SAM OWEN FIRE DISTRICT

FINANCIAL STATEMENT
SEPTEMBER 30, 2024

Sam Owen Fire District
September 30, 2024

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

MAGNUSON • McHUGH • DOUGHERTY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To Management and the Board of Directors
Sam Owen Fire District
Hope, ID 83836

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of Sam Owen Fire District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Sam Owen Fire District'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 and each major fund of Sam Owen Fire District, 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 (GAS),* 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 Sam Owen Fire District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Sam Owen Fire 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.

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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 GAS 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 GAS, 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 Sam Owen Fire 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 Sam Owen Fire 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 management's discussion and analysis and the budgetary comparison information 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 28, 2025, on our consideration of Sam Owen Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Sam Owen Fire District's internal control over financial reporting and compliance.

Magnuson, McHugh, Dougherty CPAs

Magnuson, McHugh, Dougherty CPAs

February 28, 2025

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FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sam Owen Fire District

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

Our discussion and analysis of the District's financial performance provides an overview of the financial activities for the fiscal year ending September 30, 2024. Please read it in conjunction with the District's financial statements, which begin after the Auditor's opinion.

FINANCIAL HIGHLIGHTS

- The Sam Owen Fire District's net position remained relatively unchanged. There was an increase of $122,191 in net position during the fiscal year.
- Revenue from taxes collected during the year increased to $341,554 from $320,855 in the prior year. The District had total expenditures of $267,493 compared with total revenue of $389,684. Total revenue consisted of $341,554 in tax revenue and $48,130 in revenue from fire protection contracts, insurance cost recovery, and donations.
- The District offers fire protection contracts to residents who live outside of the District's boundaries between mile marker 41 along Highway 200 to the old location of the County disposal site. Fire protection contracts and other charges for services generated $17,022 of revenues. Fundraising and donations are $17,703.
- The District budgeted $24,000 for grants and contributions. There was $3,214 received in grants in the 2024 fiscal year.

FINANCIAL STATEMENTS FOR THE SAM OWEN FIRE DISTRICT

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The Statement of Net Position includes information on the District's assets and liabilities and provides information about the nature and amounts of investments in resources (i.e., assets) and the obligations to the District's creditors (i.e., liabilities). Net position may serve over time as a useful indicator of a government's financial position. The Statement of Activities presents information on how the District's net position changed during the fiscal year.

The fund financial statements help to identify the flow of resources that have been segregated for specific activities or objectives. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, the fund financial statements focus on current, spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year.

FINANCIAL ANALYSIS

The District owns twelve operational vehicles, and all the associated equipment needed to maintain an effective fire-fighting unit. Table 1 presents a summary of the District's net position as of September 30, 2024 and 2023.

TABLE 1
STATEMENTS OF NET POSITION
September 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets	$ 632,121	$ 657,994
Capital assets, net of accumulated depreciation	597,415	440,521
Total assets	1,229,536	1,098,515
LIABILITIES		
Other liabilities	15,326	6,496
Total liabilities	15,326	6,496
NET POSITION		
Invested in capital assets, net of related debt	597,415	440,521
Unrestricted	616,795	651,498
Total net position	1,214,210	1,092,019
Total	$ 1,229,536	$ 1,098,515

The District recorded $341,554 of tax revenues during the fiscal year. The bulk of the tax revenues are generally received in January and in July since property taxes are paid twice yearly. Tax revenues are collected by the Bonner County Treasurer and are disbursed to the District soon after collection. The District also received $48,130 in revenue from fire protection contracts, donations, and other service billings.

FINANCIAL ANALYSIS (CONCLUDED)

The District recorded $267,493 of expenditures during the year. Of this amount, $101,305 was depreciation expense. Table 2 shows the summary changes in net position for the fiscal years ended September 30, 2024 and 2023.

TABLE 2
STATEMENT OF ACTIVITIES
For the Years Ended September 30, 2024 and 2023

	2024	2023
REVENUES		
Property tax revenues	$ 341,554	$ 320,855
Other revenues	48,130	35,737
Total revenues	389,684	356,592
EXPENSES		
Depreciation expense	101,305	105,299
Other operating expenses	166,188	149,565
Total expenses	267,493	254,864
Change in net position	122,191	101,728
Beginning net position	1,092,019	990,291
Ending net position	$ 1,214,210	$ 1,092,019

The District has a volunteer workforce, but because of the heavy workload the District pays a partial salary as well as reimbursement for expenses to the fire chief and a small stipend to the secretary, who is also the elections clerk.

