Mica Kidd Island
Fire Protection District

Financial Statements
SEPTEMBER 30, 2024

Mica Kidd Island Fire Protection District

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Financial Section

Independent Auditor's Report

HOOVER
Certified Public Accountant | Business Consultant

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Mica Kidd Island Fire Protection District
Coeur d'Alene, Idaho 83814

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Mica Kidd Island Fire Protection District (the "District"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Mica Kidd Island Fire Protection District, as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mica Kidd Island Fire Protection District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary information on page 24 and the GASB 68 pension information on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2025, on our consideration of Mica Kidd Island Fire Protection District's internal control over financial reporting and on our test of its compliance with certain provisions, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Scott P. Hoover, CPA

Scott P. Hoover, CPA, PLLC
Liberty Lake, WA

February 26, 2025

Financial Section

Basic Financial Statements

Mica Kidd Island Fire Protection District

STATEMENT OF NET POSITION
September 30, 2024

ASSETS:		
Cash and cash equivalents	$	171,849
Restricted cash and cash equivalents - capital impact fees		21,824
Property taxes receivable		18,979
Prepaid expenses		1,791
Land		54,000
Capital assets, net of accumulated depreciation		600,202
Total assets		868,645
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred pension outflows		53,534
Total deferred outflows of resources		53,534
LIABILITIES:		
Accounts payable		2,703
Accrued payroll and related costs		14,722
Noncurrent liabilities:		
Due within one year		-
Due in more than one year		11,811
Net pension liability		227,610
Total liabilities		256,846
DEFERRED INFLOWS OF RESOURCES:		
Deferred pension inflows		4,132
Total deferred inflows of resources		4,132
NET POSITION:		
Net investment in capital assets		654,202
Restricted - capital impact fees		21,824
Unrestricted		(14,825)
Total net position	$	661,201

The accompanying "Notes to the Financial Statements"
are an integral part of these financial statements.

Mica Kidd Island Fire Protection District

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

EXPENSES:		
Public safety - fire protection:		
Wages	$	292,606
Building, vehicle, and equipment repairs and maintenance		27,108
Health insurance		61,435
Retirement		74,362
Depreciation		49,965
Payroll taxes		30,781
Insurance		25,202
Professional services		40,942
Utilities		12,540
Gas and oil		5,452
Office and administrative expenses		1,387
Uniforms and personnel protective equipment		5,030
Responder expense		5,323
Training		4,184
Dues		3,933
Miscellaneous		4,168
Station expense		2,495
Small equipment		925
Total program expenses		647,838
PROGRAM REVENUES:		
Capital grants and contributions		129,851
Total program revenues		129,851
Net program expense		517,987
GENERAL REVENUES:		
Property taxes		438,317
Sales taxes		18,692
Emergency medical services		16,748
Interest income		7,310
Capital impact fees		21,824
Gain from sale of capital assets		40,000
Miscellaneous		3,174
Total general revenues		546,065
Change in net position		28,078
Net position- beginning		633,123
Net position- ending	$	661,201

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

Mica Kidd Island Fire Protection District

GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2024

ASSETS:		
Cash and cash equivalents	$	171,849
Restricted cash and cash equivalents - capital impact fees		21,824
Property taxes receivable		18,979
Prepaid expenses		1,791
Total assets	$	214,443
LIABILITIES:		
Accounts payable	$	2,703
Accrued payroll and related costs		14,722
Total liabilities		17,425
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue- property taxes		16,762
Total deferred inflows of resources		16,762
FUND BALANCES:		
Nonspendable- prepaids		1,791
Restricted - capital impact fees		21,824
Unassigned		156,641
Total fund balances		180,256
Total liabilities, deferred inflows of resources, and fund balances	$	214,443

