

**COMMUNITY LIBRARY NETWORK &
COOPERATIVE INFORMATION NETWORK**

AUDITED FINANCIAL STATEMENTS

Year Ended September 30, 2023

Prepared By

ALPINE SUMMIT CPAs

TAX, ASSURANCE, ACCOUNTING, ADVISORY

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INDEPENDENT AUDITOR'S REPORT

ALPINE SUMMIT CPAs

TAX, ASSURANCE, ACCOUNTING, ADVISORY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Community Library Network & Cooperative Information Network
Hayden, ID 83835

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities of Community Library Network and each major fund, and the business-type activities of the component unit, Cooperative Information Network, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Community Library Network's and Cooperative Information Network's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Community Library Network and each major fund, and the business-type activities of the component unit, Cooperative Information Network, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Library Network and Cooperative Information Network and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Library Network's and Cooperative Information Network's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Library Network's and Cooperative Information Network'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 Community Library Network's and Cooperative Information Network'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, the schedule of Community Library Network's share of net pension liability and the schedule of Community Library Network's contributions, and the budgetary comparison information as listed in the table of contents 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2024 on our consideration of Community Library Network's and Cooperative Information Network'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Community Library Network's and Cooperative Information Network's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Library Network's and Cooperative Information Network's internal control over financial reporting and compliance.

Alpine Summit CPAs

Alpine Summit CPAs
Post Falls, Idaho
May 10, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Community Library Network & Cooperative Information Network

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2023

As management of the Community Library Network (the "District") and Cooperative Information Network (component unit of Community Library Network), we offer readers of the District's and Component Unit's financial statements this narrative overview and analysis of the financial activities of the District and Component Unit for the fiscal year ended September 30, 2023.

FINANCIAL HIGHLIGHTS

- Several income lines have exceeded budget expectations for the fiscal year ending September 30, 2023. Due to rising construction costs, inclement weather and/or lack of contractors, some capital projects have been postponed. These are contributing factors to ending the fiscal year with more carryforward funds than anticipated to start the next fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the District's and Component Unit's basic financial statements, which have four components:

1. Government-wide financial statements,
2. Fund financial statements,
3. Component unit financial statements,
4. Notes to the financial statements

This report also contains required supplementary information in addition to the basic financial statements themselves.

The District operates two types of funds – a general fund (which reports standard operations of the District) and a debt service fund (which reports bond-related information).

The Component Unit operates one business type fund.

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 40 of this report.

Required supplementary information further explains and supports the financial statement by including a comparison of the District's budget data for the year.

Government-wide Financial Statements

The government-wide statements report information about the District and the Component Unit as a whole using accounting methods similar to those used by private-sector companies. The two government-wide statements report the District's and the Component Unit's net position and how they have changed.

Component Unit information is discretely presented in the government-wide statements.

The *statement of net position* (similar to what is commonly known in private industry as a balance sheet) presents information on the District's and Component Unit's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in the District's and Component Unit's net position are one indicator of whether their financial position is improving or deteriorating, respectively.

Community Library Network & Cooperative Information Network

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Current assets include cash and cash equivalents in bank accounts, and taxes receivable. Capital assets reports cost of property, equipment, and books and material collections owned by the District and Component Unit net of accumulated depreciation on these assets.

Short-term liabilities are amounts owed by the District and Component Unit and include accounts payable and accrued interest. The District's only long-term liability is for the bonds that were sold in October 2005, pursuant to citizens' approval in August 2005. See note 5 on pages 31-32 in the notes to the financial statements for additional information about this bond. The Component Unit does not have long-term liabilities.

Net position: is the mathematical difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources and is separated into three categories: Net investment in capital assets, restricted and unrestricted.

The *statement of activities* (similar to what is commonly known as an income statement in private industry) presents information showing how the government's net position changed during the most recent fiscal year. As one would expect, activities of the District are not self-supporting and this statement clearly shows that the District provides services to its "customers", rather than generates income from them – as is its mission. During the current year the Component Unit recognized operating income of \$4,559.

Government-wide financial statements can be found on pages 11 - 12 of this report.

In the government-wide financial statements, the District's activities are all classified as governmental activities, as the District has only governmental type funds, the general fund, and debt service fund. Their component unit, the Cooperative Information Network, is classified as a business-type fund.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Community Library Network and Cooperative Information Network, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of *governmental funds* is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Community Library Network maintains two (2) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, both of which are considered to be major funds.

Community Library Network & Cooperative Information Network

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

Community Library Network adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement for its general fund has been provided to demonstrate compliance with these budgets.

Proprietary Funds – The Component Unit maintains one proprietary fund. This fund is used to account for member contributions and related operating expenses.

FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$8,103,980 as of September 30, 2023. The following Table 1 presents a summary of the District's net position for the years ended September 30, 2023 and 2022.

**Table 1
Community Library Network
Statements of Net Position
September 30, 2023 and 2022**

	2023	2022
ASSETS		
Current and other assets	\$ 3,831,818	\$ 3,905,077
Capital assets, net of accumulated depreciation	6,324,734	6,468,374
Other long-term assets	9,571	11,294
Total assets	10,166,123	10,384,745
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows	842,473	1,090,172
LIABILITIES		
Long-term liabilities outstanding	629,961	876,515
Net pension liability	2,094,213	2,036,723
Other liabilities	132,533	98,989
Total liabilities	2,856,707	3,012,227
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	47,909	79,614
NET POSITION		
Net investment in capital assets	5,800,345	5,701,908
Restricted for grants and HRA	326,868	479,436
Unrestricted	1,976,767	2,201,732
Total net position	\$ 8,103,980	\$ 8,383,076

By far the largest portion of the District's net position reflects its investment in capital assets (e.g. buildings and real property, equipment and furniture and fixtures).

Community Library Network & Cooperative Information Network

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2023

FINANCIAL ANALYSIS (continued)

Net Position (continued)

Cooperative Information Network's assets exceeded liabilities by \$59,454 as of September 30, 2023. The following Table 2 presents a summary of the Component Unit's net position for the years ended September 2023 and 2022.

Table 2
Cooperative Information Network
Statements of Net Position
September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current and other assets	\$ 70,545	\$ 62,474
Total assets	<u>70,545</u>	<u>62,474</u>
LIABILITIES		
Other liabilities	11,091	7,296
Total liabilities	<u>11,091</u>	<u>7,296</u>
NET POSITION		
Unrestricted	59,454	55,178
Total net position	<u>\$ 59,454</u>	<u>\$ 55,178</u>

Community Library Network & Cooperative Information Network

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2023

FINANCIAL ANALYSIS (CONTINUED)

Changes in Net Position

The District's total revenues for the fiscal year ended September 30, 2023, were \$5,648,364. Total expenses were \$5,927,460 resulting in a decrease of \$279,096 in net position. Table 3 shows the changes in net position for the fiscal year's ended September 30, 2023, and 2022.

Table 3
Community Library Network
Changes in Net Position
For the Years Ending September 30, 2023 and 2022

	2023	2022
REVENUES		
Program revenues:		
Charges for services	\$ 34,192	\$ 20,267
Capital and operating grants and contributions	52,384	284,049
	86,576	304,316
General revenues:		
Taxes and assessments	5,177,457	5,121,382
Intergovernmental revenue	309,303	262,500
Other revenue	17,037	6,959
Interest	57,991	1,685
Total general revenues	5,561,788	5,392,526
Total revenues	5,648,364	5,696,842
EXPENSES		
General library services	5,260,359	4,626,240
Children's programs	43,972	38,707
Adult programs	21,462	20,956
Outreach	24,385	21,128
Interest expense	32,113	51,396
Amortization expense	1,723	-
Defined benefit plan expense	543,446	(21,794)
Total expenses	5,927,460	4,736,633
CHANGES IN NET POSITION	\$ (279,096)	\$ 960,209

As shown in Table 3, the District relies on local property taxes and assessments for 92% of its governmental activities.

