

Financial Statements

Meridian Library District
Includes Supplementary Information
Year Ended September 30, 2024



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	31
Schedule of Employer's Share of Net Pension Liability and Employer Contributions	32
Federal Report	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	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 financial statements of the governmental activities and each major fund as of and for the year ended September 30, 2024 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 respective financial position of the governmental activities and each major fund of Meridian Library District as of September 30, 2024, and the respective changes in its financial position 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* (GAS) 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 and GAS 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 and GAS, 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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge



we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2025 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.

Harrie CPAs P.C.

Meridian, Idaho
March 19, 2025

BASIC FINANCIAL STATEMENTS

MERIDIAN LIBRARY DISTRICT
STATEMENT OF NET POSITION
September 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 16,131,958
Property tax receivable	9,659,263
Sales tax receivable	122,250
Other receivables, net	83,303
Prepaid expenses	128,221
Capital assets, net	7,203,750
Right of use asset, net	<u>8,953,623</u>
Total Assets	42,282,368
DEFERRED OUTFLOWS	
Pension obligations	<u>692,319</u>
Total Assets and Deferred Outflows	<u><u>\$ 42,974,687</u></u>
LIABILITIES	
Accounts payable	\$ 334,359
Accrued payroll and related liabilities	36,718
Compensated Absences	326,606
Accrued interest on lease liability	24,787
Current portion of lease liability	1,302,693
Lease liability, net of current portion	7,819,260
Net pension liability	<u>2,346,489</u>
Total Liabilities	12,190,912
DEFERRED INFLOWS	
Pension obligations	183,977
Property taxes levied for subsequent year	<u>9,560,870</u>
Total Deferred Inflows	9,744,847
NET POSITION	
Net investment in capital assets	7,010,633
Restricted	5,395,428
Unrestricted	<u>8,632,867</u>
Total Net Position	<u><u>21,038,928</u></u>
Total Liabilities, Deferred Inflows and Net Position	<u><u>\$ 42,974,687</u></u>

See notes to financial statements.

MERIDIAN LIBRARY DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

	PROGRAM REVENUES			Net (Expense)
		Fees, Fines & Charges for Services	Operating Grants & Contributions	Revenue Changes in Net Position
Functions/Programs	Expenses			
Governmental Activities				
Library services	\$ 7,825,698	\$ 61,662	\$	\$ (7,764,036)
Supporting services	133,916			(133,916)
Depreciation and amortization	1,257,508		119,293	(1,138,215)
Loss on disposal-unallocated	20,442			(20,442)
Interest expense-leases	<u>194,299</u>			<u>(194,299)</u>
Total Governmental Activities	<u>\$ 9,431,863</u>	<u>\$ 61,662</u>	<u>\$ 119,293</u>	<u>(9,250,908)</u>
General Revenues				
Taxes				9,842,550
Earnings on investmetns				756,696
Donations and sponsorships				89,345
Other revenues				39,754
Excess proceeds from issuance of certificates of participation				<u>287,169</u>
Total General Revenues				<u>11,015,514</u>
Change in Net Position				1,764,606
Net Position				
Beginning of Year				<u>19,274,322</u>
End of Year				\$ 21,038,928

See notes to financial statements.

MERIDIAN LIBRARY DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
September 30, 2024

