KOOTENAI COUNTY FIRE AND RESCUE

FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

Kootenai County Fire and Rescue
September 30, 2024

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September 30, 2024

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

MAGNUSON • McHUGH • DOUGHERTY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Kootenai County Fire and Rescue
5271 E Seltice Way
Post Falls, ID 83854

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kootenai County Fire and Rescue as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Kootenai County Fire and Rescue's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kootenai County Fire and Rescue, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Kootenai County Fire and Rescue 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 Kootenai County Fire and Rescue'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.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 Kootenai County Fire and Rescue'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 Kootenai County Fire and Rescue's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of required supplementary information required by GASB 68, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2025, on our consideration of Kootenai County Fire and Rescue'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 Kootenai County Fire and Rescue'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 Kootenai County Fire and Rescue's internal control over financial reporting and compliance.

Magnuson, McHugh, Dougherty CPAs

Magnuson, McHugh, Dougherty CPAs

February 10, 2025

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FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Kootenai County Fire & Rescue

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended September 30, 2024

The discussion and analysis of Kootenai County Fire & Rescue's financial performance provides an overview of financial activities for the fiscal year ended September 30, 2024. Please read it in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of Kootenai County Fire & Rescue exceeded its liabilities at the close of fiscal year 2024 by $20,151,331 (net position). Of this amount $2,820,847 is unrestricted and may be used to meet the District's ongoing obligations.
- The Total Net Position of the District increased by $1,058,128 (or 5.54%).
- As of September 30, 2024, the District's governmental funds reported a combined fund balance of $9,119,306, a decrease of $10,009,886 in comparison to the prior year.
- The total debt and deferred inflows of the District decreased by $543,243 (or .2.14%).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Kootenai County Fire & Rescue's basic financial statements. This annual report consists of financial statements for the District as a whole, referred to as government wide, as well as more detailed information for each specific fund.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. Revenues and Expenses reported in this statement for some items will result in cash flows in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and by bond covenants. The District uses fund accounting to help control and manage money for specific purposes.

OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)

Fund Financial Statements (Concluded)

The District has three funds. They are:

1. The General Fund – This fund accounts for most of the day-to-day operations of the District. The principal source of income is property taxes. The main expenses are for wages & benefits, and maintenance of operational facilities.
2. The Plant Facilities (or Capital Projects) Fund – This fund is used for the purchase of capital assets. The principal source of income is from transfers from the general fund.
3. The Debt Service Fund – This fund is used to account for the payment of the bond purchased to construct station 3 at Charleville & Prairie Ave in Post Falls, station 4 at Kathleen & 4th St in Coeur d'Alene, and at the KCFR Training Center Campus in Post Falls on Seltice: station 5, an outdoor classroom, and logistics warehouse, along with a 107' ladder truck, facility equipment, and other bond/construction cost expenses. The principal source of income is from transfers from the general fund. While this money is transferred from the general fund, it is derived from a separate property tax levy specifically for paying off the bond.

FINANCIAL ANALYSIS

The Government-Wide Financial Statements

This section of the Management Discussion and Analysis includes the financial statements that comply with the changes in the generally accepted accounting principles requiring governmental entities to report financial statements in a manner similar to the private sector. The government-wide financial statements are reported on the accrual basis of accounting. Thus, revenues are reported when earned and expenses are reported when incurred even though the cash flow might be in the future. Capital asset purchases are reported as assets with a reduction for accumulated depreciation.

Table 1
Statement of Net Position
September 30, 2024

	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets	$ 11,946,035	$ 21,486,631
Noncurrent assets	2,156,913	2,027,558
Capital assets, net	28,346,921	17,645,213
Deferred outflows of resources	2,578,009	3,353,591
Total assets and deferred outflows of resources	45,027,878	44,512,993
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current liabilities	2,719,600	2,782,596
Long-term liabilities	20,918,121	21,985,163
Deferred inflows of resources	1,238,826	652,031
Total liabilities and deferred inflows of resources	24,876,547	25,419,790
NET POSITION		
Net investment in capital assets	17,267,609	5,048,854
Restricted	62,875	27,656
Unrestricted	2,820,847	14,016,693
Net position	$ 20,151,331	$ 19,093,203

FINANCIAL ANALYSIS (CONTINUED)

The Government-Wide Financial Statements (Continued)

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. For the current year, the assets of the District exceeded liabilities and deferred inflows by $20,151,331.

Eighty-Six (86%) of the District's net position are reflected in its capital assets less any outstanding related debt used to acquire those assets.

- The District spent $4,259,485 on the new Headquarters Building.
- The District spent $4,279,527 on new Station 3.
- The District spent $2,572,145 on new Station 4.
- The District spent $129,072 on new Station 5.
- The District spent $6,720 for fencing at Station 1.
- The District spent $14,030 on an eDraulic Combi Tool.
- The District spent $81,028 on a new radio system for new Station 5.
- The District spent $5,055 on a range for the new Headquarters Building.
- The District spent $8,142 on a copy machine for the new Headquarters Building.
- The District spent $5,047 on a range for new Station 3.
- The District spent $5,047 on a range for new Station 4.
- The District spent $5,991 for a Bodycraft RFT weightlifting system.
- The District spent $53,102 on an SCBA Compressor for new Station 3.
- The District spent $53,017 on an SCBA Compressor for new Station 4.
- The District spent $53,017 on an SCBA Compressor for new Station 5.
- The District spent $5,048 on a range for new Station 5.
- The District made the fourth lease payment of $134,574 for the radios leased in FY2020-2021.
- The District purchased a 2024 Polaris Xpedition for $52,371.
- The District purchased a 2023 Dodge Ram for $62,549.
- The District purchased a 2025 Continental Cargo trailer for $24,563.
- The District spent $20,143 on the 2019 Pierce Enforcer Ladder.

The governmental standard of reporting requires governmental entities to report depreciation. Our capital assets were recorded on our books at $37,935,088. The accumulated depreciation applied to these assets was $9,588,167. Therefore, our capital assets are valued at $28,346,921.

FINANCIAL ANALYSIS (CONTINUED)

The Government-Wide Financial Statements (Continued)

The total debt and deferred inflows of the District decreased by $543,243 during the current fiscal year. The District continued to incur additional debt associated with employee benefits established through the Collective Bargaining Agreement.

- The District reported the possibility of a future debt of $2,616,747. This is a combination of accrued vacation, accrued compensatory time, and accrued sick leave. The accrued vacation and compensatory time are paid in full at the time of termination at the rate of pay held at that time. The accrued sick leave is based on either the Collective Bargaining Agreement or the Employee Handbook depending on if the employee is a union member or not. The Collective Bargaining Agreement states, "Employees who retire from the District shall be eligible for payment of up to 60% of their accrued sick leave, based on their salary at the date of retirement with 5 years of service." The Employee Handbook states, "Career members who are retirement eligible (as defined by PERSI) at the time of separation from the District, shall be eligible for payment of up to sixty percent (60%) of their accrued sick leave, based on their salary at the date of retirement." The compensated absences are split between a current portion and a long-term portion, with the majority being long-term. The District opened a separate savings account to fund a portion of the employee compensated benefits. The current balance as of 9/30/24 is $468,781.

- The District needed to account for the unused portion of the Health Reimbursement Arrangement (HRA). The HRA was initially established to help defray some of the costs of the higher deductible on the health insurance plan. Monies that are not used by the employee in one year can be rolled over to the next. This amount was $372,403.