Community Library Network & Cooperative Information Network

**MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2023**

FINANCIAL ANALYSIS (CONTINUED)

Changes in Net Position (continued)

Cooperative Information Network’s total revenues for the fiscal year ended September 30, 2023, were \$329,194. Total expenses were \$324,635 resulting in an increase of \$4,559 in net position. Table 4 shows the changes in net position of the Component Unit for the fiscal year’s ended September 30, 2023, and 2022.

**Table 4
Cooperative Information Network
Changes in Net Position
For the Years Ending September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
REVENUES		
Program revenues:		
Charges for services	\$ 329,194	\$ 309,813
Total revenues	<u>329,194</u>	<u>309,813</u>
EXPENSES		
Program expenses	<u>324,635</u>	<u>325,319</u>
CHANGES IN NET POSITION	<u>\$ 4,559</u>	<u>\$ (15,506)</u>

Governmental Activities – Fund Statements

The District completed the year with a total governmental unassigned fund balance of \$2,269,519, which is down from the prior year unassigned fund balance by \$141,820.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District received \$1,090 less in property taxes (which includes personal property tax replacement and property tax relief) than budgeted in 2023. Intergovernmental revenues were above budget expectations by \$84,303.

Operating expenditures were less than budgeted as several line items were not completely expended due to Federal and State support for internet connectivity, staff vacancies, and conservative spending. Savings in those lines allowed for an increase in expenditures for various repairs and maintenance, utilities, legal and professional services, postage and snow removal. As a total, actual expenditures for the fiscal ended below budget. Capital expenditures this fiscal year included lighting upgrades for the Post Falls. The Hayden roof capital project was postponed to the next fiscal year due to weather conditions.

Grant revenues came in above budget and expenditures were above budget. Grant expenditures do not always equal revenues, as grant expenses do not always occur in the same fiscal period in which the revenues are received. Many grants are offered on cycles other than the Community Library Network fiscal year and do not correlate well within the audited fiscal year timeline.

Community Library Network & Cooperative Information Network

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended September 30, 2023

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District has invested approximately \$15.4 million in a broad range of capital assets, including buildings, land, vehicles, collections, equipment and furniture & fixtures. Total accumulated depreciation on these assets amounts to \$9,118,078 on September 30, 2023. The component unit does not have capital assets.

Asset acquisitions for the District totaled \$510,942 for the current fiscal year.

See note 4 on page 31 in the notes to the financial statements for detail changes in capital assets.

Long-term Debt

At the end of the fiscal year, Community Library Network had total bonded debt outstanding of \$520,000 of which \$255,000 is payable within one year. The component unit does not have long-term debt.

The amount of long-term bonded debt retired during the fiscal year ending September 30, 2022, was \$240,000. Also included in long-term debt at fiscal year-end is a liability for compensated absences in the amount of \$101,575.

See note 5 on pages 31-32 in the notes to the financial statements for detail changes in long-term debt.

ECONOMIC FACTORS AND CONDITIONS CONSIDERATION

It continues to be important that the Trustees monitor the replacement of aging equipment, vehicles and fixtures within the District. Property tax collections were stable during the year, although real estate values in the District are seeing significant increases. It is anticipated that the Board of Trustees will carefully consider the need for using the 3% budget increase allowed by law, as well as considering service cost increases due to inflation.

Cooperative Information Network - CIN, a component-unit of CLN, is a company managing the automation systems and courier service for 14 additional libraries, as well as for the Community Library Network. Fiscal year 2022-2023 was a stable year of operations for CIN.

FACTORS BEARING ON THE DISTRICT AND THE COMPONENT UNIT

The major factor which may bear on the District in the immediate future is the increase in new construction values, aging facilities and systems including HVAC, roofing, data, and electrical in need of repair or replacement, staff wages continuing to fall below market value, and increased legal fees. The passing of House Bill 710 may have a significant impact on the District's legal risk.

CONTACTING THE DISTRICT'S OR COMPONENT UNIT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's and the Component Unit's finances and to demonstrate their accountability for the resources it receives. If you have questions about this report or need additional information, please contact Community Library Network. The mailing address is 821 N Spokane Street, Post Falls, ID 83854 or stop by the District office which is located at the same address. The District's telephone number is 208-773-1506; email alexae@communitylibrary.net

BASIC FINANCIAL STATEMENTS

Community Library Network & Cooperative Information Network
STATEMENT OF NET POSITION
September 30, 2023

	Primary Government Governmental Activities	Component Unit Cooperative Information Network
ASSETS		
Cash and cash equivalents	\$ 3,121,327	\$ 37,588
Restricted cash	326,868	-
Receivables	383,623	20,039
Prepaid expenses	-	12,918
Capital assets not being depreciated	295,640	-
Capital assets, net of accumulated depreciation	6,029,094	-
Right-to-use asset, net of amortization	9,571	-
Total assets	<u>10,166,123</u>	<u>70,545</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows	<u>842,473</u>	<u>-</u>
LIABILITIES		
Accounts payable and accrued expenses	71,233	11,091
Accrued payroll	55,594	-
Accrued interest	3,900	-
Noncurrent liabilities:		
Due within one year	255,246	-
Due within one year, lease liabilities	1,806	-
Due in more than one year	366,818	-
Due in more than one year, lease liabilities	7,897	-
Net pension liability	2,094,213	-
Total liabilities	<u>2,856,707</u>	<u>11,091</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	<u>47,909</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	5,800,345	-
Restricted grants and donations	326,868	-
Unrestricted	1,976,767	59,454
Total net position	<u>\$ 8,103,980</u>	<u>\$ 59,454</u>

*See accompanying notes to the financial statements
and independent auditors' report.*

Community Library Network & Cooperative Information Network
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

FUNCTIONS/PROGRAMS:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities				
General library services	\$ 5,260,359	\$ 34,192	52,384	\$ -
Children's programs	43,972	-	-	-
Adult programs	21,462	-	-	-
Outreach	24,385	-	-	-
Interest on long-term debt	32,113	-	-	-
Amortization expense	1,723	-	-	-
Defined benefit plan (income) expense	543,446	-	-	-
Total governmental activities	\$ 5,927,460	\$ 34,192	\$ 52,384	\$ -
Component unit:				
Cooperative Information Network	\$ 324,635	\$ 329,194	\$ -	\$ -
Total component unit	\$ 324,635	\$ 329,194	\$ -	\$ -

General revenues:

Property taxes, levied for general purposes

Property taxes, levied for bond payment

Intergovernmental revenue

Other revenue

Interest and investment earnings

Loss on fixed asset disposals

Total general revenues

Change in net position

Net position - October 1, 2022 - restated

Net position - September 30, 2023

See accompanying notes to the financial statements and independent auditors' report.

