West Bonner Library District

Financial Report

September 30, 2024

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DECORIA, BLAIR & TEAGUE, PS

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Independent Auditor's Report

Board of Trustees
West Bonner Library District
Priest River, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of West Bonner Library District ("the 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 financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of West Bonner Library District, as of September 30, 2024, and the respective changes in financial position 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 the 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 opinion.

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 the 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 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 and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 schedule on page 26 and the schedules of employer's share of the net pension liability and employer contributions on pages 28 and 29, respectively, 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented Management's Discussion and Analysis that governmental 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, which 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 opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated April 24, 2025, on our consideration of the 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.

DeCoria, Blair & Teague, PS

DeCoria, Blair & Teague, P.S.
Spokane, Washington

April 24, 2025

Basic Financial Statements

West Bonner Library District
Governmental Fund Balance Sheet/Statement of Net Position
September 30, 2024

	Governmental Fund Balance Sheet	Adjustments (Note 13)	Statement of Net Position
ASSETS			
Current assets:			
Cash and cash equivalents (Note 6)	$ 478,188	$ -	$ 478,188
Property taxes receivable (Note 7)	462,049	-	462,049
Prepaid expenses	205	-	205
Total current assets	940,442	-	940,442
Noncurrent assets:			
Capital assets, net (Notes 8 and 9)	-	1,353,364	1,353,364
Total assets	940,442	1,353,364	2,293,806
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Note 12)	-	53,099	53,099
Total deferred outflows of resources	-	53,099	53,099
Total assets and deferred outflows of resources	$ 940,442		
LIABILITIES			
Current liabilities:			
Accounts payable	$ 6,103	-	6,103
Accrued payroll and related liabilities	12,512	-	12,512
Unearned property tax revenue (Note 7)	443,644	-	443,644
Compensated absences, due within one year (Note 11)	-	8,688	8,688
Total current liabilities	462,259	8,688	470,947
Noncurrent liabilities:			
Net pension liability (Note 12)	-	189,118	189,118
Total liabilities	462,259	197,806	660,065
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue (Note 7)	17,156	(17,156)	-
Deferred inflows related to pensions (Note 12)	-	3,433	3,433
Total deferred inflows of resources	17,156	(13,723)	3,433
Commitments and contingencies (Notes 15 and 16)			
FUND BALANCE			
Unassigned	461,027	(461,027)	-
Total fund balance	461,027	(461,027)	-
Total liabilities, deferred inflows of resources and fund balance	$ 940,442		
NET POSITION			
Net investment in capital assets		1,333,364	1,333,364
Restricted net position (Notes 5 and 9)		20,000	20,000
Unrestricted		330,043	330,043
Total net position		$ 1,683,407	$ 1,683,407

The accompanying notes are an integral part of the basic financial statements.

West Bonner Library District
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Statement of Activities
Year Ended September 30, 2024

	Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance	Adjustments (Note 14)	Statement of Activities
Revenues:			
Taxes, primarily property	$ 480,101	$ 373	$ 480,474
Grants and contributions	43,561	-	43,561
Penalties and interest	3,276	-	3,276
Charges for services	8,857	-	8,857
Copies and fines	5,695	-	5,695
Miscellaneous revenue	823	-	823
Investment earnings	41	-	41
Total revenues	542,354	373	542,727
Expenditures/expenses:			
Salary, burden and fringe benefits	354,488	34,580	389,068
Advertising	1,668	-	1,668
General and administrative	25,952	-	25,952
Insurance	5,642	-	5,642
Library materials and technology	27,409	(14,293)	13,116
Maintenance and repairs	28,542	-	28,542
Postage and meter	782	-	782
Professional services	19,114	-	19,114
Rent	815	-	815
Supplies	6,532	-	6,532
Utilities	19,659	-	19,659
Capital outlays	44,264	(44,264)	-
Depreciation	-	101,569	101,569
Total expenditures/expenses	534,867	77,592	612,459
Excess (deficiency) of revenues over (under) expenditures/expenses	7,487	(77,219)	(69,732)
Other financing sources (uses):			
Loss on disposal of capital assets	-	(513)	(513)
Total other financing sources (uses), net	-	(513)	(513)
Net change in fund balance	7,487	(7,487)	
Change in net position		(70,245)	(70,245)
Fund balance/net position:			
Beginning of year	453,540	-	1,753,652
End of year	$ 461,027	$ -	$ 1,683,407

The accompanying notes are an integral part of the basic financial statements.

1. Organization

West Bonner Library District ("the District") is a local governmental unit governed by a Board of Trustees. The District provides library services to portions of western Bonner County, Idaho and operates in the City of Priest River and the Town of Blanchard.

The library was started by a local women's organization and began operations in 1922. The City of Priest River ("the City") took over the operations of the library in 1986. The City operated the library until the creation of the District, which was approved by voters in November 2000. All assets of the library (as operated by the City), including the library collection and cash, were donated to the District.

