

# Financial Statements

Meridian Library District  
Includes Supplementary Information  
Year Ended September 30, 2021



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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Meridian Library District  
Meridian, Idaho

### Report on the Financial Statements

We have audited the accompanying financial statements the governmental activities and each major fund of the Meridian Library District, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Meridian Library District, as of September 30, 2021, and the changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.





## **Other Matters**

### *Required Supplementary Information*

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the 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 opinions on the basic financial statement is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison and the schedule of employer's share of net pension liability and employer contributions information, as listed in the table of contents, 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 the 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2022, on our consideration of Meridian 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 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 Meridian Library District's internal control over financial reporting and compliance.

*Harris CPAs*

Meridian, Idaho  
January 20, 2022

## **BASIC FINANCIAL STATEMENTS**

**MERIDIAN LIBRARY DISTRICT**  
**STATEMENT OF NET POSITION**  
**September 30, 2021**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 10,407,363
Property taxes receivable	8,157,193
Sales tax receivable	108,164
Receivables, net	46,132
Prepaid expenses	87,531
Fixed assets, net	4,955,224
Net pension asset	<u>51,557</u>
Total Assets	23,813,164
<b>Deferred Outflows of Resources</b>	
Pension obligations	844,709
<b>Liabilities</b>	
Accounts payable	156,601
Accrued liabilities	254,331
Compensated absences	<u>201,101</u>
Total Liabilities	612,033
<b>Deferred Inflows of Resources</b>	
Deferred tax revenue	8,151,166
Pensions	<u>1,674,338</u>
Total Deferred Inflows	9,825,504
<b>Net Position:</b>	
Restricted	2,646,197
Net Investment in Capital Assets	4,955,224
Unrestricted	<u>6,618,915</u>
Total Net Position	<u>\$ 14,220,336</u>

See notes to financial statements.

**MERIDIAN LIBRARY DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended September 30, 2021

<u>PROGRAM REVENUES</u>				
<u>Expenses</u>	<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants &amp;</u> <u>Contributions</u>	<u>Capital</u> <u>Grants &amp;</u> <u>Contributions</u>	<u>Net (Expense)</u> <u>Revenue</u> <u>Changes in</u> <u>Net Position</u>
<b>Functions / Programs</b>				
Governmental Activities:				
Library services	\$ 4,808,086	\$ 24,445	\$ 80,233	\$ (4,703,408)
Supporting services	86,805			(86,805)
Depreciation – unallocated	394,046			(394,046)
Loss on disposal of capital assets	<u>124,462</u>			<u>(124,462)</u>
Total Governmental Activities	<u>\$ 5,413,399</u>	<u>24,445</u>	<u>80,233</u>	<u>(5,308,721)</u>
General Revenues				
				8,170,926
				20,974
				36,723
				<u>7,320</u>
				<u>Total General Revenues 8,235,943</u>
				Change in Net Position 2,927,222
				Net Position
				Beginning of Year <u>11,293,114</u>
				End of Year <u>\$ 14,220,336</u>

See notes to financial statements.

**MERIDIAN LIBRARY DISTRICT**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**September 30, 2021**

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	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 7,798,955	\$ 2,608,408	\$ 10,407,363
Property taxes receivable	8,157,193		8,157,193
Sales tax receivable	108,164		108,164
Receivables, net	46,132		46,132
Prepaid expenses	<u>87,531</u>		<u>87,531</u>
Total Assets	<u>\$ 16,197,975</u>	<u>\$ 2,608,408</u>	<u>\$ 18,806,383</u>
<b>Liabilities</b>			
Accounts payable	156,601		156,601
Accrued liabilities	<u>254,331</u>		<u>254,331</u>
Total Liabilities	410,932		410,932
<b>Deferred Inflows of Resources</b>			
Deferred tax revenue	8,151,166		8,151,166
<b>Fund Balances</b>			
Nonspendable	87,531		87,531
Restricted	37,789	2,608,408	2,646,197
Assigned	5,129,077		5,129,077
Unassigned	<u>2,381,480</u>		<u>2,381,480</u>
Total Fund Balances	<u>7,635,877</u>	<u>2,608,408</u>	<u>10,244,285</u>
Total Liabilities and Fund Balances	<u>\$ 16,197,975</u>	<u>\$ 2,608,408</u>	<u>\$ 18,806,383</u>

See notes to financial statements.