THE DISTRICT'S OVERALL FINANCIAL POSITION

The District is in good financial condition. The revenues exceeded expenses for the current fiscal year. The District anticipates that tax revenues will continue to grow beyond the Idaho State law mandated limit of three percent because of new construction. The District should continue to see the addition of new homes and structures as the population increases. The District also believes that tax revenues will expand in the future due to annexation of other areas that are adjacent to the District. The District is continuing to work with groups of homeowners in Spring Creek-O'Neill Mountain annexation area with contiguous properties who wish to be part of the District. Some of the property owners in this area were annexed by December 31, 2022. Additional annexations will be accomplished without an election because under Idaho State code, if over 75% of the property owners petition the District, the District can submit the petition along with a resolution requesting the annexation to the Bonner County Commissioners. At that point the Commissioners can order the annexation.

THE DISTRICT'S OVERALL FINANCIAL POSITION (CONCLUDED)

The District has been able to correctly forecast most expenses over the last several years and anticipates that this trend will continue, especially as its level of experience continues to grow.

The District continues its program to bill for equipment and services provided for structure fires outside of the SOFD boundaries if the structure is not covered by a fire protection contract. Fire protection contract income will decrease as areas are annexed into the District. The District has a similar program to bill for equipment and services provided for vehicle and other non-fire related incidents when the District is asked to respond.

The largest budgetary variations involve the granting process. There is really no way to accurately predict the District's success rate on grant applications. The District may apply to as many as five different granting agencies for grants covering equipment, supplies and training for structural firefighting, public safety, and wild lands firefighting. Many of the agencies offer funds covering specific areas that are generally smaller.

The auditor in past years has stated that a control deficiency exists within the District related to segregation of duties. The auditor pointed out that it is considered a deficiency when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. Both the Board and the auditor understand that a large part of this deficiency is caused by the lack of segregation of functions, especially as it relates to processing monies. Because of the size of the District and the lack of personnel it is impossible for the Board to completely overcome this deficiency. The Board is acutely aware of the deficiency and has worked with an outside accountant to implement procedures that allow for the widest separation of financial activities within the constraints of the District's limited personnel and budget. This situation is no longer considered a control deficiency in the auditor's report. The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

SIGNIFICANT CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The District has no long-term debt or leases.

SIGNIFICANT CHANGES IN CONDITION AND ESTIMATED MAINTENANCE EXPENSES

The most significant asset that the District is responsible for is the fire stations. Because they are relatively new construction there is very little cost involved in maintenance. The Board in its budget sets aside funds for future maintenance and anticipates this will meet future maintenance requirements as the need arises. The amounts are in the District's general fund.

The District also budgets funds for replacement and repair of apparatuses and equipment. These allocations are in the general fund of the District and are not set aside into specific accounts. This allows the District flexibility for expenditures as needs for repairs and opportunities to acquire equipment at discounted costs are incurred.

SIGNIFICANT CHANGES IN CONDITION AND ESTIMATED MAINTENANCE EXPENSES (CONTINUED)

In the current year, the District added two new apparatus, an engine (1321) and tender (1371) as detailed below to replace older units which were no longer reliable . There were no significant other equipment acquisitions this year, only replacement of smaller equipment that had passed its useful life.

The district has purchased and maintains firefighting apparatuses, which consists of twelve vehicles, one boat, and other firefighting and prevention equipment at September 30, 2024.

The District's main response vehicles are the 1996 KME 4x4 pumper (1321). The KME pumper has a 1,000 gallon-water tank and one 50-gallon foam tank as well as a cab large enough to carry six firefighters. It is equipped with five self-contained breathing apparatus units (SCBAs). Additional equipment includes a cascade air system, 3kw generator, new battery powered vehicle extrication equipment, stabilization equipment and internally contained porta tank for storing water from tenders.

The second vehicle out that was acquired this year is a 2006 Freightliner tender (1371) is fully equipped with 1,800-gallon water capacity and automatic tire chains to give us winter driving flexibility.

The third vehicle out is a 2005 Rosenbauer tender (1372), which was purchased with a grant from the U.S. Department of Homeland Security in 2005. The Rosenbauer tender is fully equipped with 1,800-gallon water capacity and automatic tire chains to give us winter driving flexibility.