	General Fund	Capital Projects Fund	Total
ASSETS			
Cash and cash equivalents	\$ 10,747,832	\$ 5,384,126	\$ 16,131,958
Property tax receivable	8,259,263	1,400,000	9,659,263
Sales tax receivable	122,250		122,250
Other receivables, net	83,303		83,303
Prepaid expenses	<u>128,221</u>	<u></u>	<u>128,221</u>
Total Assets	<u>\$ 19,340,869</u>	<u>\$ 6,784,126</u>	<u>\$ 26,124,995</u>
LIABILITIES			
Accounts payable	\$ 334,359	\$	\$ 334,359
Accrued payroll and related liabilities	<u>36,718</u>	<u></u>	<u>36,718</u>
Total Liabilities	371,077		371,077
DEFERRED INFLOWS			
Unavailable property tax revenue	8,252,369	1,400,000	9,652,369
FUND BALANCES			
Fund Balances:			
Nonspendable	128,221		128,221
Restricted	11,302	5,384,126	5,395,428
Assigned	6,348,303		6,348,303
Unassigned	<u>4,229,597</u>	<u></u>	<u>4,229,597</u>
Total Fund Balance	<u>10,717,423</u>	<u>5,384,126</u>	<u>16,101,549</u>
Total Liabilities, Deferred Inflows Of Resources and Fund Balances	<u>\$ 19,340,869</u>	<u>\$ 6,784,126</u>	<u>\$ 26,124,995</u>

See notes to financial statements.

MERIDIAN LIBRARY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2024

Total fund balance - total governmental funds \$ 16,101,549

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	13,415,817	
Righ of use asset	9,521,632	
Accumulated depreciation and amortization	<u>(6,780,076)</u>	
Total capital assets, net of accumulated depreciation and amortization		16,157,373

Some of the District's taxes will be collected after year-end, but are
not available soon enough to pay the current period's expenditures,
and therefore not reptred in the funds.

91,499

91,499

Deferred outflows and inflows related to pensions are not financial
resouces and therefore are not reported in the funds. These
amounts consist of the following:

Deferred outflows of resources-pensions	692,319	
Deferred inflows of resources -pensions	<u>(183,977)</u>	
		508,342

Long-term liabilities, applicable to governmental activities
are not due and payable in the current period and therefore are
not reported as fund liabilities. These liabilities consist of:

Compensated absences payable	(326,606)	
Lease related liabilities including accrued interest	(9,146,740)	
Net pension liability	<u>(2,346,489)</u>	
Total long term liabilities		<u>(11,819,835)</u>

Total net position of governmental activities \$ 21,038,928

MERIDIAN LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES
For the Year Ended September 30, 2024

	General Fund	Capital Projects Fund	Total
Revenue			
Grants	\$ 119,293	\$	\$ 119,293
Fines and fees	25,379		25,379
Copy and print services	36,283		36,283
Taxes	8,351,051	1,400,000	9,751,051
Earnings on investments	550,490	206,206	756,696
Donations and sponsorships	89,345		89,345
Other	39,754		39,754
Total Revenue	9,211,595	1,606,206	10,817,801
Expenditures			
Current			
Salary and fringe benefits	4,813,849		4,813,849
Supplies, maintenance and operations	764,857		764,857
Collections and programs	1,066,311		1,066,311
Administrative	133,916		133,916
Professional services	102,279		102,279
Information technology	282,574		282,574
Library mobile services	24,446		24,446
Professional development	64,724		64,724
Other expenses	138,625		138,625
Debt service			
Principal -Leases	164,234		164,234
Interest-Leases	169,512		169,512
Fees		180,801	180,801
Capital outlay	168,002	6,247,343	6,415,345
Total Expenditures	7,893,329	6,428,144	14,321,473
Excess (deficit) of revenues over expenditures	1,318,266	(4,821,938)	(3,503,672)
Other Financing Sources (Uses)			
Proceeds from certificates of participation		6,416,783	6,416,783
Transfers in (out)	(524,020)	524,020	
Net Change in Fund Balances	794,246	2,118,865	2,913,111
FUND BALANCE			
Beginning of Year	9,923,177	3,265,261	13,188,438
End of Year	<u>\$10,717,423</u>	<u>\$ 5,384,126</u>	<u>\$16,101,549</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, 2024

Net change in fund balances - total governmental funds \$ 2,913,111

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	6,415,345	
Depreciation and amortization expense	(1,257,508)	
Excess of capital outlay over depreciation and amortization expense		5,157,837

