PRAIRIE-RIVER LIBRARY DISTRICT

FINANCIAL STATEMENTS

Years Ended September 30, 2024,
2023, 2022, and 2021

PRAIRIE-RIVER LIBRARY DISTRICT

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PRESNELL GAGE, PLLC
ACCOUNTING AND CONSULTING

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Prairie-River Library District
Lapwai, Idaho

Adverse Opinion

We have audited the accompanying statement of receipts, disbursements, and changes in cash balances of the Prairie-River Library District, as of and for the years ended September 30, 2024, 2023, 2022, and 2021, and the related notes to the financial statements, which collectively comprise a portion of the Prairie-River Library District's basic financial statements as listed in the table of contents.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on the Financial Statements as a Whole section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Prairie-River Library District as of September 30, 2024, 2023, 2022, and 2021, and the changes in its financial position for the years then ended.

Basis for Adverse Opinion on the Financial Statements as a Whole

As described more fully in Note 2, the Prairie-River Library District has prepared these financial statements using accounting practices prescribed or permitted by the Idaho State Library Board, whose practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Idaho State Library Board. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Prairie-River Library District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Prairie-River 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 audits.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 12, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 a report dated May 15, 2025, on our consideration of the Prairie-River Library District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PRESNELL GAGE PLLC

May 15, 2025
Lewiston, Idaho

PRAIRIE-RIVER LIBRARY DISTRICT

STATEMENTS OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES
Years Ended September 30, 2024, 2023, 2022 and 2021

	2024	2023	2022	2021
RECEIPTS				
Nez Perce County property tax	**$ 461,068**	$ 420,056	$ 438,642	$ 422,448
Lewis County property tax	**125,549**	108,728	111,765	117,037
Idaho County property tax	**202,692**	169,151	159,131	151,006
Interest	**9,608**	5,326	5,138	7,049
Grants	**114,352**	83,048	500	157,600
Copier, lost books, etc.	**18,910**	7,278	11,725	9,651
Total receipts	**932,179**	793,587	726,901	864,791
DISBURSEMENTS				
Salaries	**394,450**	404,630	338,061	323,124
Benefits	**105,916**	88,549	105,676	103,321
Books and periodicals	**37,344**	28,879	33,462	38,888
Operating supplies	**15,550**	8,436	12,228	13,588
Promotional material	**1,461**	3,918	2,731	1,287
Postage	**534**	552	462	1,097
Insurance	**9,304**	15,284	13,353	12,367
Publication and election costs	**628**	83	2,488	739
Maintenance: building and equipment	**3,244**	10,377	10,160	8,499
Travel and continuing education	**12,405**	14,815	13,015	6,377
Technology equipment	**9,909**	9,279	4,941	2,330
Utilities	**6,058**	7,210	6,800	6,154
Telecommunications	**32,942**	17,923	11,577	12,593
Capital improvements	**151,688**	0	0	90
Automation expense	**23,800**	23,006	22,985	22,660
Audit	**14,755**	7,069	4,150	4,000
Vehicle expense	**1,570**	2,297	2,588	1,080
Miscellaneous	**195**	265	539	930
Grant expense	**47,426**	89,678	108,114	19,176
Total disbursements	**869,179**	732,250	693,330	578,300
EXCESS OF RECEIPTS OVER DISBURSEMENTS	**63,000**	61,337	33,571	286,491
CASH AND INVESTMENTS, beginning of year	**887,306**	825,969	792,398	505,907
CASH AND INVESTMENTS, end of year	**$ 950,306**	$ 887,306	$ 825,969	$ 792,398

See accompanying notes

1. ENTITY

The Nez Perce/Lewis Counties Free Library District was formed January 1, 1992, from the consolidation of the Nez Perce County Free Library District and the Lewis County Free Library District. In 1999, the Library District approved a name change to Prairie-River Library District to more closely represent its service area. The Library District is headquartered at Lapwai, Idaho, and also maintains branch libraries in several communities throughout Nez Perce, Lewis, and Idaho Counties.

2. BASIS OF ACCOUNTING

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

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

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

Property Taxes. The Library District levies property taxes within Lewis, Idaho and Nez Perce counties in November, and the taxes are payable on December 20 and June 20 following the levy date. Taxes are remitted to the Library District in the month following collection.

3. DONATED FACILITIES

In 2024, the district purchased a building for the Craigmont library. The communities for each of the other branch facilities provide substantially all of the utility and facility space at no cost to the Library District. The Library District pays for telephone/communication services for each of the branch libraries, as well as utility and facility expense for the library headquarters. No receipts or disbursements are reflected in these financial statements for donated facility costs. The Lapwai building is the only other building owned by the Library District.

4. DEPOSITS AND INVESTMENTS

Deposits. At September 30, 2024, the carrying amounts of the Library District's cash deposits was $642,779 ($588,102 in 2023, $531,352 in 2022; and $501,811 in 2021) and the bank balance amounted to $642,932.21. FDIC covers balances of $250,000.

4. DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and Investments. Details of investments at cost as of September 30 are as follows:

	2024		2023		2022		2021	
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
P1FCU CD S1200 Matures 2/5/26	4.61%	$ 117,777	4.00%	$ 113,131	0.80%	$ 109,968	2.15%	$ 109,093
P1FCU CD S1201 Matures 7/28/25	4.50%	97,001	0.60%	93,970	0.60%	93,408	0.80%	92,698
P1FCU CD S1400 Mature 8/4/25	0.70%	92,474	0.70%	91,828	0.70%	91,188	3.11%	88,743
P1FCU Savings		275		275		53		53
		307,527		299,204		294,617		290,587
P1FCU Checking		642,229		587,552		530,802		501,261
Petty Cash		550		550		550		550
Total cash and investments		$950,306		$ 887,306		$ 825,969		$ 792,398

Of the District's investments, all but $57,527 was covered by FDIC.