A 2021 Ford F550 Super Crew (1351) equipped with a 500-gallon skid unit with a pump system capable of delivering 250 GPM at 150 PSI, 10-gallon foam tank. Additional equipment includes 1,000 feet of 2 ½ inch hose and 400 feet of 1 ½ inch hose, ladders, venting fan, 2 SCBAs and other hand tools and equipment.

Our rescue vehicles are now classified as light and medium. Our medium rescue is a 1994 Ford F550 4X4 Mini-pumper - Rescue (1331) which includes a 250 GPM pump and carries 250 gallons of water along with a foam system and a 3kw generator. It has a full set of extrication tools. This medium rescue vehicle will respond to all vehicle accidents and will double as a quick attack vehicle for hard-to-reach areas where the bigger vehicles cannot get access.

The "Light Rescue" is a 2000 Ford F550 4X4 Rescue (1362) which is our primary response to EMS (Emergency Medical Services) calls and is equipped to meet the State of Idaho requirement for a Non-Transport agency. The District's EMRs (Emergency Medical Responder) and EMT Basics and Advanced (Emergency Medical Technician) have all been tested and licensed by the State of Idaho and work under the auspices of Bonner County Emergency Medical Services. The Light Rescue is also outfitted with low and mid angle rope rescue equipment, ice rescue equipment and water rescue. Additionally, there is a 3-kilowatt generator and scene lights and a cascade compressed air system for refilling SCBA bottles.

With our District in an urban interface environment, the District obtained in 2019 a 2016 Ford F-550 (1352) for wildland fires equipped with a 500-gallon tank, 200 GPM pump, toolboxes, and equipment. This engine can also respond to structure fires in areas where the larger apparatus cannot access. As equipped, it classifies as a Type 5 engine.

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SIGNIFICANT CHANGES IN CONDITION AND ESTIMATED MAINTENANCE EXPENSES (CONTINUED)

At the Trestle Creek substation, our primary engine acquired this year is a 2004 Freightliner (1322) pumper that has a 1,000 gallon-water tank and one 50-gallon foam tank as well as a cab large enough to carry six firefighters. It is equipped with five self-contained breathing apparatus units (SCBAs). Additional equipment includes a cascade air system, 3kw generator, hydronic vehicle extrication equipment, stabilization equipment and externally held porta tank for storing water from tenders

Our tender, the district acquired from Idaho Department of Lands, is a 1993 AMC General 6X6 (1373) tender with a 1200-gallon capacity.

The district acquired a 2015 Ford Explorer (1301) as a new command vehicle that is used as a command and communications vehicle for a fire chief. In 2020, the district purchased a Ford F350 Super Crew (1302) truck as a command vehicle. This command vehicle is fully equipped with lights, radios, medical and other firefighting equipment.

In August 2016, the District acquired from Sandpoint Fire their 1986 Boston Whaler 25-foot fire boat (1391) with a 750 GPM pump. The boat was repowered with twin Honda 200hp engines to add reliability, economy and reduce pollution. During the year the vessel participated in 3 fire calls and 1 medical call. The fireboat also participated in a hazardous spill exercise on the lake. This fireboat is intended to act as a mobile dry hydrant that will serve all constituents along the water's edge and within 1000 feet to provide additional firefighting capability. With the fireboat the Idaho Department of Survey and Rating has allowed the fireboat to be classified as a dry hydrant, which has lowered the constituents' fire insurance ratings.

The District continues to set aside funds to continue its policy of continuous vehicle and equipment maintenance and the future replacement of vehicles and equipment as these tools begin to approach the end of their active life cycle or as the requirements of the District evolve.

The District responded to a total of 115 calls this year ending September 30, 2024, down from 121 during the prior year. The table below shows the type of calls and quantity of calls for the past two years.

	2024	2023
Fire related, including structure fires, chimney fires, wildland fires, boat fires, power line down and legal and illegal burning, vehicle accidents including accidents involving extrication, slide-offs and rollovers, fire and vehicle versus large wildlife.	46	52
EMS - Medical Assist	69	69
	115	121

Our District maintains a regular firefighter training program, which consists of training two evenings a month plus one Saturday morning every month. Several of our volunteers received additional training through the North Idaho Fire Academy and other educational organizations. The majority of our fire fighters have passed their essentials course while others have gone to be wildland, ice rescue, and low angle rope qualified.