Community Library Network & Cooperative Information Network
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Component Unit
Governmental Activities	Cooperative Information Network
\$ (5,173,783)	\$ -
(43,972)	-
(21,462)	-
(24,385)	-
(32,113)	-
(1,723)	-
(543,446)	-
(5,840,884)	-
-	4,559
-	4,559
4,903,497	-
273,960	-
309,303	-
17,037	-
57,991	-
-	-
5,561,788	-
(279,096)	4,559
8,383,076	54,895
\$ 8,103,980	\$ 59,454

*See accompanying notes to the financial statements
and independent auditors' report.*

**Community Library Network & Cooperative Information Network
BALANCE SHEET
ALL GOVERNMENTAL FUNDS
September 30, 2023**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 3,121,327
Restricted cash	326,868
Accounts receivable	86,651
Property tax receivable	296,972
Total assets	\$ 3,831,818
LIABILITIES	
Accounts payable and accrued expenses	\$ 71,233
Accrued payroll	55,594
Total liabilities	126,827
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-property taxes	277,380
Total deferred inflows of resources	277,380
FUND BALANCES	
Restricted grants and donations	326,868
Assigned for capital asset repair and replacement	831,224
Unassigned	2,269,519
Total fund balances	3,427,611
Total liabilities, deferred inflows of resources and fund balances	\$ 3,831,818

*See accompanying notes to the financial statements
and independent auditors' report.*

Community Library Network & Cooperative Information Network
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2023

Total fund balances at September 30, 2023 - Governmental Funds	\$ 3,427,611
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:	6,324,734
Intangible assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	9,571
Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore, are not reported in the funds:	
Deferred outflows of resources-pension plan	842,473
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:	
Elimination of unavailable revenue - property taxes	277,380
Deferred inflows of resources represent an acquisition of fund equity that will be recognized as an inflow of resources in a future period and therefore, are not reported in the funds:	
Deferred inflows of resources-pension plan	(47,909)
Net pension liability	(2,094,213)
Some liabilities are not due and payable in the current period and therefore, are not reported in the funds. Those liabilities consist of:	
Accrued interest on bonds	(3,900)
Bond premium (net of amortization)	(489)
Bonds payable	(520,000)
Long-term leases payable	(9,703)
Compensated absences	(101,575)
	(635,667)
Net position of governmental activities at September 30, 2023	\$ 8,103,980

See accompanying notes to the financial statements and independent auditors' report.

Community Library Network & Cooperative Information Network
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENT FUNDS
For the Year Ended September 30, 2023

	General Fund	Debt Service Fund	Total
REVENUES			
Property taxes	\$ 5,094,219	\$ -	\$ 5,094,219
Bond levy taxes	-	273,960	273,960
Intergovernmental revenue	309,303	-	309,303
Grants	52,384	-	52,384
Interest	57,991	-	57,991
Other revenue	51,229	-	51,229
Total revenues	<u>5,565,126</u>	<u>273,960</u>	<u>5,839,086</u>
EXPENDITURES			
Personnel expense	3,624,582	-	3,624,582
Operating expense	1,252,863	-	1,252,863
Grant expense	55,458	-	55,458
Capital outlay	529,285	-	529,285
Debt service:			
Principal payments	1,770	240,000	241,770
Interest	230	33,960	34,190
Total expenditures	<u>5,464,188</u>	<u>273,960</u>	<u>5,738,148</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>100,938</u>	<u>-</u>	<u>100,938</u>
NET CHANGE IN FUND BALANCES	100,938	-	100,938
FUND BALANCES, beginning - restated	3,326,673	-	3,326,673
FUND BALANCES, ending	<u>\$ 3,427,611</u>	<u>\$ -</u>	<u>\$ 3,427,611</u>

*See accompanying notes to the financial statements
and independent auditors' report.*

**Community Library Network & Cooperative Information Network
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023**

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - total governmental funds	\$	100,938
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
Capital Outlay		529,285
Depreciation		(691,739)
Loss on disposal of capital assets		-
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Difference between property taxes on modified accrual basis versus accrual basis		(190,722)
<p>Amortization of intangible assets is recognized as an expense in the statement of activities</p>		
		(1,723)
<p>The issuance of long-term debt (e.g., bonds, leased) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Debt principal payments considered as an expenditure		241,770
Change in accrued interest		1,831
Bond Premium Amortization		246
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
(Increase)/ Decrease in Compensated Absence Liability		4,502
<p>The net pension effect related to the pension expense recognized for the year.</p>		
PERSI contributions		269,962
Defined benefit plan expense		(543,446)
		(273,484)
Change in net position of governmental activities	\$	(279,096)

See accompanying notes to the financial statements and independent auditors' report.

Community Library Network & Cooperative Information Network
STATEMENT OF NET POSITION
COMPONENT UNIT
September 30, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$	37,588
Accounts receivable		20,039
Prepaid expenses		12,918
Total current assets		70,545

LIABILITIES

Current liabilities:

Accounts payable		11,091
Total current liabilities		11,091

NET POSITION

Unrestricted		59,454
Total net position	\$	59,454

*See accompanying notes to the financial statements
and independent auditors' report.*

Community Library Network & Cooperative Information Network
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
COMPONENT UNIT
For the Year Ended September 30, 2023

OPERATING REVENUES	
Community Library Network member contributions	\$ 78,779
Coeur d'Alene member contributions	24,646
Other member contributions	38,961
EBooks-membership	10,000
EBooks-member contributions	176,808
Total operating revenues	<u>329,194</u>
OPERATING EXPENSES	
Supplies	182,926
Courier services	71,913
System maintenance	44,884
EBSCO Discovery	9,241
Ebooks	10,000
Professional fees	3,821
Other operating expenses	1,850
Total operating expenses	<u>324,635</u>
OPERATING INCOME	<u>4,559</u>
CHANGE IN NET POSITION	4,559
NET POSITON, beginning of year	<u>54,895</u>
NET POSITION, end of year	<u><u>\$ 59,454</u></u>

*See accompanying notes to the financial statements
and independent auditors' report.*

Community Library Network & Cooperative Information Network
STATEMENT OF CASH FLOWS
COMPONENT UNIT
For the Year Ended September 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 309,194
Payments to suppliers	<u>(305,956)</u>
Net cash provided (used) by operating activities	<u>3,238</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,238
CASH, beginning of year	<u>34,350</u>
CASH, end of year	<u><u>\$ 37,588</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (Loss)	\$ 4,559
Adjustments to reconcile operating income to net cash (used) by operating activities:	
(Increase) decrease in assets:	
Accounts receivable	(20,000)
Prepaid expenses	7,588
Increase (decrease) in liabilities:	
(Increase) decrease in accounts payable	<u>11,091</u>
Net cash provided (used) by operating activities	<u><u>\$ 3,238</u></u>

*See accompanying notes to the financial statements
and independent auditors' report.*

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Community Library Network (the "District") was formed in 1985, and has branches in Post Falls, Athol, Harrison, Hayden, Pinehurst, Rathdrum, Spirit Lake, and an Outreach Branch (which includes the Bookmobile). The District is a political subdivision of the State of Idaho but is not part of State or County Government. The Community Library Network's mission statement is: "We Empower Discovery." The Community Library Network reflects our local communities through quality programs, services, and materials. The Board of Trustees and talented staff members believe in and offer lifelong learning opportunities in a customer-focused environment. People visiting the Community Library Network find beautiful buildings and virtual worlds that serve as social and learning centers with up-to-date tools for informational and recreational needs. Our libraries foster a love of reading, build intellectual self-confidence, and encourage life-long learning. People of all walks of life enjoy enriching experiences delivered within our libraries and in our communities. We are a dynamic, collaborative community leader, helping those who seek information and ideas to become better-informed citizens. The District operates under the Board of Trustees form of government, and record-keeping is centralized in the administrative offices at the District's administrative center.