**MERIDIAN LIBRARY DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
September 30, 2021**

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Total fund balance – total governmental funds \$ 10,244,285

Amounts reported for governmental activities in the  
Statement of Net Position are different because

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds. These  
assets, net of accumulated depreciation, consist of:

Cost of capital assets	9,844,884	
Accumulated depreciation	<u>(4,889,660)</u>	
Total capital assets, net of accumulated depreciation		4,955,224

Net pension Asset		51,557
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Deferred outflows of resources not reported in the funds:		844,709
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Long-term liabilities, including bonds payable and accrued leave,  
are not due and payable in the current period and therefore are  
not reported as fund liabilities. These liabilities consist of:

Compensated absences payable	<u>(201,101)</u>	
Total long-term liabilities		(201,101)

Deferred inflows of resources not reported in the funds:		<u>(1,674,338)</u>
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Total Net Position of Governmental Activities		<u>\$ 14,220,336</u>
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**MERIDIAN LIBRARY DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>Revenue</b>			
Program Revenues			
Grants	\$ 80,233	\$	\$ 80,233
Fines and fees	18,129		18,129
Copy and print services	6,316		6,316
Total Program Revenue	104,678		104,678
General revenue			
Taxes	6,770,926	1,400,000	8,170,926
Earnings on investments	16,815	4,159	20,974
Donations and sponsorships	36,723		36,723
Other income	7,320		7,320
Total General Revenue	6,831,784	1,404,159	8,235,943
Total Revenue	6,936,462	1,404,159	8,340,621
<b>Expenditures</b>			
Library Services			
Salary and fringe benefits	3,806,194		3,806,194
Supplies, maintenance and operations	444,839		444,839
Collections and programs	620,991		620,991
Administrative	86,805		86,805
Professional services	57,944		57,944
Information technology	186,553		186,553
Library mobile services	12,597		12,597
Professional development	17,687		17,687
Other expenses	4,796		4,796
Total Library Services	5,238,406		5,238,406
Capital outlay	1,026,592	121,549	1,148,141
Total Expenditures	6,264,998	121,549	6,386,547
Excess of Revenue over Expenditures	671,464	1,282,610	1,954,074
<b>Other Financing Sources (Uses)</b>			
Transfers in (out)	(4,520)	4,520	0
Net Change in Fund Balances	666,944	1,287,130	1,954,074
<b>Fund Balance</b>			
Beginning of Year	6,968,933	1,321,278	8,290,211
End of Year	\$ 7,635,877	\$ 2,608,408	\$ 10,244,285

See notes to financial statements.

**MERIDIAN LIBRARY DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2021**

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Net change in fund balances – total governmental funds \$ 1,954,074

Amounts reported for governmental activities in the  
Statement of Activities are different because

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of those assets are allocated  
over their estimated useful lives as depreciation expense. In the current  
period, these amounts are:

Capital outlay	1,148,141	
Disposal of capital assets	(124,462)	
Depreciation expense	<u>(394,046)</u>	
Excess of capital outlay over depreciation expense		629,633

Under the modified accrual basis of accounting is used in the  
Governmental funds, expenditures are not recognized for  
transactions that are not normally paid with expendable financial  
resources. In the statement of activities, which is presented on the  
accrual basis, expenses and liabilities are reported regardless of  
financial resource availability.

Change in pension revenue	309,058	
Decrease in compensated absence payable	<u>34,457</u>	
		<u>343,515</u>

Change in Net Position of Governmental Activities \$ 2,927,222

# MERIDIAN LIBRARY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note A – Summary of Significant Accounting Policies

#### *General Statement*

Meridian Library District (the District) was organized under the provisions of Idaho Code Section 33-2703. The District is supported by fines, fees, grants, property tax revenue and sales tax passed through Ada County. Under the direction of the District's board of trustees, staff provides technical support services.