Property tax revenues that will not be collected for several months after the District's fiscal year end are not considered "available" revenues and are deferred in the governmental funds. Unavailable tax revenues increased by this amount this year		91,499
--	--	--------

Loss on disposal of capital assets does not require the use of financial resources and not included in the governmental fund financial statements.		(20,442)
---	--	----------

Lease liability reductions are recorded as an expenditures in the governmental fund financial statements but treated as a reduction of liabilities in the statement of net position.		164,234
--	--	---------

A portion of the proceeds from issuance of certificates of participation is reflected as an other financing source in the governmental fund financial statement but is reported as a lease liability in the statement of net position and not recorded in the statement of activities		(6,129,614)
--	--	-------------

Under the modified accrual basis of accounting 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 items	(312,530)	
Increase in accrued interest payable	(24,787)	
Increase in compensated absence payable	(74,702)	

Change in Net Position of Governmental Activities		<u>\$ 1,764,606</u>
---	--	---------------------

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.

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.

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 2024 budget was approved on August 31, 2023.
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

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 (capital 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. In the government-wide financial statements, capital assets are accounted for as capital assets. All capital 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.

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

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. 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, 2024, the District has deferred outflows related to pension obligations and deferred inflows related to pension obligations and property taxes.

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, 2024 the District has deposits or investments in the following accounts:

1. Idaho Central Credit Union – General Checking (federally insured)
2. Zions Bank – Acquisition Fund (federally insured)
3. State of Idaho – Local Government Investment Pool (collateralized by State Treasurer's Office)

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.

Cash and Cash Equivalents	<u>Bank Balance</u>	<u>Carrying Amount</u>
Bank Deposits	\$ 1,007,567	\$ 1,008,250
LGIP	15,123,708	15,123,708
	<hr/>	<hr/>
Total Cash and Cash Equivalents	<u>\$ 16,131,275</u>	<u>\$ 16,131,958</u>

MERIDIAN LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Local Government Investment Pool (LGIP)

Investments in LGIP are valued using the net asset per share as they do not have readily obtainable fair values and are instead valued based on the District's pro-rata share of the pool's net position. The District values these investments based on information provided by the State of Idaho's Treasurer's Office. The LGIP is not rated for by a national recognized rating agency for the purpose of credit risk. The State Treasurer is responsible of insuring and collateralizing deposits and investments in LGIP. The following table presents unfunded commitments, redemption frequency and the redemption notice period for the District's investments measured at net asset value.

	<u>Net Asset Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
				3 Days; Over
Local Government Investment Pool	\$ 10,684,615	None	Next Business Day	\$10,000,000

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.

MERIDIAN LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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, 2024, \$507,567 of the District's deposits in financial institutions were uninsured by the FDIC.

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.

Note C – Other Receivables

Other Receivables at September 30, 2024 consist of the following:

Accrued interest receivable	\$	65,850
Fines receivable		28,892
Fines allowance		(22,825)
Grants receivable		11,288
Reimbursements		98
		<hr/>
Total other receivables, net	\$	<u><u>83,303</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.

MERIDIAN LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note D – Pension Plan (Continued)

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.

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, 2024 it was 6.71% for general employees and 9.83% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% general employees and 13.26% for police and firefighters. The District's contributions were \$361,101 for the year ended September 30, 2024.

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, 2024, 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, 2024, 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, 2024, Meridian Library District proportion was 0.06272952 percent.

For the year ended September 30, 2024, Meridian Library District recognized pension expense of \$312,530. At September 30, 2024 Meridian Library District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of resources	Deferred Inflows of resources
Differences between expected and actual experience	\$ 373,583	\$ 42,593
Net difference between projected and actual earnings on pension plan investments	92,956	
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	133,642	141,384
District contributions subsequent to the measurement date	92,138	
Total	<u>\$ 692,319</u>	<u>\$ 183,977</u>

MERIDIAN LIBRARY DISTRICT
NOTES TO FINANCIAL STATEMENTS

Note D – Pension Plan (Continued)

\$92,138 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2022 the beginning of the measurement period ended June 30, 2023 is 4.6 and 4.6 for the measurement period June 30, 2024.