The District's financial statements include the accounts of all District operations. The District meets the criteria established by the Governmental Accounting Standards Board (GASB) to be considered a primary governmental entity for financial reporting purposes. Component units are legally separate organizations that are financially accountable to the primary government. The District has no component units, and is not a component unit of any other governmental unit based on the criteria established by the GASB.

2. District-Wide and Fund Financial Statements

GASB Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* (GASB No. 34) defines the financial reporting requirements and the reporting model for the annual financial reports of state and local governments. The financial information required by GASB No. 34 includes:

Management's Discussion and Analysis

The management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities in a narrative format. An analysis of the District's overall financial position and results of operations should be included to assist users in assessing whether the financial position has improved or deteriorated as a result of the year's activities.

District-Wide Financial Statements

The district-wide financial statements, including the Statement of Net Position and the Statement of Activities, report information on all of the activities of the District. Governmental transactions are generally financed through taxes, intergovernmental revenues and other nonexchange transactions.

Depreciation is presented in its entirety on the Statement of Activities. No depreciation has been allocated to any of the District's specific functions.

Fund Financial Statements

The fund financial statements provide information on the District's General Fund. The emphasis of fund financial statements is on major governmental funds.

Budgetary Comparison Schedule

The budgetary comparison schedule is presented to demonstrate whether resources were obtained and used in accordance with the District's legally adopted budget (see Note 4). The District may revise the original budget over the course of the year for various reasons. Under the reporting model prescribed by GASB No. 34, budgetary information provides comparisons of the District's originally adopted budget to the final budget and actual results.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Statement of Net Position and Statement of Activities are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements stipulated by the provider have been met and satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable when the amount of the transaction can be determined and available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District generally considers revenues to be available if they are collected within 30 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, judgments, compensated absences, early retirement liabilities and net pension liabilities, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under finance purchase agreements are reported as other financing sources.

The General Fund is the sole operating fund of the District. It is used to account for all financial resources of the District. This is a budgeted fund, and any unassigned fund balances are considered as resources available for use.

4. Budgetary Information

The District's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at year-end.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

a) The District publishes a proposed budget for public review;
b) Public hearings are set to obtain taxpayer comments;
c) Prior to October 1, the budget is adopted by resolution of the District's Board and published; and
d) The final budget is then filed with the State of Idaho. Expenditures may not legally exceed budgeted appropriations at the functional level. The legal level of budgetary control is the functional level at which the Board must approve any over-expenditures of appropriations or transfers of appropriated amounts.

5. Summary of Significant Accounting Policies

Accounting Principles Generally Accepted in the United States of America

The financial statements of the District have been prepared in conformity with GAAP as applied to local government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and standards. The District has adopted and applied all applicable GASB pronouncements, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Recent Accounting Pronouncements

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB Statements and 2) accounting and financial reporting for financial guarantees. This Statement addresses a variety of topics and includes specific provisions about the following:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
- Terminology used in Statement 53 to refer to resource flows statements

5. Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncements, Continued

The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to the leases, PPPs and SBITAs became effective for fiscal years beginning in the fiscal year ended September 30, 2023. Implementation of these requirements did not have a material impact on the District's financial statements. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 were effective for the District beginning in the fiscal year ended September 30, 2024. Implementation of these requirements did not have a material impact on the District's financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. Statement No. 101 is effective for fiscal years beginning after December 15, 2023. The District is currently evaluating the financial statement impact of adopting this statement.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. Statement No. 102 is effective for fiscal years beginning after June 15, 2024. The District is currently evaluating the financial statement impact of adopting this statement.

5. Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncements, Continued

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement will revise and build upon the requirements in GASB Statement No. 34. Key changes in the new standard are summarized below.

- Revises the requirements for management's discussion and analysis (MD&A) with the goal of making it more readable and understandable
- Combines extraordinary items and special items into one category of "unusual or infrequent items"
- Defines operating and nonoperating revenues, specifically by defining nonoperating revenues and classifying all other revenues as operating
- Includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses, and changes in fund net position
- Requires the presentation of proprietary funds' statement of revenues, expenses, and changes in fund net position in the statistical section of the report to include the same categories of revenues and expenses as the face of the financial statements
- Removes the option to disclose major component units in a condensed form in the notes to the financial statements and requires them to be shown individually or in combining financial statements following the fund financial statements
- Requires budgetary comparisons to be presented as RSI and adds new columns for variances between original-to-final budget and final budget-to-actual results

Statement No. 103 is effective for fiscal years beginning after June 15, 2025. The District is currently evaluating the financial statement impact of adopting this statement.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

Statement No. 104 also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Statement No. 104 is effective for fiscal years beginning after June 15, 2025. The District is currently evaluating the financial statement impact of adopting this statement.

5. Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

The District considers all short-term deposits and highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through an allowance for doubtful accounts based on its assessment of the current status of individual receivables from grants, contracts and others. Balances which are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to the applicable accounts receivable. Management expects all September 30, 2024 receivables to be collectible, and therefore no allowance for doubtful accounts has been provided as of that date.

