JEFFERSON FREE LIBRARY DISTRICT
MENAN, IDAHO
BASIC FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION
with
INDEPENDENT AUDITOR'S REPORT
For the Year Ended September 30, 2024

JEFFERSON FREE LIBRARY DISTRICT
BASIC FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

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Searle Hart & Associates, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Jefferson Free Library District
Menan, Idaho

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson Free Library District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson Free Library District as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jefferson 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Jefferson 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess 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 Jefferson 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 Jefferson 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 and schedules of employer's share of net pension liability and employer contributions PERSI information on pages 23 to 27 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated June 18, 2025, on our consideration of Jefferson Free Library District's internal control over financial reporting and 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 the Jefferson 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 Jefferson Free Library District's internal control over financial reporting and compliance.

Searle Hart + Associates PLLC

Rexburg, Idaho
June 18, 2025

FINANCIAL SECTION

JEFFERSON FREE LIBRARY DISTRICT
STATEMENT OF NET POSITION
September 30, 2024

	GOVERNMENTAL ACTIVITIES	TOTAL
ASSETS		
Current assets:		
Cash	$ 199,236	$ 199,236
Taxes receivable	3,245	3,245
Restricted cash - current	322,511	322,511
Total current assets	524,992	524,992
Noncurrent assets:		
Capital Assets		
Land and improvements not being depreciated	-	-
Buildings and improvements	-	-
Equipment and furniture	66,125	66,125
Less: accumulated depreciation	(53,530)	(53,530)
Total capital assets	12,595	12,595
TOTAL ASSETS	537,587	537,587
DEFERRED OUTFLOWS	$ 19,252	$ 19,252

The notes to the financial statements are an integral part of this statement.

	GOVERNMENTAL ACTIVITIES	TOTAL
LIABILITIES		
Accounts payable and accrued	$ 680	$ 680
Accrued payroll liabilities	4,653	4,653
Long-term liabilities		
Due within one year		
Compensated absences	-	-
Due in more than one year		
Compensated absences	-	-
Pension liability	100,970	100,970
TOTAL LIABILITIES	106,303	106,303
DEFERRED INFLOWS	-	-
NET POSITION		
Net investment in capital assets	12,595	12,595
Restricted for:		
Capital projects	322,511	322,511
Debt service	-	-
Other projects	-	-
Unrestricted	(207,081)	(207,081)
TOTAL NET POSITION	$ 450,536	$ 450,536

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

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUE: Charges for Services	PROGRAM REVENUE: Operating Grants and Contributions	PROGRAM REVENUE: Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	$ 243,759	$ -	$ -	$ -
Interest on long-term debt	-	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	243,759	-	-	-
TOTAL PRIMARY GOVERNMENT	$ 243,759	$ -	$ -	$ -

General revenues:
Taxes:
Property taxes, levied for general purposes
Investment earnings
Miscellaneous
Transfers

TOTAL GENERAL REVENUES, SPECIAL ITEMS, AND TRANSFERS

Change in net position

Net Position, October 1, 2023

NET POSITION, SEPTEMBER 30, 2024

The notes to the financial statements are an integral part of this statement.

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
Primary Government	
Governmental Activities	Total
$ (243,759)	$ (243,759)
-	-
(243,759)	(243,759)
(243,759)	(243,759)
266,594	266,594
4,464	4,464
3,391	3,391
-	-
274,449	274,449
30,690	30,690
419,846	419,846
$ 450,536	$ 450,536

JEFFERSON FREE LIBRARY DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2024

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS		
Cash and cash equivalents	$ 199,236	$ 199,236
Restricted cash and cash equivalents	322,511	322,511
Taxes receivable	3,245	3,245
Prepaid expenses	-	-
TOTAL ASSETS	524,992	524,992
DEFERRED OUTFLOWS	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 524,992	$ 524,992
LIABILITIES		
Accounts payable	$ 680	$ 680
Other accrued expenses	4,653	4,653
TOTAL LIABILITIES	5,333	5,333
DEFERRED INFLOWS		
Revenue unavailable for use	3,050	3,050
FUND BALANCES		
Nonspendable	-	-
Restricted	322,511	322,511
Assigned	-	-
Unassigned	194,098	194,098
TOTAL FUND BALANCES	516,609	516,609
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	$ 524,992	$ 524,992

The notes to the financial statements are an integral part of this statement.

