DONNELLY RURAL FIRE PROTECTION DISTRICT

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2024

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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* 36

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Independent Auditor's Report

Board of Commissioners
Donnelly Rural Fire Protection District
Donnelly, Idaho

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and the fund information of Donnelly Rural Fire Protection District (the District), as of and for the year ended September 30, 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, business-type activities, and the fund information of Donnelly Rural Fire Protection District, as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 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 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 misstatements, 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 Rural Fire Protection District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility 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 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 GAAS 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 information, schedule of District's proportionate share of net pension liability (asset), and schedule of District's contributions on pages 32 to 34 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 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 opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2025, on our consideration of Donnelly Rural Fire Protection 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 Donnelly Rural Fire Protection District's internal control over financial reporting and compliance.

Zwygart John & Associates, CPAs, PLLC

Nampa, Idaho
February 13, 2025

Donnelly Rural Fire Protection District
Statement of Net Position
September 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 821,811	$ 1,047,939	$ 1,869,750
Receivables, Net:			
Property Taxes	49,458	-	49,458
Accounts	795	37,403	38,198
Interest	3,387	4,187	7,574
Prepaid Insurance	6,922	-	6,922
Total Current Assets	882,373	1,089,529	1,971,902
Noncurrent Asses			
Capital Assets:			
Land	27,000	-	27,000
Buildings and Improvements, Net	264,334	21,400	285,734
Equipment, Net	31,344	85,887	117,231
Vehicles, Net	144,348	97,028	241,376
Total Capital Assets	467,026	204,315	671,341
Total Noncurrent Assets	467,026	204,315	671,341
Total Assets	1,349,399	1,293,844	2,643,243
Deferred Outflows			
Pension Related Items	296,790	-	296,790
Total Deferred Outflows	296,790	-	296,790
Liabilities			
Current Liabilities:			
Accounts Payable	37,723	97,453	135,176
Salaries Payable	58,705	-	58,705
Compensated Absences	37,510	24,760	62,270
Accrued Interest Payable	585	-	585
Current Portion of Long-term Obligations	49,302	-	49,302
Total Current Liabilities	183,825	122,213	306,038
Noncurrent Liabilities:			
Net Pension Liability	827,285	-	827,285
Total Liabilities	1,011,110	122,213	1,133,323
Deferred Inflows			
Pension Related Items	57,452	-	57,452
Total Deferred Inflows	57,452	-	57,452
Net Position			
Invested in Capital Assets, Net of Related Debt	417,724	204,315	622,039
Unrestricted	159,903	967,316	1,127,219
Total Net Position	$ 577,627	$ 1,171,631	$ 1,749,258

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

Donnelly Rural Fire Protection District
Statement of Activities
For the Year Ended September 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
Public Safety	$ 1,432,552	$ 13,212	$ 125	$ -	$ (1,419,215)	$ -	$ (1,419,215)
Interest on Long-term Debt	4,147	-	-	-	(4,147)	-	(4,147)
Total Governmental Activities	1,436,699	13,212	125	-	(1,423,362)	-	(1,423,362)
Business-type Activities:							
Ambulance	584,025	129,639	-	-	-	(454,386)	(454,386)
Total Business-type Activities	584,025	129,639	-	-	-	(454,386)	(454,386)
Total Primary Government	$ 2,020,724	$ 142,851	$ 125	$ -	(1,423,362)	(454,386)	(1,877,748)
General Revenues:							
Property Taxes					1,137,150	-	1,137,150
Intergovernmental					-	693,122	693,122
Other					105,964	500	106,464
Unrestricted Investment Earnings					45,691	38,117	83,808
Total General Revenues and Special Items					1,288,805	731,739	2,020,544
Change in Net Position					(134,557)	277,353	142,796
Net Position, Beginning of Year					712,184	894,278	1,606,462
Net Position, End of Year					$ 577,627	$ 1,171,631	$ 1,749,258

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

Donnelly Rural Fire Protection District
Balance Sheet - Governmental Funds
September 30, 2024

