EAST BONNER COUNTY FREE LIBRARY DISTRICT

Sandpoint, Idaho

Audited Financial Statements
For the Year Ended
September 30, 2024

EAST BONNER COUNTY FREE LIBRARY DISTRICT

Sandpoint, Idaho

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HAYDEN ROSS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
East Bonner County Free Library District
Sandpoint, Idaho 83864

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 East Bonner County Free Library District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise East Bonner County Free Library District'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 East Bonner County Free Library District as of September 30, 2024, and the respective changes in financial position, thereof for the year then ended in accordance 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 East Bonner 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.

Emphasis of Matter

The District had a change within the financial reporting entity related to the separate reporting of the capital asset repair and replacement fund and a change in accounting principle related to the change in capitalization policy, as further described in Note 9 and Note 10 respectively . Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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 East Bonner County Free 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 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 East Bonner 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, which raise substantial doubt about East Bonner 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 management's discussion and analysis on pages 6 through 12, the budgetary comparison schedule on pages 37, and the net pension (asset) liability related schedules on page 38. 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 inquires, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 22, 2025 on our consideration of East Bonner 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 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 East Bonner County Free Library District's 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 East Bonner County Free Library District's internal control over financial reporting and compliance.

Hayden Ross, PLLC

Moscow, Idaho
January 22, 2025

HAYDEN ROSS

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 *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
East Bonner County Free Library District
Sandpoint, Idaho 83864

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 East Bonner County Free Library District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise East Bonner County Free Library District's basic financial statements, and have issued our report thereon dated January 22, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered East Bonner 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of East Bonner County Free Library District's internal control. Accordingly, we do not express an opinion on the effectiveness of East Bonner 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. Given these limitations, during

our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Bonner County Free Library District's financial statements are free from 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.

Hayden Ross, PLLC

Moscow, Idaho
January 22, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2024

As management of East Bonner County Free Library District, our discussion and analysis of East Bonner County Free Library District's financial performance provides an overview and analysis of the financial activities for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented in conjunction with additional information accompanied in the Notes to Financial Statements, which is included in this audit report. Comparative analysis will be done on key elements of the District's governmental fund.

Financial Highlights



It has been a busy year at the East Bonner County Library and many projects were completed in the fiscal year 2024.

The implementation of RFID (Radio Frequency Identification) tagging was started in October 2023. It was a big undertaking and required many hands to complete the project. Approximately 116,900 books were tagged as of September 30, 2024.

The initial cost of material and installation was $36,109; the cost of the tags (x200,000) was $24,970 for a grand total of $61,079.

The library VOIP (Voice over Internet Protocol) phone system was upgraded with Zoom as a provider. It allows us to integrate the existing Zoom conference rooms in Sandpoint and Clark Fork and reduce our monthly cost. The physical phones were also upgraded across the board to create uniformity throughout the library. The cost of the project was $7,357.

The Library's servers are the backbone of the Integrated Library System (ILS) amongst other vital services. During the past year, steps were taken to increase the reliability of the servers by upgrading them from Microsoft Server 2012 to Server 2019. The memory (RAM) and the hard disk drives (HDD's) were also upgraded. The cost of the project was $12,333.

Early in the fiscal year, the Technology Department upgraded all non-NDAA (National Defense Authorization Act) compliant security cameras. This new system integrates with the new network that was upgraded in FY2023 with a shared dashboard. The cameras were mostly one-for-one replacements with additional cameras planned for FY2025. The new cameras feature 2K resolution and the network video recorder has enough storage to hold data for well over 90 days, exceeding industry standards. The cost of the project was $11,615.

A few miscellaneous projects were completed indoors and outdoors.

A new ADA handicap access ramp was added to the northwest corner of the Sandpoint library sidewalk, connecting to the walkway and matching ramp near the entrance to the garden. The garden is used regularly during spring, summer and fall for many programs, and is also a great place for patrons to visit for a brief rest and enjoy the serene beauty of the garden. The cost of the project was $7,963.

Filtered water bottle fillers were installed at the Sandpoint and Clark Fork branches. The environmental upgrade will hopefully reduce the use of disposable water bottles and encourage everyone to stay hydrated! The cost of the project was $7,158.

The teen and children's areas received new furniture. The teen area is used frequently by many of the local teens after school and this is now a much more relaxed and friendly place for them to gather. There are games, clubs, and a wide variety of learning opportunities. The children's area is always busy with fun programs, story times for all ages, and parents and kids exploring the wonderful selection of children's books on the shelves. The staff breakroom had a facelift. It is a pleasant place to relax during the middle of a busy day; it is regularly used by many of the staff during lunch hours and breaks. New signage was installed throughout both library branches, making it easier for patrons to find what they are looking for. The total cost of these projects was $60,200.

The District currently employs 41 staff members and payroll is the biggest financial burden on the budget. After a national search, the Board of Trustees hired a new Director. Vanessa Velez, who was the Principal Librarian, and has been with the library since October 2006, was chosen as the best candidate to lead the Library District. No major hiring is predicted for the new fiscal year.

Fabulous adult and youth programs were offered this fiscal year, and the East Bonner County Library now has its own podcast. The entire staff strives to serve our community and about 220,000 physical books were checked out in FY2024.



New teen area



Reader, the Clark Fork Library cat!



Updated staff breakroom

Close to $390,000 was spent on materials (paper and digital) and we believe our community is grateful for all that is offered; 91% of the budget was spent this year.

The District is looking forward to the new fiscal year and some exciting projects are brewing. Completing the RFID tagging will make circulation processes more efficient. The Facilities Committee is starting to research potential expansion options to increase public usage space and improve efficiency and workflow in staff processing areas.

The Library District continues to be fiscally responsible with the public funds entrusted to it. This financial report is designed to provide a general overview of the East Bonner County Free Library's District's finances and activities. A complete audit report is available to the public on our website.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components:

1) Government-wide Financial Statements,
2) Fund Financial Statements, and
3) Notes to the Financial Statements.