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

Total fund balance, governmental funds:	$	516,609
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		12,595
Certain deferred outflows are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		45,289
Certain deferred inflows are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		-
Some liabilities, (such as notes payable, capital lease contracts payable, long-term compensated absences, and pension liability), are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.		(123,957)
Net position of governmental activities in the Statement of Net Position:	$	450,536

JEFFERSON FREE LIBRARY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES		
Property taxes	$ 266,443	$ 266,443
Investment earnings	4,464	4,464
Miscellaneous	3,391	3,391
	274,298	274,298
EXPENDITURES		
Current:		
General government	226,969	226,969
Debt Service:		
Principal	-	-
Interest and other charges	-	-
Capital outlay	-	-
	226,969	226,969
Excess (deficiency) of revenues over expenditures	47,329	47,329
OTHER FINANCING SOURCES (USES)		
Transfers in	-	-
Transfers out	-	-
	-	-
SPECIAL ITEM		
Proceeds from sale of assets	-	-
Net change in fund balances	47,329	47,329
Fund Balances, Oct. 1, 2023	469,280	469,280
FUND BALANCES, SEPT. 30, 2024	$ 516,609	$ 516,609

The notes to the financial statements are an integral part of this statement.

JEFFERSON FREE LIBRARY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Net change in fund balances - total governmental funds:	$	47,329
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense.		
This is the amount by which capital outlays of $0 exceeded depreciation of $5,318 in the current period.		(5,318)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Deferred outflows of resources not reflected on Governmental funds.		(26,037)
Deferred inflows of resources not reflected on Governmental funds.		-
Net pension liability not reflected on Governmental funds.		14,565
Some of the Library's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as revenue unavailable for use in the funds statements. This is the net change in revenue unavailable for use.		151
Net change in net position of governmental activities:	$	30,690

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NOTES TO THE FINANCIAL STATEMENTS

JEFFERSON FREE LIBRARY DISTRICT
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For the Year Ended September 30, 2024

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   - F. Budgets and Budgetary Accounting
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Jefferson Free Library District is organized and operates under the provisions of the Idaho Constitution and the accounting policies and practices of the Library conform to accounting principles generally accepted in the United States of America as applied to governments, except for the exceptions noted hereafter:

A. GENERAL
The financial statements listed in the table of contents have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY
The scope of the reporting entity is intended to cover those funds under the direct jurisdiction of the district board. Other governing boards elected or appointed, that exercise substantial or total administrative and supervisory authority in their name are considered to be substantially autonomous from Jefferson Free Library District government and are not included in this report.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
The District's financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the District as a whole, while the fund statements focus on individual funds.

Government-wide Financial Statements
The government-wide statements present information on all non-fiduciary activities of the government. The District's activities are governmental activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The *Statement of Net Position* presents the District's non-fiduciary assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Net position is restricted when constraints placed upon it are either externally imposed or is imposed by constitutional provisions or enabling legislation.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The District does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements
The financial transactions of the District are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Separate statements are provided for governmental, proprietary, and fiduciary funds. For governmental and proprietary funds, the emphasis is on major funds, with each displayed in a separate column.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following major governmental funds:

- **General Fund** - This fund is the principal operating fund of the Library. It is used to account for all financial resources not required to be accounted for in another fund.

Governmental Fund Types

Governmental funds account for the District's general activities including current financial resources and are those through which most governmental functions of the Library are financed. The District has the following governmental funds:

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING
The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other revenues are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The district does not have any proprietary, fiduciary, business-type or enterprise funds.

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES OR NET POSITION
Following are the District's significant policies regarding recognition and reporting of certain assets, liabilities, and equity.

Cash and Investments

Cash and cash equivalents consist primarily of demand deposits with financial institutions and short-term investments with original maturities of three months or less from the purchase date. Investments include pooled investments and certificates of deposit with original maturities greater than three months.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Receivables include accrued amounts for sales taxes and delinquent property taxes. Receivables from other governments are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

Taxes Receivable

Property taxes are levied in September of each year and become payable on December 20 and June 20 of the following year for real property taxes and December 20 for personal property taxes.

Property taxes attach as an enforceable lien as of December 20 following levy in September. Therefore, no amount has been set aside for an allowance of doubtful accounts. Property taxes not collected before December 1, 2024 are classified as revenue unavailable for use in the governmental funds.