		Fire
Assets		
Cash and Cash Equivalents	$	821,811
Receivables, Net:		
Property Taxes		49,458
Accounts		795
Interest		3,387
Prepaid Insurance		6,922
Total Assets	$	882,373
Liabilities		
Accounts Payable	$	37,723
Salaries Payable		58,705
Total Liabilities		96,428
Deferred Inflows		
Unavailable Revenue - Property Tax		45,688
Total Deferred inflows		45,688
Fund Balance		
Nonspendable		6,922
Committed		49,302
Assigned		684,033
Total Fund Balance		740,257
Total Liabilities, Deferred Inflows and Fund Balance	$	882,373

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

Donnelly Rural Fire Protection District
Reconciliation of the Balance Sheet of the Governmental
Funds to the Statement of Net Position
September 30, 2024

Total Fund Balances - Governmental Funds		$ 740,257
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. Those assets consist of:		
Land	$ 27,000	
Buildings and Improvements, Net of $406,661 Accumulated Depreciation	264,334	
Equipment, Net of $196,502 Accumulated Depreciation	31,344	
Vehicles, Net of $898,920 Accumulated Depreciation	144,348	
		467,026
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.		45,688
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Position.		(49,887)
Compensated Absences		(37,510)
The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.		
Net Pension Liability	$ (827,285)	
Pension Related Deferred Inflows	(57,452)	
Pension Related Deferred Outflows	296,790	
		(587,947)
Net Position of Governmental Activities		$ 577,627

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

Donnelly Rural Fire Protection District
Statement of Revenues, Expenditures, and
Changes in Fund Balance -
Governmental Funds
For the Year Ended September 30, 2024

	Fire
Revenues	
Property Taxes	$ 1,127,990
Plan Review and Permits	13,212
Impact Fees	105,964
Donations and Contributions	125
Total Revenues	1,247,291
Expenditures	
Personnel	1,055,443
Materials and supplies	12,733
Professional services	6,201
Utilities	19,758
Insurance	20,741
Fuel	6,025
Training	8,102
Other operating costs	186,615
Total Expenditures	1,315,618
Excess (Deficiency) of Revenues Over Expenditures	(68,327)
Other Financing Sources (Uses)	
Interest	45,691
Equipment capital outlay	(8,065)
Total Other Financing Sources (Uses)	37,626
Net Change in Fund Balances	(30,701)
Fund Balances - Beginning	770,958
Fund Balances - Ending	$ 740,257

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

Donnelly Rural Fire Protection District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of the Governmental
Funds to the Statement of Activities
For the Year Ended September 30, 2024

Total Net Change in Fund Balance - Governmental Funds		$ (30,701)
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. In the current period these amounts are:		
Capital Outlay	$ 51,701	
Depreciation Expense	(59,581)	
Net		(7,880)
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.		9,160
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount represents the net change in compensated absences.		16,146
The District participates in the Public Employer Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of net Position. The changes in does not affect the governmental funds, but are reported in the Statement.		(117,135)
Some capital additions were financed through notes payable. In governmental funds, a note payable arrangement is considered a source of financing, but in the statement of Net Position, the note obligation is reported as a liability.		(4,147)
Change in Net Position of Governmental Activities		$ (134,557)

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

Donnelly Rural Fire Protection District
Statement of Net Position -
Proprietary Funds
September 30, 2024

	Ambulance
Assets	
Current Assets:	
Cash and Cash Equivalents	$ 1,047,939
Receivables, Net	37,403
Interest Receivable	4,187
Total Current Assets	1,089,529
Noncurrent Assets:	
Capital Assets	
Buildings, Net	21,400
Equipment, Net	85,887
Vehicles, Net	97,028
Total Capital Assets	204,315
Total Assets	1,293,844
Liabilities	
Current Liabilities:	
Accounts Payable	97,453
Compensated Absences	24,760
Total Current Liabilities	122,213
Total Liabilities	122,213
Net Position	
Invested in Capital Assets, Net of Related Debt	204,315
Unrestricted	967,316
Total Net Position	$ 1,171,631

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

Donnelly Rural Fire Protection District
Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Funds
For the Year Ended September 30, 2024

