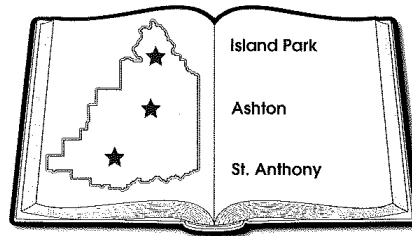


**FREMONT COUNTY
DISTRICT LIBRARIES**



"3 TOGETHER IS BETTER!"

**Basic Financial Statements
and
Required Supplementary Information
with
Independent Auditors' Report
Year Ended September 30, 2022**

FREMONT COUNTY DISTRICT LIBRARY
Table of Contents
September 30, 2022

Independent Auditors’ Report..... 1-3

Basic Financial Statements

Statement of Net Position.....4

Statement of Activities5

Balance Sheet – Governmental Funds.....6

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position7

Statement of Revenues, Expenditures, and Changes in Fund
Balances – Governmental Funds8

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to
the Statement of Activities.....9

Notes to Financial Statements 10-22

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund
Balances – Budget and Actual – General Fund.....23

Schedule of Employer’s Share of Net Pension Liability24

Schedule of Employer Contributions.....25

**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* 26-27**

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Fremont County District Library
Ashton, Idaho

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Fremont County Library as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Fremont County Library basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the Fremont County Library, as of September 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Fremont County Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Fremont County Library ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fremont County Library'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 Fremont County Library's ability to continue as a going concern for a reasonable period of time.

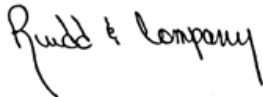
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our 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 omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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.

A handwritten signature in cursive script that reads "Rudd & Company".

Rexburg, Idaho
February 3, 2023

FREMONT COUNTY DISTRICT LIBRARY
Statement of Net Position
September 30, 2022

Assets

Cash and cash equivalents	\$ 220,509
Receivables	
Property taxes	9,156
Net Right to use lease asset	425,433
Capital Assets	
Buildings and equipment, net of depreciation	<u>379,966</u>
 Total Assets	 <u>1,035,064</u>

Deferred Outflows of Resources

Pension	<u>134,561</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 1,169,625</u>

Liabilities

Compensated absences	\$ 12,839
Payroll liabilities	32,953
Short term lease liability	22,375
Noncurrent liabilities:	
Long term lease liability	410,255
Net Pension Liability	<u>245,445</u>
 Total Liabilities	 <u>723,867</u>

Deferred Inflows of Resources

Pension	<u>1,096</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>724,963</u>

Net Position

Invested in capital assets, net of related debt	379,966
Unrestricted	<u>64,697</u>
 Total Net Position	 <u>\$ 444,663</u>

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

FREMONT COUNTY DISTRICT LIBRARY
Statement of Activities
Year Ended September 30, 2022

Functions/Programs	<u>Program Revenues</u>				<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Revenue</u> <u>and Changes</u> <u>in Net Assets</u>
Governmental Activities:					<u>Total</u> <u>Governmental</u> <u>Activities</u>
General government	\$ 679,486	\$ 29,849	\$ -	\$ -	\$ (649,637)
Total Governmental Activities	\$ 679,486	\$ 29,849	\$ -	\$ -	(649,637)
General Revenues:					
					566,644
					344
					<u>566,988</u>
					(82,649)
					<u>527,312</u>
					<u>\$ 444,663</u>

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

FREMONT COUNTY DISTRICT LIBRARY
Balance Sheet
Governmental Funds
September 30, 2022

Assets

Cash and cash equivalents	\$ 220,509
Receivables	
Property taxes	<u>9,156</u>
Total Assets	<u>\$ 229,665</u>

Liabilities and Fund Balances

Liabilities	
Payroll liabilities	<u>32,953</u>
Total Liabilities	<u>32,953</u>
Deferred Inflows of Resources	
Unavailable revenues	<u>7,816</u>
Fund Balances	
Unassigned	<u>188,896</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 229,665</u>

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

FREMONT COUNTY DISTRICT LIBRARY
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2022

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

Total Fund Balance - Governmental Funds	\$ 188,896
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$703,892 and the accumulated depreciation is \$323,926.	379,966
Lease related items not reported on fund balances sheets	
Net right to use asset	425,433
Lease liability	(431,955)
Accrued interest	(674)
Compensated absences are accrued when earned.	(12,839)
Pension related items not reported in the fund financial reporting level	
Deferred Outflows	134,561
Deferred inflows	(1,096)
Net pension Liability	(245,445)
Property tax revenue is recognized when earned rather than when available.	<u>7,816</u>
Total Net Position - Governmental Activities	<u>\$ 444,663</u>

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

FREMONT COUNTY DISTRICT LIBRARY
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended September 30, 2022

Revenues

Local Sources:

Property taxes	566,092
Earnings on investments	344
Other	29,849

Total Revenues 596,285

Expenditures

Current:

Salaries and benefits	417,533
Library materials and operating costs	165,512
Capital outlay	47,432

Total Expenditures 630,477

Excess of Expenditures over Revenues (34,192)

Fund Balance Beginning of Year 223,088

Fund Balance End of Year \$ 188,896

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

FREMONT COUNTY DISTRICT LIBRARY
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2022

Net Changes in Fund Balances - Total Governmental Funds	\$ (34,192)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Less depreciation	(53,251)
Add capital outlay	23,894
<p>Governmental funds do not recognize compensated absences as expenditures until they are paid. In contrast, the Statement of Activities treats compensated absences as a long-term liability. This is the net change in compensated absence liabilities.</p>	
	(1,701)
<p>The governmental fund report current pension contributions as an expenditure. However, the amount recorded in the statements of activities represents the difference in the actuarially determined pension liability from the previous year to the current year.</p>	
	(10,754)
<p>The governmental fund report current lease payments as an expenditure. However, the amount recorded in the statements of activities represents the accrued interest over the lease liability and amortization of lease right of use over the life of the lease.</p>	
	(7,197)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:</p>	
Property taxes	552
	<hr/>
Change in Net Position of Governmental Activities	<u>\$ (82,649)</u>

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

FREMONT COUNTY DISTRICT LIBRARY
Notes to Financial Statements
September 30, 2022

1. Summary of Significant Accounting Policies

Reporting Entity

Fremont County District Library was created as a separate legal entity to provide reading and other educational materials to its patrons. The District is funded primarily through grants and property tax levies on Fremont County residents.

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

The Board of Trustees has responsibilities for all activities relating to the Fremont County District Library. The Board is not included in any other governmental “reporting entity” as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and the primary accountability for fiscal matters.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the District.

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. *Program revenues* include 1) charges to patrons who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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. Property 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.

FREMONT COUNTY DISTRICT LIBRARY
Notes to Financial Statements
September 30, 2022

1. Summary of Significant Accounting Policies (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 sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have, therefore, been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

The District reports the following major governmental fund:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District.

Budgetary Policy

The District prepares a budget for its general fund operations. The schedule of revenues and expenditures budget and actual—general fund presents comparison of the legally adopted budget with the actual data on a budgetary basis.

Under Idaho Code, the District's budget establishes maximum legal authorization for expenditures during the fiscal year. Expenditures are not to exceed the budgeted amounts, except as allowed by the Code for certain events. The budget was not amended during 2022.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

FREMONT COUNTY DISTRICT LIBRARY
Notes to Financial Statements
September 30, 2022

1. Summary of Significant Accounting Policies (continued)

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Furniture	10
Equipment	7
Computer Equipment	5

Use of Estimates

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

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balances represent tentative plans for future use of financial resources that are subject to change.

Deferred Outflows/Inflows of Resources

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

The District has one type of deferred outflows of resources. The amounts relates to the District's allocable share of the effect of changes of assumptions during the year on the valuation of the net pension liability. This amount is reportable only in the government-wide financial statements.

FREMONT COUNTY DISTRICT LIBRARY
Notes to Financial Statements
September 30, 2022

1. Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The District has two types of item in this area. One item, which arises only under a modified accrual basis of accounting, unavailable revenue, is reported only in the governmental funds balance sheet and represents unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. This is reported in the governmental funds. The second type of deferred inflows of resources relates to the effect on the calculation of the net pension liability of the difference between projected and actual investment earnings on the defined benefit pension plan. This is reported in the government-wide financial statements.

Pensions

For the purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Retirement System of Idaho Based 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.

Tax Abatements

Per GASB No. 77, governments that enter into tax abatement agreements are to disclose pertinent information about the agreements in the notes to the financial statements. Per the County Treasurer, the District had no tax abatements for fiscal year 2022.

2. Cash and Investments

The District maintains a primary checking account and several short term savings accounts at local financial institutions.

The District's cash accounts are insured through the Federal Deposit Insurance Corporation up to \$250,000 per depository.

1. Deposits – At September 30, 2022, the carrying amount of the District's deposits was \$220,509 and the respective bank balances totaled \$226,887.

FREMONT COUNTY DISTRICT LIBRARY
Notes to Financial Statements
September 30, 2022

2. Cash and Investments (Continued)

2. Custodial Credit Risk, Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned. As of September 30, 2022, \$-0- of the District’s total deposits of \$226,887 were not covered by federal depository insurance, and thus were exposed to custodial credit risk.
3. Investments – As of September 30, 2022 the District had no investments.

