

Financial Statements

Meridian Library District
Includes Supplementary Information
Year Ended September 30, 2023



Table of Contents

Independent Auditor's Report	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements	
Balance Sheet – Governmental Funds	9
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	11
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	12
Notes to Financial Statements	13
Required Supplementary Information	
Budgetary (GAAP Basis) Comparison Schedule: General Fund	30
Budgetary (GAAP Basis) Comparison Schedule: Capital Projects Fund	31
Schedule of Employer's Share of Net Pension Liability and Employer Contributions	32
Federal Report	
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	34

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Meridian Library District
Meridian, Idaho

Report on the Audit of the Financial Statements

Opinion

We have audited the government-wide financial statements and fund financial statements of Meridian Library District as of and for the year ended September 30, 2023, 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, 2023, 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 April 17, 2024 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 P.C.

Meridian, Idaho
April 17, 2024

BASIC FINANCIAL STATEMENTS

MERIDIAN LIBRARY DISTRICT
STATEMENT OF NET POSITION
September 30, 2023

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 13,147,628
Property taxes receivable	9,267,956
Sales tax receivable	123,546
Receivables, net	70,826
Prepaid expenses	63,401
Fixed assets, net	7,937,753
Right of use asset, net	<u>3,082,225</u>
Total Assets	33,693,335
Deferred Outflows of Resources	
Pension obligations	1,240,111
Liabilities	
Accounts payable	70,272
Accrued liabilities	154,764
Compensated absences	251,904
Lease liability	3,156,573
Net pension liability	<u>2,697,421</u>
Total Liabilities	6,330,934
Deferred Inflows of Resources	
Deferred tax revenue	9,259,883
Pensions	<u>68,307</u>
Total Deferred Inflows	9,328,190
Net Position:	
Restricted	3,270,735
Net Investment in Capital Assets	11,019,978
Unrestricted	<u>4,983,609</u>
Total Net Position	<u><u>\$ 19,274,322</u></u>

See notes to financial statements.

MERIDIAN LIBRARY DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

<u>PROGRAM REVENUES</u>					
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	<u>Net (Expense) Revenue Changes in Net Position</u>
Functions / Programs					
Governmental Activities:					
Library services	\$ 6,640,650	\$ 48,945	\$ 480,639	\$ 0	(6,111,066)
Supporting services	75,112				(75,112)
Depreciation – unallocated	810,095				(810,095)
Long-term lease interest	139,452				(139,452)
Long-term lease principal payments	<u>276,541</u>				<u>(276,541)</u>
Total Governmental Activities	<u>\$ 7,941,850</u>	<u>\$ 48,945</u>	<u>\$ 480,639</u>	<u>\$ 0</u>	<u>(7,412,266)</u>
General Revenues					
Taxes					9,442,906
Earnings on investments					494,416
Donations and sponsorships					59,359
Other					<u>11,184</u>
Total General Revenues					<u>10,007,865</u>
Change in Net Position					2,595,599
Net Position					
Beginning of Year					<u>16,678,723</u>
End of Year					<u>\$ 19,274,322</u>

See notes to financial statements.

MERIDIAN LIBRARY DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 9,896,204	\$ 3,251,424	\$ 13,147,628
Property taxes receivable	9,267,956		9,267,956
Sales tax receivable	123,546		123,546
Receivables, net	56,989	13,837	70,826
Prepaid expenses	<u>63,401</u>	<u></u>	<u>63,401</u>
Total Assets	<u>\$ 19,408,096</u>	<u>\$ 3,265,261</u>	<u>\$ 22,673,357</u>
Liabilities			
Accounts payable	\$ 70,272	\$ 0	\$ 70,272
Accrued liabilities	<u>154,764</u>	<u></u>	<u>154,764</u>
Total Liabilities	225,036	0	225,036
Deferred Inflows of Resources			
Deferred tax revenue	9,259,883		9,259,883
Fund Balances			
Nonspendable	63,401		63,401
Restricted	5,474	3,265,261	3,270,735
Assigned	6,022,457		6,022,457
Unassigned	<u>3,831,845</u>	<u></u>	<u>3,831,845</u>
Total Fund Balances	<u>9,923,177</u>	<u>3,265,261</u>	<u>13,188,438</u>
Total Liabilities, Deferred Inflows Of Resources and Fund Balances	<u>\$ 19,408,096</u>	<u>\$ 3,265,261</u>	<u>\$ 22,673,357</u>

See notes to financial statements.