FINANCIAL ANALYSIS (CONTINUED)

The Government-Wide Financial Statements (Concluded)

Table 2
Statement of Activities
Year Ended September 30, 2024

	2024	2023
REVENUES		
Property taxes	$ 13,921,952	$ 12,672,842
Sales tax	665,113	711,340
Interest and investment income	740,353	957,140
Permits and inspections	243,945	367,868
Rents and other	2,485,424	1,972,381
Grant income	2,650,607	168,524
Gain on disposal of assets	6,667	247,293
Impact fee income	500,000	-
Total revenues	21,214,061	17,097,388
EXPENSES		
Personnel and administrative	15,215,654	13,118,643
Training	124,331	107,455
Facilities	783,210	629,566
Communications	343	551
Operations	2,406,950	402,422
Vehicle maintenance and replacement	677,192	994,435
Interest and amortization expense	182,783	244,121
Pension plan expense - Base Plan	1,013,040	1,348,669
Pension plan expense - FRF	(121,526)	(163,041)
Total expenses	20,281,977	16,682,821
Change in net position	932,084	414,567
Net position - beginning	19,093,203	19,347,394
Error correction	126,044	(668,758)
Restated fund balance	19,219,247	18,678,636
Net position - ending	$ 20,151,331	$ 19,093,203

Total revenues for Governmental Activities exceeded expenses by $932,084 for the fiscal year ended September 30, 2024. This increase brought our net position to $20,151,331. The major source of revenue is from property taxes. It accounts for 83.7% of our total general revenues. The major source of expenses is Personnel and Administrative. It accounts for 75% of our total expenses.

FINANCIAL ANALYSIS (CONTINUED)

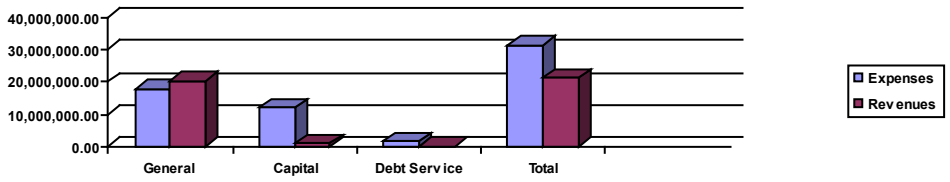
The Governmental Fund Financial Statements

This section of the Management Discussion and Analysis includes the financial statements reported by fund. The governmental fund financial statements are reported on the modified accrual basis. Thus, revenues are reported when received or calculable and expenses are reported when the liability is incurred except in the area of long-term debt and compensated absences. These are reported as expenses to the extent of the amount paid. Capital assets are reported as expenses when purchased. Such information may be useful in evaluating a government's current financing requirements.

On September 30, 2024, the combined fund balance for the District's governmental funds was $9,119,306, a decrease of $10,009,886 from the prior year. The District received more revenue than the prior year in most all areas.

The Personnel and Administrative expenditures increased by $1,906,878 from the prior year. Personnel and Administrative expenditures include Salaries and Benefits. Salaries paid amounted to $9,823,109. Benefits amounted to $4,476,938. Therefore, 95% of Personnel and Administrative expenses are attributed to Salaries and Benefits. Personnel and Administrative expenditures increased due to the Collective Bargaining Agreement pay scale. A matrix was devised that is based on years of service. During the fiscal year, the union members move up the pay scale to their appropriate years of service.

Comparison of Expenses and Revenues by Fund for FY 2023-2024

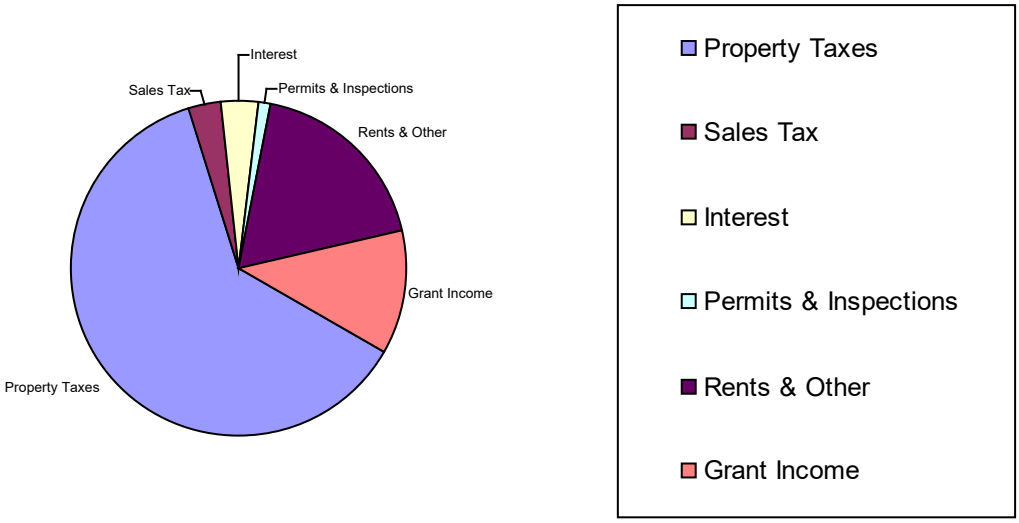


The comparison of expenses and revenues shows that in total, our expenses exceeded our revenues. The amount was $10,153,051. Operating transfers from the General Fund totaled $2,407,687. Of this amount, $823,555 went to the Capital Fund, and $1,584,132 went to the Debt Service Fund.

FINANCIAL ANAYSIS (CONCLUDED)

The Governmental Fund Financial Statements (Concluded)

Revenues by Source for FY 2023-2024



As you can see from our total revenues by source, we are funded mainly by property taxes. 66% of our revenues came from property taxes. Of the remaining 34%, 12% is from our second major source of income, Rents and Other. One major source of Rents and Other is the contract we have with Kootenai County Emergency Medical Services Systems. The contract is for emergency services provided by the District for Kootenai County Emergency Medical Services Systems.

GENERAL FUND BUDGETARY HIGHLIGHTS

Our actual revenues exceeded our budgeted revenues by $5,700,130 for all governmental fund types. Our actual revenues exceeded our budgeted revenues in the General Fund by $4,725,137 and in the Capital Projects Fund by $974,993.

Our actual expenses exceeded our budgeted expenses in the General Fund by $2,649,476 and our budgeted expenses exceeded our actual expenses in the Capital Projects Fund by $4,045,330. In the General Fund this was mainly due to spending more than we budgeted in personnel & benefits, operations, & naloxone. In the Capital Projects Fund this was mainly due to spending less than we budgeted for facilities, vehicles & bond-related expenses.

CAPITAL FUND AND DEBT ADMINISTRATION

Capital Assets: The District's investment in capital assets is $17,267,609 (net of accumulated depreciation). This investment in capital assets includes land, buildings, vehicles, and equipment. This is the net effect from improvements to station 1 plus several construction projects including the new headquarters, new stations 3, 4, & 5, along with the purchase of equipment & vehicles, the annual depreciation expense, and disposals.

CAPITAL FUND AND DEBT ADMINISTRATION (CONCLUDED)

Long-term Debt: At the end of the fiscal year, the District had long-term debt including current portions totaling $22,245,216. This relates to employee benefits that could be incurred in the future, $2,616,747 of compensated absences, $372,403 of Health Savings Accounts and $8,176,754 of PERSI net pension liability, along with $132,095 of the Motorola lease, and $10,947,217 bond related.

THE FUTURE OF THE DISTRICT

Kootenai County Fire and Rescue (KCFR) continues on a growth trajectory! FY2024 was another big year for KCFR. We have enjoyed another busy year, both response wise and project wise. We continue to provide an All-Hazards response to our growing population of now over 58,000 citizens! We also reached a long-term goal of moving our Fire Headquarters to our campus on East Seltice.

- Record number of emergency calls – Over 8,800
- Finished construction of Fire Station 3, Fire Station 4 and KCFR Headquarters
- Started construction of Fire Station 5 in Post Falls
- Received the FEMA SAFER Grant and hired 12 new firefighters
- Into the third year of the Collective Bargaining Agreement with Local 2856
- Continued providing all maintenance for the County EMS System which resulted in adding staff to the logistics division
- Ordered two new fire engines, prepaying for one with cash. One engine will be delivered in spring of 2025 and one in summer of 2026
- Finally received new staff vehicles that had been long ordered
- Deployed to several different wildfires in Idaho, Oregon and California with different resources resulting in additional revenue for KCFR
- Put in place a new Type 1 REMS team for local and regional wildfire deployment
- Hired staff and completed the process of standing up the Narcan distribution program for all public entities in the state of Idaho
- Participated in and helped with community fundraisers, public education and other events to benefit the citizens we serve

We remain financially solvent however, as a result of legislation enacted a couple of years ago, our financial growth is not what it once was. In FY2025 we would have $1,429,451 additional in tax revenue if not for this. The largest contribution to the budget comes as a result of property taxes, for the upcoming year, proceeds from the bond will be the second largest contributor and the agreement with Kootenai County EMS System for the provision of EMS service to our district is the third most significant source of revenue. Our capital equipment funds and accounts for compensated absences remain very healthy with plans to continue to put money back into those accounts as allowed.