Cooperative Information Network (CIN) is a component unit of the District, providing automation system services to its members. CIN's revenue sources are user fees paid by the District and various libraries and/or school districts in Kootenai, Shoshone, and Benewah Counties in Idaho, Liberty Lake Municipal Library, in Spokane County, and Pend Oreille County Library District, in Pend Oreille County, WA. No significant financial transactions occurred during the year between the primary government and CIN, other than the District's payment of its user fees. CIN has no debt.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Library District consists of all funds, departments, boards and agencies that are not legally separate from the District. For Community Library Network this includes general operations.

The financial statements of Community Library Network have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The District has two governmental funds, the general fund and debt service fund. The general fund and debt service fund are considered major funds by the District.

General Fund – The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund is available for any purpose provided it is expended or transferred according to the laws of the state of Idaho.

See accompanying independent auditors' report.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

Debt Service Fund – The debt service fund accounts for the accumulation of financial resources (i.e., taxes) for payment of principal and interest on the District’s bond payable. The District levies taxes annually for retirement of the bonds, and this fund reports taxes collected to service the debt.

The Component Unit (CIN) has one fund, a proprietary fund.

Proprietary Funds – Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All assets and liabilities are included on the Statement of Net Position. CIN has only one proprietary fund, which accounts for all its activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. Operating expenses for the propriety funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Basis of Presentation

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. The District has activities that are considered to be governmental as opposed to business-type activities. The District’s component unit, Cooperative Information Network (CIN), is included on the statement of net position. Cooperative Information Network has activities that are considered to be business-type activities. Assets and liabilities of both the primary government and component unit are presented in order of their relative liquidity.

The statement of activities reports expenses of a given function of the District (an assembly of similar activities), offset by program revenues directly connected with the function. Functional programs of the primary government are general library services, children’s programs, and outreach/bookmobile.

Program revenues are: 1) charges for services (charges to patrons who purchase, use, or directly benefit from goods, services, or privileges provided, such as fines for overdue books, copy machine charges, and fees for lost books), 2) operating grants and contributions (funds provided by persons or organizations which may be used to defray program-specific operating expenses), and 3) capital grants and contributions (funds provided by persons or organizations to purchase, construct, and/or renovate capital assets associated with a specific program). Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

The government-wide statements are prepared using the economic resources measurement focus and accrual basis of accounting (where revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows). Property tax revenue is recognized in the year for which it is levied, while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements use the current financial resources measurement focus, and modified accrual basis of accounting – where revenues are recognized when they are both measurable and available. “Available” means material amounts collectible within the current period or soon enough thereafter to pay current liabilities and the District considers this to be within 60 days of the end of the fiscal year. The governmental fund revenue source susceptible to accrual is property taxes.

See accompanying independent auditors’ report.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Expenditures, including general obligation bond principal and interest, are recorded when the related liability is incurred.

Component unit (CIN) financial statements use the economic resources measurement focus, and accrual basis of accounting.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental fund statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on sources (i.e., revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from non-exchange transactions must also be available before it can be recognized.

See accompanying independent auditors' report.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available in advance, sales tax, interest, grants, and rentals.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of CIN are charges for services. The principal operating expenses for CIN include system maintenance, courier services, supplies and other operating expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

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

Cash and Cash Equivalents

In the general fund, cash received by the District is pooled for investment purposes and is presented as "Cash and Cash Equivalents" on the financial statements.

For presentation in the financial statements, investments in the cash management pool and investments with an original maturity of six months or less, at the time they are purchased by the District, are considered to be cash equivalents. Investments with an initial maturity of more than six months are reported as investments.

Receivables

Accounts receivable for CIN consists primarily of amounts due Cooperative Information Network from members. Accounts receivable for Community Library Network are primarily property taxes, sales tax, penalty and interest and business management fee due to CLN from Cooperative Information Network.

Prepaid Expenses

Prepaid items for Community Library Network consist primarily of collections paid in advance.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

General capital assets usually result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,500 on capital assets with estimated useful lives of more than one year except collections. Collections are capitalized and depreciated, as required by the GASB and are reported at cost. Improvements and interest incurred during the construction of capital assets are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	30 years
Equipment and Furniture	5 years
Shelving	10 years
Bookmobiles	10 years
Collections	10 years

The District's component unit, CIN, owns no capital assets.

Compensated Absences

Vacation leave is available for those who receive paid vacation and accrues monthly. All new employees are subject to a 90-day probationary period. During this period, vacation is not accrued or granted. After their probation period, all employees accrue vacation based on the number of hours per week for which they were hired. (See vacation tables.) During the calendar year, employees might accrue more vacation time than their accrual limit. Hours over the accrual limit are forfeited on Dec. 31. Whenever someone leaves the District employment, they will receive paid compensation for vacation hours accrued up to their accrual limit.

The entire compensated absence liability is reported on the government-wide financial statements.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences (continued)

Vacation Tables:

Administrative Team

Length of Service	Accrual	Accrual Limit
1-4 years	120 Hours per year	180 Hours
5-9 years	144 Hours per year	216 Hours
10-14 years	168 Hours per year	252 Hours
15-19 years	180 Hours per year	270 Hours
Over 20 years	192 Hours per year	288 Hours

Full-time employees not part of Administrative Team

Length of Service	Accrual	Accrual Limit
1-4 years	96 Hours per year	144 Hours
5-9 years	120 Hours per year	180 Hours
10-14 years	144 Hours per year	216 Hours
15-19 years	168 Hours per year	252 Hours
Over 20 years	180 Hours per year	270 Hours

Eligible Part-time employees

Hours worked per week	Accrual	Accrual Limit
33-39 Hours	6 Hours per month	72 Hours
27-32 Hours	5 Hours per month	60 Hours
24-26 Hours	4 Hours per month	48 Hours
18-23 hours	3 Hours per month	36 Hours
10-17 Hours	2 Hours per month	24 Hours
1-9 Hours	1 Hour per month	12 Hours

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of capital leases, which will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

See accompanying independent auditors' report.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 does have items that qualify for reporting in this category. Note 7 outlines the deferred outflows of resources associated with the pension base plan.

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 one type of these items, which arise under the government-wide accrual basis of accounting that qualifies for reporting in this category and one item, which arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The other item (reported in the government-wide statements) is an amount related to the pension base plan. See note 7 for details on the pension plan. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balance Policies / Flow Assumptions

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Non-spendable Fund Balance — includes amounts that are: (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance — includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance — includes amounts that can only be used for the specific purposes determined by a formal action of the District’s highest level of decision-making authority, the Board of Trustees of the District. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

Assigned Fund Balance — includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by: (a) District Board of Trustees, or (b) a body (a budget, finance committee, or District Manager and Chief Financial Officer) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted, or committed.

Unassigned Fund Balance — includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund.

See accompanying independent auditors’ report.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Policies / Flow Assumptions (continued)

The District developed and adopted a comprehensive general fund - fund balance policy whereby the District will maintain a general fund – fund balance of not less than the first quarter’s operating expenditures.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position Flow Assumptions

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes levied for 2022 are recorded as receivables. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent that they are collected within 60 days of year end, in accordance with the modified accrual basis of accounting. Receivables collectible after the 60-day date are reflected in the fund financial statements as deferred inflows of resources. In the government-wide financial statements property taxes are recorded as revenue in the period levied, in accordance with the accrual basis of accounting.

The District's property tax is levied each November on the assessed value listed as of the prior September for all property located in the District. Assessed values are established by the County Assessor. Property tax payments are due in one-half installments in December and September. Since taxes remain collectable in perpetuity, management chooses to not recognize an allowance for uncollectible taxes.

See accompanying independent auditors’ report.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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.