	Ambulance
Operating Revenues	
Charges for services	$ 103,258
Property taxes	440,122
County recover fund and grants	253,000
Other operating revenues	13,613
Total Operating Revenues	809,993
Operating Expenses	
Personnel	441,012
Supplies and materials	16,230
Professional services	13,440
Utilities	7,955
Liability Insurance	6,163
Other operating costs	41,429
Depreciation	44,528
Total Operating Expenses	570,757
Income From Operations	239,236
Non-Operating Revenues (Expenses)	
Interest on Investments	38,117
Total Non-Operating Revenues (Expenses)	38,117
Change in Net Assets	277,353
Net Position, Beginning - Restated	894,278
Net Assets - Ending	$ 1,171,631

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

Donnelly Rural Fire Protection District
Statement of Cash Flows -
Proprietary Funds
For the Year Ended September 30, 2024

	Ambulance
Cash Flows From Operating Activities	
Receipts from Customers	$ 102,776
Payments to Suppliers for Supplies or Services	14,578
Payments to Employees for Services	(494,694)
Cash Received from Grants	691,954
Net Cash Provided (Used) by Operating Activities	314,614
Cash Flows From Noncapital Financing Activities	
Net Cash Provided (Used) by Noncapital Financing Activities	-
Cash Flows From Capital and Related Financing Activities	
Asset Purchases	(34,748)
Net Cash Provided (Used) by Capital and Related Financing Activities	(34,748)
Cash Flows From Investing Activities	
Interest and Dividends	38,117
Net Increase (Decrease) in Cash and Cash Equivalents	317,983
Cash and Cash Equivalents, Beginning	729,956
Cash and Cash Equivalents, Ending	$ 1,047,939

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

Donnelly Rural Fire Protection District
Statement of Cash Flows -
Proprietary Funds (continued)
For the Year Ended September 30, 2024

	Ambulance
Cash Flows From Operating Activities	
Operating Income (Loss)	$ 239,236
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	44,528
(Increase) Decrease in Accounts Receivable	(15,263)
Increase (Decrease) in Accounts Payable	58,366
Increase (Decrease) in Compensated Absences	(12,253)
Net Cash Provided (Used) From Operating Activities	$ 314,614

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of Donnelly Rural Fire Protection District (the District), which has responsibility and control over all activities related to public safety within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District 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 District's reporting entity does not contain any component units as defined by the Governmental Accounting Standards Board.

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 District. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

- Indirect expenses-expenses of the District related to the administration and support of the District's programs, such as personnel and accounting-are not allocated to programs.

- 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 District's funds. Separate statements for each fund category — *governmental and proprietary* — are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds, if applicable.

Basis of Presentation

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses 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 reports the following major governmental funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. Operating transactions are related to services provided, whereas non-operating transactions arise from capital and non-capital financing activities and from investing activities.

The District reports the following major enterprise funds:

- *Ambulance fund*. This fund accounts for ambulance services.

Basis of Accounting

The government-wide and proprietary fund 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.

Non-exchange transactions, in which the District 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 District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. 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.

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in the governmental fund Balance Sheet. The District uses the following fund balance categories in the governmental fund Balance Sheet:

- *Nonspendable:* Balances, for example, in permanent funds, prepaid expenses, and inventories that are permanently precluded from conversion to cash.
- *Committed:* Balances that are for future debt payments.
- *Assigned:* Balances reserved for future purchase of fire truck
- *Unassigned:* Balances available for any purpose.

Restrictions of fund balance are set by granting agencies or by enabling legislation. Committed funds are those amounts designated by the Board of Commissioners, the District's highest level of decision-making authority, through a formal action. The Board of Commissioners also has the authority to assign funds or authorize another official to do so. Unassigned fund balance is made up of the balances not properly reported in one of the other classifications (Nonspendable, restricted, committed or assigned).

Under the terms of grant agreements, the District 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 resources available to finance the program. When both restricted and unrestricted resources are available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the District'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 District considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

C. Assets and Liabilities

Cash Equivalents

All cash and investments with a maturity of three months or less and investments in the local government investment pool are considered to be cash and cash equivalents.

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts.