SIGNIFICANT CHANGES IN CONDITION AND ESTIMATED MAINTENANCE EXPENSES (CONCLUDED)

The District now has 22 active volunteers: four with 15 years of service or more, nine with between 5 and 10 years, and eight with less than 5 years' service with the District, but some have multiple years with other agencies. Retaining dedicated volunteers is a primary objective of the District. The department is working with local schools for students that are interested in the fire service.

One volunteer is qualified as Advanced Emergency Medical Technicians and four that are Basic EMT. Last year the District was rated as a non-transport medical assist agency and approved by Bonner County Emergency Management Services (BCEMS). Most of the other volunteers have taken basic first aid classes. This brings needed emergency medical help to members of our service area. The volunteer EMTs will be under the supervision and control of BCEMS and BCEMS and will be providing the necessary equipment and supplies for their use. The light Rescue unit will be used for these responses.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, volunteers, and other stakeholders with a general overview of the District's finances to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer, Sam Owen Fire District, at 17 Old Sam Owen Drive, Hope, ID 83836, or telephone (208) 264-5745.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

Sam Owen Fire District

STATEMENT OF NET POSITION
September 30, 2024

ASSETS		
Cash and cash equivalents	$	622,722
Receivables:		
Taxes		2,119
Interest		1,862
Other		(228)
Prepaid insurance		5,646
Capital assets, net of accumulated depreciation		597,415
Total assets		1,229,536
LIABILITIES		
Accounts payable		13,110
Accrued payroll and related costs		2,216
Total liabilities		15,326
NET POSITION		
Net investment in capital assets		597,415
Unassigned		616,795
Total net position	$	1,214,210

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

Sam Owen Fire District

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

PROGRAM EXPENSES		
Public safety - fire protection:		
Labor	$	73,203
Insurance		7,309
Depreciation		101,305
Station		5,940
Utilities and telephone		13,324
Miscellaneous		3,251
Administration and supplies		400
Grant		949
Vehicle and equipment maintenance		47,179
Emergency medical services		476
Legal and professional		11,300
Bad debt		2,857
Total program expenses		267,493
PROGRAM REVENUES		
Charges for services		17,022
Total program revenues		17,022
Net program expenses		250,471
GENERAL REVENUES		
Property taxes, levied for general purposes		341,554
Grant income		3,214
Gain on sale of assets		4,674
Fundraising income		17,703
Interest income		5,517
Total general revenues		372,662
Change in net position		122,191
Net position - beginning		1,092,019
Net position - ending	$	1,214,210

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

Sam Owen Fire District

GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2024

ASSETS		
Cash and cash equivalents	$	622,722
Receivables:		
Taxes		2,119
Interest		1,862
Other		(228)
Prepaid insurance		5,646
Total assets	$	632,121
LIABILITIES		
Accounts payable	$	13,110
Accrued payroll and related costs		2,216
Total liabilities		15,326
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes		2,039
Total deferred inflows of resources		2,039
FUND BALANCES		
Non-spendable		5,646
Unassigned		609,110
Total fund balances		614,756
Total liabilities, deferred inflows of resources and fund balances	$	632,121

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

Sam Owen Fire 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		$ 614,756
Cost of capital assets, September 30, 2024	$ 2,076,974	
Less: Accumulated depreciation as of September 30, 2024	(1,479,559)	597,415
Elimination of unavailable revenue-property taxes		2,039
Net position, September 30, 2024		$ 1,214,210

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

Sam Owen Fire District

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

REVENUES		
Property taxes	$	364,372
Grant income		3,214
Charges for services		17,022
Fundraising income		17,703
Interest income		5,517
Total revenues		407,828
EXPENDITURES		
Operating:		
Labor		73,203
Insurance		7,309
Station		5,940
Utilities and telephone		13,324
Miscellaneous		3,251
Administration and supplies		400
Grant		949
Vehicle and equipment maintenance		47,179
Emergency medical services		476
Legal and professional		11,300
Bad debt		2,857
Capital outlay		262,825
Total expenditures		429,013
OTHER FINANCING SOURCES		
Proceeds from sale of assets		9,300
Total other financing sources		9,300
Net change in fund balance		(11,885)
Fund balance - beginning		626,641
Fund balance - ending	$	614,756

