DEARY RURAL FIRE DISTRICT

FINANCIAL STATEMENTS

January 1, 2023 through December 31, 2024

DEARY RURAL FIRE DISTRICT

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PRESNELL GAGE, PLLC
ACCOUNTING AND CONSULTING

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Deary Rural Fire District
Deary, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and the major fund of the Deary Rural Fire District, as of and for the two years ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the Deary Rural Fire District, as of December 31, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the two years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Deary Rural Fire 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.

Management's Responsibility for the Financial Statements

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

Lewiston Office: 1216 Idaho Street, Lewiston, Idaho 83501, (208) 746-8281
Moscow Office: 609 South Washington, Suite 202, Moscow, Idaho 83843, (208) 882-2211
Grangeville Office: 109 South Mill Street, Grangeville, Idaho 83530, (208) 983-1254
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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 20, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in the 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.

The Deary Rural Fire District has not presented 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 25, 2025, on our consideration of the Deary Rural Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Deary Rural Fire District's internal control over financial reporting and compliance.

Presnell Gage, PLLC

September 25, 2025
Moscow, Idaho

DEARY RURAL FIRE DISTRICT

STATEMENT OF NET POSITION
December 31, 2024

	Governmental Activities
ASSETS	
Current assets	
Cash	$ 100,168
Property taxes receivable	75,923
Total current assets	176,091
Noncurrent assets	
Capital assets	744,936
Less accumulated depreciation	(259,481)
Total noncurrent assets	485,455
Total assets	661,546
DEFERRED OUTFLOWS OF RESOURCES	
Prepaid insurance	2,618
LIABILITIES	
Current liabilities	
Accounts payable	2,168
Accrued interest	2,920
Current portion of bond payable	9,895
Total current liabilities	14,983
Noncurrent liabilities	
Bonds payable	107,878
Total noncurrent liabilities	107,878
Total liabilities	122,861
NET POSITION	
Invested in capital assets, net of related debt	367,682
Unrestricted	173,621
Total net position	$ 541,303

See accompanying notes

DEARY RURAL FIRE DISTRICT

STATEMENT OF ACTIVITIES
January 1, 2023 through December 31, 2024

	Governmental Activities
EXPENSES	
Functions/Programs	
Fire protection	$ 179,683
Depreciation expense	47,779
Interest on debt	10,678
Total expenses	238,140
GENERAL REVENUES	
General property taxes	148,629
Capital grants	211,363
Earnings on investments	12
Charges for services	108,365
Other	26,697
Total general revenues	495,066
CHANGE IN NET POSITION	256,926
NET POSITION, beginning	284,377
NET POSITION, ending	$ 541,303

See accompanying notes

DEARY RURAL FIRE DISTRICT

BALANCE SHEET - GOVERNMENTAL FUND
December 31, 2024

	General	Resolution 2023	Total
ASSETS			
Cash	$ 42,948	$ 57,220	$ 100,168
Property tax receivable	75,923		75,923
Total assets	118,871	57,220	176,091
DEFERRED OUTFLOWS OF RESOURCES			
Prepaid insurance	2,618		2,618
Total assets and deferred outflows of resources	$ 121,489	$ 57,220	$ 178,709
LIABILITIES			
Accounts payable	$ 2,168		$ 2,168
Total liabilities	2,168	0	2,168
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	30,418		30,418
Total deferred inflows of resources	30,418	0	30,418
FUND BALANCE			
Unassigned fund balance	88,903	57,220	146,123
Total fund balance	88,903	57,220	146,123
Total liabilities, deferred inflows of resources, and fund balance	$ 121,489	$ 57,220	$ 178,709