#### *Financial Reporting Entity*

The general purpose financial statements, included herein, present the financial position, results of operations and changes in fund balance of certain governmental fund types of Meridian Library District. For financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by generally accepted accounting principles. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility including, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units for which they exercise authority over.

Meridian Library District is governed by an elected Board of Trustees which possesses final decision making authority and is held primarily accountable for those decisions. The Board of Trustees is responsible for approving the budget, establishing spending limitations, funding any deficits and borrowing funds and/or issuing bonds to finance construction.

#### *Basis of Presentation - Government-Wide Financial Statements*

The government-wide financial statements consist of a statement of net position and a statement of activities to report information about the District as a whole. The statement of net position reports all financial and capital resources. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

## MERIDIAN LIBRARY DISTRICT NOTES TO FINANCIAL STATEMENTS

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### Note A – Summary of Significant Accounting Policies (Continued)

#### *Basis of Presentation - Government-Wide Financial Statements (Continued)*

Taxes and other items not properly included among program revenues are reported instead as general revenues. Gains on the sale of capital assets are reported as general revenues, losses on the sale of capital assets are reported as function/program expenses. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### *Basis of Presentation – Fund financial Statements*

Fund financial statements report detailed information about the District. The District has only governmental funds. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. All remaining governmental funds are aggregated and presented in a single column as non-major funds.

The District reports the following major governmental funds:

- The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The *Capital Projects Fund* is used to account for financial resources to be used for the improvement, acquisition or construction of major capital assets. The Capital Projects Fund presented in the financial statements consists of Plant Facilities Levy collections used for the Orchard Park branch tenant improvements.

#### *Measurement Focus and Basis of Accounting*

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include: (1) fines and copy and print fees; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all ad valorem taxes.

## MERIDIAN LIBRARY DISTRICT NOTES TO FINANCIAL STATEMENTS

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### Note A – Summary of Significant Accounting Policies (Continued)

#### *Measurement Focus and Basis of Accounting (Continued)*

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is federal and state grants collected on a reimbursement basis, which are recognized as revenue when reimbursable expenditures are made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

#### *Budgets and Budgetary Accounting*

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

1. In August, the District submits a proposed budget for the fiscal year commencing the following October 1 that is ratified by the governing body. The fiscal year 2021 budget was approved on August 19, 2020.
2. The Director is the disbursement officer for all funds in accordance with the approved budget.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund.

The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

#### *Use of Estimates*

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

## MERIDIAN LIBRARY DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note A – Summary of Significant Accounting Policies (Continued)

##### *Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand, cash in banks, and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short-term maturities.

##### *Investments*

Idaho Code provides authorization for the investment of funds as well as specific direction regarding allowable investments. The District's policy is consistent with this direction. The District currently invests in interest bearing bank accounts and the State of Idaho local government investment pool.

##### *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

##### *Capital Assets*

The accounting treatment over equipment (fixed assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements - In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Assets costing more than \$1,000 with a useful life of three years or more are included in capital assets. Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The district holds land, buildings and various pieces of equipment with useful lives between 3 – 40 years.

Fund Financial Statements - In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

## MERIDIAN LIBRARY DISTRICT NOTES TO FINANCIAL STATEMENTS

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### Note A – Summary of Significant Accounting Policies (Continued)

#### *Accumulated Paid Time Off and Comp Time*

The District provides paid time off (PTO) and compensatory time to its employees. It is the District's policy to permit employees to accumulate earned but unused PTO and compensatory time off. A liability is reported for unpaid accumulated PTO for full-time employees up to 320 hours and for part-time employees who work over 20 hours a week up to 160 hours. The liability is also reported for unpaid accumulated compensatory time for all non-exempt employees up to 240 hours.

#### *Program Revenue*

All restricted federal and state contracts are shown as program revenue. Revenue from contracts, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Program expenses are allocated to restricted program revenue when both restricted and unrestricted revenues are available.

#### *Deferred Outflows and Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources. Deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future periods and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. As of September 30, 2021, the District has deferred outflows of \$844,709 related to pension plan obligations and deferred inflows of \$1,674,338 and \$8,151,166 related to the pension plan and property taxes, respectively.