This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The statements present an aggregate view of the District's finances. They contain useful long-term information as well as information for the just completed fiscal year.

The statement of net position presents information on all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. In the statements the District's activities are all classified as government activities. Governmental activities include all regular library and administrative services. Most of these activities are supported by property taxes.

Fund Financial Statements: A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund statements generally report operations in more detail than the government-wide statements.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable

resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information: The budgetary comparison schedule and the net pension (asset) liability schedules provide additional information required by GASB.

Government-Wide Financial Analysis
Statement of Net Position
September 30,

	2024	2023	Change
Assets			
Current and other assets	11,883,543	11,397,855	485,688
Net capital assets	7,190,053	7,703,840	(513,787)
Total Assets	**19,073,596**	**19,101,695**	**(28,099)**
Deferred Outflows of Resources	**356,274**	**525,303**	**(169,029)**
Liabilities			
Current liabilities	274,721	386,294	(111,573)
Long-term liabilities	1,304,993	1,317,096	(12,103)
Total Liabilities	**1,579,714**	**1,703,390**	**(123,676)**
Deferred Inflows of Resources	**3,200,783**	**3,156,964**	**43,819**
Net Position			
Net investment in capital assets	7,138,061	7,641,209	(503,148)
Restricted	2,193,009	34,812	2,158,197
Unrestricted	5,318,303	7,090,623	(1,772,320)
Total Net Position	**$14,649,373**	**$14,766,644**	**$ (117,271)**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position is $14,649,373 at the close of the most recent fiscal year.

A major portion of the District's net position (48.7%) reflects its investment in capital assets (e.g., buildings and improvements, and furniture and equipment). The District uses capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the District's net position (15.0%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (36.3%) may be used to meet the District's ongoing obligations to citizens, employees, and creditors.

Government-Wide Financial Analysis
Changes in Net Position

	2023 - 2024	2022 - 2023	Change
Revenues			
Program Revenues:			
Charges for services	24,574	23,497	1,077
Operating grants and contributions	72,763	83,558	(10,795)
General Revenues:			
Taxes	3,212,037	2,772,077	439,960
Intergovernmental revenue	203,646	193,470	10,176
Interest and investment earnings	314,294	260,835	53,459
Unrealized gain (loss)	285,430	10,312	275,118
Realized gain (loss)	(45,845)	-	(45,845)
Gain (loss) on disposal of an asset	7,000	(5,371)	12,371
Total Revenues	4,073,899	3,338,378	735,521
Expenses			
General Government	3,349,848	2,811,678	538,170
Debt Service	3,091	1,036	2,055
Amortization	11,864	11,916	(52)
Depreciation	629,120	613,416	15,704
Capital Outlay	-	102,522	(102,522)
Total Expenses	3,993,923	3,540,568	453,355
Change in Net Position	79,976	(202,190)	282,166
Net Position – Beginning	14,766,644	14,968,834	(202,190)
Net Position – Change in Accounting Principle	(197,247)	-	(197,247)
Net Position – Ending	$14,649,373	$14,766,644	$ (117,271)

District Funds

General fund: At the end of the current fiscal year, the total fund balance was $6,184,848. Revenues totaled $3,918,946, an increase of 12.0% over the prior year. Expenditures totaled $3,487,350, a decrease of 5.0% over the prior year.

Capital Asset Replacement and Repair fund: At the end of the current fiscal year, the total fund balance was $2,168,613. Revenues totaled $152,801 and expenditures totaled $61,079.

Capital Asset and Debt Administration: At the end of fiscal year 2024, the District had $7,190,053 invested in capital assets (land, works of art, buildings, improvements, materials collection, equipment and furnishings, vehicles, and right-of-use lease assets). These assets are necessary to carry out the day-to-day operations of the District.

Capital Assets
Net of Accumulated Depreciation
September 30,

	2024	2023	Change
Land	254,164	256,844	(2,680)
Works of Art	442,550	442,550	-
Buildings	4,052,089	4,244,757	(192,668)
Land improvements	93,289	115,413	(22,124)
Materials Collection	1,903,739	2,033,623	(129,884)
Equipment and Furnishings	144,708	276,957	(132,249)
Vehicles	249,713	272,031	(22,318)
Right-of-use lease assets	49,801	61,665	(11,864)
Total Net Assets	$ 7,190,053	$ 7,703,840	$ (513,787)

Budget Variations: Developing a budget is a best estimate at the time of projection of revenues that you anticipate receiving and the expenses that you estimate will be needed during the next fiscal year. There were no funds that which expenditures exceeded appropriations.

Fund Budgetary Highlights: Below is a description of significant budget to actual differences for the year.

General Fund – The revenues were higher than predicted due to an increase in intergovernmental and interest income. The expenditures were lower than predicted due to salaries and benefits being less than anticipated.

Requests for information: This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Office, East Bonner County Free Library District, 1407 Cedar Street, Sandpoint, ID 83864.

FINANCIAL STATEMENTS

EAST BONNER COUNTY FREE LIBRARY DISTRICT
Sandpoint, Idaho

STATEMENT OF NET POSITION
September 30, 2024

ASSETS		
Current assets:		
Cash	224,827	
Investments	5,916,005	
Receivables:		
Taxes	85,202	
Unbilled taxes	3,181,590	
Due from County	56,276	
Interest	28,049	
Prepaid items	16,509	
Investments - designated	182,076	
Investments - restricted	2,193,009	
Total current assets		11,883,543
Noncurrent assets:		
Non-depreciable assets	696,714	
Depreciable assets	10,749,327	
Less: accumulated depreciation	(4,305,789)	
Right-of-use lease asset	63,068	
Less: accumulated amortization	(13,267)	
Total noncurrent assets		7,190,053
Total assets		19,073,596
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items		356,274
LIABILITIES		
Current liabilities:		
Accounts payable	141,105	
Credit card payable	8,718	
Sales tax payable	399	
Accrued wages and benefits	113,068	
Current portion of right-of-use lease liability	11,431	
Total current liabilities		274,721
Noncurrent liabilities:		
Accrued compensated absences	119,156	
Noncurrent portion of right-of-use lease liability	40,561	
Net pension liability	1,145,276	
Total noncurrent liabilities		1,304,993
Total liabilities		1,579,714
DEFERRED INFLOWS OF RESOURCES		
Unavailable tax revenue	3,181,590	
Pension related items	19,193	
Total deferred inflows of resources		3,200,783
NET POSITION		
Net investment in capital assets	7,138,061	
Restricted	2,193,009	
Unrestricted	5,318,303	
Total net position		$ 14,649,373