Property Tax Calendar

The District levies its real property taxes through the county 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 and July 1, 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 and proprietary funds are shown below:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Buildings and Improvements	$5,000	Straight-Line	10 – 50 Years
Equipment and Vehicles	$5,000	Straight-Line	5 – 15 Years

General infrastructure assets acquired prior to October 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all roads and bridges and other infrastructure assets acquired subsequent to October 1, 2003. The District has no infrastructure to report.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Accounts Payable

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

Pensions

For purposes of measuring the net pension liability (asset) 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.

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 DEPOSITS AND INVESTMENTS

Summary of Deposit and Investment Balances

The District maintains cash and investment pool accounts in each fund.

Deposits

As of September 30, 2024, the carrying amount of the District's deposits was $114,802 and the respective bank balances totaled $120,106. All of the bank balances were insured or collateralized with pooled securities held by the pledging financial institution in the name of the District.

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, 2024, all of the District's deposits were covered by the federal depository insurance or by collateral held by the District'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 District also had $65 of petty cash on hand. The District does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The District does not have a formal policy limiting its custodial credit risk for investments.

Interest Rate Risk

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

Investments

The District voluntarily participates in the State of Idaho Investment Pool which has not been rated. The pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the pool is with the State Treasurer, and Idaho Code defines allowable investments. The fair value of the District's investment in the pool is the same as the value of the pool shares.

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

> Idaho Code authorizes the District 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.

The District's investments at September 30, 2024, are summarized below:

		Investment Maturities (in Years)	
Investment	Fair Value	Less than 1	1-5
External Investment Pool	$ 1,754,883	$ 1,754,883	$ -

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

	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	$ 89,734	$ 25,133	$ 114,867
Investments categorized as deposits	732,077	1,022,806	1,754,883
	$ 821,811	$ 1,047,939	$ 1,869,750

3. RISK MANAGEMENT

The District 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, e) worker's compensation, i.e. employee injuries, and f) medical insurance costs of its employees. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, and professional liabilities.

4. PENSION PLAN

Plan Description

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

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

Pension Benefits

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

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

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for public safety. As of June 30, 2024 it was 6.71% for general employees and 9.83% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for public safety. Donnelly Rural Fire Protection District's contributions were $128,535 the year ended September 30, 2024.

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

At September 30, 2024, Donnelly Rural Fire Protection District reported a liability (asset) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Donnelly Rural Fire Protection District's proportion of the net pension liability (asset) was based on Donnelly Rural Fire Protection District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At September 30, 2024, Donnelly Rural Fire Protection District's proportion was 0.0221161 percent.

For the year ended September 30, 2024, Donnelly Rural Fire Protection District recognized pension expense/(revenue) of $245,670. At September 30, 2024, Donnelly Rural Fire Protection 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	$ 131,711	$ -
Changes in assumptions or other inputs	32,773	-
Net difference between projected and actual earnings on pension plan investments	-	15,017
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	97,788	42,435
Donnelly Rural Fire Protection District's contributions subsequent to the measurement date	34,518	-
Total	$ 296,790	$ 57,452

$34,518 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ending September 30, 2024.

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, 2024, the beginning of the measurement period ended June 30, 2023, is 4.6 years and 4.6 for the measurement period ended June 30, 2024.

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:

For the Year Ended September 30:	PERSI
2025	$ 96,211
2026	165,795
2027	(18,208)
2028	(10,640)
2029	6,180

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 (asset) in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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%

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 (Asset) as of June 30, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2024.

Capital Market Assumption

Fixed Income	30.0%
US/Global Equity	55.0%
International Equity	15.0%
Cash	0.0%
Total	100.0%

Discount Rate

The discount rate used to measure the total pension liability (asset) 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 (asset). The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability (asset)	$ 1,572,099	$ 827,285	$ 218,962

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 of PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

5. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024, was as follows:

	Balance 9/30/2023	Additions	Disposals	Balance 9/30/2024
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 27,000	$ -	$ -	$ 27,000
Capital Assets Being Depreciated:				
Buildings and Improvements	670,995	-	-	670,995
Equipment	227,846	-	-	227,846
Vehicles	1,043,268	-	-	1,043,268
Total Historical Cost	1,942,109	-	-	1,942,109
Less: Accumulated Depreciation				
Buildings and Improvements	394,815	11,846	-	406,661
Equipment	176,705	19,797	-	196,502
Vehicles	870,982	27,938	-	898,920
Total Accumulated Depreciation	1,442,502	59,581	-	1,502,083
Governmental Activities Capital Assets - Net	$ 526,607	$ (59,581)	$ -	$ 467,026

