CLEARWATER COUNTY FREE LIBRARY DISTRICT

FINANCIAL STATEMENT

Year Ended September 30, 2024

CLEARWATER COUNTY FREE LIBRARY DISTRICT

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PRESNELL GAGE, PLLC
ACCOUNTING AND CONSULTING

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Clearwater County Free Library District
Weippe, Idaho

Opinions

We have audited the accompanying financial statement of the Clearwater County Free Library District, which comprises the statement of receipts, disbursements, and changes in cash balances, as of and for the year ended September 30, 2024, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash and unencumbered cash balances of the Clearwater County Free Library District, as of September 30, 2024, and their respective cash receipts and disbursements, for the year then ended, in accordance with the financial reporting provisions of Idaho State Library Board as described in Note 2.

Adverse Opinions on United States Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinions on United States Generally Accepted Accounting Principles section of our report, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Clearwater County Free Library District as of September 30, 2024, and the changes in its financial position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Clearwater County Free 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 opinions.

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Basis for Adverse Opinions on United States Generally Accepted Accounting Principles

As described in Note 2, the financial statements are prepared by the Clearwater County Free Library District on the basis of the financial reporting provisions of the Idaho State Library Board, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirement of the Idaho State Library Board. The effect on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting as required by the Idaho State Library Board. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement 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 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, 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 Clearwater County Free 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 the Clearwater County Free 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 on page 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management'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 basic financial statements in an appropriate operational, economic, or historical context. Our opinion 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 a report dated March 8, 2025, on our consideration of the Clearwater County Free 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Presnell Gage, PLLC

March 8, 2025
Orofino, Idaho

CLEARWATER COUNTY FREE LIBRARY DISTRICT

STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES
Year Ended September 30, 2024

RECEIPTS		
Property taxes	$	328,685
Sales tax		57,372
Other income		16,611
Interest		6,085
Grants		114,802
Donations, fines, book sales, etc.		1,614
Total receipts		525,169
DISBURSEMENTS		
Contract Services - CMPL		248,622
Occupancy - CMPL		7,189
Salaries		114,472
Benefits		6,999
Payroll taxes		9,182
Books and periodicals		5,763
Operating supplies		4,554
Office expense		2,267
Insurance		3,610
Maintenance: building and equipment		3,236
Utilities		6,902
Computer support		7,877
Capital improvements		68,475
Professional services		3,900
Miscellaneous		1,308
Grant expense		25,704
Total disbursements		520,060
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS		5,109
CASH AND INVESTMENTS, beginning of year		283,954
CASH AND INVESTMENTS, end of year	$	289,063

See accompanying notes

1. ENTITY

The Clearwater County Free Library District, operates under a Board of Directors who are each elected to office by citizens in the Library District. The Board has decision making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. The District has responsibility and control over all activities related to the library within the District. The District receives funding from local, state, and federal government sources and must comply with all the requirements of these funding source entities. The District's reporting entity includes the District government and all related organizations for which the District exercises oversight responsibility as defined by the Governmental Accounting Standards Board (GASB).

The District has developed criteria to determine whether outside agencies with activities, which benefit the citizens of the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District (1) selects the governing authority, or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval of assets, etc.). The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight, which would result in the District being considered a component unit of the entity.

2. BASIS OF ACCOUNTING

The Library District maintains its accounting records on the basis of cash receipts and cash disbursements; thus, revenue is recognized when it is received rather than when it is earned, and expenses are recognized when they are paid rather than when they are incurred. The Library District does not maintain detailed records of assets or liabilities other than cash balances.

Idaho Code, 33-2726, provides that the Library District shall prepare their annual report and provide it to the Idaho State Library Board in the form, and contain the information, that the State Library Board requires. Accordingly, these financial statements have been prepared on the statutory basis of accounting required by the Idaho State Library Board, which is a comprehensive basis of accounting and reporting other than United States generally accepted accounting principles.

Use of Estimates. Management of the Library District uses estimates and assumptions in preparing financial statements in accordance with the statutory basis of accounting required by the Idaho State Library Board that affect certain reported amounts and disclosures. Actual results could vary from the estimates that management uses.

Property Taxes. The District's property tax is levied by Clearwater County in November and is payable by December 20th and June 20th immediately following the levy date. Taxes are collected by Clearwater County and are remitted to the District in the month following collection. Taxes are transferred to delinquent status on the day following the due date. A tax deed is issued on property three years from the initial date of delinquency.

3. LEGAL COMPLIANCE – BUDGETS

The District follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. At least 10 days prior to the public hearing, the District publishes a proposed budget for public review.

2. A public hearing is set to obtain patrons' comments.

3. The final budget is adopted by the Board of Directors no later than the Tuesday following the first Monday in September for the following fiscal year.

The budget is a non-appropriated plan of spending, adopted on the cash basis of accounting, which is a comprehensive basis of accounting other than United States generally accepted accounting principles. Expenditures may not exceed the budget at the individual fund level.