3. Property Tax

Property taxes of the District are based on the assessments against property owners. Tax levies on such assessed values are certified to the County prior to the commencement of the fiscal year. Taxes are collected by Fremont County and remitted to the District primarily in January and July of the fiscal year. Accordingly, the tax revenues for the year ended September 30, 2022 are based on the assessed values and tax revenues established in 2021.

The District defers recognition of property taxes assessed but not collected within sixty days of the fiscal year-end. Such amounts will be recognized as revenues in the fiscal year they become available.

4. Capital Assets

Capital asset activity for the year ended September 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Buildings and improvements	544,389	-	-	544,389
Furniture and equipment	139,540	23,894	(3,931)	159,503
Leased fixed assets	-	453,580	-	453,580
Total capital assets being depreciated	<u>683,929</u>	<u>477,474</u>	<u>(3,931)</u>	<u>1,157,472</u>
Accumulated depreciation:				
Buildings and improvements	129,616	13,296	-	142,912
Furniture and equipment	144,990	39,955	(3,931)	181,014
Leased fixed assets	-	28,147	-	28,147
Total accumulated depreciation	<u>274,606</u>	<u>81,398</u>	<u>(3,931)</u>	<u>352,073</u>

5. Pension 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 System) that covers substantially all employees of the State of Idaho, its agencies, and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

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

Pension Benefits

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

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement 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. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

FREMONT COUNTY DISTRICT LIBRARY
Notes to Financial Statements
September 30, 2022

5. Pension Plan (continued)

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2022 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters of covered compensation. The District's contributions were \$29,556, for the year ended September 30, 2022.

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

At September 30, 2022, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2022, the District's proportion was .0062315 percent.

For the year ended September 30, 2022, the District recognized pension expense (revenue) of \$66,620. At September 30, 2022, 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
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 56,474	\$ -
Changes in assumptions or other inputs	40,015	-
Net difference between projected and actual earnings on pension plan investments	26,990	1,096
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	3,624	-
Employer contributions subsequent to the measurement date	7,458	-
	<u> </u>	<u> </u>
Total	<u>\$ 134,561</u>	<u>\$ 1,096</u>

FREMONT COUNTY DISTRICT LIBRARY
Notes to Financial Statements
September 30, 2022

5. Pension Plan (continued)

The \$7,458 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, 2022.

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, 2022 the beginning of the measurement period ended June 30, 2021 is 4.6 and 4.6 for the measurement period June 30, 2022.

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>Fiscal Year</u>	
2023	(32,138)
2024	(33,056)
2025	(14,362)
2026	(46,731)
2027	280

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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35 net of investment expenses
Cost-of-living adjustments	1%

5. Pension Plan (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-02010 Teacher Tables, increased 12%
Teachers – Females Pub-2010 Teacher Tables, increased 21%
Fire & Police – Males Pub-2010 Safety Tables, increased 21%
Fire & Police – Females Pub-2010 Safety Tables, increased 26%
Disabled Members – Males Pub-2010 Disabled Tables, increased 38%
Disabled Members – Females Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions other than mortality. The Total Pension Liability as of June 30, 2022 is based on the results of an actuarial valuation date of July 1, 2022.

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.

FREMONT COUNTY DISTRICT LIBRARY
Notes to Financial Statements
September 30, 2022

5. Pension Plan (continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2022.

2021

Asset Class	DB Plans	Sick Leave
Fixed Income	30.0%	50.0%
US/Global Equity	55.0%	39.3%
International Equity	15.0%	10.7%
Cash	0.0%	0.0%
Total	100.0%	100.0%

FREMONT COUNTY DISTRICT LIBRARY
Notes to Financial Statements
September 30, 2022

5. 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 6.35 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	\$ 433,186	\$ 245,445	\$ 91,783

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.

At September 30, 2022, the District reported payables to the defined benefit pension plan of \$2,504 for legally required employer contributions and \$1,502 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

FREMONT COUNTY DISTRICT LIBRARY
Notes to Financial Statements
September 30, 2022

6. Subsequent Events

In preparing these financial statements, the District has evaluated events and transaction for potential recognition or disclosure through February 3, 2023, the date the financial statements were available to be issued.

7. Fund Balances

Fund balance is classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

Unassigned fund balance – amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other governmental funds, it may be necessary to report a negative residual balance as unassigned.

Details of constraints on fund balances of governmental funds:

	<u>General Fund</u>	<u>Total</u>
Fund Balances:		
Unassigned	<u>\$ 188,896</u>	<u>\$ 188,896</u>
Total fund balances	<u>\$ 188,896</u>	<u>\$ 188,896</u>

8. Change in accounting principles

For 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the District’s 2022 financial statements. The District recognized \$453,580 in net book value for the intangible right to use and a lease liability of \$453,580 for a buildings leased in November 2019 and September 2017.

