FIRST SEGREGATION
FIRE PROTECTION DISTRICT

Basic Financial Statements

December 31, 2024

FINANCIAL SECTION

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering First Segregation Fire Protection District's internal control over financial reporting and compliance.

Poulsen VanLeuven & Catmull

Poulsen VanLeuven & Catmull P.A.

May 22, 2025

FIRST SEGREGATION FIRE PROTECTION DISTRICT

Statement of Activities
For the Year Ended December 31, 2024

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:					
Fire Protection	$ 268,914	$ -	$ -	$ -	$ (268,914)
Interest	-	-	-	-	-
Total Governmental Activities	268,914	-	-	-	(268,914)
General Revenues					
Property & Sales Taxes					348,382
Other Taxes					-
Investment Earnings					10,104
Miscellaneous					8,707
Gain on Sale of Capital Assets					-
Total General Revenues and Transfers					367,193
Change in Net Position					98,279
Net Position Beginning of Year					1,466,678
Net Position End of Year					$ 1,564,957

See accompanying notes to the financial statements.

FIRST SEGREGATION FIRE PROTECTION DISTRICT

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2024

Total Governmental Fund Balances	$	1,058,221
Amounts reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resourses and therefore are not reported in the funds.		400,909
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.		
Property Taxes		105,827
Net Position of Governmental Activities	$	1,564,957

See accompanying notes to the financial statements.

FIRST SEGREGATION FIRE PROTECTION DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2024

Net Change in Fund Balances - Total Governmental Funds		$ 27,995
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay less depreciation expense in the current period:		
Fixed asset additions - purchased	$ 117,585	
Fixed asset disposals	-	
Depreciation expense	(54,863)	
		62,722
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. This is the current year increase/(decrease) in unavailable revenue.		7,562
Change in Net Position of Governmental Activities		$ 98,279

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of First Segregation Fire Protection District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The significant accounting policies of the District are described below.

A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the First Segregation Fire Protection District. The District is governed by a board of three commissioners which has governing responsibility over all of the activities related to the District. The board is responsible for approving the budget, establishing spending limitations, funding any deficits and borrowing funds. There are no other boards, councils, or component units for which the District exercises authority.

B. Government-Wide Financial Statements

The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the primary government. This District reports only governmental activities and has no business-type or fiduciary activities.

The statement of net position presents the financial condition of the governmental activities for the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Fund Financial Statements

The District maintains only one fund, the General fund, which presents all activities of the District. Accordingly, the General fund is the only major fund and there are no non-major funds.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Assigned Fund Balance - Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the secretary/treasurer, or (b) an appointed body (e.g. a budget or finance committee) or an official to which the Board of Commissioners have delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balance includes: (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as non-spendable, restricted, or committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - Unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

F. Deposits and Investments

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At year end, the District had no deposits that were exposed to custodial credit risk.

Investments: Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the District held the following investments:

Investment Type	Fair Value	Weighted Avg Maturity (days)
First Federal CD	$ 112,626	175

Credit Risk: The District's policy is to comply with Idaho State statutes which authorize the District to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

G. Inventory

Inventory held by the District at year end is considered immaterial and has not been accounted for.

H. Capital Assets

Capital assets, which include equipment, are reported in the governmental activities column in the government-wide financial statements. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is removed, and any gain or loss arising from its disposal is credited or charged to operations. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

NOTE 3: CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance 12/31/2023	Addition	Deletion	Balance 12/31/2024
Governmental Activities				
Equipment	$ 765,676	$ 104,585	$ -	$ 870,261
Buildings	153,751	-	-	153,751
Improvements other than Buildings	39,909	13,000	-	52,909
Const in Progress (Non-depreciable)	-	-	-	-
Land (Non-depreciable)	15,000	-	-	15,000
	974,336	117,585	-	1,091,921
Accumulated Depreciation:				
Equipment	538,800	49,195	-	587,995
Buildings	91,366	3,844	-	95,210
Improvements othen than Buildings	5,983	1,824	-	7,807
	636,149	54,863	-	691,012
Net Book Value:				
Equipment	226,876	55,390	-	282,266
Buildings	62,385	(3,844)	-	58,541
Improvements othen than Buildings	33,926	11,176	-	45,102
Const in Progress (Non-depreciable)	-	-	-	-
Land (Non-depreciable)	15,000	-	-	15,000
	$ 338,187	$ 62,722	$ -	$ 400,909

All assets are being depreciated using the straight line method over the respective estimated lives described in Note 1. The District has no infrastructure assets.

NOTE 4: UNAVAILABLE REVENUE - PROPERTY TAXES

Property taxes are levied by the 2nd Monday in September, in conformity with Title 31, Section 1605, of the Idaho State Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before December 20 and June 20 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60-day period after the close of the fiscal year.

The unavailable revenue account in the General Fund represents the taxes receivable more than 60 days after year end.

