Boundary County Free Library

Audited Financial Statements

SEPTEMBER 30, 2024

Boundary County Free Library

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Financial Section

Independent Auditor's Report

HOOVER
Certified Public Accountant | Business Consultant

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Boundary County Free Library
Bonners Ferry, Idaho 83805

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Boundary County Free Library (the "Library") of Bonners Ferry, Idaho, as of and for the fiscal year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Boundary County Free Library as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library'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 information on page 23 and the schedules of employer's share of net pension liability and employer contributions on page 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements 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 December 11, 2025, on our consideration of Boundary County Free Library's internal control over financial reporting and on our tests of its compliance with certain provisions, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

Scott P. Hoover, CPA

Scott P. Hoover, CPA, PLLC

Liberty Lake, WA
December 11, 2025

Financial Section

Basic Financial Statements

Boundary County Free Library

STATEMENT OF NET POSITION
September 30, 2024

ASSETS:	
Cash and cash equivalents	$ 623,604
Property taxes receivable	18,577
Land	75,152
Capital assets, net of accumulated depreciation	507,081
Total assets	1,224,414
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	35,766
Total deferred outflows of resources	35,766
LIABILITIES:	
Accounts payable	4,605
Accrued compensated absences	13,825
Noncurrent liabilities:	
Net pension liability	148,891
Total liabilities	167,321
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	42,140
Total deferred inflows of resources	42,140
NET POSITION:	
Net investment in capital assets	582,233
Restricted - grants	5,682
Unrestricted	462,804
Total net position	$ 1,050,719

See accompanying "Notes to the Financial Statements"
and Independent Auditor's Report

Boundary County Free Library

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

		Program Revenues			Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Expenditures:					
Governmental activities:					
Public Library	$ 483,270	$ -	$ 18,867	$ 5,090	$ (459,313)
Total governmental activities	$ 483,270	$ -	$ 18,867	$ 5,090	$ (459,313)
General revenues:					
Taxes:					
Property taxes levied for general purposes					418,480
Intergovernmental - not restricted to specific purposes					95,382
Interest and Investment earnings					15,595
Total general revenues					529,457
Change in net position					70,144
Net position- beginning					980,575
Net position- ending					$ 1,050,719

See accompanying "Notes to the Financial Statements"
and Independent Auditor's Report

Boundary County Free Library

GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2024

ASSETS:		
Cash and cash equivalents	$	623,604
Property taxes receivable		18,577
Total assets	$	642,181
LIABILITIES:		
Accounts payable	$	4,605
Accrued compensated absences		13,825
Total liabilities		18,430
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue - property taxes		14,419
Total deferred inflows of resources		14,419
FUND BALANCES:		
Restricted - grants		5,682
Assigned for capital replacement		46,709
Unassigned		556,941
Total fund balances		609,332
Total liabilities, deferred inflows of resources, and fund balances	$	642,181

See accompanying "Notes to the Financial Statements"
and Independent Auditor's Report

Boundary County Free Library

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

Total fund balances - Governmental Funds, September 30, 2024		$ 609,332
Cost of capital assets, September 30, 2024	$ 1,772,569	
Less: Accumulated depreciation, September 30, 2024	(1,190,336)	
		582,233
Elimination of unavailable revenue - property taxes		14,419
Pension liabilities and deferred outflows of resources and deferred inflows of resources related to pensions:		
Library's proportionate share of collective deferred outflows of resources		35,766
Proportionate share of collective deferred inflows of resources		(42,140)
Library's proportionate share of the net pension liability		(148,891)
Net position, September 30, 2024		$ 1,050,719

See accompanying "Notes to the Financial Statements" and Independent Auditor's Report

Boundary County Free Library

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2024

REVENUES:		
Property taxes	$	417,800
Intergovernmental revenues		95,382
Grants and donations		23,957
Interest income		15,595
Total revenues		552,734
EXPENDITURES:		
Public Library:		
Wages, payroll taxes, and benefits		283,120
Office, postage and other		11,120
Janitorial		15,323
Insurance		11,281
Professional fees		35,494
Repairs and maintenance		4,087
Utilities		6,493
Automation		5,804
Books, periodicals and digital media		31,433
Equipment		6,612
Grant and program expenses		20,962
Continuing education		641
Total expenditures		432,370
Net change in fund balances		120,364
Fund balance- beginning		488,968
Fund balance- ending	$	609,332

See accompanying "Notes to the Financial Statements"
and Independent Auditor's Report