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

Mica Kidd Island Fire Protection District

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

Total fund balances - Governmental Funds, September, 30, 2024	$	180,256
Cost of land		54,000
Cost of depreciable assets		1,516,749
Less: Accumulated depreciation, September 30, 2024		(916,547)
Elimination of unavailable revenue- property taxes		16,762
Pension liabilities, deferred outflows and deferred inflows of resources related to pensions:		
District's proportionate share of collective deferred outflows of resources		53,534
Proportionate share of collective deferred inflows of resources		(4,132)
District's proportionate share of the collective net pension liability		(227,610)
Long-term debt balance - September 30, 2024		(11,811)
Net position, September 30, 2024	$	661,201

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

Mica Kidd Island Fire Protection District

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

REVENUES:		
Property taxes	$	432,388
Sales taxes		18,692
Emergency medical services		16,748
Grant revenues		129,851
Capital impact fees		21,824
Miscellaneous income		3,174
Interest income		7,310
Total revenues		629,987
EXPENDITURES:		
Operating expenditures:		
Wages		294,045
Building, vehicle, and equipment repairs and maintenance		27,108
Health insurance		61,435
Retirement		34,895
Payroll taxes		30,781
Insurance		25,202
Professional services		40,942
Utilities		12,540
Gas and oil		5,452
Office and administrative expenses		1,387
Uniforms and personnel protective equipment		5,030
Responder expense		5,323
Training		4,184
Dues		3,933
Miscellaneous		4,168
Station expense		2,495
Small tools and equipment		925
Capital outlay		141,974
Total expenditures		701,819
Excess (deficiency) of revenues over (under) expenditures		(71,832)
OTHER FINANCING SOURCES:		
Proceeds from sale of capital assets		40,000
Net change in fund balance		(31,832)
Fund balance - beginning		212,088
Fund balance - ending	$	180,256

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

Mica Kidd Island Fire Protection District

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	$	(31,832)
Add: Capital outlay, which is considered expenditures		141,974
Less: Depreciation expense for the year ended September 30, 2024		(49,965)
Less: proceeds from sale of capital assets		(40,000)
Gain on sale of capital assets		40,000
Add: Change in compensated absences		1,439
Change in retirement contributions not required to be paid with current financial resources		(39,467)
Add: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis		5,929
Change in net position for the year ended September 30, 2024	$	28,078

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 Mica Kidd Island Fire Protection District (the "District") was formed in 2000 and became a taxing district for the purpose of providing fire protection and emergency medical services to the Mica Kidd Island Bay region and the surrounding area as defined by the District's Board of Commissioners.

Under generally accepted accounting principles, a reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of Mica Kidd Island Fire Protection District consists of all funds, departments, boards and agencies that are not legally separate from the District. For Mica Kidd Island Fire Protection District, this includes general operations.

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 financial statements of Mica Kidd Island Fire Protection District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below:

B. Basis of Presentation - Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and statement of activities) report information on all of the non-fiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions are restricted to the operational or capital requirements of a particular function or segment. Taxes and other items properly not included among program revenues are reported instead as general revenues.

C. Basis of Presentation – Fund Financial Statements

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District has only one governmental fund:

General Fund – The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund is available for any purpose provided it is expended or transferred according to Idaho State law.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified-accrual basis of accounting*. Revenues are recognized as soon as they are both measureable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

E. Cash and Cash Equivalents

Cash received by the District is pooled for investment purposes and is presented as “Cash and Cash Equivalents” on the financial statements.

During the fiscal year ended September 30, 2024, cash and cash equivalents were limited to bank deposits and the Idaho State Investment Pool. The Idaho State Investment Pool is an investment pool, which allows districts within the State of Idaho to pool their funds for investment purposes. Investments in the Idaho State Investment Pool are valued at cost, which materially equals market value.

For presentation in the financial statements, investments in the cash management pool and investments with an original maturity of three months or less, at the time they are purchased by the District, are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

General capital assets usually result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in fund financial statements.

All capital assets are capitalized at historical cost and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of $5,000 per asset. The cost of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets useful life are not capitalized.

With the exception of Land, which had an indefinite life, all reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line over the following estimated useful lives:

	Estimated Lives
Building and improvements	30 years
Vehicles and boats	4 – 20 years
Breathing Apparatus	10 years
Pumps	10 years
Equipment	3 – 10 years

G. Compensated Absences

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' rights 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.

