LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note E – Fixed Assets**

A summary of changes in general fixed assets follows:

	<u>September 30,</u> <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30,</u> <u>2022</u>
Capital assets not being depreciated:				
Land	\$ 935,282	\$ 0	\$ 0	\$ 935,282
Construction in progress	234,807	1,986,016	0	2,220,823
Artwork/collectibles	<u>25,500</u>	<u>0</u>	<u>0</u>	<u>25,500</u>
Total capital assets not being depreciated	1,195,589	1,986,016	0	3,181,605
Assets being depreciated:				
Buildings	4,445,040	0	0	4,445,040
Improvements	1,173,734	8,100	0	1,181,834
Equipment	3,030,521	192,431	0	3,222,952
Right of use lease asset	<u>0</u>	<u>618,670</u>	<u>0</u>	<u>618,670</u>
	8,649,295	819,201	0	9,468,496
Accumulated depreciation	<u>(4,889,660)</u>	<u>(439,023)</u>	<u>0</u>	<u>(5,328,683)</u>
Net capital assets being depreciated	<u>3,759,635</u>	<u>380,178</u>	<u>0</u>	<u>4,139,813</u>
Net capital assets	<u>\$ 4,955,224</u>	<u>\$ 2,366,194</u>	<u>\$ 0</u>	<u>\$ 7,321,418</u>

**Note F – Compensated Absences**

The following shows the activity in compensated absences at September 30, 2022.

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>
Compensated absences	\$ <u>201,101</u>	\$ <u>193,533</u>	\$ <u>(157,510)</u>	\$ <u>237,124</u>

# MERIDIAN LIBRARY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note G – Fund Balance

As of September 30, 2022, fund balances of the governmental funds are classified as follows:

Non-Spendable - includes balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. As of September 30, 2022, there was \$21,020 non-spendable fund balance.

Restricted For - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors and creditors or amounts constrained due to constitutional provisions or enabling legislation. As of September 30, 2022, there was \$30,393 and \$2,858,735 restricted fund balance. Amounts were restricted for programs and capital projects, respectively.

Committed To – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end. The Board of Trustees are the highest level of decision making authority for the District. Commitments may be established through resolutions approved by the Board of Trustees. As of September 30, 2022, there were no amounts committed for any purpose.

Assigned To – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the finance committee or executive director. As of September 30, 2022, there are amounts of \$5,152,267 assigned for Capital Repair and Replacement.

Unassigned – includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

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. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees or the finance committee has provided otherwise in its commitment or assignment actions.

**MERIDIAN LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Note H – Operating Lease**

*Operating Leases Commitments:* Under GASB 87, a lessee is required to recognize a lease liability and an intangible right to use asset. The District has entered into various non-cancelable leases, primarily for equipment. Such leases expire at various times through 2027. Amortization of the lease expense was \$103,112 and interest paid was \$31,405 for the year ended September 30, 2022.

<u>Maturity Date</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 88,211	\$ 27,077	\$ 115,288
2024	96,734	22,013	118,747
2025	105,844	16,465	122,309
2026	115,577	10,401	125,978
2027	<u>125,972</u>	<u>3,784</u>	<u>129,756</u>
Total	<u>\$ 532,338</u>	<u>\$ 79,740</u>	<u>\$ 612,078</u>

**Note I – Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases liability insurance through Idaho Counties Risk Management Program.

There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the District’s insurance coverage.

**REQUIRED SUPPLEMENTARY INFORMATION**

**MERIDIAN LIBRARY DISTRICT**  
**BUDGETARY (GAAP BASIS) COMPARISON SCHEDULE – GENERAL FUND**  
**For the Year Ended September 30, 2022**

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	
<b>Revenues</b>				
Property taxes	\$ 6,746,972	\$ 6,746,972	\$ 6,844,797	\$ 97,825
Sales taxes	165,000	165,000	428,737	263,737
Fines and fees	14,600	14,600	14,235	(365)
Copy and print services	16,180	16,180	17,211	1,031
Earnings on investments	17,830	17,830	27,010	9,180
Grants	36,180	36,180	37,825	1,645
Donations and sponsorships	26,720	26,720	26,674	(46)
Other	<u>3,480</u>	<u>3,480</u>	<u>19,999</u>	<u>16,519</u>
Total Revenue	7,026,962	7,026,962	7,416,488	389,526
<b>Expenditures</b>				
Salary and fringe benefits	4,250,600	4,250,600	3,819,470	431,130
Supplies, maintenance and operations	148,200	148,200	517,737	(369,537)
Collections and programs	1,162,450	1,162,450	791,982	370,468
Administrative	95,700	95,700	166,405	(70,705)
Professional services	126,670	126,670	110,223	16,447
Information technology	268,710	268,710	178,018	90,692
Library mobile services	31,150	31,150	11,190	19,960
Professional development	36,500	36,500	25,993	10,507
Other expenses	7,100	7,100	15,682	(8,582)
Capital outlay	<u>89,600</u>	<u>89,600</u>	<u>200,531</u>	<u>(110,931)</u>
Total Expenditures	6,216,680	6,216,680	5,837,231	379,449
<b>Other Financing Sources</b>				
Carryover	810,282	810,282	0	810,282
Transfer in (out)	<u>0</u>	<u>0</u>	<u>(805,282)</u>	<u>(805,282)</u>
Total Other Financing Sources	<u>810,282</u>	<u>810,282</u>	<u>(805,282)</u>	<u>5,000</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 773,975</u>	<u>\$ 773,975</u>