Capital Assets

Capital assets are reported in the Statement of Net Position at historical cost, less accumulated depreciation. If historical cost is unknown, estimated historical cost is used. Donated capital assets are recorded at estimated fair market value at the date of donation, less accumulated depreciation. The District uses a capitalization threshold of $1,000. Normal maintenance and repairs are charged to expense as incurred. When capital assets are sold or otherwise disposed of, the cost and associated accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the Statement of Activities.

In the period in which capital assets are purchased or constructed, the cost of those assets is reported as capital outlay expenditures in the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance. All reported capital assets except land and construction in progress are depreciated. Depreciation on capital assets is calculated using the straight-line method over the estimated useful lives of those assets, as follows:

	Years
Buildings and improvements	20
Equipment and fixtures	10
Library collection	7
Computers	5

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy for those assets and liabilities measured at fair value, that distinguishes between assumptions based on market data (observable inputs) and the District's own assumptions (unobservable inputs). The hierarchy consists of: Level 1 – quoted market prices in active markets for identical instruments; Level 2 – inputs other than Level 1 inputs that are observable; and Level 3 – unobservable inputs developed using estimates and assumptions determined by the District. At September 30, 2024, the District had no assets or liabilities that were measured at fair value on a recurring basis.

5. Summary of Significant Accounting Policies, Continued

Fair Value Measurements, Continued

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). The District had no assets or liabilities measured at fair value on a nonrecurring basis during 2024.

Liabilities

Liabilities shown on the Governmental Fund Balance Sheet are those that have become due and payable at the end of the fiscal year, which are expected to be paid during the upcoming fiscal year, and are reported as an expenditure and fund liability. On the district-wide statements, liabilities that become due and payable within one year after the financial statement date are included in current liabilities, while liabilities that become due and payable after one year are shown as noncurrent liabilities.

Leases

The District is a lessee in various noncancelable operating and financing leases. Effective July 1, 2021, the District implemented the provisions of GASB Statement No. 87, *Leases* (GASB No. 87). In accordance with the provisions of GASB No. 87, if a contract provides the District the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the present value when the underlying rate or index is fixed and predictable for the life of the lease. Variable costs that depend on an unpredictable index are accounted for as expenses as they are incurred. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the District's incremental borrowing rate. If the implicit rates of the District's leases are not readily determinable, the District has elected to use the State's Diversified Bond Fund (DBF) portfolio rate. This rate is used to calculate the present value of future lease payments. This rate is an alternative investment rate for other than short-term investments and is materially the same as the rate the District might incur from an external lender.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. The ROU asset for finance leases is amortized on a straight-line basis over the lease term.

5. Summary of Significant Accounting Policies, Continued

Leases, Continued

The District has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the District is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The District recognizes short-term lease cost on a straight-line basis over the lease term.

In addition, under the new standard, the District has adopted a policy which evaluates the material nature of long-term leases as a group. For group calculations which fall below the policy threshold for recording, the District will not recognize the lease liability and ROU, and will instead expense these costs as incurred.

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences* (Statement No. 16). Compensated absences consist of accumulated vacation leave balances that are unpaid by the financial statement date. All eligible employees of the District earn vacation leave in amounts that vary based on tenure and classification. The District records a liability for accumulated unused vacation leave for all eligible employees.

Accumulated vacation leave that has become due and payable at the end of the fiscal year, which is expected to be paid during the upcoming fiscal year, is reported as an expenditure and fund liability of the governmental fund that will pay it. Accumulated vacation that is expected to be utilized by employees during the upcoming fiscal year is reported as a current obligation in the district-wide financial statements.

Accumulated vacation leave that is not expected to be utilized by employees during the upcoming fiscal year is reported as a noncurrent obligation in the district-wide financial statements. When an employee terminates employment with the District, unused accumulated vacation leave is paid at the employee's hourly rate then in effect.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan ("the Base Plan"), and additions to, or deductions from, the 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.

5. Summary of Significant Accounting Policies, Continued

Property Taxes

In accordance with Idaho State Law, an ad valorem property tax is levied in September for each calendar year. Taxes are recorded by the District using the modified accrual basis of accounting. Levies are made on the third Monday of September and billed to taxpayers in November. One-half of the real property taxes and personal property taxes are due on or before December 20. The remaining one-half of the real property taxes and personal property taxes are due on or before June 20 of the following year. If the first half of the personal property taxes is not paid on or before December 20, the full amount is due on demand. Property taxes attach as an enforceable lien on property as of January 1 of the following year. Notice of foreclosure is filed with the County Clerk on property three years from the date of delinquency. The property tax revenue is budgeted for the ensuing fiscal year. Bonner County acts as an agent for the District in both the assessment and collection of property taxes. The County remits tax revenues to the District monthly, with the majority of the collections being remitted in January and July.