#### *Unavailable and Advanced Revenue*

The District reports unavailable and advanced revenues on its Statement of Net Position and Fund Balance Sheet. Advanced revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for advanced revenue is removed from the balance sheet and the revenue is recognized.



**MERIDIAN LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Note A – Summary of Significant Accounting Policies (Continued)**

*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 (Base Plan) and additions to/deductions from Base Plan’s fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note B – Deposits with Financial Institutions and Investments**

Idaho Code provides authorization for the investment of funds as well as specific direction regarding allowable investments. The District's policy is consistent with this direction.

*Banking and Investment Policy*

As of September 30, 2021 the District had deposits or investments in the following accounts:

1. US Bank – General Checking (federally insured)
2. First Interstate Bank – Payroll (federally insured)
3. State of Idaho – Local Government Investment Pool (uncategorized)

The District considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents and they are carried at cost, which approximates market value.

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Fund</u>
Federally Insured	\$ 661,994	\$ 500,000	General
Uncollateralized	1,180	175,635	General
Collateralized by securities held by the pledging financial institution:	7,135,781	7,135,781	General
	<u>2,608,408</u>	<u>2,608,408</u>	Capital Projects
	<u>\$ 10,407,363</u>	<u>\$ 10,419,824</u>	

## MERIDIAN LIBRARY DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note B – Deposits with Financial Institutions and Investments

##### *Credit Risk*

Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's, and Fitch's. The LGIP terminated its rating service in December 2009 as the cost of the rating outweighed the benefit to the pool as a whole. The funds objectives and overall strategy and structure has not changed.

##### *Interest Rate Risk*

Interest rate risk is the risk that the changes in market interest rates will adversely impact the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates. The District's banking and investment policy ranks yield behind safety and liquidity when making deposit and investment decisions, and invests accordingly to meet these policy requirements.

##### *Custodial Credit Risk*

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The Federal Deposit Insurance Corporation (FDIC) insures \$250,000 of the bank balance. At September 30, 2021, \$9,919,824 of the District's deposits in financial institutions were uninsured by the FDIC. \$9,744,189 of the uninsured balance was deposited in the LGIP.

##### *Concentration of Credit Risk*

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The GASB has adopted a principal that governments should provide note disclosure when five percent of the total entities investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The District does not have any such investments.

**MERIDIAN LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Note C – Receivables**

Receivables at September 30, 2021 are as follows:

2021 Property taxes	\$ 8,114,897
2020 Property taxes	31,758
Previous years property taxes	<u>10,538</u>
Property taxes	8,157,193
Sales tax	108,164
Fines	51,386
Fines allowance	(40,595)
Other receivables	<u>35,341</u>
	<u>154,296</u>
Net total receivables	<u>\$ 8,311,489</u>

**Note D – Pension Plan**

*Plan Description*

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

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

**MERIDIAN LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note D – Pension Plan (Continued)**

Employee membership data related to the PERSI Base Plan, as of June 30, 2021 was as follows:

Retirees and beneficiaries	50,894
Terminated and vested	14,539
Terminated and non-vested	31,179
Active plan members	
Vested	44,539
Non-vested	<u>29,024</u>
	<u>170,175</u>

*Pension Benefits*

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

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

*Member and Employer Contributions*

Member and employer contributions paid to the Base Plan are set by statute and are established as a 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.

**MERIDIAN LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Note D – Pension Plan (Continued)**

*Member and Employer Contributions (Continued)*

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2021 it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% general employees and 12.28% for police and firefighters. The District’s contributions were \$289,840 for the year ended September 30, 2021.

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

At September 30, 2021, Meridian Library District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Meridian Library District’s proportion of the net pension liability was based on Meridian Library District share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2021, Meridian Library District proportion was 0.0652799 percent.