H. 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 capital 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one item that qualifies for reporting in this category. It is the deferred outflows relating to the accounting for the net pension obligation on the government-wide statement of net position, in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*.

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 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 only one type of item, which arises only under the modified-accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue- property taxes, is reported only in the governmental funds balance sheet. The governmental funds balance sheet reports unavailable revenue from property taxes which have not been collected within 60 days after the fiscal year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The District has one type of item, which arises under the full-accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item “deferred pension inflows” is reported only on the government-wide statement of net position, and presents the District’s proportionate share of the collective deferred pension inflows in accordance with GASB 68, *Accounting and Financial Reporting for Pensions.*

J. Fund Balance Classifications

The District has adopted GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” (required implementation date of June 2011). This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the District to classify and report amounts in the appropriate fund balance classifications. The District’s accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment as restricted, committed, assigned, or unassigned.

The District reports the following classifications as applicable:

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Balance Classifications (Concluded)

Restricted Fund Balance – Restricted fund balances are 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. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the District can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

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

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

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

K. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purposes, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

L. Net Position Flow Assumption

Net position represents the difference between assets and liabilities. Net investment in capital assets (net of any related debt) 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 legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

M. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

N. Property Taxes

Property taxes levied for 2023 that are still outstanding as of September 30, 2024 are recorded as receivables. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent that they are collected within 60 days after year-end, in accordance with the modified-accrual basis of accounting. Receivables collectible after the 60-day date are reflected in the fund financial statements as deferred inflows of resources. In the government-wide financial statements, property taxes are recorded as revenue in the period levied in accordance with the accrual basis of accounting.

The District's property tax is levied each November based on the assessed value listed as of the prior September for all property located within the District. Assessed values are established by the County Assessor. Property tax payments are due in one-half installments in December and June.

O. Pension Plan

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.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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 budget was not amended in the current fiscal year.

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.

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 3: CASH AND CASH EQUIVALENTS

General:

State statutes authorize the District's investments and deposits. 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 violations of these categories have occurred during the year.

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a failure of a financial institution, the District's deposits and investments may not be returned to it. The District does not have a deposit policy for custodial credit risk. The carrying amount of the Districts deposits and investments is $193,673 and the bank balance is $195,679. As of September 30, 2024, the District's bank and LGIP deposits were exposed to custodial credit risk as follows:

NOTE 3: CASH AND CASH EQUIVALENTS (Concluded)

Deposits without exposure to custodial credit risk:	
Amounts insured by the FDIC	$ 40,095
Deposits without exposure to custodial credit risk:	
Amounts collateralized with securities held in trust, but not in the District's name	155,584
Total deposits	$ 195,679

Cash and cash equivalents at September 30, 2024 consist of the following:	
Bank deposits	$ 38,089
Idaho State Investment Pool (LGIP)	155,584
Total	$ 193,673

Fair Value:

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 Idaho State Investment Pool is duly chartered and administered by the State Treasurer's office and consists of U.S. Treasury bills and notes, collateralized certificates of deposit and repurchase agreements.

As of September 30, 2024, the District had a balance in the Idaho State Investment Pool carried at cost of $155,584, which approximates fair market value. The District's portion of the Idaho State Investment Pool had an unrealized gain of $405 as of September 30, 2024. As the difference between fair market value and cost is immaterial, the unrealized loss has not been recorded in the District's general ledger.