Capital Assets

The District defines a capital asset as an asset with an initial cost of $1,000 or more for equipment, $50,000 or more for land and buildings and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value on the date of donation. The District does not capitalize any infrastructure assets.

Capital assets purchased in governmental funds are recorded as expenditures in the governmental fund statements. Interest expense for capital asset construction related to governmental activities is not capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Building, equipment, and other depreciable assets are depreciated using the straight-line method over estimated useful lives of 5 to 70 years.

Capital assets are reported in the applicable governmental column in the government-wide financial statements.

Long-term Obligations

In the government-wide statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond premiums, discounts, and issuance costs are recognized as expenditures in the current period. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The face amount of debt issued is reported as other financing sources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balances

The difference between assets plus deferred outflows and liabilities plus deferred inflows is net position on the government-wide statement and fund balance on the governmental fund statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred outflows of resources. This financial statement element represents a consumption of net position or fund balance that applies to a future period, or periods, so it will not be recognized as an outflow of resources until that time (see note 4 for detail of outflows of resources).

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net position or fund balance that applies to a future period, or periods, so it will not be recognized as an inflow of resources until that time (see Note 4 for detail of inflows of resources). The District has one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, revenue unavailable for use is reported only in the governmental funds Balance Sheet. This amount is deferred and recognized as an inflow of resources in the period that amounts become available.

Nonspendable and Spendable Fund Balances

Fund balance is separated into nonspendable and spendable fund balance. The following is a list of nonspendable and spendable fund balance designations for Jefferson Free Library District.

Nonspendable: This designation segregates fund balances that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The District has no nonspendable fund balances.

Restricted: This designation segregates a portion of the fund balance when constraints have been placed on the use of the resources either externally by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed: This designation indicates a portion of the fund balance which can only be used for specific purposes pursuant to constraints imposed by formal action of the District's Board. It cannot be used for any other purpose unless the District Board removes or changes the specified use by taking the same type of action it employed to previously commit it.

Assigned: This designation indicates a fund balance that can only be spent for purposes officially delegated by authority (budget) or is constrained by governmental intent, but is not restricted or committed.

Unassigned: This designation indicates a fund balance is not assigned to any specific purpose or is a negative fund balance. The District may use the positive unassigned fund balance for expenditures in the subsequent fiscal year.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Library generally uses restricted fund balance first, then unrestricted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. BUDGETS AND BUDGETARY ACCOUNTING

The Idaho Constitution and the Idaho Department of Revenue and Taxation prescribe the budget process and procedures for governmental subdivisions. The Jefferson Free Library District has satisfied the basic requirements prescribed in the following particulars:

1) Formulation of subsequent year budget requirements by internal Library officers and personnel.

2) Perusal of formulated budgets by the District Board of Trustees.

3) Presentation of preliminary and final budget requirements in formal news media of the District.

4) Open hearings to permit taxpayer input before such budgets are formally adopted.

Subsequent control budgets following adoption are accomplished through a budget-expenditures control system with interim status accounting and reporting made available to officers and employees for management purposes. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The Library does not maintain a formal encumbrance accounting system.

G. COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS

Accumulated unpaid vacation and other employee benefits are not accrued in governmental funds on the modified accrual basis of accounting. At September 30, 2024, under the District's policy there was no liability due for leave time accumulations which is considered normal to the Library operation.

Vacation and compensatory leave are recorded as an expenditure when used in governmental funds and as an expense when earned in the government-wide statements. A liability for unused vacation and compensatory leave is recorded in the government-wide Statement of Net Position, but under the District's policy there was no liability due.

H. REVENUES AND EXPENDITURES/EXPENSES

Under the modified accrual basis of accounting, revenues are recognized in governmental funds when "measurable and available." Revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. Jefferson Free Library District considers property tax revenues to be "available" if they are collected within 60 days after year-end. Grants and similar items are recognized as revenue when all eligibility requirements have been met. All other revenues, including sales taxes, are considered to be available if they are collected within 30 days after year-end. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. EXPENDITURE/EXPENSE RECOGNITION

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisition and construction are reported as expenditures in the period they are acquired.

In the government-wide statements, expenses are recorded when the related liability is incurred.

When an expenditure or expense is incurred for purposes for which both restricted and unrestricted resources are available, the Library generally uses restricted resources first, then unrestricted resources.