In the governmental fund financial statements, property taxes are recorded as revenue in the period in which the taxes are levied, to the extent that they are both measurable and available. For this purpose, the District considers amounts to be available if they are collected and received by the District within 30 days after the financial statement date. Property taxes receivable which are collectible subsequent to 30 days after the financial statement date are reflected in the fund financial statements as deferred inflows. In the district-wide financial statements, all property taxes receivable, regardless of when they are collected, are recorded as revenue in the period for which the taxes are levied.

Grant Revenue

The District occasionally receives financial assistance from governmental agencies in the form of grants. Revenue is deemed earned and thus recognized when applicable program expenditures are recorded. Grant funds received but not earned, if any, at September 30, 2024 are recorded as unearned revenue.

Donated Services

Donated services are recognized as contributions if the services either create or enhance non-financial assets or require specialized skills, which are performed by people with those skills, and would otherwise be purchased by the District. Some members of the Board and the community have donated significant amounts of their time in furthering the District's programs and objectives. No amounts have been included in the financial statements for donated services since they do not meet the criteria for recognition under professional accounting standards.

Net Position

Net position represents the difference between assets plus deferred outflows, and liabilities plus deferred inflows. Net position is comprised of the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following components:

Net investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

5. Summary of Significant Accounting Policies, Continued

Net Position, Continued

Restricted net position: This component of net position consists of amounts subject to constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. At September 30, 2024, the District had $20,000 of net position restricted for long-term purposes (see Note 9).

Unrestricted net position: This component of net position consists of amounts that do not meet the definition of "net investment in capital assets" or "restricted net position."

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* (Statement No. 54), defines the different types of fund balances that a governmental entity must use for financial reporting purposes and requires the fund balance amounts to be properly reported within one of the following fund balance classifications:

Nonspendable: The portion of fund balance that is not expected to be converted to cash, such as inventories and prepaid expenses, if any.

Restricted: The portion of fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed: The portion of fund balance that can be used only for the specific purposes determined by a formal action of the District's Board of Trustees (the District's highest level of decision-making authority).

Assigned: The portion of fund balance that is intended to be used by the District for specific purposes, but does not meet the criteria to be classified as restricted or committed.

Unassigned: The residual portion of fund balance for the District's General Fund; this includes all spendable amounts not included in the other fund balance categories.

Fund Balance Spending Policy

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then, fund balances restricted for specific purposes are determined (not including nonspendable amounts). Then, any remaining fund balance amounts for governmental funds other than the General Fund, if any, are classified as restricted fund balance.

It is possible for governmental funds other than the General Fund to have negative unassigned fund balances when nonspendable amounts plus restricted amounts exceed the positive fund balance.

5. Summary of Significant Accounting Policies, Continued

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of the formal budgetary process in the Governmental Fund.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management of the District to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates and affect the amounts reported in the financial statements.

Subsequent Events

The District has evaluated subsequent events through April 24, 2025, the date as of which these financial statements were available to be issued. No material subsequent events have occurred since September 30, 2024 that required recognition or disclosure in these financial statements.

6. Cash and Cash Equivalents

Cash and cash equivalents consist of deposits held in checking and savings accounts with a local bank. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At September 30, 2024, the District's deposits were insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

The combined carrying amount of cash and cash equivalents on the District's books at September 30, 2024 was $478,188, and bank balances totaled $479,977. The differences between the carrying amount of cash and cash equivalents on the District's books and the bank balances, if any, consist of outstanding checks and deposits not processed by the bank as of September 30, 2024. The total uninsured bank balances at September 30, 2024 is $229,977.

7. Property Taxes Receivable

Property taxes receivable at September 30, 2024 are summarized as follows:

Unearned property taxes receivable	$ 443,644
Property taxes receivable	1,249
Delinquent property taxes receivable	17,156
	$ 462,049

Unearned property taxes receivable consist of property taxes levied for the next fiscal year. These amounts have been offset by unearned property tax revenue in the district-wide and governmental fund financial statements.

7. Property Taxes Receivable, Continued

Property taxes receivable consist of property taxes received within the first 30 days after the end of the District's fiscal year that relate to taxes levied for the current or prior fiscal years.

Delinquent property taxes receivable consist of property taxes levied for the current and prior fiscal years, which were not collected within the current period or within the first 30 days after the end of the District's fiscal year. These amounts have been offset by a deferred inflow of resources in the governmental fund financial statements.

8. Capital Assets

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

	Balance September 30, 2023	Additions	Transfers	Disposals	Balance September 30, 2024
Buildings and improvements	$ 1,615,247	$ 12,000	$ --	$ --	$ 1,627,247
Equipment and fixtures	58,122	9,723	--	(2,800)	65,045
Library collection	226,493	14,293	--	(6,525)	234,261
Computers	7,322	--	--	--	7,322
Capital assets in service	1,907,184	36,016	--	(9,325)	1,933,875
Accumulated depreciation	(605,295)	(101,569)	--	8,812	(698,052)
	1,301,889	(65,553)	--	(513)	1,235,823
Construction in progress	--	22,541	--	--	22,541
Land	95,000	--	--	--	95,000
	$ 1,396,889	$ (43,012)	$ --	$ (513)	$ 1,353,364

Depreciation expense for governmental activities has not been allocated to any of the District's individual functions. Rather, the District has included all depreciation related to governmental activities as a single line item on the Statement of Activities. Depreciation expense for 2024 was $101,569.