See accompanying notes

DEARY RURAL FIRE DISTRICT

RECONCILIATION OF THE STATEMENT OF NET POSITION
TO THE BALANCE SHEET - GOVERNMENTAL FUND
December 31, 2024

Total fund balance - governmental funds	$ 146,123
Amounts reported for governmental activities in the statements of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental fund:	
Cost of capital assets	744,936
Accumulated depreciation	(259,481)
Delinquent property taxes receivable to be collected this year, but are not available soon enough to pay for the current period expenditures, and, therefore, are deferred in the fund.	30,418
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund:	
Net bond payable	(117,773)
Accrued interest	(2,920)
Total net position - governmental activities	$ 541,303

See accompanying notes

DEARY RURAL FIRE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
January 1, 2023 through December 31, 2024

	General	Resolution 2023	Total
REVENUES			
General property taxes	$ 144,843		$ 144,843
Earnings on investments	12		12
Capital grants	211,363		211,363
Charges for services		$ 108,365	108,365
Other	23,197	3,500	26,697
Total revenues	379,415	111,865	491,280
EXPENDITURES			
Administration			
Fuel	4,559	2,699	7,258
Fireman training	1,284		1,284
Professional fees	9,388	5,690	15,078
Insurance	16,120		16,120
Supplies	680		680
Repairs and maintenance	55,996	14,076	70,072
Utilities	12,379		12,379
Office	1,531		1,531
Bank fees	77		77
Other expenses	13,022		13,022
Contractors		32,180	32,180
Wages and payroll taxes	10,002		10,002
Capital outlay	221,532		221,532
Debt service	53,204		53,204
Total expenditures	399,774	54,645	454,419
NET CHANGE IN FUND BALANCES	(20,359)	57,220	36,861
FUND BALANCE AT BEGINNING OF YEAR	109,262		109,262
FUND BALANCE AT END OF YEAR	$ 88,903	$ 57,220	$ 146,123

See accompanying notes

DEARY RURAL FIRE DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
January 1, 2023 through December 31, 2024

Net change in fund balances	$	36,861
Amounts reported for governmental activities in the statements of activities are different because:		
Capital outlays to purchase or build capital assets are reported in the governmental fund as expenditures. However, for governmental activities, those costs are shown in the statements of net position and allocated over their estimated useful lives as annual depreciation:		
Current year capital outlay		221,532
Current year depreciation		(47,779)
Some property taxes will not be collected for several months after the fiscal year-end and they are not considered available revenues in the governmental fund. Instead, they are counted as deferred tax revenues until collected. They are, however, recorded as revenue in the statements of activities:		
Current year taxes receivable		30,418
Prior year taxes receivable		(26,632)
Amounts borrowed on long-term debt are reported in the governmental funds as other financing sources. Amounts repaid on long-term debt are reported in the governmental fund as expenditures. However, for governmental activities, the borrowing and repayment of funds is reflected as outstanding long-term debt:		
Current year payment of bond principal		43,052
Change in accrued interest		(526)
Total change in net position - governmental activities	$	256,926

See accompanying notes

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The Deary Rural Fire District (the District) was organized under Section 31-1401 of the *Idaho Code*. The District operates under a Board of Commissioners consisting of three individuals who are each elected from one of three sub-districts within the District. The purpose of the District is to provide protection of property against fire and the preservation of life and enforcement of any fire codes and other rules that are adopted by the state fire marshal. The District's reporting entity includes the District government and all related organizations for which the District exercises oversight responsibility as defined by the Governmental Accounting Standards Board.

The District has developed criteria to determine whether outside agencies with activities, which benefit the citizens of the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District (1) selects the governing authority or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval of assets, etc.). The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight, which would result in the District being considered a component unit of the entity.

Measurement Focus and Basis of Accounting. The financial statements of the Deary Rural Fire District have been prepared in accordance with accounting principles generally accepted in the United States of America 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 District uses the following two bases of accounting in these financial statements:

Economic Resources Measurement Focus and Accrual Basis of Accounting

Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

Under this measurement focus, revenues are recognized when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. Property taxes and interest are considered to be susceptible to accrual.

The District reports deferred revenue in its fund financial statements. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting (Continued)

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 debt and acquisitions under leases are reported as other financing sources.