Boundary County Free Library

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Total net changes in fund balances for the year ended September 30, 2024	$	120,364
Add: Capital outlay, which is considered expenditures		33,350
Less: Depreciation expense for the year ended September 30, 2024		(77,503)
Add: Difference between reveneue recognized on property taxes on the modified accrual basis versus the full-accrual basis of accounting		680
Less: Change in net pension liability		(6,747)
Change in net position for the year ended September 30, 2024	$	70,144

See accompanying "Notes to the Financial Statements" and Independent Auditor's Report

The accompanying financial statements of Boundary County Free Library (the "Library") have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. GASB is the standard-setting body for governmental accounting and financial reporting principles. The more significant of the Library's accounting policies are described below.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Boundary County Free Library is the basic level of government that has financial accountability and control over all public library activities in Boundary County, Idaho and is organized under the provisions of Idaho Code Section 33-2703. It operates under an elected five-member Board of Trustees that, as the governing body, is responsible for the legislative and executive control of the Library. The Library receives funding from local and state government sources. The Library is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Board members are elected by the public and have decision making authority, power to designate management, the ability to influence operations and.primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Library's reporting entity.

The Library contributes to the multi-employer Public Employees Retirement System of Idaho (PERSI) and the Idaho Counties Risk Management Program (ICRMP). PERSI is administered by the State of Idaho and the Idaho Association of Counties administers ICRMP. Since the Library does not administer or is not dominant in either plan, the financial statements of these plans are not included in this report. A copy of the PERSI report can be obtained from the Public Employee Retirement System of Idaho office in Boise, Idaho. A copy of the ICRMP report can be obtained from the Idaho Association of Counties Risk Management Program also in Boise, Idaho.

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other general intergovernmental funding such as state sales taxes and other items properly not included among program revenues are reported instead as general revenues.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation- Fund Financial Statements

The Library uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain city functions or activities. The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds and enterprise funds, if applicable, each displayed in a separate column. Major individual governmental funds and enterprise funds, if applicable, are reported as separate columns in the fund financial statements.

The Library has only one fund type in the current year:

General Fund – The general fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.

D. 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 liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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. Issuances of long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents

For presentation in the financial statements, cash and cash equivalents include highly-liquid investments with an original maturity of three months or less at the time they are purchased. Idaho Code Section 67, Chapter 12, provides authorization for the investment of funds as well as what constitutes an allowable investment. Library policy is consistent with the State Code.

The Code limits investments to the following general types:

- Certain revenue bonds, general obligation bonds, local improvement district bonds and registered warrants of state and local governmental entities.
- Time deposit accounts, tax anticipation and interest-bearing notes.
- Bonds, treasury bills, debentures, or similar obligations of the United States Government, and United States Government Agencies
- Repurchase agreements secured by the above.

F. Capital Assets

Capital assets, including property and equipment, are generally a result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Library has a policy of capitalizing asset with an initial individual cost of $250 and a useful life of more than one year. Improvements of assets are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Each year, the Library purchases numerous books. The Library's policy is to capitalize the books it purchases each year as a lump-sum asset. Periodicals and digital media content subscriptions are expense as incurred when the benefits of access to such media are consumed.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	60 years
Books	10 years
Furniture, fixtures, & equipment	5 - 25 years

G. Compensated Absences

The Library reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Library will compensate the employees for the benefits through paid time off or some other means. The Library records a liability for accumulated unused vacation time when earned for all employees who qualify. The entire compensated absence liability is reported on the government-wide financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of capital leases, which will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Library only has one item that qualifies for reporting in this category. It is the deferred outflows relating to the accounting for the net pension obligation on the government-wide statement of net position, in accordance with GASB 68, *Accounting and Financial Reporting for Pensions.*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. On the governmental fund financial statements, property taxes that are delinquent are recorded as deferred inflows of resources – unavailable revenue, since they are not available within 60 days of the fiscal year-end. In the government-wide statements, the Library's deferred inflows relate to the accounting for the net pension obligation in accordance with GASB 68, *Accounting and Financial Reporting for Pensions.*

J. Net Position Flow Assumption

Net position represents the difference between assets and liabilities. Net investment in capital assets (net of any related debt) consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Net Position Flow Assumption (Concluded)

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

K. Fund Balance Classifications

Fund Balance Reserves – The Library has adopted GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the Library is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the Library to classify and report amounts in the appropriate fund balance classifications. The Library's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned.

The Library reports the following classifications as applicable:

Non-spendable Fund Balance – Non-spendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the Library can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Board of Trustees. Amounts in the committed fund balance classification may be used for other purposes with the appropriate due process by the Board of Trustees. Committed fund balances differ from restricted fund balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. FUND BALANCE CLASSIFICATIONS (CONCLUDED)

Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the Library's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the secretary/treasurer, or (b) an appointed body (e.g., a budget or finance committee) or official to which the governing board has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balance includes: (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as non-spendable, restricted, or committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Library itself.