5. RISK MANAGEMENT

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

The general insurance limits are as follows:

General liability	$3,000,000 per claim
Automobile liability	$3,000,000 per claim
Errors and omissions liability	$3,000,000 per claim
Crime insurance and bonding	$250,000 per claim
Fine Arts/Valuable Papers and Records	$1,000,000 per claim
Employment Practices	$3,000,000 per claim

The Library District's unemployment is self-insured with the State of Idaho.

6. RETIREMENT PLAN

Plan Description. All permanent full-time employees of the County participate in the Public Employee Retirement System of Idaho (PERSI), a cost-sharing, multiple-employer public retirement system created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. Designed as a mandatory system for eligible state and county employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. 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. Financial reports for the Plan are available from PERSI upon request.

Pension Benefits. After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each year of credited service, the annual service retirement allowance is 2.0 percent (2.3 percent for police/firefighters) of the average monthly salary for the highest consecutive 42 months. The Base Plan is required to provide a 1 percent minimum cost of living increase per year provided the *Consumer Price Index* increases 1 percent 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 percent, whichever is less; however, any amount above the 1 percent minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions. Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

As of September 30, 2024, the required contribution rates, as determined by PERSI, are as follows:

	Employee	Employer
General member	7.18%	11.96%

The Library District contributions required and paid were $32,065 $31,764, $28,532, and $30,216, for the four years ended September 30, 2024, 2023, 2022, and 2021, respectively.

7. ECONOMIC DEPENDENCY

The prior three years, the Library District received over 85 percent of its funds used for the library from property taxes.

REQUIRED SUPPLEMENTARY INFORMATION

PRAIRIE-RIVER LIBRARY DISTRICT

BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2024

	Budgeted Amounts		**Actual Amounts Budgetary Basis**	Variance With Final Budget
	Original	Final		
RECEIPTS				
Property taxes and intergovernmental revenue	$ 726,748	$ 726,748	**$ 789,309**	$ 62,561
Interest	4,000	4,000	**9,608**	5,608
Grants	55,170	55,170	**114,352**	59,182
Copier, lost books, etc.	34,858	34,858	**18,910**	(15,948)
Total receipts	820,776	820,776	**932,179**	111,403
DISBURSEMENTS				
Salaries	473,762	473,762	**394,450**	79,312
Benefits	125,008	125,008	**105,916**	19,092
Books and periodicals	38,247	38,247	**37,344**	903
Operating supplies	18,069	18,069	**15,550**	2,519
Promotional material	6,000	6,000	**1,461**	4,539
Postage	1,000	1,000	**534**	466
Insurance	16,000	16,000	**9,304**	6,696
Publication and election costs	1,000	1,000	**628**	372
Maintenance: building and equipment	11,000	11,000	**3,244**	7,756
Travel and continuing education	15,000	15,000	**12,405**	2,595
Technology equipment	25,000	25,000	**9,909**	15,091
Utilities	9,000	9,000	**6,058**	2,942
Telecommunications	32,340	32,340	**32,942**	(602)
Contractual services	1,000	1,000	**0**	1,000
Capital improvements	7,000	7,000	**151,688**	(144,688)
Automation expense	25,000	25,000	**23,800**	1,200
Audit	4,350	4,350	**14,755**	(10,405)
Vehicle expense	5,000	5,000	**1,570**	3,430
Miscellaneous	2,000	2,000	**195**	1,805
Grant expense	5,000	5,000	**47,426**	(42,426)
Total disbursements	820,776	820,776	**869,179**	(48,403)
EXCESS OF RECEIPTS OVER DISBURSEMENTS	0	0	**63,000**	63,000
CASH AND INVESTMENTS, beginning of year	0	0	**887,306**	887,306
CASH AND INVESTMENTS, end of year	$ 0	$ 0	**$ 950,306**	$ 950,306

Note: The budgetary comparison schedule is presented on the cash basis of accounting, which is the same basis of accounting used by the Library District in the fund financial statements.

See accompanying notes

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT - *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Prairie-River Library District
Lapwai, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Prairie-River Library District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Prairie-River Library District's basic financial statements and have issued our report thereon dated May 15, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Prairie-River 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 the Prairie-River Library District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Prairie-River Library District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described below:

Lewiston Office: 1216 Idaho Street, Lewiston, Idaho 83501, (208) 746-8281
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#2024-001 - Internal control systems generally attempt to divide up accounting tasks among multiple individuals (segregation of duties) to improve the ability of the organization to identify errors within the accounting system. The Prairie-River Library District has concentrated a number of accounting duties to one individual such that a complete segregation of duties is not possible. There are a limited number of personnel available to provide for a complete "segregation of duties."

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Prairie-River 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.

Prairie-River Library District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Prairie-River Library District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Prairie-River Library District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PRESNELL GAGE PLLC

May 15, 2025
Lewiston, Idaho

SIGNIFICANT DEFICIENCY

Finding #2024-001

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

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

Effect: A minimal number of accounting duties are performed by a single individual with limited oversight available within the Prairie-River Library District.

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

Recommendation: We concur with the District's response.