Proprietary Funds Operating and Non-Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

General

State statutes authorize the District's investments and deposits. The District is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase an "A" rating or higher, government pool and money market funds consisting of any of these securities listed. No violations of these categories have occurred during the year.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a financial institution, the District's deposits and investments may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of September 30, 2023, the District's deposits were not exposed to custodial credit risk.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 2 - CASH AND CASH EQUIVALENTS (concluded)

Custodial Credit Risk (continued)

<i>Deposits without exposure to custodial credit risk:</i>	
Amount insured by FDIC or other agencies	\$ 3,331,206
Total deposits without exposure to custodial credit risk	<u>3,331,206</u>
<i>Deposits with exposure to custodial credit risk:</i>	
Amounts uninsured-exposed to custodial credit risk	645,793
Total bank balance (deposits)	<u>\$ 3,976,999</u>
<i>The carrying amount is displayed as follows in the financial statements:</i>	
Statement of net position (page 11)	
Cash and cash equivalents	\$ 3,121,327
Restricted cash	326,868
	<u>\$ 3,448,195</u>
Cash and Cash equivalents at September 30, 2023 consist of the following:	
Cash	
Deposits with financial institutions	\$ 20,466
Cash equivalents	
Insured cash sweep	2,456,304
Certificates of deposits	234,701
Money market funds	736,724
	<u>\$ 3,448,195</u>

NOTE 3 - RECEIVABLES

Receivables at September 30, 2023 consist of the following:

Property taxes	\$ 296,972
Sales tax	76,324
Penalty and interest	38
CEA	8,401
Miscellaneous	1,888
	<u>\$ 383,623</u>

NOTE 4 - CAPITAL ASSETS

Maintenance and repair costs which do not improve or extend lives of associated assets are written off currently as expense. When assets are retired or otherwise disposed, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is recognized. Collections deleted each year are valued at an average cost, the average used for the fiscal year ending September 30, 2023 was \$17.00 per item, based upon management's estimate. Works of art in the amount of \$8,785 are not being depreciated, as their value is determined not to decrease, but rather potentially increase.

See accompanying independent auditors' report.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 4 - CAPITAL ASSETS (concluded)

Capital asset activity for the year ended September 30, 2023, was as follows:

	Balance 09/30/2022	Increases	Decreases	Balance 09/30/2023
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 268,512	\$ -	\$ -	\$ 268,512
Art	8,785	-	-	8,785
CIP	-	18,343	-	18,343
Total capital assets, not being depreciated	<u>277,297</u>	<u>18,343</u>	<u>-</u>	<u>295,640</u>
Capital assets being depreciated:				
Buildings and improvements	9,113,824	52,109	-	9,165,933
Land improvements	53,045	-	-	53,045
Vehicles	478,301	-	-	478,301
Furniture and equipment	336,578	-	-	336,578
Collections	5,145,918	458,833	491,436	5,113,315
Total capital assets being depreciated	<u>15,127,666</u>	<u>510,942</u>	<u>491,436</u>	<u>15,147,172</u>
Less accumulated depreciation for:				
Buildings and improvements	5,080,267	225,465	-	5,305,732
Land improvements	28,336	3,764	-	32,100
Vehicles	432,694	6,939	-	439,633
Furniture and equipment	226,863	24,762	-	251,625
Collections	3,149,615	430,809	491,436	3,088,988
Total accumulated depreciation	<u>8,917,775</u>	<u>691,739</u>	<u>491,436</u>	<u>9,118,078</u>
Total capital assets being depreciated, net	<u>6,209,891</u>	<u>(180,797)</u>	<u>-</u>	<u>6,029,094</u>
Total governmental activities capital assets, net	<u>\$ 6,487,188</u>	<u>\$ (162,454)</u>	<u>\$ -</u>	<u>\$ 6,324,734</u>

Depreciation expense of \$691,739 for the year ended September 30, 2023 was charged to the general library services governmental function.

NOTE 5 - CHANGES IN LONG-TERM DEBT AND CURRENT MATURITIES

In August, 2005, voters approved a 20-year \$3,425,000 general obligation bond for facilities improvements. Bonds were sold in October, 2005, at a premium of \$79,458. Management chose to reduce the premium by the total of bond issue costs (\$74,541), because they provide no future economic benefit, and in fact simply reduced the total received when the bonds were sold. The balance of the premium (\$4,917) will be amortized against bond interest expense using the straight-line method over the remaining life of the bonds (20 years). Interest on the bonds is due each February 1 and August 1 until 2025; interest rates vary from 3.5% to 4.5% over the life of the loan; principal payments are due each August 1. Carrying value of long-term debt approximates fair value as stated in the bond documents.

Scheduled payments on the bonds are as follows:

Year Ended September 30,	Principal	Interest	Total
2024	\$ 255,000	\$ 23,400	\$ 278,400
2025	265,000	11,925	276,925
	<u>\$ 520,000</u>	<u>\$ 35,325</u>	<u>\$ 555,325</u>

See accompanying independent auditors' report.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 5 - CHANGES IN LONG-TERM DEBT AND CURRENT MATURITIES (concluded)

The District assesses residents the current-year's principal and interest payment at the same time it levies normal property taxes. The bond resolution (#KSAL10062005-1) requires the District to maintain two funds – a construction fund; into which is deposited all proceeds of the bond sale, and from which all costs related to the project are paid, and a debt service fund; into which is deposited all taxes received for payment of the bond and related interest, and from which bond principal and interest payments are made as required. The construction fund was closed out at September 30, 2008; since all construction was complete. Initially, all proceeds of the bond sale were deposited into the District's LGIP account #2818. A separate checking account capital construction account was also opened for payment of bond construction related costs exclusively. Several certificates of deposit were purchased to maximize interest revenue, all of which matured during fiscal year ending September 30, 2007. The checking account and the balance in LGIP account #2818 collectively comprise the "construction account" required by the bond resolution. Property taxes received from Kootenai County for payment of bond principal and interest are deposited into the District's operating checking account and held either in that account or transferred to a money market account or the ICS account, until semiannual principal payments are due. The District does not have a separate bank account.

A summary of long-term debt is as follows:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year	Due in more than one year
Compensated absences	\$ 106,077	\$ -	\$ 4,502	\$ 101,575	\$ -	\$ 101,575
Bonds payable	760,000	-	240,000	520,000	255,000	265,000
Premium on bonds	735	-	246	489	246	243
	866,812	-	244,748	622,064	255,246	366,818
Net pension liability (asset)	2,036,723	57,490	-	2,094,213	-	2,094,213
	<u>\$2,903,535</u>	<u>\$ 57,490</u>	<u>\$ 244,748</u>	<u>\$2,716,277</u>	<u>\$ 255,246</u>	<u>\$ 2,461,031</u>

NOTE 6 – LONG-TERM LEASES PAYABLE – RIGHT-TO-USE ASSETS

The District entered into an agreement to lease land for 20 years from the Harrison Grange #422 beginning November 29, 2005. The lease terminates November of 2024. Under the terms of the lease, the District pays an annual fee of \$1,500. All lease payments are made by the general fund.

The District entered into an agreement to lease land for 30 years from the City of Post Falls beginning August 10, 2010. The lease terminates August of 2039. Under the terms of the lease, the District pays an annual fee of \$500. All lease payments are made by the general fund.

At September 30, 2023, the District has recognized right-to-use assets of \$38,440 and a lease liability of \$9,703 related to the right-to-use assets. During the fiscal year, the District recorded \$1,723 in amortization expense for the right-to-use assets. The amortization expense is allocated to secondary programs on the statement of activities. The District used an interest rate of 2% for the assets.