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

L. Fund Balance Flow Assumptions

Sometimes the Library will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental funds financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

M. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

N. Budgets and Budgetary Accounting

The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to its annual meeting, the Board of Trustees are required by Idaho Code to prepare a budget and to have held a public hearing. At that public hearing, or at a special meeting held after the public hearing, the trustees must adopt a budget for the ensuing year.
- Formal budget integration is employed as a management control device
- The budget is adopted on a basis consistent with GAAP and was not amended during the year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

O. Property Taxes

Property taxes levied for 2023 are recorded as receivables. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent that they are collected within 60 days after year-end, in accordance with the modified-accrual basis of accounting. Receivables collectible after the 60-day date are reflected in the fund financial statements as deferred inflows of resources. In the government-wide financial statements, property taxes are recorded as revenue in the period levied in accordance with the full-accrual basis of accounting.

The Library's property tax is levied each November based on the assessed value listed as of the prior September for all property located within the Library's boundaries. Assessed values are established by the County Assessor. Property tax payments are due in one-half installments in December and June.

P. 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 2: CASH AND CASH EQUIVALENTS

General:

State statutes authorize the Library's investments and deposits. The Library is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase an "A" rating or higher, government pool and money market funds consisting of any of these securities listed. No violations of these categories have occurred during the year.

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a failure of a financial institution, the Library's deposits and investments may not be returned to it. The Library does not have a deposit policy for custodial credit risk. At September 30, 2024, the carrying amount of the Library's deposits is $623,604 and the bank balance is $638,829. At September 30, 2024, the Library's deposits were (were not) exposed to custodial credit risk as follows:

NOTE 2: CASH AND CASH EQUIVALENTS (CONCLUDED)

Deposits without exposure to custodial credit risk:	
Amounts insured by FDIC	$ 250,000
Total deposits without exposure to custodial credit risk	250,000
Deposits with exposure to custodial credit risk:	
Amounts uninsured by FDIC	9,366
Amounts collateralized with securities held in trust, but not in the Library's name	379,463
Total deposits with exposure to custodial credit risk	388,829
Total bank balance (deposits)	$ 638,829
The carrying amount is displayed as follows in the financial statements:	
Statement of Net Position	
Cash and cash equivalents	$ 623,604
	$ 623,604
Cash and cash equivalents at September 30, 2024 consist of the following:	
Cash	
Deposits with financial institutions	$ 244,141
Cash equivalents	
Idaho State Investment Pool	379,463
	$ 623,604

NOTE 3: CAPITAL ASSETS

Following is a recap of capital assets for the fiscal year ended September 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	$ 75,152	$ -	$ -	$ 75,152
Total capital assets, not being depreciated	75,152	-	-	75,152
Capital assets, being depreciated:				
Buildings & improvements	320,548	-	-	320,548
Books	1,141,312	27,859	-	1,169,171
Furniture & equipment	203,317	5,491	1,110	207,698
Total capital assets being depreciated	1,665,177	33,350	1,110	1,697,417
Less accumulated depreciation for:				
Buildings & improvements	208,343	6,974	-	215,317
Books	722,556	61,789	-	784,345
Furniture & equipment	183,044	8,740	1,110	190,674
Total accumulated depreciation	1,113,943	77,503	1,110	1,190,336
Governmental activities capital assets, net	$ 626,386	$ (44,153)	$ -	$ 582,233

NOTE 4: LONG-TERM DEBT

A summary of general long-term debt is as follows:

	Beginning Balance	Additions	Retired	Ending Balance	Amount Due in One Year
Net pension liability	$ 162,998	$ -	$ 14,107	$ 148,891	$ -
	$ 162,998	$ -	$ 14,107	$ 148,891	$ -

NOTE 5: PENSION PLAN

Plan Description

The Boundary County Free Library 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.

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.

NOTE 5: PENSION PLAN (CONTINUED)

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees. As of June 30, 2024, it was 6.71% for general employees. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees. The Library's contributions were $22,927 for the fiscal year ended September 30, 2024.

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

At September 30, 2024, the Library reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on the Library's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the Library's proportion was 0.00398036 percent.

For the year ended September 30, 2024, the Library recognized pension expense of $29,674. At September 30, 2024, the Library 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	$ 23,705	$ -
Changes in assumptions or other inputs	5,898	-
Net difference between projected and actual earnings on pension plan investments	-	2,703
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	39,437
District's contributions subsequent to the measurement date	6,163	-
Total	$ 35,766	$ 42,140

$6,163 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 position liability in the year ending September 30, 2025.