EAST BONNER COUNTY FREE LIBRARY DISTRICT
Sandpoint, Idaho

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
FUNCTIONS/PROGRAMS					
General government	3,349,848	24,574	72,763	-	(3,252,511)
Debt service	3,091	-	-	-	(3,091)
Amortization	11,864	-	-	-	(11,864)
Depreciation	629,120	-	-	-	(629,120)
Total primary government	$ 3,993,923	$ 24,574	$ 72,763	$ -	(3,896,586)
General revenues					
Taxes					3,212,037
Intergovernmental					203,646
Interest and investment earnings					314,294
Gain (loss) on disposal of capital assets					7,000
Realized gain (loss)					(45,845)
Unrealized gain (loss)					285,430
Total general revenue					3,976,562
Change in net position					79,976
Total net position - beginning of year, as previously reported					14,766,644
Change in accounting principle (see Note 10)					(197,247)
Total net position - beginning of year, as restated					14,569,397
Total net position - end of year					$ 14,649,373

EAST BONNER COUNTY FREE LIBRARY DISTRICT
Sandpoint, Idaho

GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2024

	General	Capital Asset Replacement and Repair	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Cash	224,827	-	224,827
Investments	5,916,005	-	5,916,005
Receivables:			
Taxes	85,202	-	85,202
Unbilled taxes	3,181,590	-	3,181,590
Due from County	56,276	-	56,276
Interest receivable	28,049	-	28,049
Prepaid items	16,509	-	16,509
Investments - designated	182,076	-	182,076
Investments - restricted	24,396	2,168,613	2,193,009
Total assets	9,714,930	2,168,613	11,883,543
Deferred outflows of resources	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 9,714,930	$ 2,168,613	$ 11,883,543
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Accounts payable	141,105	-	141,105
Credit card payable	8,718	-	8,718
Sales tax payable	399	-	399
Accrued wages and benefits	113,068	-	113,068
Total liabilities	263,290	-	263,290
Deferred inflows of resources:			
Deferred revenue	85,202	-	85,202
Unavailable tax revenue	3,181,590	-	3,181,590
Total deferred inflows of resources	3,266,792	-	3,266,792
Fund balances:			
Nonspendable	16,509	-	16,509
Assigned	182,076	-	182,076
Restricted	24,396	2,168,613	2,193,009
Unassigned	5,961,867	-	5,961,867
Total fund balance	6,184,848	2,168,613	8,353,461
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 9,714,930	$ 2,168,613	$ 11,883,543

EAST BONNER COUNTY FREE LIBRARY DISTRICT
Sandpoint, Idaho

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2024

Total fund balances - governmental funds		8,353,461
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 as assets in governmental funds:		
Cost of capital assets	11,446,041	
Accumulated depreciation	(4,305,789)	
		7,140,252
Right-of-use lease assets used in governmental activities are not financial resources and, therefore, are not reported as assets in government funds.		
Cost of right-of-use lease assets	63,068	
Accumulated amortization	(13,267)	
		49,801
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.		85,202
Certain pension related items are recorded as deferred outflow or inflow of resources and recognized in future periods for governmental activities:		
Deferred outflow of resources		356,274
Deferred inflow of resources		(19,193)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Right-of-use lease liability		(51,992)
Net pension liability		(1,145,276)
Compensated absences		(119,156)
Total net position - governmental activities		$ 14,649,373

EAST BONNER COUNTY FREE LIBRARY DISTRICT
Sandpoint, Idaho

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

	General	Capital Asset Replacement and Repair	Total Governmental Funds
REVENUES			
Property taxes	3,209,885	-	3,209,885
Sales tax	203,646	-	203,646
Grant income	38,795	-	38,795
Taxable sales	22,000	-	22,000
Donation Income	33,968	-	33,968
Non-taxable sales	2,574	-	2,574
Investment earnings	240,088	74,206	314,294
Net increase (decrease) in the fair value of investments	193,341	92,089	285,430
Gain (loss) on sale of investments	(32,351)	(13,494)	(45,845)
Total revenues	3,911,946	152,801	4,064,747
EXPENDITURES			
General government	3,456,192	-	3,456,192
Capital outlay	17,428	61,079	78,507
Debt service	13,730	-	13,730
Total expenditures	3,487,350	61,079	3,548,429
Excess (deficiency) of revenues over (under) expenditures	424,596	91,722	516,318
Other financing sources (uses)			
Proceeds from disposal of an asset	7,000	-	7,000
Net change in fund balance	431,596	91,722	523,318
Beginning fund balance, as previously reported	7,830,143	-	7,830,143
Change within financial reporting entity (Note 9)	(2,076,891)	2,076,891	-
Beginning fund balance, as adjusted	5,753,252	2,076,891	7,830,143
Fund balance - end of year	$ 6,184,848	$ 2,168,613	$ 8,353,461