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

<u>September 30,</u>	<u>Amount</u>
2025	\$ 113,100
2026	434,795
2027	(79,788)
2028	(51,903)

Actuarial Assumptions

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

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

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return, net of investment 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, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2023.

<u>Asset Classes</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	100.0%	100.0%

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

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 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)			
Base Plan	\$ 4,459,059	\$ 2,346,489	\$ 621,057

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, 2024, 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 – Capital Assets

A summary of changes in capital assets follows:

	9/30/2023	Additions	Deletions	9/30/2024
Capital Assets Not Being Depreciated				
Land	\$ 935,282	\$	\$	\$ 935,282
Construction in progress	6,168		(6,168)	
Artwork	25,500			25,500
Total capital assets, not being depreciated	966,950		(6,168)	960,782
Capital assets being depreciated				
Buildings	4,445,040	6,168		4,451,208
Improvements	4,203,566	49,443	(3,560)	4,249,449
Equipment	3,618,940	236,288	(100,850)	3,754,378
Total depreciable assets	12,267,546	291,899	(104,410)	12,455,035
Less accumulated depreciation	(5,296,744)	(999,292)	83,968	(6,212,068)
Net depreciable capital assets	6,970,802	(707,393)	(20,442)	6,242,967
Right to use Leased Assets				
Right to use leased building	3,392,018	5,697,695		9,089,713
Right to use leased furniture		431,919		431,919
Total right to use leased assets	3,392,018	6,129,614		9,521,632
Less Accumulated Amortization for				
Right to use leased building	(309,792)	(253,074)		(562,866)
Right to use leased furniture		(5,142)		(5,142)
Total accumulated amortization	(309,792)	(258,216)		(568,008)
Net capital assets	<u>\$ 11,019,978</u>	<u>\$ 5,164,005</u>	<u>\$ (26,610)</u>	<u>\$ 16,157,373</u>

MERIDIAN LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note F – Long-Term Liabilities

The following shows the activity in compensated absences at September 30, 2024.

	Balance at September 30, 2023	Additions	Reductions	Balance at September 30, 2024	Due Within A Year
Compensated absences	\$ 251,904	\$ 292,440	\$ (217,738)	\$ 326,606	\$ 326,606
Lease liabilities	3,156,573	6,129,614	(164,234)	9,121,953	1,302,693
	<u>\$ 3,408,477</u>	<u>\$ 6,422,054</u>	<u>\$ (381,972)</u>	<u>\$ 9,448,559</u>	<u>\$ 1,629,299</u>

Note G – Fund Balance

As of September 30, 2024, 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, 2024, there was \$128,221 non-spendable fund balance related to prepaid expenses.

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, 2024, there was \$5,395,428 in restricted fund balance. Amounts were restricted for programs and capital projects.

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, 2024, 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, 2024, there are amounts of \$6,348,303 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.

MERIDIAN LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note G – Fund Balance (Continued)

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.

Note H – Lease

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 lease of office and library space. Such leases expire at various times through 2043 and calculated using a discount rate of 5.00% to 5.50%. Amortization of the lease expense was \$258,216 and interest incurred was \$194,299 for the year ended September 30, 2024.

On September 12, 2024 Zions Bank issued Certificates of Participation for the District in the amount \$6,060,000 for purposes of financing the cost of constructing a new library branch . The Certificates have interest rates of 5.00% over the life of the lease and are secured through a trust indenture dated September 12, 2024. The District entered into an annual appropriation lease agreement with Zions Bank to lease the new branch library facilities from Zions Bank. The initial lease liability owed by the District totaled \$6,129,614. The payments are principal and interest at which time principal payments will commence over the term of the lease which matures on September 30, 2029.