FY2025 will be the last year of the bond as construction of fire station 5 which should, by the end of the fiscal year, close out the bond account and all bond purchases. We will be looking at new revenue sources to offset the loss due to the previously mentioned legislation.

The inception of impact fees on new construction for the fire district both in the city of Post Falls and Kootenai County have greatly benefitted our Fire District. These fees, collected at the time of a building permit on both residential and commercial construction, will fund future NEW capital projects. In fact, one of the two engines mentioned above will be paid for using impact fees. Impact fees can not be used to purchase or replace capital equipment for existing projects but can be used for future fire stations, and the apparatus and equipment to go in them. This is important with the growth of our fire district.

THE FUTURE OF THE DISTRICT (CONCLUDED)

Finally, the fire district continues to see growth, both in population and call volume. We saw growth in call volume last year and this year appears to be no different. That said, future planning and development of our agency remains a primary focus. These plans must accommodate stations, equipment and the firefighters to work in the stations. We enjoy a strong collaborative relationship with the union and anticipate mutual support for the plan outlined here.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of Kootenai County Fire & Rescue for all of those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Accounting Office, Kootenai County Fire & Rescue, 5271 E. Seltice Way, Post Falls, ID 83854.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

Kootenai County Fire and Rescue

STATEMENT OF NET POSITION
September 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 9,067,755
Receivables	1,495,628
Prepaid expenses	5,172
Equipment deposit	1,377,480
HRA deposits	28,000
Net pension asset - Firefighters' Retirement Fund	2,128,913
Capital assets:	
Land	1,574,570
Construction in process	4,620,047
Depreciable capital assets, net	22,152,304
Total assets	42,449,869
DEFERRED OUTFLOWS OF RESOURCES	
Proportionate share of collective deferred outflows of resources - Firefighters' Retirement Fund	68,434
Proportionate share of collective deferred outflows of resources - PERSI Base Plan	2,509,575
Total deferred outflows of resources	2,578,009
LIABILITIES	
Accounts payable and accrued liabilities	693,865
Wages, benefits, and payroll taxes payable	635,286
Accrued interest	63,354
Bonds payable, due within one year	1,195,000
Financed purchase, due within one year	132,095
Long-term liabilities:	
Compensated absences	2,616,747
HRA deposits	372,403
Bonds payable, due beyond one year	9,752,217
Net Pension Liability - PERSI Base Plan	8,176,754
Total liabilities	23,637,721
DEFERRED INFLOWS OF RESOURCES	
Unearned impact fees	1,024,081
Unearned grant income	214,745
Total deferred inflows of resources	1,238,826
NET POSITION	
Net investment in capital assets	17,267,609
Restricted	62,875
Unrestricted	2,820,847
Total net position	$ 20,151,331

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

Kootenai County Fire and Rescue

STATEMENT OF ACTIVITIES
September 30, 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: Total
Governmental activities:					
Personnel and administrative	$ 15,215,654	$ 1,923,795	$ 738,363	$ -	$ (12,553,496)
Training	124,331	-	2,066	-	(122,265)
Facilities	783,210	-	41,548	-	(741,662)
Communications	343	-	-	-	(343)
Operations	2,406,950	-	1,853,630	-	(553,320)
Vehicle maintenance and replacement	677,192	-	15,000	-	(662,192)
Interest and amortization expense	182,783	-	-	-	(182,783)
Pension plan expense - Base Plan	1,013,040	-	-	-	(1,013,040)
Pension plan expense - FRF	(121,526)	-	-	-	121,526
Total governmental activities	$ 20,281,977	$ 1,923,795	$ 2,650,607	$ -	(15,707,575)
General revenues:					
Property taxes					13,921,952
Sales tax					665,113
Interest and investment income					740,353
Permits and inspections					243,945
Rents and other					561,629
Gain on disposal of assets					6,667
Impact fee income					500,000
Total general revenues					16,639,659
Change in net position					932,084
Net position - beginning					19,093,203
Error correction					126,044
Restated net position					19,219,247
Net position - ending					$ 20,151,331

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

Kootenai County Fire and Rescue

GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2024

	General Fund	Capital Projects Fund	Debt Service Fund *	Total
ASSETS				
Cash and cash equivalents	$ 3,536,372	$ 5,468,767	$ 62,616	$ 9,067,755
Receivables:				
Property taxes	335,557	-	-	335,557
Accounts receivable, net	929,613	-	-	929,613
Interest	17,273	26,196	259	43,728
Sales tax	186,730			186,730
Due from capital projects fund	1,767,171	-	-	1,767,171
Prepaid expenses	5,172	-	-	5,172
Equipment deposit	-	1,377,480	-	1,377,480
HRA deposits	28,000	-	-	28,000
Total assets	$ 6,805,888	$ 6,872,443	$ 62,875	$ 13,741,206
LIABILITIES				
Accounts payable and accrued liabilities	$ 305,568	$ 388,297	$ -	$ 693,865
Wages, benefits, and payroll taxes payable	635,286	-	-	635,286
Due to general fund	-	1,767,171	-	1,767,171
Total liabilities	940,854	2,155,468	-	3,096,322
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	286,752	-	-	286,752
Unavailable revenue - impact fees	-	1,024,081	-	1,024,081
Unavailable revenue - grant revenue	214,745	-	-	214,745
Total deferred inflows of resources liabilities	501,497	1,024,081	-	1,525,578
FUND BALANCES				
Nonspendable:				
Deposits and prepaids	33,172	1,377,480	-	1,410,652
Assigned:				
Capital projects	-	2,315,414	-	2,315,414
Restricted:				
Debt service	-	-	62,875	62,875
Committed:				
Compensated absences	468,781			468,781
Unassigned	4,861,584	-	-	4,861,584
Total fund balances	5,363,537	3,692,894	62,875	9,119,306
Total liabilities, deferred inflows of resources, and fund balances	$ 6,805,888	$ 6,872,443	$ 62,875	$ 13,741,206

* Non-major fund

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

Kootenai County Fire and Rescue

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
September 30, 2024

Total fund balances - Governmental Funds, September 30, 2024		$ 9,119,306
Cost of capital assets	$ 37,935,088	
Less: Accumulated depreciation		
Buildings and improvements	(4,697,589)	
Land improvements	(105,514)	
Equipment	(1,068,017)	
Vehicles	(3,686,258)	
Training props	(30,789)	28,346,921
Elimination of deferred revenue		286,752
District's proportionate share of the net pension asset - Firefighters' Retirement Fund		2,128,913
Accrued interest		(63,354)
Bonds payable, due within one year		(1,195,000)
Financed purchase, due within one year		(132,095)
Long-term liabilities:		
Compensated absences		(2,616,747)
HRA deposits		(372,403)
Bonds payable		(8,235,000)
Premium on bond payable, net of accumulated amortization $676,350		(1,517,217)
Pension liabilities and deferred outflows of resources and deferred inflows of resources related to pensions:		
District's proportionate share of the net pension liability		(8,176,754)
Proportionate share of collective deferred outflows of resources		2,578,009
Net position, September 30, 2024		$ 20,151,331

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

Kootenai County Fire and Rescue

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2024

	General Fund	Capital Projects Fund
REVENUES		
Property taxes	$ 13,952,400	$ -
Sales tax	665,113	-
Interest and investment income	223,622	494,993
Permits and inspections	243,945	-
Rents and other	2,485,424	-
Grant income	2,650,607	-
Impact fee income	-	500,000
Total revenues	20,221,111	994,993
EXPENDITURES		
Personnel	14,288,516	-
Administrative	692,789	175
Training	124,331	-
Facilities	259,103	158,673
Communications	343	-
Operations	2,080,615	142,827
Vehicle maintenance and replacement	243,643	(556)
Capital outlay	-	11,695,209
Debt service:		
Principal	-	127,690
Interest	-	6,884
Total expenditures	17,689,340	12,130,902
Excess (deficiency) of revenues over (under) expenditures	2,531,771	(11,135,909)
OTHER FINANCING SOURCES (USES)		
Proceeds from sale of assets	-	17,121
Transfers in	142,603	823,555
Transfers (out)	(2,550,290)	-
Total other financing sources (uses)	(2,407,687)	840,676
Net change in fund balances	124,084	(10,295,233)
Fund balances - beginning	5,113,409	13,988,127
Error correction	126,044	-
Restated fund balances	5,239,453	13,988,127
Fund balances - ending	$ 5,363,537	$ 3,692,894