MERIDIAN LIBRARY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2023

Total fund balance – total governmental funds \$ 13,188,438

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	13,234,496
Right of use asset	3,392,018
Accumulated depreciation	<u>(5,606,536)</u>

Total capital assets, net of accumulated depreciation 11,019,978

Deferred outflows of resources not reported in the funds: 1,240,111

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	(251,904)
Lease liability	(3,156,573)
Net pension liability	<u>(2,697,421)</u>

Total long-term liabilities (6,105,898)

Deferred inflows of resources not reported in the funds: (68,307)

Total Net Position of Governmental Activities \$ 19,274,322

MERIDIAN LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenue			
Program Revenues			
Grants	\$ 201,168	\$ 279,471	\$ 480,639
Fines and fees	19,913		19,913
Copy and print services	<u>29,032</u>	<u></u>	<u>29,032</u>
Total Program Revenue	250,113	279,471	529,584
General revenue			
Taxes	8,042,906	1,400,000	9,442,906
Earnings on investments	376,839	117,577	494,416
Donations and sponsorships	59,359		59,359
Other income	<u>11,184</u>	<u></u>	<u>11,184</u>
Total General Revenue	<u>8,490,288</u>	<u>1,517,577</u>	<u>10,007,865</u>
Total Revenue	8,740,401	1,797,048	10,537,449
Expenditures			
Library Services			
Salary and fringe benefits	4,459,306		4,459,306
Supplies, maintenance and operations	893,308		893,308
Collections and programs	959,886		959,886
Administrative	75,112		75,112
Professional services	75,163		75,163
Information technology	240,069		240,069
Library mobile services	28,313		28,313
Professional development	40,729		40,729
Other expenses	<u>11,736</u>	<u></u>	<u>11,736</u>
Total Library Services	6,783,622	0	6,783,622
Capital outlay	<u>204,941</u>	<u>1,629,035</u>	<u>1,833,976</u>
Total Expenditures	6,988,563	1,629,035	8,617,598
Excess of Revenue over Expenditures	1,751,838	168,013	1,919,851
Other Financing Sources (Uses)			
Transfers in (out)	<u>(238,513)</u>	<u>238,513</u>	<u>0</u>
Net Change in Fund Balances	1,513,325	406,526	1,919,851
Fund Balance			
Beginning of Year	<u>8,409,852</u>	<u>2,858,735</u>	<u>11,268,587</u>
End of Year	<u>\$ 9,923,177</u>	<u>\$ 3,265,261</u>	<u>\$ 13,188,438</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, 2023

Net change in fund balances – total governmental funds \$ 1,919,851

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	1,735,307
Change in Right-of-use asset	2,773,348
Depreciation expense	<u>(810,095)</u>

Excess of capital outlay over depreciation expense 3,698,560

In governmental fund,

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 related accounts	(383,797)
Lease liability	(2,624,235)
Increase in compensated absence payable	<u>(14,780)</u>

(3,022,812)

Change in Net Position of Governmental Activities \$ 2,595,599

See notes to financial statements.

MERIDIAN LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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.

Accounting Pronouncements Adopted

In 2023 Meridian Library District adopted GASB Statement No. 96, Subscription-Based Technology Arrangements (SBITA). Issued May 2020 to better meet the informational needs of financial statement users by improving account and financial reporting for subscription-based technology arrangements. Under this statement, a government is required to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosure will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligation and assets resulting from SBITAs. As of September 30, 2023, the District did not engage in subscription-based technology arrangements that required reporting under the standard.

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 2023 budget was approved on August 31, 2022.
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).

MERIDIAN LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note A – 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 certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

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 \$3,000 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.

MERIDIAN LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies (Continued)

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.

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. A liability is reported for unpaid accumulated PTO for full-time employees up to 320 hours and for part-time employees who work over 15 hours a week up to 160 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, 2023, the District has deferred outflows of \$1,240,111 related to pension plan obligations and deferred inflows of \$68,307 and \$9,259,883 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

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, 2023 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>
Bank Deposits	\$ 261,997	\$ 287,971	General
Cash on hand	851		General
Collateralized by securities held by the pledging financial institution:	9,633,356	9,633,356	General
	<u>3,251,424</u>	<u>3,251,424</u>	Capital Projects
Total Cash and Investments	<u>\$ 13,147,628</u>	<u>\$ 13,172,751</u>	

MERIDIAN LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note B – Deposits with Financial Institutions and Investments (Continued)

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, 2023, \$12,909,884 of the District's deposits in financial institutions were uninsured by the FDIC. \$12,884,780 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

Note C – Receivables

Receivables at September 30, 2023 are as follows:

2023 Property taxes	\$ 9,222,975
2022 Property taxes	36,787
Previous years property taxes	<u>8,194</u>
Total property taxes receivable	9,267,956
Sales tax	123,546
Fines	19,564
Fines allowance	(15,456)
Other receivables	<u>66,718</u>
Total other receivables	<u>194,372</u>
Net total receivables	<u><u>\$ 9,462,328</u></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.