In October 2016, land with a fair value of $20,000 was donated to the District with the restriction that the land continue to be used for the purpose of operating a library (see Note 9).

9. Restricted Assets

In October 2016, land with a fair value of $20,000 was donated to the District with the restriction that the land continue to be used for the purpose of operating a library. Accordingly, the District recognized the property's fair value at the time of the donation as donation revenue and restricted net position.

10. Short-Term Borrowings

The District had no short-term borrowings at September 30, 2024, nor were there any short-term borrowings or repayments for the year then ended.

11. Long-Term Obligations

No portion of accrued compensated absences was considered to be due and payable as of September 30, 2024. Accordingly, the District has not recorded any amount of accrued compensated absences in the governmental fund financial statements.

A summary of changes in long-term obligations of the District for the year ended September 30, 2024 is as follows:

	Long-Term Obligations September 30, 2023	Long-Term Obligations Incurred	Long-Term Obligations Paid	Long-Term Obligations September 30, 2024	Due Within One Year
Compensated absences	$ 3,617	$ 6,462	$ (1,391)	$ 8,688	$ 8,688

12. Public Employee Retirement System of Idaho Base Plan

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 the 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 PERSI Board, which is 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 be Idaho citizens who are 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 for 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 (five 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% 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, up to a maximum of the Consumer Price Index increase or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

12. Public Employee Retirement System of Idaho Base Plan, Continued

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, which are expressed as percentages of annual covered payroll, if current rates are actuarially determined to be inadequate or in excess of the rates needed to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate. Through June 30, 2024, the required contribution rate as a percentage of covered payroll for members was 6.71%. The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.18%. Beginning July 1, 2024, the rates increased to 7.18% and 11.96%, respectively. The District's employer contributions required and paid were $29,311 for the year ended September 30, 2024.

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

At September 30, 2024, the District reported a liability (asset) of $189,118 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the Base Plan relative to the total contributions of all participating PERSI Base Plan employers. At September 30, 2024, the District's proportionate allocation was 0.000050558.

For the year ended September 30, 2024, the District recognized net pension expense (expense offset) of $58,820. 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
Contributions made subsequent to the measurement date	$ 7,245	$ --
Change in proportionate share	8,253	--
Changes in assumptions or other inputs	7,492	--
Differences between expected and actual experience	30,109	--
Net difference between projected and actual earnings on investments	--	3,433
Total	$ 53,099	$ 3,433

The amount reported as deferred outflows of resources related to pensions resulting from the District's contributions made subsequent to the measurement date, in the amount of $7,245, will be recognized as a reduction of the net pension liability for the year ending September 30, 2025.

12. Public Employee Retirement System of Idaho Base Plan, Continued

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

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

Year Ending September 30,	
2025	$ 12,406
2026	37,368
2027	(4,023)
2028	(3,330)
	$ 42,421

The amortization of the net difference between projected and actual earnings on investments is amortized over a closed 5-year period, beginning in the current fiscal year. The amortization period for changes in assumptions or other inputs and differences between expected and actual experience is based on the average expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees). The amortization period, which was determined at July 1, 2023, the beginning of the measurement period ended June 30, 2024, is 4.4 years.

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 including inflation	3.05%
Investment rate of return, net of investment expenses	6.35%
Cost-of-living 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.

12. Public Employee Retirement System of Idaho Base Plan, Continued

Actuarial Assumptions, Continued

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% 5% of Fire & Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2021.
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 from 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of the System's assets. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

The following are the Board's adopted asset allocation policies for the Pension Trust Funds (DB Plans, adopted November 2019) and for the Sick Leave Insurance Reserve Funds (Sick Leave, adopted March 2021), as of June 30, 2023:

Asset Class	DB Plans	Sick Leave
Fixed Income	30.00%	39.30%
US/Global Equity	55.00%	10.70%
Developed Foreign Equities	15.00%	50.00%
Cash	0.00%	0.00%
Total	100.00%	100.00%

12. Public Employee Retirement System of Idaho Base Plan, Continued

Actuarial Assumptions, Continued

The following capital market assumptions are as of 2023.

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

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the Base Plan's 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 (Asset)

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

	1% Decrease (5.35%)	Current Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	$ 359,383	$ 189,118	$ 50,055

Pension Plan Fiduciary Net Position

Detailed information about the Base 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.