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

Sam Owen Fire 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	$	(11,885)
Add: Capital outlay which is considered expenditures		262,825
Less: Depreciation expense		(101,305)
Less: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis		(22,818)
Less: Proceeds from sale of assets		(9,300)
Add: Gain on sale of assets		4,674
Change in net position for the year ended September 30, 2024	$	122,191

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Sam Owen Fire District (the "District") is a local governmental unit governed by a three-member Board of Commissioners. The District provides fire protection and specialized rescue operations within the Cities of Hope, East Hope, and unincorporated areas of Bonner County, including the Hope Peninsula and extending from the East Hope city limits to Peninsula Road along the Highway 200 and Denton Road corridor. Other areas annexed into the district include Trestle Creek, Eagen Mountain, and O'Neil Mountain areas. The District was incorporated in August 2002.

The District reports all financial activity in one general fund. The financial statements of the District could potentially include those of separately administered organizations that are controlled by or are dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing body. Based on the foregoing criteria, the District has not included the financial statements of any other organizations.

Reporting Entity – 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 the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Sam Owen Fire 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 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.

The financial statements of the 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

While separate government-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. The government-wide financial statements report all activities of the District. Governmental activities include programs supported primarily by taxes, grants, and other intergovernmental revenues. The District has no business activities that rely, to a significant extent, on fees and charges for support.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the governmental fund. Separate statements for the governmental funds category are presented. The emphasis of fund financial statements is on major governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental fund:

- The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund (of which there were none).

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers 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. Issuance of long-term debt and acquisitions under finance leases are reported as other financing sources.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Concluded)

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Investment earnings are recorded as earned, since they are both measurable and available. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. When applicable, the fair value of donated assets used during the year is reported in the operating statement as an expense with a like amount reported as donated assets revenue.

E. Cash and Cash Equivalents

Cash and Cash Equivalents on the financial statements consist of deposits held in checking and money market accounts with a local bank. At September 30, 2024, the District's deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At September 30, 2024, the District held cash in accounts that exceeded FDIC insurance limits.

The District has not adopted formal policies regarding allowable depository institutions, allowable investments, risks associated with cash and investment custody and other investment risks. Informally, the District restricts its deposits to FDIC insured bank accounts.

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.

F. Capital and Intangible Assets

Capital and intangible assets generally result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital and intangible assets are capitalized at historical cost if actual historical cost is not available. Donated assets are valued at their estimated fair market value on the date donated. The District maintains a capitalization threshold of $500. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital and Intangible Assets (Concluded)

Buildings, furniture, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings	40 years
Fire trucks and tenders	8 – 10 years
Fire and office equipment	3 – 20 years

Intangible right-of-use assets are recorded at net present value, and lease liabilities are amortized using the straight-line method over the life of the lease.

G. Compensated Absences

The District does not record a liability for compensated absences as there is no policy for vacation benefits.

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 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 sixty 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.

I. Deferred Inflows of Resources

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 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.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of restricted, committed, assigned, or unassigned.

The District reports the following classifications:

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.

Net Investment in Capital Assets – The component of net position that reports the difference between capital assets and both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds that is directly attributable to the acquisition, construction, or improvement of these capital assets.

Unrestricted – The difference between the assets and liabilities that is not reported in net investment in capital assets.

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 purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

L. Net Position Flow Assumption

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 and proprietary 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 – 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 may differ from those estimates.

N. Property Taxes

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

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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 budget was 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.

(Continued)

NOTE 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a failure of a financial institution, the District's investments and deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of September 30, 2024, the District's deposits and investments were exposed to custodial credit risk. The District's deposits are categorized as follows:

Deposits without exposure to custodial credit risk:	
Amount insured by the FDIC	$451,550
Total deposits without exposure to custodial credit risk	$451,550
Deposits with exposure to custodial credit risk:	
Amount uninsured by the FDIC	$182,442
Total deposits with exposure to custodial credit risk	$182,442

Cash and cash equivalents at September 30, 2024 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	$622,722
Total cash and cash equivalents	$622,722

Cash and cash equivalents at September 30, 2024 consist of the following:

Cash:	
Deposits with financial institutions	$622,722
Total cash and cash equivalents	$622,722

(Continued)