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 4: CAPITAL ASSETS

Following is a recap of capital assets for the fiscal year ended September 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 54,000	$ -	$ -	$ 54,000
Total capital assets, not being depreciated	54,000	-	-	54,000
Capital assets, being depreciated:				
Buildings and improvements	454,892	-	-	454,892
Motor vehicles and boats	747,184	-	107,979	639,205
Breathing apparatus	123,664	68,606	-	192,270
Pumps	6,668	-	-	6,668
Equipment	150,346	73,368	-	223,714
Total capital assets being depreciated	1,482,754	141,974	107,979	1,516,749
Less accumulated depreciation:				
Buildings and improvements	108,752	13,063	-	121,815
Motor vehicles and boats	706,847	14,263	107,979	613,131
Breathing apparatus	2,223	18,084	-	20,307
Pumps	6,668	-	-	6,668
Equipment	150,071	4,555	-	154,626
Total accumulated depreciation	974,561	49,965	107,979	916,547
Total capital assets, being depreciated, net	508,193	92,009	-	600,202
Governmental activities capital assets, net	$ 562,193	$ 92,009	$ -	$ 654,202

Depreciation expense of $49,965 for the year ending September 30, 2024 was charged to the public safety- fire protection governmental function.

NOTE 5: CHANGES IN LONG-TERM DEBT

Changes in general long-term debt are as follows:

Governmental Activities:	Balance 9/30/2023	Additions	Deletions	Balance 9/30/2024	Current Portion
Net Pension Liability	229,003	-	1,393	227,610	-
Compensated absences	13,250	-	1,439	11,811	-
Total	$ 242,253	$ -	$ 2,832	$ 239,421	$ -

NOTE 6: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District contracts with an insurance company for property insurance and general liability insurance.

NOTE 7: DEFINED BENEFIT PENSION PLAN

Plan Description

The District contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by the 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 the administration of the Base Plan is assigned to the Board comprise of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

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

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

Member and Employer Contributions

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for public safety. As of June 30, 2024, it was 6.71% for general employees and 9.83% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for public safety. The District's contributions were $34,895 for the year ended September 30, 2024.

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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 its proportionate share of 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 0.0060479 percent.

For the year ended September 30, 2024, the District recognized pension expense of $74,362. 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	$ 36,238	$ -
Changes in assumptions or other inputs	9,017	-
Net difference between projected and actual earnings on pension plan investments	-	4,132
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
District's contributions subsequent to the measurement date	8,279	-
Total	$ 53,534	$ 4,132

$8,279 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 years and 4.6 years 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 Ending September 30,	
2025	11,234
2026	42,439
2027	(7,318)
2028	(5,232)

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

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 assume 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	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries
General Employees and All Beneficiaries – Males Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries – Females Pub-2010 General Tables, increased 21%
Teachers – Males Pub-2010 Teacher Tables, increased 12%
Teachers – Females Pub-2010 Teacher Tables, increased 21%
Fire & Police – Males Pub-2010 Safety Tables, increased 21%
Fire & Police – Females Pub-2010 Safety Tables, increased 26%
Disabled Members – Males Pub-2010 Disabled Tables, increased 38%
Disabled Members – Females Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability 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 the 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 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 settling 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.

NOTE 7: DEFINED BENEFIT PENSION PLAN (Continued)

Capital Market Assumptions

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.0%
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 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 plan's 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 to changes in the discount rate

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability	$ 432,531	$ 227,610	$ 60,243

NOTE 7: DEFINED BENEFIT PENSION 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, the District had no payables outstanding 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 8: LINE OF CREDIT

In May 2024, the District entered into a line of credit loan agreement with a local bank. The purpose of the line of credit is to mitigate against potential cash shortages and sustain operations of the district until it is able to collect the increased property taxes from the voter-approved levy override, beginning in approximately January 2025. Under the line of credit agreement, the District may borrow up to $100,000. Any borrowings on the line of credit are secured, generally, by the assets of the District. The line of credit term expires on May 3, 2025. Any borrowings on the line are charged interest at the variable rate of Prime plus 1.0%. As of September 30, 2024, the effective interest rate on the line was 9.0%. The District did not borrow any funds on the line of credit during the fiscal year ending September 30, 2024.

NOTE 9: EXPENDITURES IN EXCESS OF BUDGET

The District's total actual expenditures for the fiscal year ended September 30, 2024 exceeded total budgeted expenditures by approximately $156,000. The excess is attributable primarily to overages in professional fees and as a result of additional legal fees related to the levy override and the expenditure of grant funds on capital outlay expenditures in excess of budget.