	Balance 9/30/2022	Increases	Decreases	Balance 9/30/2023
Governmental activities:				
Right-to-use assets:				
Copiers	\$ 38,440	\$ -	\$ -	\$ 38,440
Less accumulated amortization for:				
Copiers	27,146	1,723	-	28,869
Total right-to-use assets, net	<u>\$ 11,294</u>	<u>\$ (1,723)</u>	<u>\$ -</u>	<u>\$ 9,571</u>

See accompanying independent auditors' report.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 6 – LONG-TERM LEASES PAYABLE – RIGHT-TO-USE ASSETS (concluded)

Future payments on the lease agreements are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,806	\$ 194	\$ 2,000
2025	1,843	157	2,000
2026	379	121	500
2027	387	113	500
2028	394	106	500
2029-2033	2,093	407	2,500
2034-2038	2,311	189	2,500
2039-2040	490	10	500
	<u>\$ 9,703</u>	<u>\$ 1,297</u>	<u>\$ 11,000</u>

NOTE 7 - PENSION PLAN

Plan Description

The Community Library Network 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 (five months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (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.

See accompanying independent auditors' report.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 7 - PENSION PLAN (continued)

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.

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 July 1, 2022, it was 7.16% for general employees and 9.13% for police and firefighters. The percentages changed on July 1, 2023, to 6.71% for general employees and 9.83% for police and firefighters. The employer contribution 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, as of July 1, 2022. The percentages changed on July 1, 2023, to 11.18% for general employees and 13.26% for police and firefighters.

The District's contributions were \$269,960 for the year ended September 30, 2023.

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

At September 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023, the District's proportion was 0.05247771%.

For the year ended September 30, 2023, the District recognized pension expense (expense offset) of \$543,446. At September 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 358,964	\$ -
Changes in assumptions or other inputs	207,371	-
Net difference between projected and actual earnings on pension plan investments	196,573	-
Changes in the District's proportion and differences between the District's contributions and the District's proportionate contributions	12,700	47,909
District's contributions subsequent to the measurement date	66,865	-
	Total \$ 842,473	\$ 47,909

\$66,865 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2023.

See accompanying independent auditors' report.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 7 - PENSION PLAN (continued)

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, 2021 the beginning of the measurement period ended June 30, 2022 is 4.6 and 4.4 for the measurement period June 30, 2023

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:

Year ended June 30:	
2023	\$ 253,119
2024	112,682
2025	393,029
2026	(31,132)

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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases**	3.05%
Investment rate of return*	6.35%
Cost-of-living (COLA) adjustments	1.00%

*net of investment fees

**there is an additional component of assumed salary growth (on top of the 3.05%) that varies for each individual member based on the years of service.

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service and beneficiaries, as well as for the Judicial members. These rates were adopted for the valuation dated July 1, 2021

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%.

General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%.

Teachers - Males Pub-2010 Teacher Tables, increased 12%.

Teachers - Females Pub-2010 Teacher Tables, increased 21%.

Fire & Police - Males Pub-2010 Safety Tables, increased 21%. Fire & Police - Females Pub-2010 Safety Tables, increased 26%. Disabled Members - Males Pub-2010 Disabled Tables, increased 38%. Disabled Members - Females Pub-2010 Disabled Tables, increased 36%.

See accompanying independent auditors' report.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 7 - PENSION PLAN (continued)

Actuarial Assumptions (continued)

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2023 is based on the results of an actuarial valuation date of July 1, 2023.

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 PERSI'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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	0.00%	0.00%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

Discount Rate

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

See accompanying independent auditors' report.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 7 - PENSION PLAN (concluded)

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

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

	1% Decrease 5.35%	Current Discount Rate 6.35%	1% Increase 7.35%
District's proportionate share of the net pension liability (asset)			
Total Plan	\$ 3,766,527	\$ 2,094,213	\$ 727,409

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.

NOTE 8 - RESTRICTED NET POSITION

Restricted net position of the District is made up of the following funds received, and which are required by the donor or grantor to be held for this specific purpose.

Smithsonian Institute Exhibits	\$ 4,227
Wishnick donations	1,158
Community grants	48,541
CLN friends grants	6,872
Post Falls friends grants	3,133
North Idaho reads grants	75
Other restricted donations	262,862
	\$ 326,868

NOTE 9 - 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 contracts with an insurance company for property insurance (including boiler and machinery) and general liability insurance.

The District pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

The District provides medical and dental insurance to some employees through an insurance company.

See accompanying independent auditors' report.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 10 – RESTATEMENT

During the fiscal year ended September 30, 2023, the District recorded an adjustment to recognize a vendor payable that related to goods received by their fiscal year end of September 30, 2023. Previously this invoice had consistently been recorded in the year paid. This did not have a material effect on the recognition of the expense. With the rising costs the future amounts of the expense may likely be material to the financial statements and could understate the liability in a given year. This being so, the decision was made to make the change in the current year. The effect of this was a decrease in the beginning of the year fund balance of \$18,814 and a decrease in collection expense of the current year in the same amount.

Beginning fund balance as previously stated at September 30, 2022	\$ 3,345,487
Prior period adjustment related to accrued payroll	(18,814)
Beginning fund balance restated at September 30, 2022	\$ 3,326,673

NOTE 11- COMPONENT UNIT DISCLOSURES

Cash and Cash Equivalents

General

State statutes authorize CIN's investments and deposits. CIN is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase an "A" rating or higher, government pool and money market funds consisting of any of these securities listed. No violations of these categories have occurred during the year.

Custodial credit risk

Custodial credit risk is the risk that in the event of a failure of a financial institution, CIN's deposits and investments may not be returned to it. CIN does not have a deposit policy for custodial credit risk. As of September 30, 2023, CIN's deposits were not exposed to custodial credit risk.

<i>Deposits without exposure to custodial credit risk:</i>	
Amount insured by FDIC or other agencies	\$ 47,588
Total deposits without exposure to custodial credit risk	47,588
<i>Deposits with exposure to custodial credit risk:</i>	
Amounts uninsured-exposed to custodial credit risk	-
Total bank balance (deposits)	\$ 47,588
<i>The carrying amount is displayed as follows in the financial statements:</i>	
Statement of net position (page 18)	
Cash and cash equivalents	\$ 37,588
Cash and Cash equivalents at September 30, 2023 consist of the following:	
Cash	
Deposits with financial institutions	\$ 1,441
Cash equivalents	
Money market funds	36,147
	\$ 37,588

See accompanying independent auditors' report.

Community Library Network & Cooperative Information Network
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2023

NOTE 11- COMPONENT UNIT DISCLOSURES (concluded)

Prepaid Expenses

Prepaid items for the component unit, Cooperative Information Network consist primarily of prepaid e-books.