12. Public Employee Retirement System of Idaho Base Plan, Continued

Payables to the Pension Plan

At September 30, 2024, the District reported no payables to the defined benefit pension plan for legally required employer contributions or legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

13. Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

Adjustments to reconcile the Governmental Fund Balance Sheet to the Statement of Net Position are as follows:

Total fund balance, Governmental Fund Balance Sheet		$ 461,027
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund:		
The cost of capital assets is	$ 2,051,417	
Accumulated depreciation is	(698,053)	
		1,353,364
Property taxes receivable will be collected, but are not available soon enough to pay liabilities of the current period, and are therefore deferred inflows of resources in the governmental fund.		17,156
Noncurrent liabilities (assets), including compensated absences, capital lease obligation and the net pension liability (asset), are not due and payable in the current period and therefore are not reported in the governmental fund:		
Compensated absences, due within one year	(8,688)	
Net pension liability (asset)	(189,118)	
		(197,806)
Deferred outflows and deferred inflows of resources pertaining to the net pension liability (asset) are not financial resources and therefore are not reported in the governmental fund:		
Deferred outflows related to pensions	53,099	
Deferred inflows related to pensions	(3,433)	
		49,666
Total net position, Statement of Net Position		$ 1,683,407

14. Reconciliation of the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

Adjustments to reconcile the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities are as follows:

Net change in fund balance, Governmental Fund		$ 7,487
Some property taxes will not be collected until several months after the District's fiscal year end, and therefore will not be available to pay liabilities of the current period. Accordingly, they are recorded as deferred inflows of resources. They are, however, recorded as revenue in the Statement of Activities. The change in deferred property taxes in 2024 is an adjustment.		373
In the Statement of Activities, certain operating expenses, including compensated absences and net pension expense (expense offset), are measured by the amount incurred during the current year. In the governmental fund, expenditures for these items are measured by the amount of financial resources used (i.e., the amount actually paid). In the current year, the amount earned exceeded the amount paid.		(34,580)
In governmental funds, proceeds from the sale of capital assets are recognized as revenues. However, in the Statement of Activities, the book value of capital assets disposed of is deducted from the proceeds to determine the gain or loss on the disposal of capital assets. The net book value of capital assets disposed of in the current year created a loss.		(513)
Capital outlays to purchase capital assets are reported as expenditures in the governmental fund. In the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation. Amounts recognized for these items in the current year are as follows:		
Capital outlays	$ 58,557	
Depreciation expense	(101,569)	
		(43,012)
Change in net position, Statement of Activities		$ (70,245)

15. Risk Management

Risk Pool

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in the Idaho Counties Risk Management Pool (ICRMP) to provide general liability and property insurance. The District, along with other participating entities, contributes annual amounts determined by ICRMP's management. As claims arise, they are submitted to and paid by ICRMP. If necessary, ICRMP may assess members additional amounts to cover losses. No such additional assessments were made during 2024, or in any of the previous three years.

16. Contingent Liabilities

Grant Programs

The District occasionally receives financial assistance from local, state and federal governmental agencies in the form of grants, which are governed by various rules and regulations of the grantor agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the District's independent auditors and other governmental auditors. Therefore, if the District has not complied with the terms and conditions governing the grants, refunds of any money received may be required, and the collectability of any related receivables at September 30, 2024 may be impaired. Based on prior experience, the District's administration believes such amounts, if any, would be immaterial.

Litigation

The District's management is not aware of any pending claims against the District at September 30, 2024. The District has no reserve established for the payment of uninsured claims. Expenditures are recognized when amounts are paid.

Required Supplementary Information

West Bonner Library District
Budgetary Comparison Schedule
Year Ended September 30, 2024

	Budgeted Amounts		Actual Modified Accrual Basis	Variances Positive/(Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Taxes, primarily property	$ 468,266	$ 468,266	$ 480,101	$ -	$ 11,835
Grants and contributions	18,000	18,000	43,561	-	25,561
Penalties and interest	-	-	3,276	-	3,276
Charges for services	840	840	8,857	-	8,017
Copies and fines	4,100	4,100	5,695	-	1,595
Miscellaneous revenue	8,595	8,595	823	-	(7,772)
Investment earnings	-	-	41	-	41
Total revenues	499,801	499,801	542,354	-	42,553
Expenditures:					
Salary, burden and fringe benefits	339,504	339,504	354,488	-	(14,984)
Advertising	100	100	1,668	-	(1,568)
General and administrative	43,150	43,150	25,952	-	17,198
Insurance	6,948	6,948	5,642	-	1,306
Library materials and technology	22,700	22,700	27,409	-	(4,709)
Maintenance and repairs	32,000	32,000	28,542	-	3,458
Postage and meter	500	500	782	-	(282)
Professional services	18,450	18,450	19,114	-	(664)
Rent	800	800	815	-	(15)
Supplies	6,100	6,100	6,532	-	(432)
Utilities	17,700	17,700	19,659	-	(1,959)
Capital outlays	11,849	11,849	44,264	-	(32,415)
Total expenditures	499,801	499,801	534,867	-	(35,066)
Net change in fund balance	-	-	7,487	-	7,487
Total fund balance, beginning of year	453,540	453,540	453,540	-	-
Total fund balance, end of year	$ 453,540	$ 453,540	$ 461,027	$ -	$ 7,487

See Independent Auditor's Report and Note to Budgetary Comparison Schedule.