Total lease payments over the term of the various leases described above follows below:

Year Ending September 30,	Principal	Interest	Total
2025	\$1,302,693	\$ 429,357	\$ 1,732,050
2026	1,350,294	388,434	1,738,728
2027	1,421,724	318,283	1,740,007
2028	1,375,484	247,579	1,623,063
2029	1,445,609	176,641	1,622,250
2030-2034	613,702	534,801	1,148,503
2035-2039	873,276	332,653	1,205,929
2040-2044	739,171	69,719	808,890
	<u>\$9,121,953</u>	<u>\$2,497,467</u>	<u>\$ 11,619,420</u>

MERIDIAN LIBRARY DISTRICT

NOTES TO FINANCIAL STATEMENTS

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, 2024

	Budget Amounts			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Property taxes	\$ 7,864,061	\$ 7,864,061	\$ 7,917,081	\$ 53,020
Sales taxes	380,000	425,000	433,970	8,970
Fines and fees	12,000	22,000	25,379	3,379
Copy and print services	24,500	33,925	36,283	2,358
Earnings on investments	235,000	520,000	550,490	30,490
Grants	15,000	100,000	119,293	19,293
Donations and sponsorships	16,500	58,500	89,345	30,845
Other revenue	3,750	32,525	39,754	7,229
Total Revenue	8,550,811	9,056,011	9,211,595	155,584
Expenditures				
Salary and fringe benefits	5,214,850	5,172,500	4,813,849	358,651
Collections and programs	1,109,737	1,104,244	1,066,311	37,933
Supplies, maintenance, and operations	959,703	1,082,980	1,098,603	(15,623)
Information technology	350,412	336,494	282,574	53,920
Professional services	163,500	108,500	102,279	6,221
Administrative	142,139	148,094	133,916	14,178
Professional development	104,103	77,476	64,724	12,752
Library mobile services	35,050	24,645	24,446	199
Other expenses	32,600	61,258	138,625	(77,367)
Capital outlay	348,872	361,700	168,002	193,698
Total Expenditures	8,460,966	8,477,891	7,893,329	584,562
Other Financing Sources (Uses)				
Transfers in (out)	(89,845)	(578,120)	(524,020)	54,100
Excess of revenues over expenditures	<u>\$</u>	<u>\$</u>	<u>\$ 794,246</u>	<u>\$ 794,246</u>

MERIDIAN LIBRARY DISTRICT
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND
EMPLOYER CONTRIBUTIONS
For the Year Ended September 30, 2024

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	2024
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%	0.062730%
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	\$ 2,346,489
Employer's covered 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	\$ 3,074,141
Employer's proportionate share of net pension liability as a percentage of its covered payroll	47.20%	70.01%	50.31%	45.31%	33.18%	63.38%	-2.12%	97.78%	94.01%	76.33%
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%	85.54%

Data reported is measured as of June 30, 2024 (measurement date)

Schedule of Employer Contributions										
PERSI - Base Plan										
Last 10 - Fiscal Years										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution	\$ 162,810	\$ 172,948	\$ 218,067	\$ 232,976	\$ 252,694	\$ 271,719	\$ 290,877	\$ 283,526	\$ 338,384	\$ 361,101
Contributions in relation to statutorily required contributions	\$ 162,810	\$ 172,948	\$ 218,067	\$ 232,976	\$ 252,694	\$ 271,719	\$ 290,877	\$ 283,526	\$ 338,384	\$ 361,101
Contribution (deficiency) excess	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Employer's covered 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	\$ 3,185,229
Contributions as a percentage of covered payroll	11.32%	10.27%	11.32%	11.32%	11.44%	11.94%	11.98%	11.69%	11.79%	11.34%

Data reported is measured as of September 30, 2024 (The District's fiscal year end).

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, 2024, 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 March 19, 2025.

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.

Harvie CPAs P.C.

Meridian, Idaho
March 19, 2025