When an expenditure is incurred for purposes for which unrestricted fund balance is used, the District generally uses committed first, then assigned and then unassigned fund balance.

J. INTERFUND ACTIVITY AND BALANCES

Government-wide Statements

In general, eliminations have been made to minimize the double-counting of internal activity. There were no interfund receivables or payables at September 30, 2024.

Governmental Fund Statements

Interfund transactions for goods and services provided and used are reported as revenues and expenditures/expenses in the funds involved. Cash transfers between funds of the District are reported as other financing sources and uses in the governmental fund statements.

K. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

L. PENSIONS

For the purpose of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

2. CASH AND INVESTMENTS

Cash deposits and investments by the District as of September 30, 2024, totaled $521,747 represented by demand deposits.

The deposits and simple investments are not collateralized nor are they required to be by Idaho state statute.

The District follows the requirements of the Idaho Public Depository Law (Idaho Code Section, Title 57-100), and applicable investment rights and restrictions cited by Idaho Code Section, Title 67, 67-1210.

Deposits
At year end, the carrying amount of the District's deposits in financial institutions was $521,747 and the bank balance was $510,651. $250,000 of the demand deposits were covered by FDIC insurance and $260,651 of the demand deposits was not covered.

3. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024 was as follows:

	Balance 10/1/2023	Additions	Deletions	Balance 9/30/2024
Governmental Activities				
Capital assets, being depreciated				
Machinery and Equipment	$ 66,125	$ -	$ -	$ 66,125
Total capital assets, being depreciated	66,125	-	-	66,125
Less accumulated depreciation for				
Machinery and equipment	(48,212)	(5,318)	-	(53,530)
Total accumulated depreciation	(48,212)	(5,318)	-	(53,530)
Total capital assets, being depreciated, net	17,913	(5,318)	-	12,595
Governmental activity, capital assets, net	$ 17,913	$ (5,318)	$ -	$ 12,595

Depreciation expense was charged to current function of the primary government as follows:

Governmental Activities	
Public safety	$ 5,318
Total governmental activities	$ 5,318

4. PENSION PLAN

Plan Description

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

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement of 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2024, it was 6.71% for general employees and 9.83% for police and firefighters. The employer contribution rate of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for police and firefighters. The District's contributions were $14,789 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 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to

4. PENSION PLAN (Continued)

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

the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the District's proportion was 0.0000269926.

For the year ended September 30, 2024, the District recognized pension expense (revenue) of $26,448. 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	$ 16,075	$ -
Changes in assumptions or other inputs	4,000	-
Net difference between projected and actual earnings on pension plan investments	(1,833)	-
Amortization	(2,766)	-
Contributions made subsequent to measurement date	3,776	-
	$ 19,252	$ -

$3,776 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2024 the beginning of the measurement period ended June 30, 2023 is 4.4 and 4.4 for the measurement period June 30, 2024.

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

Year ended September 30:	
2025	$ 4,983
2026	18,826
2027	(3,247)
2028	(2,321)

4. PENSION PLAN (Continued)

Actuarial Assumptions

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

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

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

Contributing Members, Service Retirement Members, and Beneficiaries Continued
General Employes and All Beneficiaries – Males Pub–2010 General Tables, increased 11%
General Employees and All Beneficiaries – Females Pub -2010 General Tables, increased 21%
Teachers – Males Pub–2010 Teacher Tables, increased 12%
Teachers – Females Pub-2010 Teacher Tables, increased 21%
Fire & Police – Males Pub-2010 Safety Tables, increased 21%
Fire & Police – Females Pub-2010 Safety Tables, increased 26%
Disabled Members – Males Pub-2010 Disabled Tables, increased 38%
Disabled Members – Females Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions other than mortality. The total pension liability as of June 30, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

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

4. PENSION PLAN (Continued)

Actuarial Assumptions (continued)

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

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

Asset Class	2024
Cash	0.00%
Fixed Income	30.00%
US/Global Equity	55.00%
International Equity	15.00%
Total	100.00%

Discount Rate

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

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	$ 191,874	$ 100,970	$ 26,724

4. PENSION PLAN (Continued)

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.

5. LITIGATION AND CONTINGENT LIABILITIES

The District is not presently in active litigation. There are no claims pending against the Library that are expected to expose the Library to losses beyond the insurance protection provided.