NOTE 4: GENERAL FIXED ASSETS

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

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets, being depreciated:				
Buildings and improvements	$ 583,571	$ -	$ -	$ 583,571
Fire equipment	1,247,223	262,168	(23,862)	1,485,529
Office furniture and equipment	7,217	657	-	7,874
Total capital assets, being depreciated	1,838,011	262,825	(23,862)	2,076,974
Less accumulated depreciation:				
Buildings and improvements	434,831	29,207	-	464,038
Fire equipment	956,269	71,779	(19,236)	1,008,812
Office furniture and equipment	6,390	319	-	6,709
Total accumulated depreciation	1,397,490	101,305	(19,236)	1,479,559
Total capital assets being depreciated, net	440,521	161,520	(4,626)	597,415
Total capital assets, net	$ 440,521	$ 161,520	$ (4,626)	$ 597,415

Depreciation expense for the year ended September 30, 2024, was $101,305.

NOTE 5: ACCRUED PAYROLL AND BENEFITS

Accrued payroll includes amounts due employees and related payroll taxes and benefits at September 30, 2024, which were not paid until October 2024, in conformity with payroll system function.

NOTE 6: LEASE OBLIGATIONS

The District has entered into a lease with the Idaho Transportation Department for a right-of-way located on the comer of Highway 200 and Old Sam Owen Drive. The District's main fire station is constructed on this leased real estate. The initial term of the lease was 25 years with an additional 25-year renewal option. There are no payments required pursuant to the agreement, but the District is responsible for responding to all fires on Idaho Transportation Department properties at no charge. The costs related to this agreement cannot be estimated and therefore have not been recorded.

The substation is built on ground that the District originally leased from a regional utility company for a 25-year term. The cost of that lease was a prepayment of $25. That lease was subsequently transferred to Panhandle Area Council, the entity that funded the construction of the station. The lease was subsequently reassigned to the district after the building lease was paid in full and the $1.00 buyout was completed. The lease may be renewed for another 25 years at the District’s option in 2036.

(Continued)

NOTE 7: 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 (including boiler and machinery) and general liability insurance.

The District pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative cost.

For insured amounts, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the three years preceding September 30, 2024.

(Concluded)

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

Sam Owen Fire 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	Final Budgeted Amounts	Actual Amounts	Variance With Final Budget
REVENUES				
Property taxes	$ 335,734	$ 335,734	$ 364,372	$ 28,638
Grant income	24,000	24,000	3,214	(20,786)
Carry Forwards	48,000	233,000	-	(233,000)
Charges for services	12,083	12,083	17,022	4,939
Fundraising income	10,600	10,600	17,703	7,103
Interest income	132	132	5,517	5,385
Total revenues	430,549	615,549	407,828	(207,721)
EXPENDITURES				
Labor	139,440	139,440	73,203	66,237
Insurance	7,100	7,100	7,309	(209)
Station	46,425	46,425	5,940	40,485
Utilities and telephone	12,250	12,250	13,324	(1,074)
Miscellaneous	2,530	2,530	3,251	(721)
Administration and supplies	22,004	22,004	400	21,604
Training	3,500	3,500	-	3,500
Grant	27,600	27,600	949	26,651
Vehicle and equipment maintenance	41,700	41,700	47,179	(5,479)
Emergency medical services	-	-	476	(476)
Legal and professional	2,000	2,000	11,300	(9,300)
Bad debt	-	-	2,857	(2,857)
Capital outlay	126,000	311,000	262,825	48,175
Total expenditures	430,549	615,549	429,013	186,536
OTHER FINANCING SOURCES				
Proceeds from sale of assets	-	-	9,300	9,300
Total other financing sources	-	-	9,300	9,300
Net change in fund balance	-	-	(11,885)	(11,885)
Fund balances - beginning	-	-	626,641	626,641
Fund balances - ending	$ -	$ -	$ 614,756	$ 614,756

REPORT REQUIRED BY GAO

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 Management and the Board of Directors
Sam Owen Fire District
Hope, Idaho 83836

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 (Government Auditing Standards), the financial statements of the governmental activities and each major fund of Sam Owen Fire District as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Sam Owen Fire District's basic financial statements, and have issued our report thereon dated February 28, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sam Owen Fire District's internal control over financial reporting (internal control) as a basis for designing 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 Sam Owen Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of Sam Owen Fire District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Sam Owen Fire District'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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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)

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 Sam Owen Fire District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sam Owen Fire District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Magnuson, McHugh, Dougherty CPAs

Magnuson, McHugh, Dougherty CPAs

February 28, 2025

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