For the year ended September 30, 2021, Meridian Library District recognized pension expense of \$522,331. At September 30, 2021 Meridian Library District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual expense	\$ 591,804	\$ 1,649,324
Changes in assumptions or other inputs	40,416	25,014
Net difference between projected and actual earnings on pension plan investments	75,962	0
Changes in the employer’s proportion and differences between the employer’s contributions and the employer’s proportionate contributions	60,573	0
Meridian Library District’s contributions subsequent to the measurement date	<u>75,954</u>	<u>0</u>
Total	<u>\$ 844,709</u>	<u>\$ 1,674,338</u>

**MERIDIAN LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note D – Pension Plan (Continued)**

\$76,991 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2021.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2020 the beginning of the measurement period ended June 30, 2020 is 4.8 and 4.8 for the measurement period June 30, 2021.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	(230,895)
2023	(208,084)
2024	(181,842)
2025	(360,737)

*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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return, net of investment expenses	7.05%
Cost-of-living adjustments	1.00%.

## MERIDIAN LIBRARY DISTRICT NOTES TO FINANCIAL STATEMENTS

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### Note D – Pension Plan (Continued)

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2021 is based on the results of an actuarial valuation date of July 1, 2021.

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

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

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

**MERIDIAN LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Note D – Pension Plan (Continued)**

The capital market assumptions are as of 2020.

*Capital Market Assumptions*

<b>Asset Class</b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Nominal Rate of Return (Arithmetic)</u></b>	<b><u>Long-Term Expected Real Rate of Return (Arithmetic)</u></b>
Core Fixed Income	30.00%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return, Net of Investment Expenses		5.85%	3.49%
Portfolio Long-Term Real Rate of Return, Net of Investment Expenses			4.14%
Portfolio Standard Deviation			14.16%

**Valuation Assumptions Chosen by PERSI Board**

Long-Term Expected Real Rate of Return, Net of Investment Expenses	4.05%
Assumed Inflation	3.00%

<b>Long-Term Expected Nominal Rate of Return, Net of Investment Expenses</b>	<b>7.05%</b>
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**MERIDIAN LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Note D – Pension Plan (Continued)**

*Discount Rate*

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 7.05%, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

	1% Decrease (6.05%)	Current Discount Rate (7.05%)	1% Increase (8.05%)
Employer's proportionate share of the net pension liability (asset)	\$ <u>1,792,220</u>	\$ <u>(51,557)</u>	\$ <u>(1,562,937)</u>

*Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

*Payables to the pension plan*

At September 30, 2021, Meridian Library District reported payables to the defined benefit pension plan of \$9,369 for legally required employer contributions and no outstanding employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

**MERIDIAN LIBRARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

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**Note E – Fixed Assets**

A summary of changes in general fixed assets follows:

	<u>September 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2021</u>
Capital assets not being depreciated:				
Land	\$ 906,966	\$ 29,093	\$ (777)	\$ 935,282
Construction in progress	885,053	979,153	(1,629,399)	234,807
Artwork/collectibles	<u>25,500</u>	<u>0</u>	<u>0</u>	<u>25,500</u>
Total capital assets not being depreciated	1,817,519	1,008,246	(1,630,176)	1,195,589
Assets being depreciated:				
Buildings	2,844,734	1,600,306		4,445,040
Improvements	1,165,734	8,000		1,173,734
Equipment	<u>3,501,950</u>	<u>160,988</u>	<u>(632,417)</u>	<u>3,030,521</u>
	7,512,418	1,769,294	(632,417)	8,649,295
Accumulated depreciation	<u>(5,004,346)</u>	<u>(394,046)</u>	<u>508,732</u>	<u>(4,889,660)</u>
Net capital assets being depreciated	<u>2,508,072</u>	<u>1,375,248</u>	<u>(123,685)</u>	<u>3,759,635</u>
Net capital assets	<u>\$ 4,325,591</u>	<u>\$ 2,383,494</u>	<u>\$ (1,753,861)</u>	<u>\$ 4,955,224</u>

**Note F – Compensated Absences**

The following shows the activity in compensated absences at September 30, 2021.