6. LONG-TERM DEBT AND CAPITAL LEASES

Long-term Debt Obligation Activity:

General long-term obligations of the District include the pension liability. During the year ending September 30, 2024, the following changes occurred in long-term debt:

	Balance 10/1/2023	Additions	Reductions	Balance 9/30/2024	Amount due within one year
Pension liability (asset)	$ 115,535	$ -	$ (14,565)	$ 100,970	$ -
Total long-term activities	$ 115,535	$ -	$ (14,565)	$ 100,970	$ -

Debt Service Requirements:

Compensated absences typically have been liquidated in the general fund.

7. ENCUMBERED FUND BALANCES

There were no encumbrances as of September 30, 2024.

8. RELATED PARTY TRANSACTIONS

The District has not been directly involved in related party transactions that would violate the Idaho Code or Federal Regulations.

9. MATERIAL VIOLATION OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

There are no known violations of direct finance-related legal and contractual provisions.

10. RISK MANAGEMENT

The District is exposed to various risks related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The Library's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty and liability coverage through commercial insurance carriers and from participation in a risk pool. The District's participation in the risk pool is limited to paying premiums for its general liability insurance coverage. Settled claims have not exceeded insurance coverage in any of the previous three years. There has not been any significant reduction in coverage from that of the previous year.

11. DEFICITS

There were no fund deficits reportable by the District.

12. INTERFUND TRANSFERS

There were no interfund transfers for the year ended September 30, 2024.

13. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 4 for the deferred outflows of resources.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. See Note 4 for the deferred inflows of resources for the Statement of Net Position. The District has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes. This amount is deferred and recognized as an inflow of resources in the period that amounts become available. Deferred inflows of resources at September 30, 2024 consisted of $3,050 in the General Fund.

14. RESTRICTED FUND BALANCE

At September 30, 2024, there was a restricted balance of $322,511. This portion of the general fund balance is restricted for the building of a new Annis/Menan library building and was donated for this purpose.

15. SUBSEQUENT EVENTS

There are no known subsequent events that will have a material impact on the operation of the District. Subsequent events have been considered through the report date of June 18, 2025.

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REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON LIBRARY DISTRICT
BUDGET AND ACTUAL (WITH VARIANCES)
GENERAL FUND
For the year ended September 30, 2024

	BUDGETED AMOUNTS		ACTUAL AMOUNTS BUDGETARY	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	BASIS	POSTIVE (NEGATIVE)
REVENUES				
Property taxes	$ 207,796	$ 207,796	$ 266,443	$ 58,647
Investment earnings	-	-	4,464	4,464
Miscellaneous	-	-	3,391	3,391
	207,796	207,796	274,298	66,502
EXPENDITURES				
Current:				
General government	207,796	207,796	226,969	(19,173)
Debt Service:				-
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	-	-
Contingency	-	-	-	-
	207,796	207,796	226,969	(19,173)
Excess (deficiency) of revenues over expenditures	-	-	47,329	47,329
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES AND USES	-	-	-	-
SPECIAL ITEM				
Proceeds from sale of capital assets	-	-	-	-
Net change in fund balances	$ -	$ -	47,329	$ 47,329
Fund Balances, Oct. 1, 2023			469,280	
FUND BALANCES, SEPT. 30, 2024			$ 516,609	

JEFFERSON FREE LIBRARY DISTRICT
NOTES TO BUDGET AND ACTUAL COMPARISON SCHEDULE
For the Year Ended September 30, 2024

1. BASIS OF PRESENTATION

The budget to actual comparison schedule has been prepared on the modified accrual basis of accounting, which is the same budgetary basis used by the District.

2. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

Actual expenditures exceeded budgeted amounts in the general fund. Additional monies were available to cover the overage.