Required Supplementary Information

Mica Kidd Island Fire Protection District

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

	Original* Budgeted Amounts	Actual Amounts	Variance With Budget
REVENUES			
Property taxes	$ 436,714	$ 432,388	$ (4,326)
Sales taxes	15,000	18,692	3,692
Emergency medical services	18,788	16,748	(2,040)
Grant revenues	-	129,851	129,851
Capital impact fees	8,000	21,824	13,824
Miscellaneous income	1,500	3,174	1,674
Interest income	6,800	7,310	510
Total revenues	486,802	629,987	143,185
EXPENDITURES			
Operating expenditures:			
Wages	281,845	294,045	(12,200)
Building, vehicle, and equipment repairs and maintenance	24,700	27,108	(2,408)
Health insurance	60,380	61,435	(1,055)
Retirement	33,703	34,895	(1,192)
Payroll taxes	32,068	30,781	1,287
Insurance	25,000	25,202	(202)
Professional services	17,200	40,942	(23,742)
Utilities	15,000	12,540	2,460
Gas and oil	10,000	5,452	4,548
Office and administrative expenses	1,500	1,387	113
Uniforms and PPE	5,300	5,030	270
Responder expense	9,250	5,323	3,927
Training	500	4,184	(3,684)
Dues	3,500	3,933	(433)
Miscellaneous	6,000	4,168	1,832
Station expense	3,050	2,495	555
Small tools and equipment	6,500	925	5,575
Capital outlay	10,500	141,974	(131,474)
Total expenditures	545,996	701,819	(155,823)
Excess (deficiency) of revenues over (under) expenditures	(59,194)	(71,832)	299,008
OTHER FINANCING SOURCES:			
Proceeds from sale of capital assets	-	40,000	40,000
Net change in fund balances	(59,194)	(31,832)	27,362
Fund balance- beginning	59,194	212,088	152,894
Fund balance- ending	$ -	$ 180,256	$ 180,256

* Budget was not amended

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

Mica Kidd Island Fire Protection District

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension liability (asset)	0.608479%	0.573847%	0.005355%	0.003870%	0.002854%	0.003168%	0.003742%	0.003810%	0.004130%	0.003989%
Employer's proportionate share of the net pension liability (asset)	$ 227,610	$ 229,003	$ 210,905	$ (3,057)	$ 66,262	$ 36,158	$ 55,189	$ 59,893	$ 83,725	$ 52,530
Employer's covered-employee payroll	$ 257,238	$ 234,308	$ 217,835	$ 156,409	$ 98,461	$ 108,797	$ 119,461	$ 102,196	$ 119,911	$ 109,190
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	88.48%	97.74%	96.82%	-1.95%	67.30%	33.23%	46.20%	58.61%	69.82%	48.11%
Plan fiduciary net position as a percentage of the total pension liability (asset)	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

* 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.

Date reported is measured as of June 30th.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 34,895	$ 29,199	$ 26,718	$ 19,117	$ 12,005	$ 12,755	$ 13,854	$ 11,945	$ 13,825	$ 12,608
Contributions in relation to the statutorily required contribution	(34,895)	(29,199)	(26,718)	(19,117)	(12,005)	(12,755)	(13,854)	(11,945)	(13,825)	(12,608)
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$ 257,238	$ 234,308	$ 217,835	$ 156,409	$ 98,461	$ 108,797	$ 119,461	$ 102,196	$ 119,911	$ 109,190
Contributions as a percentage of covered-employee payroll	13.57%	12.46%	12.27%	12.22%	12.19%	11.72%	11.60%	11.69%	11.53%	11.55%

* 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.

Date reported is measured as of September 30th.

Report Required by the GAO

HOOVER
Certified Public Accountant | Business Consultant

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
Mica Kidd Island Fire Protection District
Coeur d'Alene, Idaho 83814

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Mica Kidd Island Fire Protection District (the "District"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 26, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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)*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Scott P. Hoover, CPA

Scott P. Hoover, CPA, PLLC
Liberty Lake, WA

February 26, 2025