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>
Compensated absences	\$ <u>235,558</u>	\$ <u>315,074</u>	\$ <u>(349,531)</u>	\$ <u>201,101</u>

## MERIDIAN LIBRARY DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note G – Fund Balance

As of September 30, 2021, fund balances of the governmental funds are classified as follows:

Non-Spendable - includes balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. As of September 30, 2021, there was \$87,531 non-spendable fund balance.

Restricted For - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as grantors and creditors or amounts constrained due to constitutional provisions or enabling legislation. As of September 30, 2021, there was \$37,789 and \$2,608,408 restricted fund balance. Amounts were restricted for programs and capital projects, respectively.

Committed To – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end. The Board of Trustees are the highest level of decision making authority for the District. Commitments may be established through resolutions approved by the Board of Trustees. As of September 30, 2021, there were no amounts committed for any purpose.

Assigned To – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the finance committee or executive director. As of September 30, 2021, there are amounts of \$5,129,077 assigned for Capital Repair and Replacement.

Unassigned – includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees or the finance committee has provided otherwise in its commitment or assignment actions.

**MERIDIAN LIBRARY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note H – Operating Lease**

The District leases buildings that house their locations throughout Meridian, Idaho and office equipment. Monthly payments due under the building leases are \$8,883 and increase 4% per year, expiring September 2022. Monthly payments due under the office equipment leases range from \$162 - \$1,241. The equipment leases expire at various dates through November 1, 2023.

In July 2020, the District entered into a lease agreement to house the new 15,000-square-foot library branch in the Orchard Park commercial development project in North Meridian. The lease is for 240 months, including two five year options, commencing after the District has satisfied certain requirements under the agreement some of which are outstanding as of September 30, 2021. The monthly base rent ranges from \$17,917 to \$20,741 per month.

The future lease payments as of September 30, 2021 are as follows:

2022	\$	122,798
2023		7,501
2024		881
2025		<u>881</u>
	\$	<u>132,061</u>

Lease expense for the year ended September 30, 2021 was \$115,495.

**Note I – Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases liability insurance through Idaho Counties Risk Management Program.

There were no significant reductions in insurance coverage from the prior year, and there have been no settlements that exceed the District's insurance coverage.

**REQUIRED SUPPLEMENTARY INFORMATION**

**MERIDIAN LIBRARY DISTRICT**  
**BUDGETARY (GAAP BASIS) COMPARISON SCHEDULE – GENERAL FUND**  
**For the Year Ended September 30, 2021**

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	
<b>Revenues</b>				
Property taxes	\$ 6,247,196	\$ 6,247,196	\$ 6,394,359	\$ 147,163
Sales taxes	192,000	290,000	376,567	86,567
Fines and fees	10,000	10,000	18,129	8,129
Copy and print services	14,900	5,300	6,316	1,016
Earnings on investments	89,200	23,400	16,815	(6,585)
Grants	52,700	65,000	80,233	15,233
Donations and sponsorships	9,000	16,410	36,723	20,313
Other	<u>1,000</u>	<u>6,490</u>	<u>7,320</u>	<u>830</u>
Total Revenue	<u>6,615,996</u>	<u>6,663,796</u>	<u>6,936,462</u>	<u>272,666</u>
<b>Expenditures</b>				
Salary and fringe benefits	4,401,844	3,999,393	3,806,194	193,199
Supplies, maintenance and operations	604,724	490,060	444,839	45,221
Collections and programs	777,142	703,162	620,991	82,171
Administrative	114,937	97,937	86,805	11,132
Professional services	44,650	31,650	57,944	(26,294)
Information technology	266,764	259,764	186,553	73,211
Library mobile services	17,050	13,800	12,597	1,203
Professional development	43,034	22,034	17,687	4,347
Other expenses	2,200	3,200	4,796	(1,596)
Capital outlay	<u>789,768</u>	<u>1,042,796</u>	<u>1,026,592</u>	<u>16,204</u>
Total Expenditures	<u>7,062,113</u>	<u>6,663,796</u>	<u>6,264,998</u>	<u>398,798</u>
<b>Other Financing Sources</b>				
Carryover	446,117	0	0	0
Transfer in (out)	<u>0</u>	<u>0</u>	<u>(4,520)</u>	<u>(4,520)</u>
Total Other Financing Sources	<u>446,117</u>	<u>0</u>	<u>(4,520)</u>	<u>(4,520)</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 666,944</u>	<u>\$ 666,944</u>