JEFFERSON FREE LIBRARY DISTRICT
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY PERSI – BASE PLAN
LAST 10 – FISCAL YEARS*

Fiscal Year	Employer's portion of net pension liability	Employer's proportionate share of the net pension liability	Employer's covered employee payroll	Employer's proportional share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.0020538%	$ 27,045	$ 57,234	47.18%	91.38%
2016	0.0023125%	$ 46,878	$ 66,957	70.01%	87.26%
2017	0.0023667%	$ 37,200	$ 73,121	50.88%	90.68%
2018	0.0026471%	$ 39,045	$ 84,718	46.09%	91.69%
2019	0.0027278%	$ 31,137	$ 92,256	33.75%	93.79%
2020	0.0026999%	$ 62,695	$ 95,739	65.49%	88.22%
2021	0.0028634%	$ (2,261)	$ 106,426	-2.12%	100.36%
2022	0.0029672%	$ 116,871	$ 116,508	100.31%	83.09%
2023	0.0028951%	$ 115,535	$ 122,586	94.25%	83.83%
2024	0.0026993%	$ 100,970	$ 123,447	81.79%	85.54%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those use for which information is available.

Data reported is measured as of June 30.

JEFFERSON FREE LIBRARY DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS PERSI – BASE PLAN
LAST 10 – FISCAL YEARS*

	PERSI BASE PLAN				
Fiscal Year	Statutorily Required Contribution	Contribution in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2015	$ 6,718	$ 6,893	$ (175)	$ 57,324	12.02%
2016	$ 6,874	$ 7,725	$ (850)	$ 66,957	11.54%
2017	$ 7,981	$ 8,434	$ (453)	$ 73,121	11.53%
2018	$ 10,280	$ 9,771	$ 508	$ 84,718	11.53%
2019	$ 10,438	$ 10,641	$ (203)	$ 92,256	11.53%
2020	$ 10,593	$ 11,627	$ (1,034)	$ 95,739	12.14%
2021	$ 11,306	$ 12,913	$ (1,607)	$ 106,426	12.13%
2022	$ 14,002	$ 14,002	$ -	$ 117,278	11.94%
2023	$ 14,987	$ 14,987	$ -	$ 127,049	11.80%
2024	$ 13,980	$ 13,980	$ -	$ 145,092	9.64%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those use for which information is available.

Data is reported is measured as of September 30.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PERSI – BASE PLAN
For the Year Ended September 30, 2024

Methods and Assumptions Used in Calculations of Actuarily Determined Contributions

The actuarially determined contribution rates in the employer's contributions are calculated as of June 30, 2024. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

	PERSI Base Plan
Valuation date	June 30, 2024
Actuarial cost method	Entry age normal
Amortization method	Level percentage of projected payroll open
Remaining amortization period	10.8 years
Asset valuation method	Fair Market value
Actuarial assumptions:	
Investment Rate of Return *	6.35%
Projected salary increases including inflation	3.05%
Postretirement benefit increase	1.00%
Implied price inflation rate	2.30%
Discount Rate – Actuarial Accrued Liability	6.35%

* net of investment expenses

SUPPLEMENTARY INFORMATION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
Jefferson Free Library District
Menan, Idaho

We have audited 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, the financial statements of the governmental activities and each major fund of Jefferson Free Library District, Menan, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements which collectively comprise the Jefferson Free Library District's basic financial statements, and have issued our report thereon dated June 18, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jefferson Free Library District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson Free Library District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jefferson Free Library District's internal control.

Our consideration of the internal control was for limited purposes described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control that we considered to be a material weakness and significant deficiency.

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 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. We consider the deficiency below to be a material weakness.

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. We consider the deficiency described below to be a significant deficiency.

Finding 2024-001

Condition	The size of the District's staff is not large enough to permit a complete segregation of duties for an effective system of internal controls.
Criteria	An effective system of internal controls requires that closely related duties be segregated.

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Context	Because of review by the District Board of financial transactions, the risk is reduced but errors could still occur and not be detected in the normal course of business.
Effect	The concentration of closely related duties and responsibilities by a small staff makes it difficult to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records.
Cause	The District's staff is too small to allow a complete segregation of duties.
Recommendation	Although the District is not large enough to permit a complete segregation of duties for an effective system of internal accounting control, we recommend that officials be aware that the condition does exist and take steps to identify opportunities to further segregate duties where possible.
Managements Response	Although the District recognizes the importance of segregation of duties for proper internal control, the District does not believe it would be cost effective to increase its staff size simply to provide greater segregation of duties. The District will be cognizant of opportunities that arise to further segregate duties within the limitations of the District's size.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson 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 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*.

Entity's Response to Findings

Jefferson Free Library District's response to the findings identified in our audit is described above. Jefferson Free Library District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.

Searle Hart + Associates PLLC

Rexburg, Idaho
June 18, 2025