REQUIRED SUPPLEMENTARY INFORMATION

**Community Library Network & Cooperative Information Network
SCHEDULE OF COMMUNITY LIBRARY NETWORK'S
SHARE OF NET PENSION LIABILITY
PERSI – Base Plan
Last 10 – Fiscal Years ***

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Community Library Network's portion of the net pension liability (asset)	0.0524777%	0.0517098%	0.0554959%	0.0581152%	0.0577203%	0.0576731%	0.0544396%	0.0550521%	0.0571342%
Community Library Network's proportionate share of the net pension liability (asset)	\$ 2,094,213	\$ 2,036,723	\$ (43,829)	\$ 1,349,512	\$ 658,861	\$ 850,688	\$ 855,697	\$ 1,115,991	\$ 752,364
Community Library Network's covered-employee payroll	\$ 2,285,894	\$ 2,076,924	\$ 2,056,141	\$ 2,076,559	\$ 1,987,283	\$ 1,888,185	\$ 1,736,295	\$ 1,602,372	\$ 1,614,097
Community Library Network's proportional share of the net pension liability (asset) as a percentage of its covered-employee payroll	91.61%	98.06%	-2.13%	64.99%	33.15%	45.05%	49.28%	69.65%	46.61%
Plan fiduciary net position as a percentage of the total pension liability (asset)	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Community Library Network will

Data reported is measured as of June 30, 2023 (measurement date)

**SCHEDULE OF COMMUNITY LIBRARY NETWORK'S CONTRIBUTIONS
PERSI – Base Plan
Last 10 – Fiscal Years ***

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Statutorily required contribution	\$ 229,201	\$ 239,451	\$ 219,114	\$ 228,010	\$ 220,861	\$ 223,969	\$ 183,577	\$ 163,649	\$ 186,887
Contributions in relation to the statutorily required contribution	\$ 269,645	\$ 246,354	\$ 250,259	\$ 250,266	\$ 225,156	\$ 212,893	\$ 194,005	\$ 183,893	\$ 191,748
Contribution (deficiency) excess	\$ (40,445)	\$ (6,903)	\$ (31,146)	\$ (22,256)	\$ (4,295)	\$ 11,076	\$ (10,428)	\$ (20,244)	\$ (4,861)
Community Library Network's covered-employee payroll	\$ 2,285,894	\$ 2,076,924	\$ 2,056,141	\$ 2,076,559	\$ 1,987,283	\$ 1,888,185	\$ 1,736,295	\$ 1,602,372	\$ 1,614,097
Contributions as a percentage of covered-employee payroll	-11.80%	-11.86%	-12.17%	-12.05%	-11.33%	-11.27%	-11.17%	-11.48%	-11.88%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Community Library Network will

Data reported is measured as of June 30, 2023 (measurement date)

**Community Library Network & Cooperative Information Network
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended September 30, 2023**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
REVENUES				
Property taxes	\$ 5,095,309	\$ 5,095,309	\$ 5,094,219	\$ (1,090)
Intergovernmental revenue	225,000	225,000	309,303	84,303
Grants and donations	45,000	45,000	52,384	7,384
Interest	1,100	1,100	57,991	56,891
Other revenue	39,200	39,200	51,229	12,029
Total revenues	<u>5,405,609</u>	<u>5,405,609</u>	<u>5,565,126</u>	<u>159,517</u>
EXPENDITURES				
Personnel expense	3,595,136	3,680,822	3,624,582	(56,240)
Operating expense	1,241,026	1,395,074	1,252,863	(142,211)
Grant expense	45,000	45,000	55,458	10,458
Capital outlay	508,591	520,011	529,285	9,274
Debt service:				
Principal payments	-	-	1,770	1,770
Interest	-	-	230	230
Total expenditures	<u>5,389,753</u>	<u>5,640,907</u>	<u>5,464,188</u>	<u>(176,719)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>15,856</u>	<u>(235,298)</u>	<u>100,938</u>	<u>336,236</u>
NET CHANGE IN FUND BALANCES	15,856	(235,298)	100,938	336,236
FUND BALANCES, beginning - restated	2,150,422	2,401,576	3,326,673	925,097
FUND BALANCES, ending	<u>\$ 2,166,278</u>	<u>\$ 2,166,278</u>	<u>\$ 3,427,611</u>	<u>\$ 1,261,333</u>

The notes to the required supplementary information are an integral part of this schedule

Community Library Network & Cooperative Information Network
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2023

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the general fund. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the general fund.

This is in conformance with Idaho State Statutes, which require that appropriations lapse at the end of a fiscal year and are not available to be carried forward to be used in addition to the succeeding year's appropriation. The budget was not amended in the current fiscal year.

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

- a) The District publishes a proposed budget for public review.
- b) Public hearings are set to obtain taxpayer comments.
- c) Prior to October 1, the budget is adopted by resolution of the Board of Trustees and published.

Lapsing of Appropriations – At the close of each year, all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriation.

The District properly prepared and published its budget for the year, as required by US generally accepted accounting principles and Idaho Code 33-2713A. The budget is adopted on a modified accrual basis, consistent with the fund financial statements and was not amended during the year ended September 30, 2023.

REPORT REQUIRED BY GAO



TAX, ASSURANCE, ACCOUNTING, ADVISORY

Office (208) 777-1099 Fax (202) 773-5108
1810 E. Schneidmiller Ave, Ste 310
Post Falls, ID 83854

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

To the Board of Trustees
Community Library Network & Cooperative Information Network
Hayden, ID 83835

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, the business-type activities of the component unit, Cooperative Information Network, and each major fund of Community Library Network, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Community Library Network's and Cooperative Information Network's basic financial statements and have issued our report thereon dated May 10, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Library Network's and Cooperative Information Network's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Library Network's and Cooperative Information Network's internal control. Accordingly, we do not express an opinion on the effectiveness of Community Library Network's and Cooperative Information Network's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Library Network's and Cooperative Information Network's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. 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.

Alpine Summit CPAs

Alpine Summit CPAs
Post Falls, ID
May 10, 2024

May 10, 2024

To the Board of Trustees
Community Library Network and Cooperative Information Network

We have audited the financial statements of the governmental activities, business-type activities and each major fund of Community Library Network (the District) and Cooperative Information Network (component unit) for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 13, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Community Library Network and Cooperative Information Network are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during September 30, 2023. We noted no transactions entered into by Community Library Network or Cooperative Information Network during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. We noted no transactions entered into by Community Library Network and Cooperative Information Network during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the Government-wide's financial statements were:

Management's estimate of the current year collection disposals was evaluated for the key factors and assumptions used to develop this and we feel this estimate is reasonable in relation to the financial statements taken as a whole.

The estimate of the net pension liability is based on actuarial assumptions and other estimates. We reviewed the key factors and assumptions used by the actuaries and PERSI related to the calculation of the liability and believe they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements noted as a result of audit procedures. There were fourteen adjusting journal entries proposed as a result of non-attest procedures. Management has made these journal entries. Management proposed two journal entries during the audit process. See attached listing of these adjusting journal entries.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 10, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Community Library Network or Cooperative Information Network's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Community Library Network and Cooperative Information Network's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

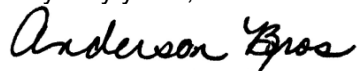
Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis and the Schedules of Revenues, Expenditures, Changes in Fund Balances, Budget and Actual – General Fund, and the schedule of Community Library Network's share of net pension liability and the schedule of Community Library Network's contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of Community Library Network and Cooperative Information Network and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Anderson Bros. CPAs

Client: COMMUNITY LIBRARY NETWORK
 Report: Adjusting Journal Entries
 9/30/2023

Account	Description	Debit	Credit
CAJE-01			
Client AJE to accrue Ingram Invoice for September 2023			
1-226	ACCTS PAYABLE	0.00	13,074.00
1-610	COLLECT(Bks & Materials)	13,074.00	0.00
1-610	COLLECT(Bks & Materials)	0.00	82.00
1-611	COLLECT(Library of Things)	82.00	0.00
Total		13,156.00	13,156.00
CAJE-02			
Client aje to record prior period adjustment for Ingram invoice accrual			
1-365	Prior Period Adjustment	18,814.00	0.00
1-610	COLLECT(Bks & Materials)	0.00	18,814.00
Total		18,814.00	18,814.00
NAJE-01			
Adjust CIN prepaid expense for E-Books			
2-145	PREPAID EXPENSES	0.00	7,588.00
2-500	EBOOKS & MATERIALS	7,588.00	0.00
Total		7,588.00	7,588.00
NAJE-02			
Adjust capital asset account expenditures 1-706; offset is account 1-370			
1-706	LIBRARY EQUIP (OVER \$2500)	49,230.00	0.00
1-370	NET INVEST IN FIXED ASSETS	0.00	49,226.00
1-611	COLLECT(Library of Things)	0.00	4.00
Total		49,230.00	49,230.00
NAJE-03			
Adjust for accounts receivable at FYE23 - City of CDA and CLN			
2-101	ACCOUNTS REC	15,000.00	0.00
2-485	INCOME - EBOOKS CONTRIBUTIONS	0.00	15,000.00
2-101	ACCOUNTS REC	5,000.00	0.00
2-485	INCOME - EBOOKS CONTRIBUTIONS	0.00	5,000.00
Total		20,000.00	20,000.00