Restricted Resources. Program expenses are allocated to restricted program revenue first and then to the next highest level of net position/fund balance restrictions when both restricted and unrestricted resources are available.

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

Nonspendable

Includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted

Includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

Committed

Includes amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned

Includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned

Residual classification of fund balance that includes all spendable amounts that have not been restricted, committed, or assigned.

District-Wide Financial Statements. The statements of net position and the statements of activities display information about the overall District using the economic resources measurement focus and the accrual basis of accounting. Eliminations have been made to minimize the double-counting of internal activities. These statements reflect only governmental activities of the District since there are no "business-type activities" within the Deary Rural Fire District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

District-Wide Financial Statements (Continued). The statements of activities present a comparison between direct expenses and program revenues for the District's sole function of protecting property and life against fire within the District boundaries. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and 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, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the District's general fund. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Governmental Funds. All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting.

The District reports the following major governmental funds:

- General Fund. The general fund is the District's primary operating fund. It accounts for all financial resources except those require to be accounted for in another fund.

- Resolution 2023. This fund reflects the costs incurred for assisting firefighting efforts outside of the District's boundaries and the payments received from the State of Idaho for the assistance.

Use of Estimates. The District uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that the District uses.

Cash and Investments. The District's cash accounts consist of checking and savings accounts in FDIC-insured accounts.

Property Taxes. The District's property tax is levied by Latah County in November and payable on December 20 and June 20 following the levy date. Taxes are collected by the Counties and are remitted to the District in the month following collection. The taxes are delinquent, and a lien is filed the day following the due dates. A tax deed is issued on property three years from the initial date of delinquency.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets. Capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The District records all capital assets at their original cost. Interest is capitalized on capital assets during the construction period.

The District capitalizes equipment with an original unit cost of $1,000 or more and an expected life of more than 3 years. Equipment with an original unit cost of between $100 and $999 is not capitalized for depreciation purposes, but is recorded for inventory tracking purposes only.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings - 30 years, vehicles - 7 years, equipment and furniture - 10 years, computer equipment - 3 years.

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of net 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. For example, insurance premiums paid in advance of the policy's effective date.

In addition to liabilities, the statement of net position has a separate section for deferred inflows of resources, which represents delinquent property taxes not collected within 60 days of fiscal year-end. These amounts are deferred and will be recognized as revenue when collected.

2. LEGAL COMPLIANCE – BUDGETS

The District follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. At least ten days prior to the public hearing, the District publishes a proposed budget for public review.

2. A public hearing is set to obtain patrons' comments.

3. The final budget is adopted by the Board of Commissioners no later than the Tuesday following the first Monday in September for the following fiscal year.

The budget is a non-appropriated plan of spending, adopted on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Expenditures may not exceed the budget at the individual fund level. Expenditures exceeded the budget for the two years ending December 31, 2024. The District is not required to adopt a budget for the Resolution 2023 fund.

3. DEPOSITS AND INVESTMENTS

Deposits. All deposits were considered covered by federal depository insurance.

4. CAPITAL ASSETS

A summary of changes in general fixed assets at December 31, 2024 and 2023, are as follows:

	January 1, 2023 - December 31, 2024			
	Beginning Balance	Additions	Deletions	Ending Balance
CAPITALIZED LISTING				
Depreciable assets				
Buildings and improvements	$ 500,000			$ 500,000
Equipment		$ 221,532		221,532
Right-of-use asset	23,404			23,404
	523,404	$ 221,532	$ 0	744,936
ACCUMULATED DEPRECIATION				
Buildings and improvements	200,000	$ 25,000		225,000
Equipment		11,077		11,077
Right-of-use asset	11,702	11,702		23,404
	211,702	$ 47,779	$ 0	259,481
CAPITAL ASSETS, NET	$ 311,702			$ 485,455

5. GENERAL LONG-TERM DEBT

The District issued general obligation bonds in the amount of $250,000 in 2009. The bonds are due in annual installments of $14,900 (including interest), through May 2034, interest at 4.25 percent.