EAST BONNER COUNTY FREE LIBRARY DISTRICT
Sandpoint, Idaho

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

Net change in fund balances - governmental funds		523,318
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the Statement of Activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense.		
Capital additions	324,444	
Depreciation expense	(629,120)	
		(304,676)
Capital outlays to lease right-of-use lease assets are reported in governmental funds as expenditures. However, in the Statement of Activities the cost of these assets are allocated over their estimated useful lives and reported as amortization expense.		
Amortization expense	(11,864)	
		(11,864)
Some property taxes will not be collected for several months after the District's fiscal year end, and are not considered as "available" revenues in the governmental funds. Instead, they are recorded as deferred revenues. They are however, recorded as revenues in the Statement of Activities.		2,152
Net pension (asset) liability adjustments:		
Fiscal year 2023 employer PERSI contributions recognized as pension expense in the current year.	(40,951)	
Fiscal year 2024 employer PERSI contributions deferred to subsequent year.	47,692	
Pension related amortization expense.	(113,722)	
		(106,981)
Repayment of long-term debt obligations is an expenditure in the governmental funds but the repayment reduces liabilities in the Statement of Net Position		10,639
Some expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the amount by which compensated absences changed during the year		(32,612)
Total change in net position - governmental activities		$ 79,976

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

NOTE 1 Summary of Significant Account Policies

East Bonner County Free Library District (the "District") was formed in 1974. From that date until 1984, the District and the Sandpoint Public Library provided services out of the same building. In 1984, the citizens of Sandpoint voted to join the District, and the property was deeded over to the District. Residents organized a branch in Clark Fork in 1985. The District operates under a Board of Trustees and provides service to approximately 33,000 citizens throughout most of Bonner County with the exception of a portion of the western section of the County.

The financial statements of East Bonner County Free Library District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

Reporting Entity - East Bonner County Free Library District is the basic level of government which has financial accountability and control over all activities related to the public library in the East Bonner County District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by GASB pronouncements since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and have primary financial accountability for fiscal matters.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt, or the levying of taxes. The District has no component units. There are various organizations (Friends of the Library, etc.) which provide donations and in-kind services for the benefit of the District; however, these organizations are not considered component units or reported as part of the reporting entity.

Basis of Presentation – Government-wide Statements: The statement of net position and the statement of activities display information about the financial activities of the overall district. Only governmental-type activities are shown as there are no "business-type activities" within the District.

NOTE 1 Summary of Significant Account Policies (Continued)

The statement of activities present's a comparison between direct expenses and program revenues for each different function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses – expenses of the District related to the administration and support of the District's programs, such as personnel and accounting are not allocated to programs.

- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

- Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

- General Fund. This 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.

- Capital Asset Replacement and Repair Fund. This is a dedicated financial account set aside by the District to accumulate money specifically for the purpose of funding major repairs and replacements of their long-lasting capital assets, like buildings, equipment, or infrastructure, when they reach the end of their useful life, ensuring the organization can maintain their assets without unexpected large expenses.

Basis of Accounting - 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Property taxes, state support and grant revenues are susceptible to accrual.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred except for principal and interest on general

NOTE 1 Summary of Significant Account Policies (Continued)

long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under right-of-use leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by cost-reimbursement grants and general revenues. When program expenses are incurred, the related revenue of cost-reimbursement grants is recognized.

Budgets - Budgets are adopted on a basis consistent with governmental accounting principles utilizing the modified accrual basis of accounting. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at fiscal year-end. Expenditures may not legally exceed budgeted appropriation at the fund total level.

Encumbrances represent commitments relating to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds.

The Board of Trustees of the District shall prepare for the ensuing fiscal year a budget and prior to its adoption shall have called and caused to be held a public hearing thereon at a regular or special meeting. Notice of the time and place of the hearing shall be published at least once in a newspaper printed, or having general circulation within the district or in the county or counties in which the District lies. The Board of Trustees of the District shall also prepare and publish, as a part of this notice, a summary statement of the budget for the ensuing year prepared in a manner consistent with standard accounting practices and indicating amounts previously budgeted for the then current year for purposes of comparison.

During the year the Board of Trustees may proceed to adjust the budget as adopted to reflect the receipt of unanticipated revenue, grants, or donations from federal, state or local government or private sources, provided that there shall be no increase in the property tax portion of the annual certified budget. Prior to the adoption of the budget adjustment, the library board shall have called and cause to be held a public hearing thereon at a regular or special meeting. Notice of the time and place of the hearing shall be published at least once in a newspaper printed or having general circulation within the district or in the county or counties in which the District lies. The Board of Trustees of the District shall also prepare and publish, as a part of this notice, a summary of the budget and the adjustments prepared in a manner consistent with standard accounting practices and indicating amounts previously budgeted for the then current year for purposes of comparison.

Cash and Investments - The District's cash includes amounts in demand deposits and checking/savings accounts in local depositories. Investments are deposited in the Idaho State Treasurer's Local Government Investment Pool and Diversified Bond Fund (DBF), which allows

NOTE 1 Summary of Significant Account Policies (Continued)

state agencies and public agencies within the State of Idaho to pool their funds for investments purposes.

Interest income is defined as non-operating revenue.

Deposits in State Treasurer's local government investment pool are stated at cost, which approximates market. All funds are invested in accordance with Section 67-1210 and 67-1210A of the Idaho Code. The primary objectives of the investment pool, in order of priority, are safety, liquidity and yield.

Deposits in the State Treasurer's diversified bond fund are stated at fair market value. All funds are invested in accordance with Section 67-1210 and 67-1210A of the Idaho Code. The investment objective for the DBF is to provide a reasonable level of current income which, when combined with potential capital appreciation as measured on a long-term basis, will accommodate growth satisfying all potential distributions.

Prepaid items - Prepaid items may consist of insurance and other related expenditures. The expenditure is reported in the period it is used.

General Capital Assets - Capital assets including land, buildings, books, works of art, equipment and furnishings, and vehicles, are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated acquisition value at the time received. Repair and maintenance costs are not capitalized.

The Board has set a capitalization threshold of $5,000. All purchases and improvements to facilities that are not considered repairs are capitalized and depreciated using the straight-line method in the government-wide statements and proprietary funds. Lives for buildings and improvements range from 5-40 years. Lives for equipment and furnishings range from 5-20 years. Lives for vehicles range from 10-20 years.