**MERIDIAN LIBRARY DISTRICT**  
**BUDGETARY (GAAP BASIS) COMPARISON SCHEDULE – CAPITAL PROJECTS FUND**  
**For the Year Ended September 30, 2021**

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	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	
<b>Revenues</b>				
Property taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	\$ 0
Earnings on investments	<u>14,000</u>	<u>4,500</u>	<u>4,159</u>	<u>(341)</u>
Total Revenue	<u>1,414,000</u>	<u>1,404,500</u>	<u>1,404,159</u>	<u>(341)</u>
<b>Expenditures</b>				
Capital outlay	<u>2,660,300</u>	<u>694,856</u>	<u>121,549</u>	<u>573,307</u>
<b>Other Financing Sources</b>				
Carryover	1,246,300	1,246,300	0	(1,246,300)
Transfer in (out)	<u>0</u>	<u>0</u>	<u>4,520</u>	<u>4,520</u>
Total Other Financing Sources	<u>1,246,300</u>	<u>1,246,300</u>	<u>4,520</u>	<u>(1,241,780)</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$ 0</u>	<u>\$ 1,955,944</u>	<u>\$ 1,287,130</u>	<u>\$ (668,814)</u>

**MERIDIAN LIBRARY DISTRICT**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND**  
**EMPLOYER CONTRIBUTIONS**  
**For the Year Ended Septmeber 30, 2021**

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**Schedule of Employer's Share of Net Pension Liability**

**PERSI - Base Plan**

**Last 10 - Fiscal Years \***

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Employer's portion of net the pension liability	0.0515553%	0.0581803%	0.061663%	0.063218%	0.064223%	0.062110%	0.065280%
Employer's proportionate share of the net pension liability	\$ 678,899	\$ 1,179,404	\$ 969,241	\$ 932,472	\$ 733,092	\$ 1,442,283	\$ (51,557)
Employer's covered-employee payroll	\$ 1,438,254	\$ 1,684,570	\$ 1,926,394	\$ 2,058,088	\$ 2,209,503	\$ 2,275,706	\$ 2,427,469
Employer's proportionate share of net pension liability as a percentage of its covered-employee payroll	47.20%	70.01%	50.31%	45.31%	33.18%	63.38%	-2.12%
Plan fiduciary net position as a percentage of total pension liability	48.01%	87.26%	90.68%	91.69%	93.79%	88.22%	100.36%

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

Data reported is measured as of June 30, 2021 (measurement date)

**Schedule of Employer Contributions**

**PERSI - Base Plan**

**Last 10 - Fiscal Years \***

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Statutorily required contribution	\$ 162,810	\$ 172,948	\$ 218,067	\$ 232,976	\$ 252,694	\$ 271,719	\$ 289,840
Contributions in relation to statutorily required contribution	\$ 162,810	\$ 192,621	\$ 218,067	\$ 232,976	\$ 252,694	\$ 271,719	\$ 290,877
Contribution (deficiency) excess	\$ -	\$ 19,673	\$ -	\$ -	\$ -	\$ -	\$ 1,037
Employer's covered-employee payroll	\$ 1,438,254	\$ 1,684,570	\$ 1,926,394	\$ 2,058,088	\$ 2,209,503	\$ 2,275,706	\$ 2,427,469
Contributions as a percentage of covered-employee payroll	11.32%	11.43%	11.32%	11.32%	11.44%	11.94%	11.98%

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

See accompanying notes to basic financial statements.



**FEDERAL REPORTS**

## INDEPENDENT AUDITORS' 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  
Meridian Library District  
Meridian, 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 Governmental Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Meridian Library District, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise Meridian Library District's basic financial statements, and have issued our report thereon dated January 20, 2022.

### Internal Control over Financial Reporting

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





## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meridian Library 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*.

## Purpose of this Report

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

Harris CPAs

Meridian, Idaho  
January 20, 2022