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

Note D – Pension Plan (Continued)

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or 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.

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, 2023 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 \$343,156 for the year ended September 30, 2023.

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

Note D – Pension Plan (Continued)

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

At September 30, 2023, 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, 2023, 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, 2023, Meridian Library District proportion was 0.0602161 percent.

For the year ended September 30, 2023, Meridian Library District recognized pension expense of \$723,080. At September 30, 2023 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	\$ 462,358	\$ 0
Changes in assumptions or other inputs	267,101	0
Net difference between projected and actual earnings on pension plan investments	253,193	0
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	182,422	68,307
Meridian Library District's contributions subsequent to the measurement date	<u>75,037</u>	<u>0</u>
Total	<u>\$ 1,240,111</u>	<u>\$ 68,307</u>

MERIDIAN LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note D – Pension Plan (Continued)

\$75,037 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, 2023.

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, 2023 the beginning of the measurement period ended June 30, 2022 is 4.6 and 4.6 for the measurement period June 30, 2023.

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>
2024	349,453
2025	164,217
2026	510,855
2027	(41,873)

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, 2023 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** ---

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, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2023 is based on the results of an actuarial valuation date of July 1, 2023.

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 2023.

<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

Note D – Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

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

	1% Decrease (<u>5.35%</u>)	Current Discount Rate (<u>6.35%</u>)	1% Increase (<u>7.35%</u>)
Employer's proportionate share Of the net pension liability (asset)	\$ <u>4,851,423</u>	\$ <u>2,697,421</u>	\$ <u>936,929</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.

Payables to the pension plan

At September 30, 2023, the District reported no payables to the defined benefit pension plan for legally required employee contributions.

MERIDIAN LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note E – Fixed Assets

A summary of changes in general fixed assets follows:

	<u>September 30,</u> <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30,</u> <u>2023</u>
Capital assets not being depreciated:				
Land	\$ 935,282	\$ 0	\$ 0	\$ 935,282
Construction in progress	2,220,823	6,168	(2,220,823)	6,168
Artwork/collectibles	<u>25,500</u>	<u>0</u>	<u>0</u>	<u>25,500</u>
Total capital assets not being depreciated	3,181,605	6,168	(2,220,823)	966,950
Assets being depreciated:				
Buildings	4,445,040	0	0	4,445,040
Improvements	1,181,834	3,075,228	(53,496)	4,203,566
Equipment	3,222,952	918,149	(522,161)	3,618,940
Right of use lease asset	<u>618,670</u>	<u>2,773,348</u>	<u>0</u>	<u>3,392,018</u>
	9,468,496	6,766,725	(575,657)	15,659,564
Accumulated depreciation	<u>(5,328,683)</u>	<u>(810,095)</u>	<u>532,242</u>	<u>(5,606,536)</u>
Net capital assets being depreciated	<u>4,139,813</u>	<u>5,956,630</u>	<u>(43,415)</u>	<u>10,053,028</u>
Net capital assets	<u>\$ 7,321,418</u>	<u>\$ 5,962,798</u>	<u>\$ (2,264,238)</u>	<u>\$ 11,019,978</u>

Note F – Compensated Absences

The following shows the activity in compensated absences at September 30, 2023.

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>
Compensated absences	<u>\$ 237,124</u>	<u>\$ 215,428</u>	<u>\$ (200,648)</u>	<u>\$ 251,904</u>

MERIDIAN LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note G – Fund Balance

As of September 30, 2023, 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, 2023, there was \$63,401 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, 2023, there was \$5,474 and \$3,265,261 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, 2023, 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, 2023, there are amounts of \$6,022,457 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** ---

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 \$206,681 and interest paid was \$139,452 for the year ended September 30, 2023.