The current procedure is to capitalize books and related materials on an annual composite basis and record deprecation over an estimated useful life of 10 years. As disposals occur, no expense will be recorded, but a reduction to the asset and accumulated depreciation accounts will be recorded.

Leases - The District evaluates each lease agreement at the time of inception to determine to reporting requirements of each lease. Leases that met the definition of a right-of-use (ROU) lease are included as ROU lease assets and ROU lease liabilities on the government-wide financial statements.

ROU assets represent the District's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the

NOTE 1 Summary of Significant Account Policies (Continued)

District's incremental borrowing rate, based on the information available at commencement date, is used to determine the present value of lease payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option(s) will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Leases with a maximum term of 12 months or less are excluded from the ROU asset and liability amounts.

Subscription-based Information Technology Arrangements (SBITA) - The District evaluates each subscription at the time of inception to determine the reporting requirements of each subscription. SBITAs that met the definition of a right-of-use (ROU) agreement are included as SBITA ROU assets and SBITA ROU liabilities on the government-wide financial statements.

ROU assets represent the District's right to use an underlying IT asset for the IT contract term and ROU liabilities represent the obligation to make lease payments arising from the contract. SBITA ROU assets and liabilities are recognized at commencement date based on the present value of contact payments over the IT contract term. As most of the contracts do not provide an implicit rate, the District's incremental borrowing rate, based on the information available at commencement date, is used to determine the present value of contract payments. The IT contract terms may include options to extend or terminate the contract when it is reasonably certain that the option(s) will be exercised. SBITA expense for contract payments is recognized on a straight-line basis over the contract term. IT contracts with a maximum term of 12 months or less are excluded from the SBITA ROU asset and liability amounts.

Accumulated Unpaid Vacation and Sick Pay - District employees are granted vacation and sick leave in varying amounts. In the event an employee leaves the District, unused vacation time is compensated at the employee's current rate of pay. The District has no responsibility for any other salary-related compensation when an employee leaves the District. Accrued compensated absences total $119,156 which is the long-term portion as the current portion is not measurable

Vacation leave and sick leave are available to employees who work greater than four hours per week. Hours are accrued based on hours worked and time of service.

Vacation time can be accrued only up to the maximum number of hours that an employee is eligible to earn in a given year, based on their date of hire. Upon termination or retirement, employees are compensated for any unused vacation time. Sick leave is reimbursable to employees up to 50% of their accumulated sick leave if written notification of resignation is received within 14 working days prior to the effective date of termination. This unused sick time compensation is limited to 176 hours and is paid at employee's current rate of pay.

Interfund Transactions - Interfund transactions, excluding interfund receivables and payables, are reported as operating transfers.

NOTE 1 Summary of Significant Account Policies (Continued)

Restricted Resources - The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance Definitions - The *nonspendable* fund balance category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the Board of Trustees. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes based on Board designation but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. The District applies committed resources, then assigned resources, then unassigned resources when an expense is incurred for purposes for which all fund balances classifications are available.

Restricted balances are as follows:

Endowments – The District has endowments in the amount of $23,390 to be spent on endowment directed expenditures.

Grants – The District has grants in the amount of $1,006 to be spent on grant directed expenditures

Capital Asset – The Board of Trustees has restricted $2,168,613 to maintain, repair or replace capital assets.

Assigned balances, as approved by the Board of Trustees, are as follows:

Capital Projects – The Board of Trustees has assigned $182,076 for capital improvements and facilities.

Nonspendable balances are as follows:

Prepaid items – The District has various prepaid items which are for future periods such as insurance premiums and prepaid flexible spending deposits.

Deferred Revenue - Deferred revenue in the general fund represent property taxes recorded but not estimated to be collected within 60 days of the end of the accounting period.

NOTE 1 Summary of Significant Account Policies (Continued)

Unavailable Property Taxes Revenue - Unavailable property tax revenue in the general fund represents the property taxes levied for 2024 that is measurable but unavailable to the District, and therefore recorded as a deferred inflow or resources in both the governmental fund and the government-wide financial statements.

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

Pensions - For purposes of measuring the net pension (asset) liability, deferred outflows of resources and deferred inflow of resources related to pensions, 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.

Subsequent Events - Subsequent events have been evaluated through the date of the auditor's report. Management has concluded that no material subsequent events have occurred.

NOTE 2 Recently Adopted Accounting Guidance

For the year ended September 30, 2024, there was one new GASB statement that became effective. The adoption of the statement has the following effect for the District:

GASB Statement No. 100, Accounting Changes and Error Corrections – This statement delineates required note disclosures when there is a reported accounting change or correction of an error. See Note 9 and Note 10 for disclosure of changes within the financial reporting entity and change in accounting policy.

NOTE 3 Property Tax

The District's property tax is recognized as an asset at the time the District has an enforceable legal claim to the resources (January 1st of each year) and the revenue is recognized in the period for which the taxes are levied. For FY2024, the District has recognized the 2023 levy as revenue and the tax year 2024 levy as an asset.

Tax Year 2023 Levy (FY2024 Revenue)

The market value upon which the 2023 levy was based was $12,960,021,980. The property tax was levied in October 2023, and was due in two equal installments on December 20th and June 20th.

NOTE 3 Property Tax (Continued)

The total tax levy (per $100 of value) for the year was as follows:

	Percentage	Amount
Levy	2.40%	$3,126,756

Tax Year 2024 Levy (FY2024 Asset)

The property tax levy for 2024 has been recorded as an asset in the general fund in the amount of $3,181,590. This levy is for the FY2025 operations and has been presented as unavailable property tax revenue.

Deferred Revenue

To the extent property taxes are not collected within 60 days of the end of the accounting period, a deferred revenue amount has been recorded.

