

DONNELLY PUBLIC LIBRARY DISTRICT

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2021

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Independent Auditor's Report

Board of Directors
Donnelly Public Library
Donnelly, Idaho

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the fund information of the Donnelly Public Library District, as of September 30, 2021, and the respective changes in financial position 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Donnelly Public Library District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Donnelly Public Library District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Donnelly Public Library District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Donnelly Public Library District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 17 and 18 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Donnelly Public Library District’s basic financial statements. The Schedule of Revenue and Expenditures – Budget (GAAP Basis) and Actual – General Fund on page 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Revenue and Expenditures – Budget (GAAP Basis) and Actual – General Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenue and Expenditures – Budget (GAAP Basis) and Actual – General Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2022 on our consideration of the Donnelly Public Library District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Donnelly Public Library District’s internal control over financial reporting and compliance.

Zwysart John & Associates, CPAs PLLC

Nampa, Idaho
September 19, 2022

Donnelly Public Library
Statement of Net Position
September 30, 2021

	Governmental Activities
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 142,021
Accounts Receivable	2,000
Taxes Receivable	2,375
Total Current Assets	146,396
Capital Assets	
Land	74,642
Equipment, Net	10,500
Buildings and Improvements, Net	96,200
Total Capital Assets	181,342
Total Assets	327,738
 Liabilities	
Current Liabilities	
Salaries and Benefits Payable	4,986
Total Current Liabilities	4,986
Total Liabilities	4,986
 Net Position	
Net Investment in Capital Assets	170,842
Restricted For:	
Building Fund	48,190
Unrestricted	103,720
Total Net Position	\$ 322,752

The accompanying notes are an integral
part of the financial statements

Donnelly Public Library
Statement of Activities
For the Year Ended September 30, 2021

		Program Revenues				Net (Expense) Revenue and Changes in Net Position - Governmental Activities
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions		
Primary Government:						
Governmental Activities:						
General and Administrative	\$ 88,345	\$ 11,178	\$ 23,146	\$ -		\$ (54,021)
Total Governmental Activities	\$ 88,345	\$ 11,178	\$ 23,146	\$ -		(54,021)

General Revenues:	
Property Taxes	64,506
Other	919
Total General Revenues and Special Items	65,425
Change in Net Position	11,404
Net Position, Beginning of Year	311,348
Net Position, End of Year	\$ 322,752

The accompanying notes are an integral
part of the financial statements

Donnelly Public Library
 Balance Sheet - Governmental Funds
 September 30, 2021

	<u>General</u>
Assets	
Cash and Cash Equivalents	\$ 142,021
Taxes Receivable, Net	2,375
Accounts Receivable, Net	2,000
Total Assets	\$ 146,396
Liabilities, Deferred Inflows, and Fund Balances	
Liabilities	
Salaries and Benefits Payable	4,986
Total Liabilities	4,986
Deferred Inflows	
Unearned Property Tax Revenue	2,032
Total Deferred Inflows	2,032
Fund Balances	
Designated For:	
Building Fund	48,190
Unassigned	91,188
Total Fund Balances	139,378
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 146,396

The accompanying notes are an integral
 part of the financial statements

Donnelly Public Library
 Reconciliation of the Balance Sheet of the
 Governmental Funds to the Statement of Net Position
 September 30, 2021

Total Fund Balances - Governmental Funds	\$ 139,378
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Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets consist of:

Land	\$ 74,642	
Equipment, Net of \$7,800 Accumulated Depreciation	15,000	
Buildings and Improvements, Net of \$7,800 Accumulated Depreciation	<u>104,000</u>	
Net Cost of Assets		193,642

Property taxes receivable will be collected this year, but are not available soon enough to pay for current period's expenditures and, therefore, are deferred in the funds.	<u>2,032</u>
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Net Position - Governmental Activities	<u><u>\$ 335,052</u></u>
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The accompanying notes are an integral
 part of the financial statements

Donnelly Public Library
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2021