NOTE 5: PENSION PLAN (CONTINUED)

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 years and 4.6 years for the measurement period June 30, 2024.

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

Year Ending September 30,	
2025	(5,797)
2026	14,615
2027	(17,932)
2028	(3,423)

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 assumptions, applied to all periods included in the measurement:

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

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 dated July 1, 2024.

NOTE 5: PENSION PLAN (CONTINUED)

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 the System's assets.

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

Capital Market Assumptions

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.0%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

Discount Rate

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

NOTE 5: PENSION PLAN (CONCLUDED)

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability	$ 282,940	$ 148,891	$ 39,408

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 Library had no payables outstanding to the defined benefit pension plan for legally required employer contributions or for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 6: RISK MANAGEMENT

The Library 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 Library is a member in the Idaho Counties Risk Management Program (ICRMP). ICRMP was created to provide risk management and insurance services to public entities in Idaho. ICRMP itself is a public entity. The Library pays an annual premium for all risk of physical loss or damage to real and personal property, general liability, board legal liability, and employee dishonesty.

Required Supplementary Information

Boundary County Free Library

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2024

	Original* Budgeted Amounts	Actual Amounts	Variance With Budget
REVENUES:			
Property taxes	$ 448,746	$ 417,800	$ (30,946)
Intergovernmental revenues	30,000	95,382	65,382
Grants and donations	5,000	23,957	18,957
Interest income	400	15,595	15,195
Total revenues	484,146	552,734	68,588
EXPENDITURES:			
Public Library:			
Wages, payroll taxes, and benefits	301,124	283,120	18,004
Office, postage and other	19,000	11,120	7,880
Janitorial	11,000	15,323	(4,323)
Insurance	11,000	11,281	(281)
Professional fees	51,200	35,494	15,706
Repairs and maintenance	11,000	4,087	6,913
Utilities	12,000	6,493	5,507
Automation	15,500	5,804	9,696
Books, periodicals and digital media	55,000	31,433	23,567
Equipment	10,000	6,612	3,388
Grant and program expenses	9,000	20,962	(11,962)
Travel	2,500	-	2,500
Continuing education	2,500	641	1,859
Total expenditures	510,824	432,370	78,454
Net change in fund balance	(26,678)	120,364	(9,866)
Fund balance- beginning	26,678	488,968	462,290
Fund balance- ending	$ -	$ 609,332	$ 452,424

* Budget was not amended during the year

See accompanying "Notes to the Financial Statements"
and Independent Auditor's Report

Boundary County Free Library

Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's portion of the net pension liability (asset)	0.00003980	0.00004084	0.00006613	0.00007476	0.00007383	0.00006811	0.00006642	0.00006667	0.00006605
Employer's proportionate share of the net pension liability (asset)	$ 148,891	$ 162,998	$ 260,486	$ (5,905)	$ 171,436	$ 77,748	$ 97,968	$ 104,800	$ 133,883
Employer's covered-employee payroll	$ 201,477	$ 150,945	$ 271,540	$ 279,005	$ 262,893	$ 231,334	$ 213,689	$ 207,084	$ 193,162
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	73.90%	107.99%	95.93%	-2.12%	65.21%	33.61%	45.85%	50.61%	69.31%
Plan fiduciary net position as a percentage of the total pension liability (asset)	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%

* 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 Library will present information for those years for which information is available.

Data reported is measured as of June 30.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 22,927	$ 16,975	$ 32,398	$ 32,042	$ 32,297	$ 27,312	$ 24,355	$ 23,502	$ 22,907
Contributions in relation to the statutorily required contribution	$ (22,927)	$ (16,975)	$ (32,398)	$ (32,042)	$ (32,297)	$ (27,312)	$ (24,355)	$ (23,502)	$ (22,907)
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$ 201,477	$ 150,945	$ 271,540	$ 268,371	$ 270,492	$ 237,982	$ 215,150	$ 207,615	$ 202,349
Contributions as a percentage of covered-employee payroll	11.38%	11.25%	11.93%	11.94%	11.94%	11.48%	11.32%	11.32%	11.32%

* 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 Library will present information for those years for which information is available.

Date reported is measured as of September 30.

Report Required by the GAO

HOOVER
Certified Public Accountant | Business Consultant

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
Boundary County Free Library
Bonners Ferry, Idaho 83805

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Boundary County Free Library (the "Library"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated December 11, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Boundary County Free Library's internal control over financial reporting (Internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library'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 may exist that were not identified.

Report on Compliance and Other Matters

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

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 (CONCLUDED)*

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.

Scott P. Hoover, CPA

Scott P. Hoover, CPA, PLLC
Liberty Lake, WA

December 11, 2025