* Non-major fund

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

* Debt Service Fund	Total
$ -	$ 13,952,400
-	665,113
21,738	740,353
-	243,945
-	2,485,424
-	2,650,607
-	500,000
21,738	21,237,842
-	14,288,516
51	693,015
-	124,331
-	417,776
-	343
-	2,223,442
-	243,087
-	11,695,209
1,170,000	1,297,690
400,600	407,484
1,570,651	31,390,893
(1,548,913)	(10,153,051)
-	17,121
1,584,132	2,550,290
-	(2,550,290)
1,584,132	17,121
35,219	(10,135,930)
27,656	19,129,192
-	126,044
27,656	19,255,236
$ 62,875	$ 9,119,306

Kootenai County Fire and Rescue

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

Total net changes in fund balances for the year ended September 30, 2024	$ (10,135,930)
Add: Capital outlay which is considered expenditures	11,695,209
Less: Depreciation expense	(983,047)
Add: Financed purchase principal payments considered as an expenditure	127,690
Add: Debt principal payments considered as an expenditure	1,170,000
Add: Amortization expense on bond	219,357
Less: Difference in HRA deposits	(23,534)
Less: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis	(30,448)
Less: Difference in compensated absences	(210,589)
Add: Difference in accrued interest payable	5,344
Less: Proceeds from sale of assets	(17,121)
Add: Gain on disposal of assets	6,667
Less: Net pension expense	(891,514)
Change in net position for the year ended September 30, 2024	$ 932,084

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of Kootenai County Fire and Rescue (the "District"). The District's combined financial statements include the accounts of all District operations.

The District is a governmental subdivision of Idaho and a body politic and corporate. The District has oversight responsibility and control over all activities related to the District's functions. The District is not included in any other governmental "reporting entity" as defined in the GASB pronouncements, since the public elects the District Commissioners.

Component units are legally separate organizations for which the District is financially accountable. Component units may include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt, or the levying of taxes. The District has no component units.

The accounting methods and procedures adopted by the District conform to generally accepted accounting principles as applied to governmental entities. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following notes to the financial statements are an integral part of the District's basic financial statements.

B. Basis of Presentation – Government-wide Statements

The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. The statements present the *governmental activities* of the District. Governmental activities generally are funded through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between the direct 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 expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Generally accepted accounting principles require that the general fund be reported as a major fund. In addition, major funds include all other government funds whose total assets, liabilities, revenues, or expenditures are at least 10% or more of the total for all government funds.

The District reports the following major governmental funds:

General Fund – This is the District's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Principal sources of revenue are property taxes. Expenditures are for financial and administrative, facilities, operations, and maintenance.

Capital Projects Fund – The District uses this fund to account for the accumulation of resources for the acquisition of capital facilities and equipment. Principal sources of revenue are transfers from the general fund and interest income.

D. Measurement Focus, Basis of Accounting

Government-wide – The government-wide 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 the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – 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 the revenues are collected within sixty days after year-end. Property taxes are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Joint Ventures

The District has entered into an agreement with another local governmental agency named Kootenai County Emergency Medical Services System (KCEMSS). Under this agreement, the District will provide KCEMSS with sufficient personnel to staff two (2) ambulances at the paramedic level, which shall be available to respond to any location served by KCEMSS. This staffing shall be in effect twenty-four (24) hours per day, seven (7) days per week. Said personnel shall remain employees of the District at all times, and the District shall be responsible for payment of wages, benefits, and payroll associated taxes. The fee for providing this service is $137,521 per month.

In 2021 the District entered into an addendum agreement of the Master Joint Powers Agreement with KCEMSS to provide critical care transport (CCT) services. The District shall receive an annual fee of $130,000. Subsequently, 75% of any patient fees collected after the $130,000 shall be paid to the District. After 375 calls have been reached, the District will only be paid 50% of all fees collected.

The District entered into a three-year arrangement with KCEMSS on April 1, 2023, to provide maintenance services on KCEMSS vehicles and equipment. The District is required to provide 2,080 hours annually of mechanic and maintenance services, and the annual fee for the first year of the agreement is $104,023, allocated on a pro rata basis depending on the start date of the employee. The annual contract cost shall be provided to the district no later than May 1 of each year.

F. Cash and Cash Equivalents

For presentation in the financial statements, cash and cash equivalents includes cash on hand, amounts due from banks, and investments with an original maturity of three months or less at the time they are purchased by the District. Investments with an initial maturity of more than three months are reported as investments. Because the State Investment Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

The District invests in one 2a-7-like pools, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The Idaho State Investment Pool is duly chartered and administered by the State Treasurer’s office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements.

The balance that the District has in the Idaho State Investment Pool is carried at cost, which materially approximates fair market value.

The District considers funds held in the Idaho State Investment Pool to be cash equivalents, as the District is able to liquidate their account at any time.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

The District records real and personal property taxes as they are assessed, not as collected. Cancellations and uncollectible taxes for this and prior years were minimal, thus no allowance for uncollectible taxes is necessary.

Receivable for federal and state grants, federal revenue sharing entitlements and state, county and local shared revenue are recorded as revenue in all fund types as measurable and available.

H. Property Tax Calendar

Property taxes are levied on the third Monday of September and attach as an enforceable lien on property. They are payable in two installments on December 20 of the current calendar year and June 20 of the next calendar year. The taxes are collected and remitted to the District by Kootenai County.

I. Prepaid Expenses, and Deposits

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded either as prepaid expenses or deposits.

J. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation.

The District maintains a capitalization threshold of $5,000. The District has no public domain assets. Improvements and interest incurred during the construction of capital assets are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	25-40
Building improvements	5-30
Vehicles	5-20
Equipment	5-20

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Accrued Liabilities and Long-Term Obligations

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

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

Leases, which meet certain criteria established by the Governmental Accounting Standards Board, are classified as right of use leases, the assets and related liabilities are recorded at amounts equal to the present value of minimum lease payments. Leases which do not meet the criteria of a lease are classified as operating expenses.

L. Bond Premium

Bond premiums are deferred and amortized over the corresponding term of the bonds. Amortization is computed on the straight-line method over the 10-year term of the bonds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures and expensed in the period incurred.

M. Compensated Absences

Employees eligible for leave include full-time equivalent employees that are employed by the District and work a minimum of 40 hours per week. Leave time can be used as earned. The following tables detail the District's policy for compensated absences:

40 Hour Employees

Years of Service	Hours Earned/Year
0 – 2	60
2 – 5	96
5 – 10	132
10 – 15	180
15 – 20	216
20 and beyond	240

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences (Concluded)

56 Hour Employees

Years of Service	Hours Earned/Year
0 – 2	72
2 – 5	144
5 – 10	216
10 – 15	264
15 – 20	312
20 and beyond	336

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' right to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees who qualify.

The District's sick leave policy permits the accumulation of sick leave hours on a per-month basis as follows:

Type of Employee	Hours Earned	Hours Maximum Accumulation
40 Hours Per Week	216	1560
56 Hours Per Week	216	2160

The District's sick leave policy according to the union contract allows for employees who retire to be eligible to receive 60 percent of their accrued sick leave, based on their salary of the date of retirement with at least five years of service. The District's sick leave policy according to the employee handbook, states that member retiring from the District shall be eligible for payment of 60 percent of their accrued sick leave, based on their salary on the date of retirement with at least five years of service.

Sick leave cash out will be paid according to the following schedule of full years of career service (PERSI rules) with the District:

A. <5 years = No cash out
B. 5+ years = 60% of unused sick leave balance (union members).
C. 5+ years = 60% of unused sick leave balance (nonunion members).