	Balance 9/30/2023	Additions	Disposals	Balance 9/30/2024
Business-type Activities:				
Capital Assets Being Depreciated:				
Buildings and Improvements	$ 30,000	$ -	$ -	$ 30,000
Equipment	232,866	34,748	-	267,614
Vehicles	440,377	-	-	440,377
Total Historical Cost	703,243	34,748	-	737,991
Less: Accumulated Depreciation				
Buildings and Improvements	8,000	600	-	8,600
Equipment	157,534	24,193	-	181,727
Vehicles	323,614	19,735	-	343,349
Total Accumulated Depreciation	489,148	44,528	-	533,676
Business-type Activities				
Capital Assets - Net	$ 214,095	$ (9,780)	$ -	$ 204,315

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

Governmental Activities:	
Public Safety and Protection	$ 59,581
Business-type Activities:	
Ambulance	$ 44,528

7. COMPENSATED ABSENCES

The District has established a formal method of recording accumulated unpaid vacation or sick pay as required by generally accepted accounting principles.

All full-time employees of the District accrue vacation days at various rates, which are determined by length of service. The District has established the policy that vacation time does not carry over past each employee's anniversary date.

Upon termination of employment (voluntary or involuntary), the employee shall be paid for all unused vacation time.

	9/30/2023	Increase	Decrease	9/30/2024	Current
Governmental Activities	$ 53,656	$ 57,935	$ (74,081)	$ 37,510	$ 37,510

	9/30/2023	Increase	Decrease	9/30/2024	Current
Business-type Activities	$ 37,013	$ 21,471	$ (33,724)	$ 24,760	$ 24,760

8. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The following is a schedule of accounts receivable and allowance for doubtful accounts by fund:

	General Fund	Ambulance Fund	Total
Accounts Receivable	$ 795	$ 60,084	$ 60,879
Allowance for Doubtful Account	-	(22,681)	(22,681)
Total	$ 795	$ 37,403	$ 38,198

9. OTHER COMMITMENTS

The District has corporate credit cards with US Bank which have a combined credit limit of $25,000. As of September 30, 2024, $4,955 of available credit was in use.

10. LONG-TERM OBLIGATIONS

In April 2020 the District obtained a note for the purchase of fire truck with Idaho First Bank with a 4.75% interest rate. The total borrowed was $222,616. Payments are to be paid annually and matures on July 1, 2025.

Changes in the long-term debt for the year ended September 30, 2024, are as follows:

Description	Maturity	Rate	9/30/2023	Increase	Decrease	9/30/2024	Current
Governmental Activities:							
2020 Fire Truck	2025	4.75%	$ 96,486	$ -	$ (47,184)	$ 49,302	$49,302

Debt service requirements on the long-term debt as of September 30, 2024, as follows:

	Governmental Activities	
Year Ended September 30,	Principal	Interest
2025	$ 49,302	$ 2,342
	$ 49,302	$ 2,342

The amount of interest charged to expense for long-term debt for the year ending September 30, 2024 was $0 for Business-type activities and $4,147 for Governmental Activities. No interest was capitalized.