A summary of changes in long-term debt at December 31, 2024 are as follows:

	January 1, 2023 - December 31, 2024			
	Beginning Balance	Additions	Reductions	Ending Balance
Lease payable	$ 23,404		$ 23,404	
Bond payable	$ 136,369		$ 18,596	$ 117,773
Less current portion				9,895
Long-term debt payable				$ 107,878

Debt Repayment Schedule

Year	Principal	Interest
2025	$ 9,895	$ 5,005
2026	10,315	4,585
2027	10,754	4,146
2028	11,210	3,690
2029	11,687	3,213
2030-2034	63,912	10,588

6. RISK MANAGEMENT

The District is a member of the Idaho County Reciprocal Management Program (ICRMP). ICRMP is an all-lines aggregate insurance program providing liability, property, and casualty insurance coverage to Idaho's counties and other political subdivisions on a voluntary participation basis. ICRMP assumes or reinsures all risk for covered claims. Participants are charged an annual insurance premium with no additional assessments for losses.

7. RELATED PARTIES

The District works closely with the Deary Volunteer Fire Department, Inc. (non-profit) for fundraising and purchasing equipment to help the community. The District operates in a small rural community and from time-to-time, the District's commissioners will be involved in activities of the non-profit.

REQUIRED SUPPLEMENTARY INFORMATION

DEARY RURAL FIRE DISTRICT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
January 1, 2023 through December 31, 2024

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
REVENUES				
General property taxes	$ 148,332	$ 148,332	$ 144,843	$ (3,489)
Earnings on investments			12	12
Grants		124,698	211,363	86,665
Other			23,197	23,197
Total revenues	148,332	273,030	379,415	106,385
EXPENDITURES				
Administration				
Fuel			4,559	(4,559)
Fireman training	8,526	8,526	1,284	7,242
Professional fees			9,388	(9,388)
Insurance	20,624	20,624	16,120	4,504
Supplies			680	(680)
Repairs and maintenance	21,484	21,484	55,996	(34,512)
Utilities	18,655	18,655	12,379	6,276
Office			1,531	(1,531)
Bank fees			77	(77)
Other expenses	13,388	13,388	13,022	366
Wages and payroll taxes	13,000	13,000	10,002	2,998
Capital outlay	22,655	147,353	221,532	(74,179)
Debt service	30,000	30,000	53,204	(23,204)
Total expenditures	148,332	273,030	399,774	(126,744)
NET CHANGE IN FUND BALANCE	0	0	(20,359)	$ (20,359)
FUND BALANCE AT BEGINNING OF YEAR	0	0	109,262	
FUND BALANCE AT END OF YEAR	$ 0	$ 0	$ 88,903	

Note: The budgetary comparison schedule is presented on the modified accrual basis of accounting, which is the same basis of accounting used by the District in the fund financial statements.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT – *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Deary Rural Fire District
Deary, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Deary Rural Fire District, as of and for the two years ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Deary Rural Fire District's basic financial statements, and have issued our report thereon dated September 25, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Deary Rural Fire 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 Deary Rural Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Deary Rural Fire 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 over financial reporting 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses, item #2024-001, that we consider to be a significant deficiency.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Deary Rural Fire 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*.

Deary Rural Fire District's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on The Deary Rural Fire District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Deary Rural Fire District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Presnell Gage, PLLC

September 25, 2025
Moscow, Idaho

SIGNIFICANT DEFICIENCY

Finding #2024-001

Criteria: Internal control systems generally attempt to divide up accounting tasks among multiple individuals (segregation of duties) to improve the ability of the organization to identify errors within the accounting system.

Condition: The District has concentrated many accounting duties to one individual such that the desired segregation of duties is not possible.

Effect: Many accounting duties are performed by a single individual with limited oversight available within the District.

Response: The District's management and Board believe that the cost of hiring additional accounting staff outweighs the benefits that segregation of duties would provide.

Recommendation: We concur with the District's response.