	General Fund
Total taxes receivable at September 30, 2024	85,202
Less: Taxes to be collected by the County Treasurer by November 30, 2024	-
Deferred revenue	$ 85,202

NOTE 4 Cash and Investments

Deposits

	Carrying Amount	Bank Balance
Cash		
Cash on Hand	75	-
Checking and Savings Accounts	224,752	235,077
Total Cash	$ 224,827	$ 235,077

Checking account was with Glacier Family of Banks of which $250,000 was covered by Federal Deposit Insurance. Any balance is in excess of the FDIC insured limit is uncollateralized and unsecured.

NOTE 4 Cash and Investments (Continued)

Investments

	Rate	General Fund
State Treasurer's Pool	Variable	1,951,071
Diversified Bond Fund	Variable	6,340,019
Total		$8,291,090

Investment Maturities

External Investment Pool	Book Value	Fair Value	Less than 1 Year	1-8 Years
State Investment Pool	1,951,071	1,951,071	1,951,071	-
Diversified Bond Fund	6,450,732	6,340,019	6,340,019	-
Total	$8,401,803	$ 8,291,090	$ 8,291,090	$ -

Assigned Investments – Assigned investments consisted of $182,076, which is assigned by the Board of Trustees for capital improvements and facilities.

Restricted Investments – Restricted investments consisted of $23,390 for endowments, $1,006 for grants, and $2,168,613 for capital asset replacement and repairs.

State Treasurer's Investment Pool – The Pool is managed by the State of Idaho Treasurer's office. Authorized investments include bonds, treasury bills, interest-bearing notes, and other obligations of the U.S. Government, general obligation, or revenue bonds of the State of Idaho or other local governments within the state of Idaho, bonds, debentures, or other similar obligations issued by the farm credit system or by public corporations of the state of Idaho, repurchase agreements covered by any legal investment for the state of Idaho, tax anticipation bonds or notes and income and revenue anticipation bonds or notes of taxing districts of the state of Idaho, revenue bonds of institutions of higher education of the state of Idaho, and time deposits and savings accounts in amounts not to exceed applicable insurance limits. The primary objectives of the investment pool, in order of priority, are safety, liquidity, and yield.

Participants have overnight availability to their funds, up to $10 million. Withdrawals of $10 million or more require three business days' notification.

Diversified Bond Fund – The DBF is managed by the State of Idaho Treasurer's office as an alternative investment to the short-term investment fund, LGIP, for those entities who are able to assume less liquidity and more price volatility for the potential of greater returns over the long run. The DBF fund is recorded using the net asset value per share based on the District's pro-rata share of the pool's net position. The funds of the DBF are invested in corporate bonds, mortgage-backed securities, government agency securities, U.S. government securities, and money market funds.

NOTE 4 Cash and Investments (Continued)

Withdrawal of amounts of 10 million dollars or more, or the closing of a Fund account valued at 10 million dollars or more requires a minimum notice of 25 days prior to the last day of the month. Withdrawals of less than 10 million dollars or the closing of a Fund account valued at less than 10 million dollars must be received five (5) business days prior to the last day of the month.

The State Treasurer's investment policy and the Local Government Investment Pool and Diversified Bond Fund financial statements which can be obtained by writing P.O. Box 83720, Boise, ID 83720-0091.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Custodial credit risk for investments is the risk that in the event of the failure of the counter party (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have a policy restricting the amount of deposits and investments subject to custodial credit risk.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization such as Moody's or Standard & Poor's. The investments of the District at year-end are not required to be rated. The District does not have a policy regarding credit risk.

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rate. At year-end, the District is not subject to interest rate risk as all investments are held in the State Treasurer's Local Government Investment Pool, which has a maturity of 106 days. The District does not have a policy regarding interest rate risk.

Concentration of credit risk is the risk that concentration of investments with one issuer represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principal that governments should provide note disclosure when five percent of the total investments of the entity are concentrated in any on 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 a policy limiting the amount it may invest in any one issuer.

NOTE 5 Capital Assets

A summary of activity in the capital assets is as follows:

	Beginning Balance	Restatement (see note 10)	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated						
Land	256,844	(2,680)	-	-	-	254,164
Art	442,550	-	-	-	-	442,550
Total capital assets not being depreciated	699,394	(2,680)	-	-	-	696,714
Capital assets being depreciated						
Buildings	6,612,437	(31,020)	9,465	-	-	6,590,882
Land improvements	141,620	(7,701)	7,963	-	-	141,882
Materials collection	3,253,223	-	245,937	(316,183)	-	3,182,977
Vehicles	482,714	(2,979)	-	(138,916)	-	340,819
Computers	239,789	(122,251)	-	-	-	117,538
Equipment	152,635	(115,999)	61,079	-	-	97,715
Furnishings	476,055	(356,957)	-	-	-	119,098
Shelving	183,509	(25,093)	-	-	-	158,416
Right-of-use	63,068	-	-	-	-	63,068
Total depreciated assets	11,605,050	(662,000)	324,444	(455,099)	-	10,812,395
Less: Accumulated Depreciation/Amortization						
Buildings	(2,367,680)	10,668	(181,781)	-	-	(2,538,793)
Land improvements	(26,207)	461	(22,847)	-	-	(48,593)
Materials collection	(1,219,600)	-	(375,821)	316,183	-	(1,279,238)
Vehicles	(210,683)	6	(19,345)	138,916	-	(91,106)
Computers	(213,047)	107,491	(5,197)	-	-	(110,753)
Equipment	(70,173)	49,676	(12,488)	-	-	(32,985)
Furnishings	(324,942)	275,763	(9,374)	-	-	(58,553)
Shelving	(166,869)	23,368	(2,267)	-	-	(145,768)
Right-of-use	(1,403)	-	(11,864)	-	-	(13,267)
Total accumulated depreciation/amortization	(4,600,604)	467,433	(640,984)	455,099	-	(4,319,056)
Governmental Activities Assets (Net)	$ 7,703,840	$ (197,247)	$ (316,540)	$ -	$ -	$7,190,053

NOTE 6 Pension Plan

In accordance with GASB 68, *Accounting and Financial Reporting for Pensions*, which became effective for the year ended September 30, 2015, the financial reporting and note disclosures are based off the most recent audited financial statements of PERSI, which was completed for the period ended June 30, 2024. All amounts are as of June 30, 2024, unless otherwise noted.