The liability for accumulated sick leave benefits calculated at 60 percent of unused total for union employees and 60 percent of unused total for the nonunion employees with 5 full years of services as of September 30, 2024 is $1,911,026.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Health Reimbursement Arrangements

Kootenai Fire & Rescue sets aside funds in a Health Reimbursement Arrangement in the amount of $1,000 per employee insured or $2,000 per employee and one or more dependents insured. These funds can be used to reimburse eligible health expenses that employees and/or their eligible dependents incur during the coverage period. Funds that the employee does not use will be rolled over into the next year so they may be used for future years. The amount of this liability that remained unpaid as of September 30, 2024 was $372,403.

O. Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System Of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net pension asset and pension expense/(revenue), information about the fiduciary net position of the Firefighters' Retirement Fund Plan (FRF Plan) and additions to/deductions from FRF's fiduciary net position have been determined on the same basis as they are reported by the FRF. 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.

P. Interfund Transactions

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as "interfund balances". Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as "interfund balances" as well.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs at cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

- The District has two items, both related to pension plans, which are reported in the government-wide statement of net position and qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category:

- The District has one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

- The District has two items, both related to pension plans, which are reported in the government-wide statement of net position and qualify for reporting in this category.

R. Net Position

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

S. Fund Balance Classifications

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

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Fund Balance Classifications (Concluded)

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

Restricted – amounts restricted when constraints placed on the use of resources 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. 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 purposes specified by the legislation.

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

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

Unassigned Fund Balance – 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.

T. Fund Balance Flow Assumptions

The details of the fund balances are included in the Governmental Funds Balance Sheet. Restricted funds are used first, as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Commissioners or the Assignment has been changed by the Chief. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order. The District reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Net Position Flow Assumptions

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

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

V. Extraordinary or Special Items

Extraordinary items are transactions that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Commissioners and that are either unusual in nature or infrequent in occurrence. Neither type of transactions occurred during the fiscal year ended September 30, 2024.

W. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

X. Budgetary Data

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

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

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

a) The District publishes a proposed budget for public review.

b) Public hearings are set to obtain taxpayer comments.

c) Prior to October 1, the budget is adopted by resolution of the Board of Commissioners and published.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

X. Budgetary Data (Concluded)

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

NOTE 2: CASH AND CASH EQUIVALENTS

General:

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

Custodial Credit Risk

Custodial credit risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk as it deposits funds in financial institutions that are members of the U.S. Federal Deposit Insurance Corporation (FDIC) and has never experienced such a loss.

As of September 30, 2024, the District's deposits were exposed to custodial credit risk as follows:

Deposits without exposure to custodial credit risk:	
Amount insured by FDIC	$ 250,000
Amount collateralized with securities held in trust, but not in the District's name	9,349,478
Total deposits without exposure to custodial credit risk	$ 9,599,478
Deposits with exposure to custodial credit risk:	
Amount uninsured by FDIC	$ 286,463
Total deposits with exposure to custodial credit risk	$ 286,463
Total deposits with financial institutions	$ 9,885,941
The carrying amount is displayed as follows in the financial statements:	
Statement of net position:	
Cash and cash equivalents	$ 9,005,139
Restricted cash	62,616
	$ 9,067,755
Cash and cash equivalents as of September 30, 2024 consist of the following:	
Cash	
Deposits with financial instituions	$ (306,031)
Cash equivalents	
Idaho state investment pool deposits	9,373,786
	$ 9,067,755

(Continued)

NOTE 2: CASH AND CASH EQUIVALENTS (CONCLUDED)

The District's investments in 2a-7-like pools are valued based upon the value of pool shares. The District invests in one 2a-7-like pool, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The State Investment Pool is duly chartered and administered by the State Treasurer's office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements. GASB Statement No. 3 requires the District to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. The Pool has not been assigned a risk category since the District is not issued securities, but rather it owns an undivided beneficial interest in the assets of the Pool. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body nor is any balances insured by the Federal Deposit Insurance Corporation. Financial reports are available from the Idaho State Treasurer's Office upon request.

The balances above that the District has in the State Investment Pool are carried at amortized cost, which is permitted pursuant to GASB 31, and calculated on a monthly basis. The District's portion of the State Investment Pool had an unrealized gain of $8,408 in the General Fund, $15,738 in the Capital Projects Fund, and $162 in the Debt Service Fund as of September 30, 2024, which has been reflected in the financial statements.

Credit Risk

The Idaho State Investment Pool does not have an established credit rating but invests in entities with a minimum credit rating of "A" as stipulated by Idaho code. The District does not have a formal policy for credit risk. Financial information on the investment pool can be obtained by contacting the Idaho State Treasurer.

NOTE 3: RECEIVABLES

The following is a schedule of property taxes assessed for the year, collected, and remaining to be received:

Year	Balance 9/30/23	Assessments Levied	Adjustments & Collections	Balance 9/30/24
2019-2024	$ 364,156	$ 13,471,703	$ (13,500,302)	$ 335,557

In accordance with NCGA Interpretation #3, revenue, which is not received within 60 days of the year-end, has been reflected as deferred revenue. The balance as of September 30, 2024, is as follows:

Taxes due at September 30, 2024	$ 335,557
Received October 2024	(33,167)
Received November 2024	(15,638)
Total	$ 286,752

(Continued)

NOTE 3: RECEIVABLES (CONCLUDED)

Accounts receivable include amounts due from various customers generally for permit fees. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectible. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with amounts receivable was $0 for the year ended September 30, 2024.

NOTE 4: CAPITAL ASSETS

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

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 1,574,570	$ -	$ -	$ -	$ 1,574,570
Construction in process	1,840,015	11,227,488	-	(8,447,456)	4,620,047
Total capital assets, not being depreciated	3,414,585	11,227,488	-	(8,447,456)	6,194,617
Capital assets, being depreciated:					
Buildings and improvements	12,601,268	19,460	-	8,447,456	21,068,184
Equipment / training props	2,129,071	288,524	-	-	2,417,595
Vehicles	8,134,159	159,737	(39,204)	-	8,254,692
Total capital assets, being depreciated	22,864,498	467,721	(39,204)	8,447,456	31,740,471
Less accumulated depreciation for:					
Buildings and improvements	4,437,669	365,434	-	-	4,803,103
Equipment / training props	915,298	183,508	-	-	1,098,806
Vehicles	3,280,903	434,105	(28,750)	-	3,686,258
Total accumulated depreciation	8,633,870	983,047	(28,750)	-	9,588,167
Total capital assets, being depreciated, net	14,230,628	(515,326)	(10,454)	8,447,456	22,152,304
Governmental activities capital assets, net	$ 17,645,213	$ 10,712,162	$ (10,454)	$ -	$ 28,346,921

Depreciation expense was charged to functions as follows:

Facilities	$ 365,434
Operations	183,508
Vehicle replacement and maintenance	434,105
	$ 983,047

(Continued)

NOTE 5: RISK MANAGEMENT

The District is insured with general liability, property insurance, and public officials' insurance. As claims arise, they are submitted to and paid by the insurance carrier. During the fiscal year ended September 30, 2024, the District paid $142,308 from the general fund for this insurance coverage. There were no significant reductions in insurance coverage from the prior year. The District's workman's compensation coverage is provided by the Idaho State Insurance Fund. During the year ended September 30, 2024, the District contributed $231,314 from the general fund for this insurance coverage.

NOTE 6: LONG-TERM OBLIGATIONS

The District has adopted the policy of acquiring certain capital assets through the use of lease-purchase agreements and bond issuances. In addition, the long-term obligations of the District include compensated absences and future employee benefits.

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

	Balance October 1, 2023	Additions	Payments	Amortization	Balance September 30, 2024	Due within one year
Bonds payable:						
General obligation bonds	$ 10,600,000	$ -	$ 1,170,000	$ -	$ 9,430,000	$ 1,195,000
Deferred amount for issuance premium	1,736,574	-	-	219,357	1,517,217	-
Total bond payable	12,336,574	-	1,170,000	219,357	10,947,217	1,195,000
Financed purchase	259,785	-	127,690	-	132,095	132,095
HRA deposits	348,869	177,031	153,497	-	372,403	-
Compensated absences	2,406,158	210,589	-	-	2,616,747	-
	$ 15,351,386	$ 387,620	$ 1,451,187	$ 219,357	$ 14,068,462	$ 1,327,095

General Obligation Bonds Payable

On September 1, 2021, the District issued $12,870,000 in a general obligation bonds for costs of a new fire station 5, together with the necessary facilities and equipment, (ii) new fire stations 3 and 4 being relocated, together with the necessary facilities and equipment, (iii) improvements to the District's existing training campus, including a new outdoor classroom and auxiliary and support vehicle storage, (iv) a new ladder truck, and (v) other improvements, equipment and apparatus necessary to provide fire protection within the District's boundaries. The principal of the bonds shall be payable annually on the 1st of August and shall bear interest at the rate of 2.00% (increases to 4.00% August 1, 2025), payable semiannually on February 1st and August 1st in each year until maturity.