**MERIDIAN LIBRARY DISTRICT**  
**BUDGETARY (GAAP BASIS) COMPARISON SCHEDULE – CAPITAL PROJECTS FUND**  
**For the Year Ended September 30, 2022**

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	
<b>Revenues</b>				
Property taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 0
Earnings on investments	<u>7,849</u>	<u>7,850</u>	<u>31,061</u>	<u>23,211</u>
Total Revenue	1,407,849	1,407,850	1,431,061	23,211
<b>Expenditures</b>				
Capital outlay	<u>10,015,596</u>	<u>2,924,100</u>	<u>1,986,016</u>	<u>938,084</u>
<b>Other Financing Sources</b>				
Carryover	1,955,944	2,608,408	0	(2,608,408)
Transfer in (out)	<u>0</u>	<u>0</u>	<u>805,282</u>	<u>805,282</u>
Total Other Financing Sources	<u>1,955,944</u>	<u>2,608,408</u>	<u>805,282</u>	<u>(1,803,126)</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ (6,651,803)</u>	<u>\$ 1,092,158</u>	<u>\$ 250,327</u>	<u>\$ (841,831)</u>

**MERIDIAN LIBRARY DISTRICT**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY**  
**For the Year Ended September 30, 2022**

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**Schedule of Employer's Share of Net Pension Liability**

**PERSI - Base Plan**

**Last 10 - Fiscal Years \***

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Employer's portion of net the pension liability	0.0515553%	0.0581803%	0.061663%	0.063218%	0.064223%
Employer's proportionate share of the net pension liability	\$ 678,899	\$ 1,179,404	\$ 969,241	\$ 932,472	\$ 733,092
Employer's covered-employee payroll	\$ 1,438,254	\$ 1,684,570	\$ 1,926,394	\$ 2,058,088	\$ 2,209,503
Employer's proportionate share of net pension liability as a percentage of its covered-employee payroll	47.20%	70.01%	50.31%	45.31%	33.18%
Plan fiduciary net position as a percentage of total pension liability	48.01%	87.26%	90.68%	91.69%	93.79%
	<b>2020</b>	<b>2021</b>	<b>2022</b>		
Employer's portion of net the pension liability	0.062110%	0.065280%	0.060216%		
Employer's proportionate share of the net pension liability	\$ 1,442,283	\$ (51,557)	\$ 2,371,768		
Employer's covered-employee payroll	\$ 2,275,706	\$ 2,427,469	\$ 2,425,702		
Employer's proportionate share of net pension liability as a percentage of its covered-employee payroll	63.38%	-2.12%	97.78%		
Plan fiduciary net position as a percentage of total pension liability	88.22%	100.36%	83.09%		

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

Data reported is measured as of June 30, 2022 (measurement date)

See accompanying notes to basic financial statements.



**MERIDIAN LIBRARY DISTRICT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**For the Year Ended Septmeber 30, 2022**

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**Schedule of Employer Contributions**  
**PERSI - Base Plan**  
**Last 10 - Fiscal Years \***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Statutorily required contribution	\$ 162,810	\$ 172,948	\$ 218,067	\$ 232,976	\$ 252,694
Contributions in relation to statutorily required contribution	\$ 162,810	\$ 192,621	\$ 218,067	\$ 232,976	\$ 252,694
Contribution (deficiency) excess	\$ -	\$ 19,673	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 1,438,254	\$ 1,684,570	\$ 1,926,394	\$ 2,058,088	\$ 2,209,503
Contributions as a percentage of covered-employee payroll	11.32%	11.43%	11.32%	11.32%	11.44%
	<u>2020</u>	<u>2021</u>	<u>2022</u>		
Statutorily required contribution	\$ 271,719	\$ 289,840	\$ 289,629		
Contributions in relation to statutorily required contribution	\$ 271,719	\$ 290,877	\$ 283,526		
Contribution (deficiency) excess	\$ -	\$ 1,037	\$ (6,103)		
Employer's covered-employee payroll	\$ 2,275,706	\$ 2,427,469	\$ 2,425,702		
Contributions as a percentage of covered-employee payroll	11.94%	11.98%	11.69%		

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

**FEDERAL REPORTS**

## 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*

Board of Trustees  
Meridian Library District  
Meridian, 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 Governmental Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Meridian Library District, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Meridian Library District's basic financial statements, and have issued our report thereon dated May 26, 2023.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Meridian Library District's internal control over financial reporting (internal control) to determine the 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 Meridian Library District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, material weaknesses may exist that have not been identified.





## Compliance and Other Matters

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

## 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.

*Harris CPAs*

Meridian, Idaho  
May 26, 2023