REQUIRED SUPPLEMENTARY INFORMATION

Donnelly Rural Fire Protection District
Budgetary (GAAP Basis) Comparison Schedule - General Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	$ 1,117,361	$ 1,117,361	$ 1,127,990	$ 10,629
Grants and Contributions	-	-	125	125
Charges for Services	40,000	40,000	13,212	(26,788)
Interest	2,000	2,000	45,691	43,691
Other	37,127	37,127	105,964	68,837
Total Revenues	1,196,488	1,196,488	1,292,982	96,494
Expenditures				
Current:				
Dues and Licenses	6,250	6,250	6,805	(555)
Fire Training	25,000	25,000	19,088	5,912
EMS Training	8,000	8,000	149	7,851
Fire Equipment and Supplies	15,750	15,750	11,907	3,843
Fire House Maintenance	27,300	27,300	31,712	(4,412)
Insurance	55,051	55,051	54,871	180
Miscellaneous	17,088	17,088	10,462	6,626
Office Supplies	47,210	47,210	12,719	34,491
Payroll	950,553	950,553	1,021,313	(70,760)
Postage and Delivery	1,000	1,000	292	708
Professional Fees	-	-	6,100	(6,100)
Radios	1,500	1,500	397	1,103
Utilities	20,000	20,000	16,531	3,469
Vehicles	21,786	21,786	22,094	(308)
Capital Outlay	30,000	30,000	20,384	9,616
Debt Service:				
Principal	51,701	51,701	51,701	-
Contingency Fund	215,000	215,000	37,158	177,842
Total Expenditures	1,493,189	1,493,189	1,323,683	169,506
Excess (Deficiency) of Revenues Over Expenditures	(296,701)	(296,701)	(30,701)	266,000
Other Financing Sources (Uses)				
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(296,701)	(296,701)	(30,701)	266,000
Fund Balances - Beginning	296,701	296,701	770,958	474,257
Fund Balances - Ending	$ -	$ -	$ 740,257	$ 740,257

1. BUDGETS AND BUDGETARY ACCOUNTING

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

A. Prior to September 1, the Board of Commissioners 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 at the Fire Station to obtain taxpayer comments.

C. Prior to October 1, the budget is legally passed.

D. The District is authorized to transfer budgeted amounts between departments within any fund; however, no revision can be made to increase the overall tax supported funds except when federal or state grants are approved. The District, however, must follow the same budgetary procedures as they followed when the original budget was approved.

E. Formal budgetary integration is employed as a management control device during the year for the General fund.

Donnelly Rural Fire Protection District
Schedules of Required Supplemental Information
Public Employees Retirement System of Idaho
Last 10 - Fiscal Years

Schedule of the Donnelly Rural Fire Protection District's Share of Net Pension Liability (Asset)

Year	District's proportion of the net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2024	0.0221161%	$ 827,285	$ 944,955	87.55%	85.54%
2023	0.0194369%	775,663	844,064	91.90%	83.83%
2022	0.0221826%	873,718	778,895	112.17%	83.09%
2021	0.0196362%	(15,508)	781,120	-1.99%	100.36%
2020	0.0028632%	484,471	774,151	62.58%	88.22%
2019	0.0171253%	195,481	559,368	34.95%	93.79%
2018	0.0172922%	255,063	551,346	46.26%	91.69%
2017	0.0159964%	251,436	501,906	50.10%	90.68%
2016	0.0175202%	355,161	502,847	70.63%	87.26%
2015	0.0157244%	207,065	431,990	47.93%	91.38%

Data reported is measured as of June 30, 2024

Schedule of the Donnelly Rural Fire Protection District's Contributions

Year	Contractually required contributions	Contributions in relation to the contractually required contributions	Contributions deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2024	$ 128,535	$ 128,535	-	$ 944,955	13.60%
2023	105,648	105,648	-	844,064	12.52%
2022	95,637	95,637	-	778,895	12.28%
2021	95,915	95,915	-	781,120	12.28%
2020	95,060	95,060	-	774,151	12.28%
2019	66,084	66,084	-	559,368	11.81%
2018	64,281	64,281	-	551,346	11.66%
2017	58,516	58,516	-	501,906	11.66%
2016	58,625	58,625	-	502,847	11.66%
2015	50,363	50,363	-	431,990	11.66%

Data reported is measured as of September 30, 2024

FEDERAL REPORTS

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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 Commissioners
Donnelly Rural Fire Protection 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, the business-type activities, and each major fund of Donnelly Rural Fire Protection District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Donnelly Rural Fire Protection District's basic financial statements, and have issued our report thereon dated February 13, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Donnelly Rural Fire Protection 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 Donnelly Rural Fire Protection's internal control. Accordingly, we do not express an opinion on the effectiveness of Donnelly Rural Fire Protection'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Donnelly Rural Fire Protection 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*.

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
February 13, 2025