	<u>General</u>
Revenues	
Property Taxes	\$ 62,474
Donations	23,146
Fees	11,178
Other Revenue	919
Total Revenues	<u>97,717</u>
Expenditures	
Current:	
General and Administrative	158,887
Total Expenditures	<u>158,887</u>
Net Change in Fund Balances	(61,170)
Fund Balances - Beginning	200,548
Fund Balances - Ending	<u>\$ 139,378</u>

The accompanying notes are an integral
part of the financial statements

Donnelly Public Library
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances of the Governmental
 Funds to the Statement of Activities
 For the Year Ended September 30, 2021

Total Net Change in Fund Balances - Governmental Funds \$ (61,170)

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense. Only the proceeds of capital disposals are reported in the governmental funds but in the Statement of Activities, the proceeds are reported net of cost less accumulated depreciation. In the current

Capital Outlay	\$ 74,642	
Depreciation Expense	<u>(4,100)</u>	
Total		70,542

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities.

2,032

Change in Net Position - Governmental Activities \$ 11,404

The accompanying notes are an integral
 part of the financial statements

Donnelly Public Library District
Notes to Financial Statements
For the Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Donnelly Public Library District (the Library), came into existence in Donnelly, Idaho in 2009. It has grown, to a great extent, through the contributions of buildings, equipment, and books received from area patrons, clubs and organizations. It presently offers reference material, books, and videos for loan to area members.

In November, 2018, the Library was organized as a District Library in Valley County, Idaho, making it eligible to receive county tax monies. In addition to Valley County taxes, the Library receives fees from book fines and copy services, as well as grant and contract funds from the Idaho State Library and the State of Idaho for various project services. Grant contract funds are also available for purchase of library equipment, materials and subscriptions, and are received by the Library, generally, as reimbursement for expended funds.

The accompanying financial statements present the activities of the Library, which has responsibility and control over all activities related to the Library District. The Library receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the Library is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the Library's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the Library. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Library's governmental activities.

- Direct expenses are expenses that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Donnelly Public Library District
Notes to Financial Statements
For the Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Indirect expenses are expenses of the general government related to the administration and support of the Library's programs, such as personnel and accounting, and are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Library's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Library reports the following major governmental funds:

- *General fund.* This is the Library's primary operating fund. It accounts for all financial resources of the Library.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Library receives value without directly giving equal value in return, include property taxes, grants, 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 and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Library considers all revenues reported in the governmental funds to be available if they are collected within sixty-days after the end of the year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Donnelly Public Library District
Notes to Financial Statements
For the Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide statements and in governmental fund financial statements. The Library uses the following fund balance categories in the governmental fund financial statements

- *Nonspendable*. Balances, for example, in permanent funds, prepaid expenditures, and inventories that are permanently precluded from conversion to cash.
- *Restricted*. Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.
- *Unassigned*. Balances available for any purpose.
- *Committed*. Balances that have been restricted for a specific purpose by the Board. Funds would have to be released from this restriction by the Board.

The remaining fund balance classifications (assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the Board of Directors, the Library's highest level of decision-making authority, through a formal action. The Board of Directors would also have the authority to assign fund balance or authorize another official to do so.

Under the terms of grant agreements, the Library funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position or fund balance available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

There is no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the Library's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Library considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

C. Assets and Liabilities

Cash Equivalents

All amounts included in the pooled cash and investment accounts with an original maturity of three months or less are considered to be cash and cash equivalents. See Note 2.

Donnelly Public Library District
Notes to Financial Statements
For the Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

All trade and property tax receivables are shown net of an allowance for doubtful accounts. No receivable is accrued for fines because all fines are estimated to be uncollectible.

Property Tax Calendar

The Library levies its real property taxes through the county on the second Monday in September of each year based upon the assessed valuation as of the previous July. Property taxes are due in two installments on December 20 and June 20 and are considered delinquent on January 1 of the following year, at which time the property is subject to lien.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are shown below.