West Bonner Library District
Note to Budgetary Comparison Schedule
September 30, 2024

1. Basis of Presentation

The budgetary comparison schedule has been prepared on the modified accrual basis of accounting, which is the same basis of accounting used in the governmental fund financial statements. The modified accrual basis of accounting and the account groupings reflected in the governmental fund financial statements differ from the presentation and account groupings required by Idaho Statutes for Board of Trustees' budgetary control at the functional level as described in Note 4 to the Financial Statements. As a result, the budgetary comparison schedule at page 26 discloses nine instances in which actual expenditures exceeded budgeted expenditures. In fact, there were no instances in which actual expenditures exceeded budgeted expenditures at the functional levels required by Idaho Statutes.

West Bonner Library District
Schedule of Employer's Share of the Net Pension Liability - PERSI Base Plan
Last 10 Plan Years

Plan Year	Employer's Portion of NPL	Employer's Proportionate Share of NPL (a)	Employer's Covered Employee Payroll (b)	Employer's NPL as a Percentage of Covered Payroll (a / b)	Plan Net Position as a Percentage of Total Pension Liability
2015	0.000044872	$ 59,089	$ 131,224	45.03%	91.38%
2016	0.000047838	96,975	139,909	69.31%	87.26%
2017	0.000040732	64,024	126,514	50.61%	90.68%
2018	0.000033442	49,328	107,595	45.85%	91.69%
2019	0.000038126	43,520	129,492	33.61%	93.79%
2020	0.000042879	99,571	152,965	65.09%	88.22%
2021	0.000044687	(3,529)	166,765	-2.12%	100.36%
2022	0.000048833	192,343	192,630	99.85%	83.09%
2023	0.000046155	184,190	196,249	93.86%	83.83%
2024	0.000050558	189,118	241,091	78.44%	85.54%

Data reported is measured as of June 30 of each respective plan year.

West Bonner Library District
Schedule of Employer Contributions - PERSI Base Plan
Last 10 Fiscal Years

Fiscal Year	Statutorily Required Contribution (a)	Actual Employer Contribution (b)	Contribution Excess (Deficiency) (b - a)	Employer's Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b / c)
2015	$ 14,532	$ 14,532	$ -	$ 128,375	11.32%
2016	15,983	15,983	-	141,192	11.32%
2017	13,440	13,440	-	118,724	11.32%
2018	12,551	12,551	-	110,878	11.32%
2019	15,310	15,310	-	133,677	11.45%
2020	18,996	18,992	(4)	159,092	11.94%
2021	20,063	20,063	-	168,032	11.94%
2022	23,486	23,496	10	196,704	11.94%
2023	23,585	23,585	-	200,198	11.78%
2024	29,311	29,311	-	247,599	11.84%

Data reported is measured as of September 30 of each respective fiscal year.

West Bonner Library District
Notes to PERSI Base Plan Schedules
September 30, 2024

1. Changes in Benefit Terms

There were no changes in benefit terms during the Plan year ended June 30, 2024.

2. Changes in Composition of the Population

There were no changes in the composition of the population during the Plan year ended June 30, 2024.

3. Changes in Assumptions

There were no significant changes in actuarial assumptions during the Plan year ended June 30, 2024.

Compliance Report

DECORIA, BLAIR & TEAGUE, PS

Certified Public Accountants
Business Consultants
Micheal A. DeCoria, CPA
Brandon J. Blair, CPA
David W. Teague, CPA

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*

Board of Trustees
West Bonner Library District
Priest River, 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 the General Fund of West Bonner Library District ("the District"), as of and for the year ended September 30, 2024, and the notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon, dated April 24, 205.

Report on Internal Control over Financial Reporting

In planning and performing our audit, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose 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 described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be significant deficiencies, which were considered to be, in the aggregate, a material weakness.

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 deficiencies described in the accompanying Schedule of Findings and Responses as Findings 2024-001 through 2024-003, in the aggregate, to be a material weakness.

A *significant deficiency* is a deficiency, or 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 deficiencies described in the accompanying Schedule of Findings and Responses as Findings 2024-001 through 2024-003 to be significant deficiencies.

Report on Compliance and Other Matters

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

The District's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The sole purpose of this report is 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.

DeCoria, Blair & Teague, PS

DeCoria, Blair & Teague, P.S.
Spokane, Washington

April 24, 2025

West Bonner Library District
Schedule of Findings and Responses
Year Ended September 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

The independent auditor's report expressed unmodified opinions on the basic financial statements of West Bonner Library District.

The audit of the financial statements of West Bonner Library District disclosed three significant deficiencies in internal control over financial reporting.

The significant deficiencies in internal control over financial reporting were considered to be, in the aggregate, a material weakness.

The audit disclosed no compliance findings material to the financial statements of West Bonner Library District.