<u>Maturity Date</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 164,234	\$ 169,512	\$ 333,746
2025	177,151	160,157	337,308
2026	190,907	150,071	340,978
2027	205,552	139,205	344,757
2028	92,280	130,782	223,062
Thereafter	<u>2,326,449</u>	<u>1,062,625</u>	<u>3,389,074</u>
Total	<u>\$ 3,156,573</u>	<u>\$ 1,812,352</u>	<u>\$ 4,968,925</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	
Revenues				
Property taxes	\$ 7,477,516	\$ 7,477,516	\$ 7,556,817	\$ 79,301
Sales taxes	226,051	416,051	486,089	70,038
Grants	90,000	273,700	201,168	(72,532)
Earnings on investments	6,300	295,000	376,839	81,839
Donations and sponsorships	19,000	9,000	59,359	50,359
Copy and print services	11,300	30,000	29,032	(968)
Fines and fees	10,000	20,000	19,913	(87)
Other	<u>1,000</u>	<u>12,000</u>	<u>11,184</u>	<u>(816)</u>
Total Revenue	7,841,167	8,533,267	8,740,401	207,134
Expenditures				
Salary and fringe benefits	4,803,978	4,450,000	4,459,306	(9,306)
Collections and programs	1,108,330	969,825	959,886	9,939
Supplies, maintenance and operations	829,370	895,750	893,308	2,442
Information technology	310,700	242,700	240,069	2,631
Professional services	79,200	75,500	75,163	337
Administrative	305,680	75,780	75,112	668
Professional development	40,000	41,150	40,729	421
Library mobile services	31,150	28,875	28,313	562
Other expenses	7,100	12,350	11,736	614
Capital outlay	<u>109,000</u>	<u>200,000</u>	<u>204,941</u>	<u>(4,941)</u>
Total Expenditures	7,624,508	6,991,930	6,988,563	3,367
Other Financing Sources				
Transfer in (out)	<u>(216,659)</u>	<u>(1,541,337)</u>	<u>(238,513)</u>	<u>1,302,824</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,513,325</u>	<u>\$ 1,513,325</u>

MERIDIAN LIBRARY DISTRICT**BUDGETARY (GAAP BASIS) COMPARISON SCHEDULE – CAPITAL PROJECTS FUND**For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	
Revenues				
Property taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 0
Earnings on investments	7,850	95,670	117,577	21,907
Grants	0	250,000	279,471	29,471
Finance proceeds	<u>8,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	9,407,850	1,745,670	1,797,048	51,378
Expenditures				
Capital outlay	<u>10,471,500</u>	<u>1,630,000</u>	<u>1,629,035</u>	<u>965</u>
Other Financing Sources				
Transfer in (out)	<u>216,659</u>	<u>216,659</u>	<u>238,513</u>	<u>21,854</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ (846,991)</u>	<u>\$ 332,329</u>	<u>\$ 406,526</u>	<u>\$ 74,197</u>

MERIDIAN LIBRARY DISTRICT
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND
EMPLOYER CONTRIBUTIONS
For the Year Ended Septmeber 30, 2023

Schedule of Employer's Share of Net Pension Liability									
PERSI - Base Plan									
Last 10 - Fiscal Years *									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employer's portion of net the pension liability	0.0515553%	0.0581803%	0.061663%	0.063218%	0.064223%	0.062110%	0.065280%	0.060216%	0.067593%
Employer's proportionate share of the net pension liability	\$ 678,899	\$ 1,179,404	\$ 969,241	\$ 932,472	\$ 733,092	\$ 1,442,283	\$ (51,557)	\$ 2,371,768	\$ 2,697,421
Employer's covered-employee payroll	\$ 1,438,254	\$ 1,684,570	\$ 1,926,394	\$ 2,058,088	\$ 2,209,503	\$ 2,275,706	\$ 2,427,469	\$ 2,425,702	\$ 2,869,325
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%	63.38%	-2.12%	97.78%	94.01%
Plan fiduciary net position as a percentage of total pension liability	48.01%	87.26%	90.68%	91.69%	93.79%	88.22%	100.36%	83.09%	83.83%

* 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, 2023 (measurement date)

Schedule of Employer Contributions									
PERSI - Base Plan									
Last 10 - Fiscal Years *									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statutorily required contribution	\$ 162,810	\$ 172,948	\$ 218,067	\$ 232,976	\$ 252,694	\$ 271,719	\$ 289,840	\$ 289,629	\$ 343,156
Contributions in relation to statutorily required contribution	\$ 162,810	\$ 192,621	\$ 218,067	\$ 232,976	\$ 252,694	\$ 271,719	\$ 290,877	\$ 283,526	\$ 338,384
Contribution (deficiency) excess	\$	\$ 19,673	\$	\$	\$	\$	\$ 1,037	\$ (6,103)	\$ (4,772)
Employer's covered-employee payroll	\$ 1,438,254	\$ 1,684,570	\$ 1,926,394	\$ 2,058,088	\$ 2,209,503	\$ 2,275,706	\$ 2,427,469	\$ 2,425,702	\$ 2,869,325
Contributions as a percentage of covered-employee payroll	11.32%	11.43%	11.32%	11.32%	11.44%	11.94%	11.98%	11.69%	11.79%

* 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 September 30, 2023 (The District's fiscal year end).

FEDERAL REPORTS

**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**

Independent Auditor's Report

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, 2023, 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 April 17, 2024.

Report on 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) as a basis for designing 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 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 or significant deficiencies may exist that were not identified.





Report on 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 financial statements. 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.

HANIE CPAs P.C.

Meridian, Idaho
April 17, 2024