(Continued)

NOTE 6: LONG-TERM OBLIGATIONS (CONCLUDED)

The following is a schedule of bond maturities:

Year Ended September 30,	Rate	Principal	Interest	Total
2025	2.00%	$ 1,195,000	$ 377,200	$ 1,572,200
2026	4.00%	1,240,000	329,400	1,569,400
2027	4.00%	1,290,000	279,800	1,569,800
2028	4.00%	1,345,000	228,200	1,573,200
2029	4.00%	1,395,000	174,400	1,569,400
2030-2031	4.00%	2,965,000	179,000	3,144,000
		$ 9,430,000	$ 1,568,000	$ 10,998,000

NOTE 7: FINANCED PURCHASES

During 2020, the District entered into a lease purchase agreement to acquire equipment from Motorola Solutions. The agreement requires annual payments of $134,574, including interest of 2.65%, payable annually on June 1st each year until maturity of June 1, 2025.

Future minimum lease-purchase agreement payments are as follows:

Year Ended September 30	Principal	Interest	Total
2025	$ 132,095	$ 2,479	$ 134,574
	$ 132,095	$ 2,479	$ 134,574

NOTE 8 OPERATING AGREEMENTS – IMPACT FEES

In fiscal year 2023 the District entered into an agreement with the City of Post Falls (the City) for the collection and expenditure of development impact fees for fire district system improvements. Impact fees collected by the City on behalf of and transferred to the District shall be deposited in an interest-bearing account held by the District. Interest generated shall be subject to the same restrictions on uses of collected impact fees. Impact fees shall be spent on a first-in-first-out basis and restricted to projects specified in a Capital Improvements Plan maintained by the District. As of September 30, 2024, the District reported $795,918 in deferred revenue related to impact fees and interest.

In fiscal year 2023 the District entered into an agreement with Kootenai County (the County) for the collection and expenditure of development impact fees for fire district system improvements. Impact fees collected by the County on behalf of and transferred to the District shall be deposited in an interest-bearing account held by the District. Interest generated shall be subject to the same restrictions on uses of collected impact fees. Impact fees shall be spent on a first-in-first-out basis and restricted to projects specified in a Capital Improvements Plan maintained by the District. As of September 30, 2024, the District reported $228,163 in deferred revenue related to impact fees and interest.

(Continued)

NOTE 9: DEFINED BENEFIT PENSION PLAN – BASE PLAN

Plan Description

Kootenai County Fire and Rescue (the 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 in the Base Plan 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/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 Retirement Board has the authority to provide higher PERSI Base Plan 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.

(Continued)

NOTE 9: DEFINED BENEFIT PENSION PLAN – BASE PLAN (CONTINUED)

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. 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 Base Plan contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2024, it was 6.71% for general employees and 9.83% for police and firefighters. The employer contribution rate is set by the Retirement Board and was 11.18% general employees and 13.26% for police and firefighters. The City's contributions were $1,305,721 for 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, the District reported a liability for the base plan for its proportionate share on the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024 the District's proportion was 0.21859209 percent.

For the year ended September 30, 2024, the District recognized pension expense of $1,013,040. At September 30, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (148,422)
Changes of assumptions	323,921	-
Net difference between projected and actual earnings on pension plan investments	1,301,815	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	388,966	-
Kootenai County Fire and Rescue contributions subsequent to the measurement"	346,451	-
Total	$ 2,361,153	$ (148,422)

(Continued)

NOTE 9: DEFINED BENEFIT PENSION PLAN – BASE PLAN (CONTINUED)

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

$346,451 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 in the year ending September 30, 2025.

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

Year ended September 30:	
2025	403,571
2026	1,524,577
2027	(262,910)
2028	(187,924)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return-net of investment fees	6.35%
Cost-of-living (COLA) adjustments	1.00%

(Continued)

NOTE 9: DEFINED BENEFIT PENSION PLAN – BASE PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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 as of June 30, 2024, is based on the results of an actuarial valuation date 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.

(Continued)

NOTE 9: DEFINED BENEFIT PENSION PLAN – BASE PLAN (CONTINUED)

Actuarial Assumptions (Concluded)

	2024	
Asset Class	DB Plans	Sick Leave
Fixed Income	30.0%	50.0%
US/Global Equity	55.0%	39.3%
International Equity	15.0%	10.7%
Cash	0.0%	0.0%
Total	100%	100%

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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 asset calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension 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%)
District's net pension liability (asset)	$ 15,538,380	$ 8,176,754	$ 2,164,182

(Continued)

NOTE 9: DEFINED BENEFIT PENSION PLAN – BASE PLAN (CONCLUDED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the Pension Plan

At September 30, 2024, Kootenai County Fire and Rescue reported payables to the defined benefit pension plan of $320,948 to be remitted to PERSI.

NOTE 10: DEFINED BENEFIT PENSION PLAN – FRF

Plan Description

Kootenai County Fire and Rescue (the District) contributes to the FRF which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers a closed group of firefighters who were hired before October 1, 1980, and who received benefits in addition to those provided under the PERSI Base Plan. The cost to administer the plan is financed through the contributions and investment earnings of the FRF. Additional FRF funding is obtained from receipts from a state fire insurance premium tax. 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 FRF 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 System members with at least ten years of service and three members who are Idaho citizens not members of the System except by reason of having served on the Board.

Pension Benefits

The FRF provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service as well as the final average salary. A firefighter must have 5 years of service to be eligible for a lifetime retirement allowance at age 60. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance is based on Idaho Code Title 72 Chapter 14.

The benefit payments for the FRF are calculated using a benefit formula adopted by the Idaho legislature. The FRF cost of living increase is based on the increase in the statewide average firefighter's wage.

(Continued)

NOTE 10: DEFINED BENEFIT PENSION PLAN – FRF (CONTINUED)

Member and Employer Contributions

Member and employer contributions paid to the FRF 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.

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

At September 30, 2024, the District reported an asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset was based on the District's share of contributions in the FRF pension plan relative to the total contributions of all participating FRF employers. At June 30, 2024 the District's proportion was 0.8458267 percent.

For the year ended September 30, 2024, the District recognized pension expense (offset) of ($121,526). At September 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	68,434	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
Kootenai County Fire and Rescue's contributions subsequent to the measurement date	-	-
Total	$ 68,434	$ -

$0 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 asset in the year ending September 30, 2025.

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, 2022 the beginning of the measurement period ended June 30, 2023 is 1.0 year and 1.0 year for the measurement period June 30, 2024.

(Continued)

NOTE 10: DEFINED BENEFIT PENSION PLAN – FRF (CONTINUED)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year ended September 30:	
2025	$ (24,835)
2026	$ 114,594
2027	$ (20,849)
2028	$ (477)

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. Unfunded actuarial accrued liability for FRF is the difference between the actuarial present value of the FRF benefits not provided by the Base Plan and the FRF assets. Currently FRF assets exceed this actuarial present value; therefore there is not an unfunded liability to amortize at this time. The maximum amortization period for the FRF permitted under Section 59-1394, Idaho Code, is 50 years.

The total pension asset in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%*
Investment rate of return net investment fees	6.35%
Cost-of-living adjustments	**

* 3.05 percent COLA is assumed for the gross benefit paid to members of FRF. A 1.00 percent COLA is assumed for PERSI benefit offsets used to determine the benefits paid by FRF.