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$5000	Straight Line	7-40 Years
Equipment	\$5000	Straight Line	3-10 Years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives. The Library does not own any infrastructure.

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over 60 days past due.

Donnelly Public Library District
Notes to Financial Statements
For the Year Ended September 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2021, the carrying amount of the Library's deposits was \$142,021 and the respective bank balances totaled \$142,935. The entire bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the Library.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2021, all of the Library's deposits were covered by the federal depository insurance or by collateral held by the Library's agent or pledging financial institution's trust department or agent in the name of the District, and thus were not exposed to custodial credit risk. The Library does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Library does not have a formal policy limiting its exposure to custodial credit risk for investments. However, the Library held no investments as of September 30, 2021.

Interest Rate Risk

The Library does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Donnelly Public Library District
Notes to Financial Statements
For the Year Ended September 30, 2021

2. CASH AND INVESTMENTS (continued)

Investments

The Library follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the Library to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

At the end of the year, cash and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and Cash Equivalents	\$ 92,879
Restricted Cash	<u>48,190</u>
	<u>\$ 141,069</u>

3. PROPERTY TAXES

Property taxes are an enforceable lien on property. The lien date is January 1 for property taxes levied on the second Monday of the prior September. Taxes can be paid in two installments with payments due by December 20 and June 20. Valley County bills and collects the taxes and remits them to the Library monthly. Library property tax revenues are recognized when entered on the tax rolls to the extent that they result in receivables.

Taxes receivable represent balances due as of September 30, 2021. Taxes collected by the Valley County Tax Collector in August 2021, are on deposit with the Valley County Treasurer. These collections were turned over to the Donnelly Public Library District subsequent to September 30, 2021. Balances not received within 60 days after the end of the year are considered deferred in the fund financial statements.

4. RISK MANAGEMENT

The Library is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, and e) worker's compensation, i.e. employee injuries. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, and professional liabilities.

Donnelly Public Library District
Notes to Financial Statements
For the Year Ended September 30, 2021

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021, was as follows:

	Balance 9/30/2020	Additions	Disposals	Balance 9/30/2021
<u>Governmental Activities:</u>				
Nondepreciable Capital Assets:				
Land	\$ -	\$ 74,642	\$ -	\$ 74,642
Depreciable Capital Assets:				
Buildings and Improvements	104,000	-	-	104,000
Equipment	15,000			15,000
Total Historical Cost	119,000	-	-	119,000
Less: Accumulated Depreciation:				
Buildings and Improvements	5,200	2,600	-	7,800
Equipment	3,000	1,500		4,500
Total Accumulated Depreciation	8,200	4,100	-	12,300
Net Depreciable Assets	110,800	(4,100)	-	106,700
Governmental Activities - Net Capital Assets	<u>\$ 110,800</u>	<u>\$ 70,542</u>	<u>\$ -</u>	<u>\$ 181,342</u>

Depreciation expense was charged to the functions of the District as follows:

Governmental Activities:	
General and Administrative	<u>\$ 4,100</u>

6. SALARIES AND PAYROLL TAXES PAYABLE

The Library follows the practice of paying salaries and related benefits in the month after such payroll is earned. Salaries and benefits payable, as reflected at September 30, 2021, represent amounts earned but not paid at that date. Since the amount of salaries and related benefits due to the employees are pertinent to the fiscal year, such amounts have been accrued as salaries and benefits payable with related expenditures recorded in the current fiscal year's operations. The balance at September 30, 2021, was \$2,559 .

7. Restricted Funds

The board has restricted \$48,190 for future building improvements.