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of non-compliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Finding 2024-001

Condition	The overall size and experience of the District's accounting department makes it difficult to allow for a complete segregation of duties for an effective system of internal control over financial reporting. The District's management continues to implement various procedures to improve segregation of duties related to most of the day-to-day operations. However, the District has a limited number of individuals with sufficient understanding of the accounting principles necessary to provide adequate oversight and review of the various financial reporting requirements in accordance with accounting principles generally accepted in the United States of America.
Criteria	An effective system of internal control over financial reporting requires that closely related duties be segregated, including duties outside of the day-to-day operations. These additional functions specifically relate to the various reporting requirements in accordance with accounting principles generally accepted in the United States of America; general journal entries; nonroutine or unusual transactions; recording of restrictions of fund balances and net position classifications; and the modified accrual and accrual bases of accounting for financial reporting purposes. In addition, an effective system of internal control over financial reporting requires adequate oversight and review procedures.

Finding 2024-001, Continued

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. In addition, transactions outside of the day-to-day operations generally contain a higher degree of complexity and, therefore, result in a greater risk that a material misstatement related to these transactions would not be detected and corrected on a timely basis.
Cause	The District's staff is too small to allow a complete segregation of duties, and adequate oversight and review of the various financial reporting requirements.
Recommendation	Although the District's staff is not large enough to permit a complete segregation of duties for an effective system of internal control over financial reporting, specifically related to duties outside of the day-to-day operations, we recommend that officials be aware that the condition does exist. In addition, we recommend that month-end, quarter-end and year-end closing procedures, as applicable, continue to be evaluated for potential opportunities to improve segregation of duties, as well as oversight and review procedures. Finally, the District may consider consulting with external sources who have sufficient knowledge and experience related to the various financial reporting requirements specific to governmental districts, for unusual or overly complex accounting issues, as deemed necessary, or to assist in oversight and review procedures of more complex and unusual accounting matters.
Management's Response	Management and the District's Board of Trustees are aware of this condition. Management believes that the District has minimized the risk to the degree possible, given the size of the District, the limited number of office staff, and associated costs or other considerations. However, management and the Board of Trustees will continue to evaluate whether it is appropriate to hire an external accounting firm to assist with developing and implementing documented procedures, or to assist in oversight and review procedures of more complex and unusual accounting matters.

Finding 2024-002

Condition	Due in part to the Organization's size and limited resources, month-end and year-end closing procedures are not formalized and documented, and are not always performed in a timely manner.
Criteria	An effective system of internal control over financial reporting includes periodically reconciling each general ledger account, and adjusting the recorded balances if necessary.
Effect	In connection with performing our audit testing, we proposed several audit adjustments to correct account balances. Clarified Statements on Auditing Standards Section 265, *Communicating Internal Control Related Matters Identified in an Audit* (AU-C 265), indicates that identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control should at least be regarded as a significant deficiency and should be considered as a strong indicator of a material weakness in internal control.
Cause	The Organization does not have formalized, documented procedures for periodically reviewing and reconciling each general ledger account.
Recommendation	We recommend that month-end and year-end closing procedures be developed, documented and implemented. The implementation of such procedures should reduce or eliminate the need for audit adjustments.
Management's Response	The District will continue to develop and implement documented procedures for reconciling and adjusting account balances throughout and at the end of the fiscal year.

Finding 2024-003

Condition	The District's records lack the necessary support for certain of the amounts in the district-wide financial statements.
Criteria	Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* (GASB No. 34) established financial reporting requirements and a reporting model for the annual financial reports of state and local governments. The financial information required by GASB No. 34 includes district-wide financial statements, including the Statement of Net Position and the Statement of Activities. These statements are similar to the financial statements of traditional, for-profit entities, and include noncurrent assets such as capital assets (e.g., buildings, equipment, etc.) and noncurrent liabilities such as bonds payable and capital lease obligations.
Effect	The adoption of GASB No. 34 created the need for additional recordkeeping that the District is not fully performing at this time.
Cause	The financial statements of state and local governments did not previously include these noncurrent assets and liabilities. GASB No. 34 has imposed additional recordkeeping requirements on the District that have not heretofore been implemented. One such example is the recording of capital assets.
Recommendation	We strongly recommend that the District develop the recordkeeping capabilities to comply with all the reporting requirements of GASB No. 34.
Management's Response	The District will implement the necessary recordkeeping procedures that will allow it to generate all of the amounts needed for financial reporting under GASB No. 34.

West Bonner Library District
Status of Prior Year Findings
Year Ended September 30, 2024

Finding 2023-001

Condition — The size of the District's staff is not large enough to permit an adequate segregation of duties for an effective system of internal control over financial reporting.

Status — This condition continues to exist at September 30, 2024. See Finding 2024-001.

Finding 2023-002

Condition — Due in part to the Organization's size and limited resources, month-end and year-end closing procedures are not formalized and documented, and are not always performed in a timely manner.

Status — This condition continues to exist at September 30, 2024. See Finding 2024-002.

Finding 2023-003

Condition — The District's records lack the necessary support for certain of the amounts in the district-wide financial statements.

Status — This condition continues to exist at September 30, 2024. See Finding 2024-003.