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

Contributing Members, Service Retirement Members, and Beneficiaries:

- 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, 2011 through June 30, 2015 which reviewed all economic and demographic assumptions other than mortality. Mortality and all economic assumptions were studied in 2014 for the period from July 1, 2009 through June 30, 2013. The total pension asset as of June 30, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

(Continued)

NOTE 10: DEFINED BENEFIT PENSION PLAN – FRF (CONTINUED)

Actuarial Assumptions (Concluded)

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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.00%
Large cap	18.00%	4.50%
Small/mid cap	11.00%	4.70%
International equity	15.00%	4.50%
Emerging markets equity	10.00%	4.90%
Domestic fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real estate	8.00%	3.75%
Private equity	8.00%	6.00%

Discount Rate

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

(Continued)

NOTE 10: DEFINED BENEFIT PENSION PLAN – FRF (CONCLUDED)

Sensitivity of the Employer's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net pension asset calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension 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%)
Kootenai County Fire and Rescue's proportionate share of the net pension asset	(1,964,551)	(2,128,913)	(2,272,671)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the Pension Plan

At September 30, 2024, there were no payables to the defined benefit pension plan for legally required employer contributions or for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 11: EXCESS ACTUAL EXPENDITURES OVER BUDGET

The following is a schedule of excess expenditures over appropriations for the year ended September 30, 2024.

Fund	Final Budgeted Expenditures	Actual Expenditures	Excess of Budgeted Expenditures	Actual Revenues
General Fund	$ 15,039,864	$ 17,689,340	$ (2,649,476)	$ 20,221,111

(Continued)

NOTE 12: INTERFUND ACTIVITY

Do to or from other funds as of September 30, 2024:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects	$ 1,767,171
Total all funds		$ 1,767,171

Interfund transfers (net) during the fiscal year ended September 30, 2024 were as follows:

	Transfers In	Transfers Out
General fund	$ 142,603	$ 2,550,290
Capital projects fund	823,555	-
Debt service fund	1,584,132	-
	$ 2,550,290	$ 2,550,290

The principal purposes for the transfer of funds from the General Fund to the Capital Project Fund were to cover cost related to construction in process completion, and Debt Service Fund for bond payments.

NOTE 13: ERROR CORRECTION

During the year ended September 30, 2024, the District restated beginning fund balance in the Governmental Funds and beginning net position in the Government Wide Statement of Activities to properly record revenues related to reimbursable expenses that were recognized in the wrong fiscal year, in the amount of $126,044.

(Concluded)

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

Kootenai County Fire and Rescue

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGETARY AND ACTUAL
For the Year Ended September 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	$ 12,241,964	$ 12,241,964	$ 13,952,400	$ 1,710,436
Sales tax	700,000	700,000	665,113	(34,887)
Interest and investment income	130,000	130,000	223,622	93,622
Permits and inspections	374,500	374,500	243,945	(130,555)
Rents and other	2,049,510	2,049,510	2,485,424	435,914
Grant income	-	-	2,650,607	2,650,607
Total revenues	15,495,974	15,495,974	20,221,111	4,725,137
EXPENDITURES				
Personnel	13,139,822	13,507,267	14,288,516	781,249
Administrative	683,852	683,852	692,789	8,937
Training	92,500	92,500	124,331	31,831
Facilities	219,455	219,455	259,103	39,648
Communications	2,500	2,500	343	(2,157)
Operations	312,290	312,290	2,080,615	1,768,325
Vehicle maintenance and replacement	222,000	222,000	243,643	21,643
Total expenditures	14,672,419	15,039,864	17,689,340	(2,649,476)
Excess (deficiency) of revenues over (under) expenditures	823,555	456,110	2,531,771	2,075,661
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	142,603	142,603
Transfers (out)	(2,403,555)	(2,403,555)	(2,550,290)	(146,735)
Total other financing sources (uses)	(2,403,555)	(2,403,555)	(2,407,687)	(4,132)
Net change in fund balances	(1,580,000)	(1,947,445)	124,084	2,071,529
Fund balances - beginning	1,580,000	1,947,445	5,113,409	3,165,964
Error correction	-	-	126,044	126,044
Restated fund balance	1,580,000	1,947,445	5,239,453	3,292,008
Fund balances - ending	$ -	$ -	$ 5,363,537	$ 5,363,537

Kootenai County Fire and Rescue

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGETARY AND ACTUAL
For the Year Ended September 30, 2024

	Original Budget	Amended Budget	Actual	Variance with Final Budget
REVENUES				
Interest and investment income	$ 20,000	$ 20,000	$ 494,993	$ 474,993
Impact fee income	-	-	500,000	500,000
Total revenues	20,000	20,000	994,993	974,993
EXPENDITURES				
Facilities	1,655,105	1,755,105	158,673	(1,596,432)
Operations	12,332,302	13,332,302	142,827	(13,189,475)
Administrative	-	-	175	175
Vehicle maintenance and replacement	954,251	954,251	(556)	(954,807)
Capital outlay	-	-	11,695,209	11,695,209
Debt service:				-
Principal	127,690	127,690	127,690	-
Interest	6,884	6,884	6,884	-
Total expenditures	15,076,232	16,176,232	12,130,902	(4,045,330)
Excess (deficiency) of revenues over (under) expenditures	(15,056,232)	(16,156,232)	(11,135,909)	5,020,323
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	1,645,105	1,645,105	17,121	(1,627,984)
Transfers in	823,555	823,555	823,555	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	2,468,660	2,468,660	840,676	(1,627,984)
Net change in fund balances	(12,587,572)	(13,687,572)	(10,295,233)	3,392,339
Fund balances - beginning	12,587,572	13,687,572	13,988,127	300,555
Fund balances - ending	-	-	3,692,894	3,692,894
Adjustments to conform with GAAP:				
Net change in equipment deposit	-	-	500,000	500,000
Fund balances - ending (GAAP basis)	$ -	$ -	$ 4,192,894	$ 4,192,894

Kootenai County Fire and Rescue

GASB 68 Required Supplementary Information
For the Year Ended September 30, 2024

Schedule of Employer's Share of Net Pension Liability (Asset)
PERSI - Base Plan
Last 10 - Fiscal Years *

	2024	2023
Employer's portion of the net pension liability (asset)	0.2185921%	0.1987502%
Employer's proportionate share of the net pension liability (asset)	$ 8,176,754	$ 7,931,467
Employer's covered-employee payroll	$ 9,677,587	$ 7,728,395
Employer's proportional share of the net pension liability (asset) as a percentage of its covered employee payroll	84.49%	102.63%
Plan fiduciary net position as a percentage of the total pension liability (asset)	85.54%	83.83%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2024 (measurement date).

Schedule of Employer Contributions
PERSI - Base Plan
Last 10 - Fiscal Years *

	2024	2023
Statutorily required contribution	$ 1,305,721	$ 1,055,463
Contributions in relation to the statutorily required contribution	1,305,721	1,009,012
Contribution deficiency (excess)	$ -	$ 46,451
Employer's covered-employee payroll of its covered employee payroll	$ 9,677,587	$ 7,728,395
Contributions as a percentage of covered-employee payroll	13.49%	13.66%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is reported as of September 30, 2024.

2022	2021	2020	2019	2018	2017	2016	2015
0.1960309%	0.1940801%	0.1825630%	0.1755178%	0.1455355%	0.1521926%	0.1572592%	0.1542706%
$ 7,721,182	$ (153,281)	$ 4,239,354	$ 2,003,487	$ 2,146,674	$ 2,392,206	$ 3,187,886	$ 2,031,493
$ 7,609,283	$ 6,925,853	$ 6,503,347	$ 5,936,103	$ 4,657,713	$ 4,702,074	$ 4,192,996	$ 3,996,472
101.47%	-2.21%	65.19%	33.75%	46.09%	50.88%	76.03%	50.83%
83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

2022	2021	2020	2019	2018	2017	2016	2015
$ 907,753	$ 766,284	$ 716,269	$ 671,602	$ 565,175	$ 513,212	$ 467,472	$ 504,622
923,006	840,106	798,611	684,661	537,228	542,365	527,778	495,580
$ (15,253)	$ (73,822)	$ (82,342)	$ (13,059)	$ 27,947	$ (29,153)	$ (60,306)	$ 9,042
$ 7,609,283	$ 6,925,853	$ 6,503,347	$ 5,936,103	$ 4,657,713	$ 4,702,074	$ 4,192,996	$ 3,996,472
11.93%	11.06%	11.01%	11.31%	12.13%	11.53%	11.15%	12.63%

Kootenai County Fire and Rescue

GASB 68 Required Supplementary Information
For the Year Ended September 30, 2024

Schedule of Employer's Share of Net Pension Asset
FRF
Last 10 - Fiscal Years *

	2024	2023
Employer's portion of the net pension asset	0.8458267%	0.8458267%
Employer's proportionate share of the net pension asset	$ (2,128,913)	$ 1,999,558
Employer's covered-employee payroll	$ -	$ 742,062
Employer's proportional share of the net pension asset as a percentage of its covered employee payroll	0.00%	269.46%
Plan fiduciary net position as a percentage of the total pension asset	207.66%	200.58%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30, 2024 (measurement date).