4. DEPOSITS AND INVESTMENTS

Deposits. At September 30, 2024, the carrying amount of the District's deposits (checking and savings accounts) was $164,554. The carrying amount of the District's deposits was fully covered by federal depository insurance.

Credit Risk. As required by State law, all investments of the District's funds are obligations of the U.S. Government, U.S. agency issues, or certificate of deposit with State banks. The District has no investment policy that would further limit its investment choices.

The District's investments at September 30, 2024, are summarized as follows:

		Investment Maturities (in Years)	
Investment	Fair Value	Less than 1	1-5
External investment pool	$ 124,509	$ 124,509	$ 0

At year-end, the cash and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and cash equivalents	$ 164,554
Investments categorized as deposits	124,509
	$ 289,063

5. RISK MANAGEMENT

The District is a member of the Idaho County Risk Management Program (ICRMP). ICRMP is an all-lines aggregate insurance program providing liability, property, and casualty insurance coverage to Idaho's counties and other political subdivisions on a voluntary participation basis. ICRMP assumes or reinsures all risk for covered claims. Participants are charged an annual insurance premium with no additional assessments for losses.

The general insurance limits are as follows:

General liability	$3,000,000 per claim
Property damage	Total insured value for listed property, stated at original cost, not including infrastructure
Automobile liability	$3,000,000 per claim
Errors and omissions liability	$3,000,000 per claim
Crime insurance and bonding	$250,000 per claim
Chemical spraying liability	$500,000 per claim
Spoilage damage	$500,000 per claim
Utility interruption	$2,500,000 per claim

6. RETIREMENT PLAN

The District sponsors a simplified employee pension plan. Eligible employees receive up to 3 percent District match of the employee’s salary. During the year ended September 30, 2024, the District contributed $2,223.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 8, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CLEARWATER COUNTY FREE LIBRARY DISTRICT

BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2024

	Budgeted Amounts		Actual Amounts Cash Basis	Variance With Final Budget
	Original	Final		
RECEIPTS				
Property taxes	$ 329,374	$ 329,374	$ 328,685	$ (689)
Sales tax	55,000	55,000	57,372	2,372
Other income	8,556	8,556	16,611	8,055
Interest	2,000	2,000	6,085	4,085
Grants	120,000	120,000	114,802	(5,198)
Donations, fines, book sales, etc.			1,614	1,614
Total receipts	514,930	514,930	525,169	10,239
DISBURSEMENTS				
Contract Services - CMPL	248,622	248,622	248,622	
Occupancy - CMPL			7,189	7,189
Salaries	114,022	114,022	114,472	450
Benefits	7,121	7,121	6,999	(122)
Payroll taxes	9,033	9,033	9,182	149
Books and periodicals	7,050	7,050	5,763	(1,287)
Operating supplies	3,400	3,400	4,554	1,154
Office expense	2,380	2,380	2,267	(113)
Insurance	3,903	3,903	3,610	(293)
Maintenance: building and equipment	1,900	1,900	3,236	1,336
Utilities	7,920	7,920	6,902	(1,018)
Computer support	12,447	12,447	7,877	(4,570)
Capital improvements			68,475	68,475
Professional services	4,100	4,100	3,900	(200)
Miscellaneous			1,308	1,308
Grant expense	114,800	114,800	25,704	(89,096)
Total disbursements	536,698	536,698	520,060	16,638
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(21,768)	(21,768)	5,109	26,877
CASH AND INVESTMENTS, beginning of year	283,954	283,954	283,954	283,954
CASH AND INVESTMENTS end of year	$ 262,186	$ 262,186	$ 289,063	$ 310,831

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT - *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Clearwater County Free Library District
Weippe, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of receipts, disbursements, and changes in cash balances of the Clearwater County Free Library District, as of and for the year ended September 30, 2024, and the related notes to the financial statement, which collectively comprise the Clearwater County Free Library District's basic financial statement and have issued our report thereon dated March 8, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Clearwater County Free Library District'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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Clearwater County Free Library District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clearwater County Free Library 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency (Finding #2024-001).

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clearwater County Free Library District's financial statement is 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*.

Clearwater County Free Library District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Clearwater County Free Library District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Clearwater County Free Library District's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the response.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Presnell Gage, PLLC

March 8, 2025
Orofino, Idaho

CLEARWATER COUNTY FREE LIBRARY DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended September 30, 2024

SIGNIFICANT DEFICIENCY

Finding #2024-001

Criteria: Internal control systems generally attempt to divide up accounting tasks among multiple individuals (segregation of duties) to improve the ability of the organization to identify errors within the accounting system.

Condition: Clearwater County Free Library District has concentrated a minimal number of accounting duties to one individual such that a complete segregation of duties is not possible. There are a limited number of personnel available to provide for a complete "segregation of duties."

Effect: A minimal number of accounting duties are performed by a single individual with limited oversight available within the Clearwater County Free Library District.

Response: The District's management and Board of Trustees believe that the cost of hiring additional accounting staff outweighs the benefits that additional segregation of duties would provide.

Recommendation: We concur with the District's response.