NOTE 5: LITIGATION, COMMITMENTS AND CONTINGENT LIABILITIES

The District is not involved in any litigation that would create a contingent liability.

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Jeffrey D. Poulsen, CPA
Darren B. VanLeuven, CPA
Jacob H. Catmull, CPA

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

To the Board of Commissioners
First Segregation Fire Protection District
Eden, 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 First Segregation Fire Protection District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 22, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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, we identified certain deficiencies in internal control over financial reporting, described in 2024-1 of the accompanying schedule of findings and responses that we consider to be a significant deficiency in internal control over financial reporting.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

First Segregation Fire Protection District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The

Finding 2024-1: Lack of segregation of duties

Criteria: Inherent in an adequate internal control structure is a segregation of duties governing the overall administration and stewardship of assets.

Condition: The District lacks a segregation of duties over accounting functions, including stewardship of cash and cash equivalents.

Cause: The condition is a result of staffing limitations necessitated by budget constraints common to a district this size.

Effect: The lack of an ideal segregation of duties may increase the risk that loss of assets would not be detected and prevented in a timely manner and in the normal course of operations.

Recommendation: It is suggested the District take such actions as hiring another person to assist in accounting duties, including the reconciling of cash and cash equivalents.

Response: The District believes the cost of hiring another person outweighs the benefit to be derived, as mitigating controls are currently in place such as board review of all disbursements, two signatures required on all checks, monthly board review of financial reports prepared by the clerk, and ensuring the clerk is not an authorized signer on the bank accounts.

FIRST SEGREGATION FIRE PROTECTION DISTRICT

BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2024
TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Title Page	
Table of Contents	2
FINANCIAL SECTION	
Independent Auditor's Report	4-5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheet - Governmental Funds	8
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	9
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Fund	12
Notes to the Financial Statements	13 - 18
Independent Auditor's Report on Compliance and Internal Control	19 - 20
Schedule of Findings and Responses	21

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Jeffrey D. Poulsen, CPA
Darren B. VanLeuven, CPA
Jacob H. Catmull, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
First Segregation Fire Protection District
Eden, 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 First Segregation Fire Protection District, as of and for the year 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 First Segregation Fire Protection District, as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

FIRST SEGREGATION FIRE PROTECTION DISTRICT

Statement of Net Position
December 31, 2024

	Governmental Activities
ASSETS	
Cash & Investments - Note 1	$ 866,660
Receivables:	
Taxes - Note 4	304,466
Accrued Interest	-
Inventory - Note 1	-
Prepaid Expenses	7,462
Capital Assets - Note 3:	
Land	15,000
Other Capital Assets, Net of Depreciation	385,909
Other Assets, Net of Amortization	-
Total assets	1,579,497
LIABILITIES	
Accounts Payable and Accrued Expenses	14,540
Interest Payable	-
Long-Term Liabilities:	
Due Within One Year	-
Due in More Than One Year	-
Total liabilities	14,540
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows	-
Total deferred inflows of resources	-
NET POSITION	
Net Investment in Capital Assets	400,909
Restricted	-
Unrestricted	1,164,048
Total Net Position	$ 1,564,957

See accompanying notes to the financial statements.

FIRST SEGREGATION FIRE PROTECTION DISTRICT

Balance Sheet
Governmental Funds
December 31, 2024

	General Fund
ASSETS	
Cash & investments	$ 866,660
Taxes receivable	304,466
Other receivables	-
Prepaid expenses	7,462
Total assets	$ 1,178,588
LIABILITIES AND FUND EQUITY	
Liabilities	
Accounts payable	$ 3,750
Accrued liabilities	10,790
Total liabilities	14,540
Deferred inflows of resources	
Unavailable revenue - property taxes	105,827
Total deferred inflows of resources	105,827
Fund Balances	
Nonspendable	7,462
Unassigned	1,050,759
Total fund balances	1,058,221
Total liabilities and fund balances	$ 1,178,588

See accompanying notes to the financial statements.

FIRST SEGREGATION FIRE PROTECTION DISTRICT

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds
For the Year Ended December 31, 2024

	General Fund
Revenues:	
Property and sales taxes	$ 340,820
Interest income	10,104
Donations	8,707
Grants	-
Sale of assets	-
Miscellaneous	-
Total revenues	359,631
Expenditures:	
Salaries & wages	117,139
Payroll expenses	19,666
Accountant services	5,275
Fuel & Oil	4,564
Insurance	6,320
Utilities	10,618
Telephone	1,353
Supplies, repairs and maintenance	23,316
Fireworks	11,341
Other expenses	28,360
Equipment purchases	103,684
Debt service - principle	-
Debt service - interest	-
Total expenditures	331,636
Excess (deficiency) of revenues over expenditures	27,995
Fund balance - beginning	1,030,226
Fund balance - ending	$ 1,058,221

See accompanying notes to the financial statements.