FREMONT COUNTY DISTRICT LIBRARY
Notes to Financial Statements
September 30, 2022

9. Leases

Lease agreements are summarized as follows:

Describe	Date	Payment Terms	Payment Amount	Interest Rate	Lease Liability at September 30, 2022
St. Anthony Bldg	9/1/2017	120 months	\$1,423	4.25%	\$76,073
Island Park Bldg	11/19/2019	360 months	1,800	4.75%	355,883
Total Lease Agreements					<u>\$431,956</u>

The St. Anthony Building was leased for a Community Library. The initial lease was for five years the lease can be renewed for an additional five years, which the City anticipates renewing for an additional term. The interest rate on the lease is fixed at 4.25% as of September 2017 the commencement of the lease.

The Island Park Building was leased for a Community Library. The initial lease was for fifteen years the lease can be renewed for an additional fifteen years, which the City anticipates renewing for an additional term. The interest rate on the lease is fixed at 4.75% as of November 2019 the commencement of the lease.

Annual requirements to amortize long-term obligations and related interest are as follows:

Years ending September 30	Principial	Interest
2023	\$ 21,701	\$ 16,977
2024	22,545	16,133
2025	23,514	15,164
2026	24,477	14,201
2027	24,056	13,199
2028-2032	49,137	58,863
2033-2037	60,111	47,889
2038-2042	73,485	34,515
2043-2047	89,836	18,164
2048-2052	43,093	1,907

Required Supplementary Information

FREMONT COUNTY DISTRICT LIBRARY
Schedule of Revenues, Expenditures and Changes in Fund
Balances – Budget and Actual – General Fund
Year Ended September 30, 2022

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Local Sources:			
Property taxes	\$ 679,873	\$ 566,092	\$ (113,781)
Earnings on investments	-	344	344
Other	16,350	29,849	13,499
	<u>696,223</u>	<u>596,285</u>	<u>(99,938)</u>
Expenditures			
Current:			
Salaries and benefits	437,225	417,533	19,692
Library materials and operating costs	195,346	165,512	29,834
Capital outlay	63,652	47,432	16,220
	<u>696,223</u>	<u>630,476</u>	<u>65,747</u>
Excess of Revenues over Expenditures	-	(34,191)	(34,191)
Fund Balance Beginning of Year	<u>223,088</u>	<u>223,088</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 223,088</u>	<u>\$ 188,897</u>	<u>\$ (34,191)</u>

See Independent Auditor's Report

FREMONT COUNTY DISTRICT LIBRARY
Schedule of Employer's Share of Net Pension Liability
PERSI Base Plan - Last 10 Fiscal Years*

	Employer's Portion of net the pension liability	Employer's Proportionate share of the net pension liability	Employer's covered- employee payroll	Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net postion as a percentage of the total pension liability
2015	0.00642%	\$ 84,590	\$ 187,299	45.16%	91.38%
2016	0.00715%	144,035	212,857	67.67%	87.26%
2017	0.00746%	117,335	277,012	42.36%	87.26%
2018	0.00706%	104,160	228,064	45.67%	87.26%
2019	0.00620%	70,793	229,917	30.79%	97.16%
2020	0.00660%	153,286	239,929	63.89%	93.79%
2021	0.00638%	(5,040)	239,128	-2.11%	100.36%
2022	0.00623%	245,445	248,283	98.86%	83.09%

*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 years for which information is available.

Data reported is measured as of September 30, 2022.

See Independent Auditor's Report.

FREMONT COUNTY DISTRICT LIBRARY
Schedule of Employer Contributions
PERSI Base Plan - Last 10 Fiscal Years*

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution (deficiency) excess	Employer's covered- employee payroll	Contributions as a percentage of covered- employee payroll
2015	\$ 21,012	\$ 20,368	\$ (644)	\$ 187,299	10.87%
2016	23,524	24,095	571	212,857	11.32%
2017	25,173	24,397	(776)	277,012	8.81%
2018	27,423	25,817	(1,606)	228,064	11.32%
2019	23,845	26,387	2,542	229,917	11.48%
2020	25,899	28,648	2,749	239,929	11.94%
2021	25,167	28,552	3,385	239,128	11.94%
2022	28,856	29,645	789	248,283	11.94%

*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 years for which information is available.

Data reported is measured as of September 30, 2022.

See Independent Auditor's Report.

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*

To the Board of Trustees
Fremont County Library District
Ashton, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Fremont County Library District, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Fremont County Library District basic financial statements, and have issued our report thereon dated February 3, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fremont County Library District 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 Fremont County Library District internal control. Accordingly, we do not express an opinion on the effectiveness of the Fremont County Library District internal control.

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

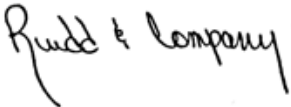
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

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.

A handwritten signature in cursive script that reads "Rudd & Company".

Rexburg, Idaho
February 3, 2023