Plan Description

The District contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies, and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained from the PERSI website at www.persi.idaho.gov.

NOTE 6 Pension Plan (Continued)

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. Amounts in parenthesis represent police/firefighters.

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 percentage 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 stature at 60% (72%) of the employer rate. As of September 30, 2024 it was 7.18% (10.83%). The employer contribution rate is set by the Retirement Board and was 11.96% (14.65%) of covered compensation. The District's employer contributions required and paid were $174,250, for the 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 District reported a liability of $1,145,276 for its proportionate share of the net pension (asset) liability as of June 30, 2024. The net pension (asset) liability was measured as of June 30, 2024, and the total pension (asset) liability used to calculate the net

NOTE 6 Pension Plan (Continued)

pension (asset) liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension (asset) liability was based on the District'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 District's proportion was 0.03061707%.

The District's pension expense (revenue) is calculated and made available as part of PERSI's annual audit. The pension expense (revenue) for the year ended June 30, 2024, was calculated at $329,381.

At September 30, 2024, the 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	182,338	-
Changes in assumptions or other inputs	45,370	-
Change in proportionate share	60,085	19,193
Net difference between projected and actual earning on pension plan investments	20,789	-
Employer contributions subsequent to the measurement date	47,692	-
Total	$356,274	$19,193

$47,692 reported as deferred outflow of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset) liability in the year ended September 30, 2025.

NOTE 6 Pension Plan (Continued)

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:

For the Year Ending June 30:	Amount to be Recognized
2025	56,526
2026	213,540
2027	(36,825)
2028	(26,322)
2029	82,470

Actuarial Assumptions

The following are the actuarial assumptions and the entry age normal cost method, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return-net of investment fees	6.35%
Cost of living (COLA) adjustments	1.00%

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service and beneficiaries. These rates were adopted for the valuation dated July 1, 2021.

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%.

*5% of Fire and Police active member deaths are assumed to be duty related. This assumptions was adopted July 1, 2021.

NOTE 6 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. 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 PERSI'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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0%	0.00%
Large Cap	18%	4.50%
Small/Mid Cap	11%	4.70%
International Equity	15%	4.50%
Emerging Markets Equity	10%	4.90%
Domestic Fixed	20%	-0.25%
TIPS	10%	-0.30%
Real Estate	8%	3.75%
Private Equity	8%	6.00%

Discount Rate

The discount rate used to measure the total pension (asset) 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 (asset) liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for administrative expense.

NOTE 6 Pension Plan (Continued)

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

The following presents the net pension (asset) liability of PERSI employer's calculated using the discount rate of 6.35% as well as what the employer's (asset) 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 (asset) liability	$2,176,381	$1,145,276	$303,126

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 payables to the defined benefit pension plan of $0 for legally required employer contributions and $0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 7 Right-of-use Lease Asset/Liability

The District entered into a lease agreement to lease a mail machine on November 7, 2022, for 60 months ending on December 31, 2027, with a discount rate of 3.94% based on the estimated incremental borrowing rate determined by the District. The lease requires quarterly payments of $171.

The District entered into a lease agreement to lease four copiers on September 30, 2023, for 63 months ending on December 31, 2028, with a discount rate of 4.95% based on the estimated incremental borrowing rate determined by the District. The lease requires monthly payments of $1,087.

NOTE 7 Right-of-use Lease Asset/Liability (Continued)

During the year ended September 30, 2024, the following changes occurred in right-of-use lease assets:

Right-of-Use Lease Assets	Beginning of Year	Additions	Modifications & Remeasurements	Subtractions	End of Year
Mail Machine	3,110	-	-	-	3,110
Copier	59,958	-	-	-	59,958
Total right-of-use lease asset	63,068	-	-	-	63,068
Less: Accumulated Amortization					
Mail Machine	(466)	(622)	-	-	(1,088)
Copier	(937)	(11,242)	-	-	(12,179)
Total accumulated amortization	(1,403)	(11,864)	-	-	(13,267)
Total Right-of-Use Lease Assets, net	$ 61,665	$ (11,864)	$ -	$ -	$ 49,801

Total lease expense for the year ended September 30, 2024, is as follows:

Lease expense	
Amortization expense by class of underlying asset	
Mail Machine	622
Copier	11,242
Total amortization expense	$ 11,864
Interest on lease liabilities	2,841
Total	$ 14,705

During the year ended September 30, 2024, the following changes occurred in the right-of-use lease liability:

Right-of-Use Lease Liabilities	Beginning of Year	Additions	Modifications & Remeasurements	Subtractions	End of Year	Amounts Due Within One Year
Office Equipment	$ 62,631	$ -	$ -	$ (10,639)	$ 51,992	$ 11,431

Future minimum annual payments as of September 30, 2024, are as follows:

FY Ending September 30,	Principal	Interest	Total Payments
2025	11,431	2,298	13,729
2026	12,004	1,726	13,730
2027	12,605	1,125	13,730
2028	12,716	500	13,216
Thereafter	3,236	26	3,262
Total Future Payments	$ 51,992	$ 5,675	$ 57,667

NOTE 8 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; and natural disasters for which the District carries commercial insurance. Insurance is maintained through the Idaho Counties Reciprocal Management Program (ICRMP). ICRMP is an insurance pool serving all public entities in Idaho through provision of property, general liability, auto liability, physical damage, and public officials' insurance. The District pays an annual premium to ICRMP for insurance coverage. For the last three years, settled claims have not exceeded commercial insurance coverage, nor has there been any significant reduction in insurance coverage.

NOTE 9 Change within the Financial Reporting Entity

During fiscal year 2024, the District determined a restatement of beginning fund balance was necessary to present the capital asset repair and replacement fund as a separate fund. The effect of the restatement of beginning fund balance is shown in the table below.