REQUIRED SUPPLEMENTARY INFORMATION

Donnelly Public Library
 Budgetary (GAAP Basis) Comparison Schedule
 General Fund
 For the Year Ended September 30, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 59,749	\$ 59,749	\$ 62,474	\$ 2,725
Donations	55,000	145,000	23,146	(121,854)
Fees	1,500	1,500	11,178	9,678
Other Revenue	751	751	919	168
Total Revenues	<u>117,000</u>	<u>207,000</u>	<u>97,717</u>	<u>(109,283)</u>
Expenditures				
Current:				
General and Administrative	117,000	207,000	158,887	48,113
Total Expenditures	<u>117,000</u>	<u>207,000</u>	<u>158,887</u>	<u>48,113</u>
Net Change in Fund Balances	-	-	(61,170)	(61,170)
Fund Balances - Beginning	-	-	200,548	200,548
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,378</u>	<u>\$ 139,378</u>

Garden Valley Library District
Notes to the Required Supplementary Information
For the Year Ended September 30, 2021

1. BUDGETS AND BUDGETARY ACCOUNTING

The Library follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to September 1, the Board of Directors prepares a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to October 1, the budget is legally passed.
- D. The Board of Directors, by following the same budgetary procedures used to adopt the original budget, may amend it to a greater amount if additional revenue will accrue to the Library as a result of increases in state or federal grants or allocations, or as a result of an increase in revenues from any source other than ad valorem tax revenues.
- E. Formal budgetary integration is employed as a management control device during the year for the General fund.
- F. The budget for the General fund is adopted on a basis consistent with generally accepted accounting principles.
- G. Expenditures may not legally exceed budgeted appropriations at the fund level. The Library does not use the encumbrance method of accounting.

SUPPLEMENTARY INFORMATION

Donnelly Public Library
Schedule of Revenue and Expenditures -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended September 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property Taxes	\$ 59,749	\$ 62,474	\$ 2,725
Donations	145,000	23,146	(121,854)
Fees	1,500	11,178	9,678
Other Revenue	751	919	168
Total Revenues	<u>\$ 207,000</u>	<u>\$ 97,717</u>	<u>\$ (109,283)</u>
Expenditures			
Books and Materials	\$ -	\$ 974	\$ (974)
Dues and Advertising	1,000	180	820
Grant Expenses	25,000	15,482	9,518
Insurance	1,850	1,543	307
Miscellaneous	850	735	115
Office Expense	4,000	4,077	(77)
Salaries and Payroll Taxes	46,000	51,902	(5,902)
Professional Services	2,800	2,593	207
Telephone and Utilities	5,500	6,759	(1,259)
Capital Outlay	120,000	74,642	45,358
Total General and Administrative	<u>\$ 207,000</u>	<u>\$ 158,887</u>	<u>\$ 48,113</u>

FEDERAL REPORT



ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

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Phone: 208-459-4649 ♦ FAX: 208-229-0404

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Donnelly Public Library District
Donnelly, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Donnelly Public Library District, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Donnelly Public Library District's basic financial statements, and have issued our report thereon dated September 19, 2022.

Internal Control Over Financial Reporting

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

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

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

2021-001: Expenditure Approvals

Inherent in an adequate internal control structure is a segregation of duties governing the overall administration and stewardship of assets. The District lacks a segregation of duties over cash and the reporting of transactions in these accounts. This is a result of oversights and staffing limitations necessitated by budget constraints common to districts of this size. The lack of an ideal segregation of duties may increase the risk that loss or misstatement of assets would not be detected and prevented in a timely manner and in the normal course of operations. Management should look into the cost benefit of implementing oversight and realigning job descriptions and duties to accomplish proper internal control procedures over cash and the related transactions and implement these changes accordingly, if possible.

Compliance and Other Matters

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

Donnelly Public Library District's Response to Findings

The Donnelly Public Library District's response to the findings identified in our audit is described in the accompanying management's response to findings. The Donnelly Public Library District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Zwygart John & Associates, CPAs PLLC

Nampa, Idaho
September 19, 2022

Donnelly Public Library District
Management's Response to Findings
For the Year Ended September 30, 2021

2021-001: Segregation of Duties

The District will look at cost and benefits of realigning job duties and/or adding mitigating controls to accomplish proper internal control procedures over cash and cash equivalents and the related transactions and implement these changes according, if possible.

If there are any questions on management's response to findings please contact the District at (208)325-8237.