NAJE-04

Adjust property tax receivable,
deferred revenue and revenue per
county

1-148	PROPERTY TAX RECEIVABLE	0.00	189,556.00
1-242	DEFERRED PROPERTY TAX REVENUE	190,722.00	0.00
1-400	INCOME - PROPERTY TAXES	0.00	1,166.00
Total		190,722.00	190,722.00

NAJE-05

Adjust accrued interest 1-275 offset
is 1-370

1-275	BOND INT PAYABLE	1,759.00	0.00
1-370	NET INVEST IN FIXED ASSETS	0.00	1,759.00
Total		1,759.00	1,759.00

NAJE-06

Adjust accrued payroll

1-500	SALARIES	8,354.00	0.00
1-505	PERSI RETIREMENT BENEFITS	0.00	1,545.00
1-525	EMPLOYMENT TAXES	639.00	0.00
1-227	Accrued Payroll	0.00	7,448.00
Total		8,993.00	8,993.00

NAJE-07

Reclassify Avista rebate to other
income

1-160	BUILDINGS	8,129.00	0.00
1-370	NET INVEST IN FIXED ASSETS	0.00	8,129.00
1-706	LIBRARY EQUIP (OVER \$2500)	8,129.00	0.00
1-480	INCOME - MISC	0.00	8,129.00
Total		16,258.00	16,258.00

NAJE-08

Record FY23 collections in Cap Asset
account 1-175; offset is 1-370 &
record CY Depreciation

1-175	COLLECTIONS	458,833.00	0.00
1-370	NET INVEST IN FIXED ASSETS	0.00	458,833.00
1-370	NET INVEST IN FIXED ASSETS	691,739.00	0.00
1-180	ACCUM DEPREC	0.00	691,739.00
Total		1,150,572.00	1,150,572.00

NAJE-09

Prior period adjustment for
Collection related to 09/30/22 not
recorded as a liability and expense
at FY22 see CAJE-01 and 02

1-370	NET INVEST IN FIXED ASSETS	0.00	18,814.00
1-175	COLLECTIONS	18,814.00	0.00
Total		18,814.00	18,814.00

NAJE-10

Add CIP for FY23

1-155	CIP	18,343.00	0.00
1-370	NET INVEST IN FIXED ASSETS	0.00	13,093.00
1-160	BUILDINGS	0.00	5,250.00
Total		18,343.00	18,343.00

NAJE-11

Reclass CIP from Legal &
Professional

1-706	LIBRARY EQUIP (OVER \$2500)	11,205.00	0.00
1-706	LIBRARY EQUIP (OVER \$2500)	1,888.00	0.00
1-855	LEGAL & PROFESSIONAL	0.00	13,093.00
Total		13,093.00	13,093.00

NAJE-12

Reclassify expense from account 1-
505 to actual 1-510

1-505	PERSI RETIREMENT BENEFITS	0.00	23,946.00
1-510	MEDICAL/DENTAL BENEFITS	23,946.00	0.00
Total		23,946.00	23,946.00

NAJE-13

Adjust miscellaneous receivables

1-410	INCOME - SALES TAX & AG EQUIP	772.00	0.00
1-410	INCOME - SALES TAX & AG EQUIP	2,218.00	0.00
1-400	INCOME - PROPERTY TAXES	1,317.00	0.00
1-400	INCOME - PROPERTY TAXES	52.00	0.00
1-400	INCOME - PROPERTY TAXES	2,412.00	0.00
1-400	INCOME - PROPERTY TAXES	3,236.00	0.00
1-415	INCOME - COOP ELECT AGRMENT	0.00	8,401.00
1-480	INCOME - MISC	19.00	0.00
1-101	ACCTS REC	0.00	1,625.00
Total		10,026.00	10,026.00

NAJE-14

Record FY23 disposal of Collections

& AD

1-370	NET INVEST IN FIXED ASSETS	491,436.00	0.00
1-175	COLLECTIONS	0.00	491,436.00
1-180	ACCUM DEPREC	491,436.00	0.00
1-370	NET INVEST IN FIXED ASSETS	<u>0.00</u>	<u>491,436.00</u>
Total		<u>982,872.00</u>	<u>982,872.00</u>
GRAND TOTAL		<u>2,544,186.00</u>	<u>2,544,186.00</u>

May 10, 2024

Anderson Bros. CPAs
1810 E. Schneidmiller Ave., Ste. 310
Post Falls, ID 83854

This representation letter is provided in connection with your audit(s) of the financial statements of Community Library Network and Cooperative Information Network, which comprise the respective financial position of the governmental activities, business-type activities and each major fund as of September 30, 2023, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of May 10, 2024, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 13, 2023, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.

- 6) **Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP, if applicable.**
- 7) **Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.**
- 8) **You have proposed non-attest adjusting journal entries that have been posted to the entity's accounts. We have reviewed these adjustments and are in agreement with those adjustments.**
- 9) **We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.**
- 10) **Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.**

Information Provided

- 11) **We have provided you with:**
- a) **Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.**
 - b) **Additional information that you have requested from us for the purpose of the audit.**
 - c) **Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.**
 - d) **Minutes of the meetings of Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.**
- 12) **All material transactions have been recorded in the accounting records and are reflected in the financial statements.**
- 13) **We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.**

14) We have no knowledge of any fraud or suspected fraud that affects the District and involves:

- Management,
- Employees who have significant roles in internal control, or
- Others where the fraud could have a material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.

16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the names of the District's related parties and all the related party relationships and transactions of which we are aware, if applicable.

Government—specific

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives of the audit and whether related recommendations have been implemented.

21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit, if applicable.

22) Community Library Network and Cooperative Information Network have no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balances or net position.

23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.

24) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements, if applicable.

25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and

grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

26) As part of your audit, you assisted with preparation of the financial statements and related notes, proposing adjustments for property tax and other miscellaneous receivables and revenue, GASB 68, GASB 87, GASB 96, prepaid expenses, accrued payroll, accounts payable, interest payable and updating our depreciation schedules. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures as well as the adjusting entries related to the items referred to above.

27) Community Library Network and Cooperative Information Network have satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, unless otherwise disclosed.

28) Community Library Network and Cooperative Information Network have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

29) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if applicable.

30) The financial statements include all fiduciary activities required by GASBS No. 84, as amended.

31) The financial statements properly classify all funds and activities in accordance with GASBS No. 34, as amended.

32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

33) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

34) Provisions for uncollectible receivables have been properly identified and recorded, if applicable.

35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

37) Interfund, internal, and intra-entily activity and balances have been appropriately classified and reported.

38) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

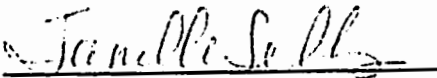
40) We have appropriately disclosed the District's and Network's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is available and have determined that net position is properly recognized under the policy.

41) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

42) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: 

Title: Director

Signature: 

Title: Business Manager