Reporting Units Affected by Adjustments to Beginning Balances

	General Fund	CARRF	Governmental Funds
Fund balance - 9/30/2023, as previously reported	7,830,143	-	7,830,143
Change within finacial reporting entity	(2,076,891)	2,076,891	-
Fund balance - 9/30/2023, as adjusted	5,753,252	2,076,891	7,830,143

NOTE 10 Change in Accounting Principle

During fiscal year 2024, the District adopted a new capitalization policy increasing the threshold from $1,000 to $5,000. As a result, beginning governmental activities net position has been decreased by $197,247 to remove assets with an original cost less than $5,000.

	September 30, 2023 as previously reported	Change in accounting principle	Septemeber 30, 2023 as restated
Government-wide			
Governmental activities	14,766,644	(197,247)	14,569,397
Total government-wide	$ 14,766,644	$ (197,247)	$ 14,569,397

REQUIRED SUPPLEMENTARY INFORMATION

EAST BONNER COUNTY FREE LIBRARY DISTRICT
Sandpoint, Idaho

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

	Original Budget	Final Budget	Actual	Variances Favorable (Unfavorable) Original to Actual	Final to Actual
Revenues					
Property taxes	3,217,422	3,217,422	3,209,885	(7,537)	(7,537)
Sales tax	100,000	100,000	203,646	103,646	103,646
Grant income	62,860	62,860	38,795	(24,065)	(24,065)
Taxable sales	22,000	22,000	22,000	-	-
Donation Income	24,500	24,500	33,968	9,468	9,468
Non-taxable sales	1,500	1,500	2,574	1,074	1,074
Investment earnings	163,900	163,900	240,088	76,188	76,188
Net increase (decrease) in the fair value of investments	-	-	193,341	193,341	193,341
Gain (loss) on sale of investments	-	-	(32,351)	(32,351)	(32,351)
Total revenues	3,592,182	3,592,182	3,911,946	319,764	319,764
Expenditures					
General government:					
Salaries and benefits	2,411,197	2,411,197	2,220,961	190,236	190,236
General expenditures	185,775	185,775	192,486	(6,711)	(6,711)
Grant expenditures	66,461	66,461	19,159	47,302	47,302
Library materials	392,000	392,000	389,157	2,843	2,843
Maintenance and Repairs	117,000	117,000	118,796	(1,796)	(1,796)
Personnel	2,500	2,500	902	1,598	1,598
Professional Services	45,600	45,600	39,648	5,952	5,952
Program supplies	56,000	56,000	43,014	12,986	12,986
Supplies	55,000	55,000	44,288	10,712	10,712
Technology	247,610	247,610	322,326	(74,716)	(74,716)
Utilities	75,000	75,000	65,455	9,545	9,545
Total general government	3,654,143	3,654,143	3,456,192	197,951	197,951
Capital outlay	252,775	252,775	17,428	235,347	235,347
Debt service:					
Principal	-	-	10,639	(10,639)	(10,639)
Interest	-	-	3,091	(3,091)	(3,091)
Total debt service	-	-	13,730	(13,730)	(13,730)
Total expenditures	3,906,918	3,906,918	3,487,350	419,568	419,568
Excess (deficiency) of revenues over (under) expenditures	(314,736)	(314,736)	424,596	739,332	739,332
Other financing sources (uses)					
Proceeds from disposal of an asset	7,000	7,000	7,000	-	-
Net change in fund balance	$ (307,736)	$ (307,736)	431,596	$ 739,332	$ 739,332
Beginning fund balance, as previously reported			7,830,143		
Change within financial reporting entity (Note 9)			(2,076,891)		
Beginning fund balance, as adjusted			5,753,252		
Fund balance - end of year			$ 6,184,848		

EAST BONNER COUNTY FREE LIBRARY DISTRICT
Sandpoint, Idaho

NET PENSION (ASSET) LIABILITY RELATED SCHEDULES

Schedule of the District's Share of Net Pension (Asset) Liability*
PERSI - Base Plan
As of June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension (asset) liability	0.03061707%	0.02953287%	0.02592794%	0.02699173%	0.03257600%	0.03359500%	0.03654500%	0.03723200%	0.03945200%	0.03915600%
Employer's proportionate share of the net pension (asset) liability	1,145,276	1,178,560	1,021,239	(21,318)	756,467	383,476	539,042	585,229	799,753	515,620
Employer's covered employee payroll	1,500,429	1,255,712	1,022,454	1,007,295	1,155,170	1,147,264	1,155,459	1,166,353	1,163,124	1,118,921
Employer's proportional share of the net pension (asset) liability as a percentage of its covered employee payroll	76.33%	93.86%	99.88%	-2.12%	65.49%	33.43%	46.65%	50.18%	68.76%	46.08%
Plan fiduciary net position as a percentage of the total	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

Schedule of the District's Contributions*
PERSI - Base Plan
As of June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total statutorily required contributions - All Employees	167,748	149,932	122,081	120,271	138,505	129,163	133,098	130,906	130,616	124,152
Contributions in relation to the statutorily required contribution	(167,748)	(149,932)	(122,081)	(120,271)	(138,505)	(129,163)	(133,098)	(130,906)	(130,616)	(124,152)
Contribution (deficiency) excess	-	-	-	-	-	-	-	-	-	-
Employer's covered employee payroll - Class 1 Employees	1,500,429	1,255,712	1,022,454	1,007,295	6,215,712	5,909,823	5,619,408	5,228,004	4,883,709	4,664,439
Contributions as a percentage of covered employee payroll	11.18%	11.94%	11.94%	11.94%	11.94%	11.32%	11.32%	11.32%	11.32%	11.32%

Data reported is measured as of June 30, 2024.

NOTES TO THE NET PENSION (ASSET) LIABILITY SCHEDULES
As of June 30, 2024

Change of Assumptions. There were no change of assumptions as of June 30, 2024.