Schedule of Employer Contributions
FRF
Last 10 - Fiscal Years *

	2024	2023
Statutorily required contribution	$ -	$ -
Contributions in relation to the statutorily required contribution	-	-
Contribution deficiency (excess)	$ -	$ -
Employer's covered-employee payroll of its covered employee payroll	$ -	$ 742,062
Contributions as a percentage of covered-employee payroll	0.00%	0.00%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is reported as of September 30, 2024.

2022	2021	2020	2019	2018	2017	2016	2015
0.8458267%	0.8458267%	0.8458267%	0.8149400%	0.7848594%	0.7341934%	0.7841480%	0.7972824%
$ 1,736,406	$ 2,285,652	$ 1,259,429	$ 1,171,506	$ 888,227	$ 629,906	$ 421,467	$ 430,618
$ 906,848	$ 677,625	$ 582,026	$ 637,968	$ 587,454	$ 518,109	$ 360,233	$ 404,077
191.48%	337.30%	216.39%	183.63%	151.20%	121.58%	117.00%	106.57%
184.72%	211.83%	155.55%	152.74%	140.15%	129.65%	118.42%	118.08%

2022	2021	2020	2019	2018	2017	2016	2015
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(33,372)	(34,335)	(34,335)	(67,215)	(60,483)	(54,719)	(56,448)	(90,137)
$ 33,372	$ 34,335	$ 34,335	$ 67,215	$ 60,483	$ 54,719	$ 56,448	$ 90,137
$ 906,848	$ 677,625	$ 582,026	$ 637,968	$ 587,454	$ 518,109	$ 360,233	$ 404,077
-3.68%	-5.07%	-5.90%	-10.54%	-10.30%	-10.56%	-15.67%	-22.31%

FINANCIAL SECTION

REPORT REQUIRED BY THE GAO

MAGNUSON • McHUGH • DOUGHERTY
CERTIFIED PUBLIC ACCOUNTANTS

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*

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Kootenai County Fire and Rescue
5271 E Seltice Way
Post Falls, ID 83854

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Kootenai County Fire and Rescue as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Kootenai County Fire and Rescue's basic financial statements, and have issued our report thereon dated February 10, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kootenai County Fire and Rescue'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 Kootenai County Fire and Rescue's internal control. Accordingly, we do not express an opinion on the effectiveness of Kootenai County Fire and Rescue'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. We identified certain deficiencies in internal control, described in the accompanying *schedule of findings and questioned costs* as item*, 2024-001* that we consider to be a material weakness.

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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* (CONCLUDED)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kootenai County Fire and Rescue'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Kootenai County Fire and Rescue's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Kootenai County Fire and Rescue's response to the findings identified in our audit and described in the accompanying *schedule of findings and questioned costs*. Kootenai County Fire and Rescue'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 Kootenai County Fire and Rescue's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kootenai County Fire and Rescue's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Magnuson, McHugh, Dougherty CPAs

Magnuson, McHugh, Dougherty CPAs

February 10, 2025

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SINGLE AUDIT SECTION

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Kootenai County Fire and Rescue
5271 E Seltice Way
Post Falls, ID 83854

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kootenai County Fire and Rescue's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Kootenai County Fire and Rescue's major federal programs for the year ended September 30, 2024. Kootenai County Fire and Rescue's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Kootenai County Fire and Rescue complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Kootenai County Fire and Rescue and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Kootenai County Fire and Rescue's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Kootenai County Fire and Rescue's major federal programs.

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE (CONTINUED)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Kootenai County Fire and Rescue's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Kootenai County Fire and Rescue's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Kootenai County Fire and Rescue's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Kootenai County Fire and Rescue's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Kootenai County Fire and Rescue's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE (CONCLUDED)

Report on Internal Control Over Compliance (Concluded)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Magnuson, McHugh, Dougherty CPAs

Magnuson, McHugh, Dougherty CPAs

February 10, 2025

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Kootenai County Fire and Rescue

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2024

Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services (HHS)			
Passed through Department of Health and Welfare:			
State Opioid Response (SOR) - Statewide Naloxone Distribution	93.788	BC4481	$ 1,402,277
Total U.S. Department of Health and Human Services (HHS)			1,402,277
Department of Justice (DOJ)			
Passed through Department of Health and Welfare:			
Bureau of Justice Assistance (BJA) - Statewide Naloxone Distribution	16.838	BC4481	453,419
Total Department of Justice (DOJ)			453,419
U.S. Department of Homeland Security			
Direct award			
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	97.083	N/A	728,971
Total U.S. Department of Homeland Security			728,971
Total Federal Awards Expended			$ 2,584,667

Kootenai County Fire and Rescue

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2024

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Kootenai County Fire and Rescue under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Kootenai County Fire and Rescue, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Kootenai County Fire and Rescue.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Pass-through entity identifying numbers are presented where available.

Kootenai County Fire and Rescue

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? __X__ Yes _____ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es) _____ Yes __X__ None reported

Noncompliance material to financial statements noted? _____ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes __X__ None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes __X__ No

Identification of major programs:

Assistance Listing Number(s)	*Name of Federal Program or Cluster*
93.788	State Opioid Response (SOR)-Statewide Naloxone Distribution

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? _____Yes __X__ No

Kootenai County Fire and Rescue

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2024

Section II – Findings – Financial Statement Audit

We noted a material weakness relating to the financial statements, which is required to be reported in accordance with generally accepted *Government Auditing Standards*.

2024-001

Criteria: There is an expectation that the financial statements should be materially accurate when an auditor begins their final fieldwork on the audit after year-end. Minor adjustments are expected but overall, the balances should materially reflect the financial position of the entity.

Condition: During our fieldwork, it was necessary to make multiple adjustments to properly reflect the balance in major key areas including accounts receivable and accrued liabilities, as well as revenue and expenses.

Cause: During the audit we noted that there were accounts receivable accruals that had not been posted correctly in the prior year and in the current year for reimbursable services, which misstates revenue in the current year. In addition, the account payable related to capital projects was not properly reported in the current year and expenses were misstated.

Effect: The financial records were misstated when the auditor began fieldwork, which required multiple adjustments including a prior period adjustment.

Recommendation: It is our recommendation the District establish stronger controls in response to the identified problems or relevant risks identified. We recommend utilizing the invoicing system within accounting software which relates to grants that are reimbursement based, increase in communication, and review of year-end reports by and between all parties with the objective of accurate financial records in mind. These parties should include the accountant and all those responsible for the accuracy of general ledger accruals and balances at year-end. We believe the implementation of these recommendations will provide the District with a stronger and more efficient system of internal controls. We will be happy to discuss these recommendations in more detail as you consider necessary.

Views of the Responsible Officials and Planned Corrective Actions: We understand the recommendations above and will take corrective action to implement the changes needed to ensure that the financial records are reconciled in all matters prior to the audit. See the corrective action plan on page 61.

Section III – Major Federal Award Programs Audit

We noted no findings relating to the Federal Awards Programs, which are required to be reported in accordance with generally accepted Government Auditing Standards.

Kootenai County Fire & Rescue

Headquarters

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Kootenai County Fire & Rescue
Management's Corrective Action Plan
Year Ended September 30, 2024

2024-001 – Accrual management

We understand that journal entries were made to bring balances for AR to actual. We have established stronger internal controls and are utilizing invoicing for all receivables, along with checks and balances for expenses at year end. We have also incorporated multiple layers of review.

Sincerely,

Casey Hamilton
Director of Administration