FIRST SEGREGATION FIRE PROTECTION DISTRICT

Statement of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual: General Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget: Favorable (Unfavorable)
Revenues:				
Property and sales taxes	$ 297,369	$ 297,369	$ 340,820	$ 43,451
Interest income	-	-	10,104	10,104
Donations	-	-	8,707	8,707
Grants	-	-	-	-
Sale of assets	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	297,369	297,369	359,631	62,262
Expenditures:				
Salaries & wages	122,000	122,000	117,139	4,861
Payroll expenses	9,333	9,333	19,666	(10,333)
Accountant services	-	-	5,275	(5,275)
Fuel & Oil	9,000	9,000	4,564	4,436
Insurance	9,500	9,500	6,320	3,180
Utilities	10,500	10,500	10,618	(118)
Telephone	-	-	1,353	(1,353)
Supplies, repairs and maintenance	27,000	27,000	23,316	3,684
Fireworks	-	-	11,341	(11,341)
Other expenses	15,000	15,000	28,360	(13,360)
Equipment purchases	50,000	50,000	103,684	(53,684)
Debt service - principle	-	-	-	-
Debt service - interest	-	-	-	-
Contingency/reserve	45,036	45,036	-	45,036
Total expenditures	297,369	297,369	331,636	(34,267)
Excess (deficiency) of revenues over expenditures	-	-	27,995	27,995
Fund balance - beginning	1,030,226	1,030,226	1,030,226	-
Fund balance - ending	$ 1,030,226	$ 1,030,226	$ 1,058,221	$ 27,995

See accompanying notes to the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period and other revenues if they are collected within 90 days of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the General Fund as its only major fund. The General Fund accounts for all financial resources of the District.

Amounts reported as program revenues include charges to customers for goods and services, operating grants and contributions, and capital grants and contributions. All taxes are reported as general revenues as are internally dedicated resources.

E. Fund Classifications

Fund Balance Reserves - The District has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the District to classify and report amounts in the appropriate fund balance classifications. The District's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned or unassigned.

The District reports the following classifications as applicable:

Non-spendable Fund Balance - Non-spendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form - such as inventory or prepaid insurance, or (b) legally or contractually required to be maintained intact - such as a trust that must be retained in perpetuity.

Restricted Fund Balance - Restricted fund balances are amounts that cannot be spent because they are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the District can be compelled by an external party (e.g. citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed Fund Balance - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the Board of Commissioners. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Board of Commissioners. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Depreciation of all exhaustible fixed assets is charged as an expense against operations in the statement of activities. Capital assets are reported net of accumulated depreciation on the statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	3-20 years

I. Long-Term Liabilities
The District has no long term liabilities.

J. Budgets and Budgetary Accounting
The District follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to August each year the District commissioners determine budgeted expenditures and the means of financing them for the year beginning the following January 1.

2. At the regular meeting in August the tentative budget is submitted for publication and public comment.

3. A public hearing is held to obtain public comment. After public comment the budget is finalized and legally adopted.

4. Revisions to the budget can only be made by court order, public hearing or in certain emergencies defined by law.

K. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts
The District has no employees, therefore, there is no accrual of employee benefits.

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

M. 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

N. Application of Restricted or Unrestricted Resources
The District's policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2: BUDGETARY COMPLIANCE

Actual expenditures exceeded budgeted expenditures in the general fund by $34,267.

NOTE 6: RISK MANAGEMENT/INSURANCE COVERAGE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District has transferred most of its risk by the purchase of commercial insurance through the Idaho Counties Reciprocal Management Program (ICRMP). The coverage through ICRMP expires October 1 but is renewed annually.

NOTE 7: SUBSEQUENT EVENTS

Management has evaluated subsequent events through the auditor's report date, which is the date the financial statements were available to be issued.

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 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.

Poulsen VanLeuven & Catmull

Poulsen VanLeuven & Catmull P.A.

May 22, 2025

Schedule of Findings and Responses
For the Year Ended December 31, 2024

Finding 2024-1: Lack of segregation of duties

Criteria: Inherent in an adequate internal control structure is a segregation of duties governing the overall administration and stewardship of assets.

Condition: The District lacks a segregation of duties over accounting functions, including stewardship of cash and cash equivalents.

Cause: The condition is a result of staffing limitations necessitated by budget constraints common to a district this size.

Effect: The lack of an ideal segregation of duties may increase the risk that loss of assets would not be detected and prevented in a timely manner and in the normal course of operations.

Recommendation: It is suggested the District take such actions as hiring another person to assist in accounting duties, including the reconciling of cash and cash equivalents.

Response: The District believes the cost of hiring another person outweighs the benefit to be derived, as mitigating controls are currently in place such as board review of all disbursements, two signatures required on all checks, monthly board review of financial reports prepared by the clerk, and ensuring the clerk is not an authorized signer on the bank accounts.