LINCOLN COUNTY RECREATION DISTRICT
Shoshone, Lincoln County, Idaho

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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FOR THE YEAR ENDED SEPTEMBER 30, 2024

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Qualified Opinion Due to Scope Limitation

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Lincoln County Recreation District

Shoshone, Idaho

Qualified and Unmodified Opinions

We have audited the accompanying cash basis financial statements of the governmental activities and fund information of the Lincoln County Recreation 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.

Qualified Opinion due to Scope Limitation

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Lincoln County Recreation District, and the changes in financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lincoln County Recreation 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 qualified and unmodified audit opinions.

Matters Giving Rise to the Qualified Opinion

Management did not produce invoices to substantiate the amounts in the reimbursed expenses classification. Auditing standards generally accepted in the United States of America require that the auditor obtain sufficient appropriate audit evidence to make a conclusion on certain account balances and transactions. Invoices were not available for the Reimbursed Expenses account classification. The total balance in this account is material to the financial statements.

Management also did not produce evidence to substantiate additional hours included in payroll expense. This additional payroll expense was limited to one particular employee. The aggregate of these additional paid hours is material to the financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedule for the general fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects except the matter described in the Basis for Qualified and Unmodified Opinions, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Emphasis of Matter

Basis of Accounting

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Coleman, Lopes & Co pllc

Gooding Idaho

October 13, 2025

LINCOLN COUNTY RECREATION DISTRICT
SHOSHONE, LINCOLN COUNTY, IDAHO
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET - CASH BASIS
SEPTEMBER 30, 2024

	Governmental Funds Governmental Activities	Adjustments	Statement of Net Position
ASSETS:			
Cash and Equivalents	$ 348,930	-	$ 348,930
Total Assets	348,930	-	348,930
FUND BALANCE/NET POSITION:			
Fund Balance:			
Unassigned	348,930	(348,930)	
Total Fund Balance	348,930	(348,930)	
NET POSITION:			
Unrestricted		348,930	348,930
Total Net Position		$ 348,930	$ 348,930

(The notes to the financial statements are an integral part of this statement)

LINCOLN COUNTY RECREATION DISTRICT
SHOSHONE, LINCOLN COUNTY, IDAHO
STATEMENT OF ACTIVITIES AND
GOVERNMENTAL FUND RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES - CASH BASIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	Governmental Funds		
	General Fund	Adjustments	Statement of Activities
CASH DISBURSEMENTS:			
Payroll Expenses	$ 158,985	$ -	$ 158,985
Debt Service - Principal	15,454	-	15,454
Debt Service - Interest	6,132	-	6,132
Property Taxes	681	-	681
Supplies	13,467	-	13,467
Chemicals	10,265	-	10,265
Repairs and Maintenance	5,369	-	5,369
Insurance	3,686	-	3,686
Utilities	21,403	-	21,403
Legal & Professional	10,699	-	10,699
Administration	10,513	-	10,513
Reimbursed Expenses	17,039	-	17,039
Other Program Disbursements	18,413	-	18,413
Capital Purchase	39,834	-	39,834
Total Cash Disbursements	331,940	-	331,940
PROGRAM CASH RECEIPTS:			
Pool Receipts	29,655	-	29,655
Other Program Receipts	46,881	-	46,881
Total Program Cash Receipts	76,536	-	76,536
Net Program Disbursements	255,404		255,404
GENERAL RECEIPTS:			
Property Taxes	187,912	-	187,912
Revenue in Lieu of Taxes	7,709	-	7,709
Sales Tax	6,665	-	6,665
Earnings on Investments	218	-	218
Total General Receipts	202,504	-	202,504
Excess (Deficiency) of Receipts Over (Under) Disbursements	(52,900)	-	(52,900)
FUND BALANCE/NET POSITION:			
Beginning of the year	401,830	-	401,830
End of the year	$ 348,930	$ -	$ 348,930

(The notes to the financial statements are an integral part of this statement)

LINCOLN COUNTY RECREATION DISTRICT
SHOSHONE, LINCOLN COUNTY, IDAHO
BUDGETARY COMPARISON STATEMENT - CASH BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	2024		Variance
	Original/Final Budget	Actual (Budget Basis)	Favorable (Unfavorable)
RECEIPTS:			
Property Taxes	$ 189,953	$ 187,912	$ (2,041)
Revenue in Lieu of Taxes	7,916	7,709	(207)
Sales Tax	16,400	6,665	(9,735)
Pool Receipts	17,500	29,655	12,155
Other Program Receipts	25,000	46,881	21,881
Earnings on Investments	-	218	218
Carryforward	391,452	-	(391,452)
Total General Revenues	648,221	279,040	(369,181)
DISBURSEMENTS:			
Payroll Expenses	153,000	158,985	(5,985)
Rent/Debt Service	22,700	21,586	1,114
Property Taxes	-	681	(681)
Supplies & Chemicals	44,000	23,732	20,268
Repairs & Maintenance	12,000	5,369	6,631
Insurance	6,500	3,686	2,814
Utilities	25,000	21,403	3,597
Legal & Professional	10,000	10,699	(699)
Administration	3,500	10,513	(7,013)
Reimbursed Expenses	-	17,039	(17,039)
Other Program Disbursements	28,000	18,413	9,587
Capital Purchase	-	39,834	(39,834)
Maintenance Reserve	343,521	-	343,521
Total Expenditures	648,221	331,940	316,281
Excess (Deficiency) of Revenue Over (Under) Expenditures	-	(52,900)	(52,900)
FUND BALANCE/NET POSITION:			
Beginning of the year	401,830	401,830	-
End of the year	$ 401,830	$ 348,930	$ (52,900)

(The notes to the financial statements are an integral part of this statement)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY – The Lincoln County Recreation District (the "District") is a Recreation District consisting of patrons from Lincoln County. The Board of Directors (the "Board"), a five-member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to road and bridge construction and maintenance within the jurisdiction of the local independent recreation district. The District receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the governmental entity. The District's funds are grouped into one governmental fund for financial statement presentation purposes. The District has no other funds.

The statement of activities demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. *Direct disbursements* are those that are clearly identifiable with a specific function. *Program receipts* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program receipts are reported instead as *general receipts.*

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION – The government-wide and governmental fund financial statements are presented in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of American (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred.

This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual. As a result, only cash and cash equivalents and related net position

or fund balances arising from cash transactions are reported in the statements of net position and balance sheet. All other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that would be reported in GAAP basis financial statements are not reported in this cash basis presentation.

The District reports the following major governmental funds:

> *General Fund* - The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government.

Amounts reported as *program receipts* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general receipts* rather than as program receipts. Likewise, general receipts include all taxes.

Governmental fund balances and net position are equal to cash and cash equivalent balances. 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. The District classifies and reports 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 assignments of nonspendable,
restricted, committed, assigned or unassigned. The District permits funds to be expended in the following order: Nonspendable, Restricted, Committed, Assigned and Unassigned. The District reports the following classifications:

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.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statute authorizes the District to invest in any securities of the state or the United States or in time certificates of deposit of authorized public depositories.

Implementation of GASB Statement No. 87

As of October 1, 2021, the District adopted GASB Statement No. 87, Leases. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires rent disbursements to now be classified as debt service disbursements based on the payment provisions of the lease agreement. The right to use asset and lease liabilities are not recorded due to the cash basis of accounting being used.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION – Annual budgets are adopted on a basis consistent with the cash basis of accounting for the general fund. All annual appropriations lapse at fiscal year end.

The Board of Directors follows these procedures in establishing the budgetary data reflected in the financial statements:

1) At least 28 days prior to the levy election, the District publishes a proposed budget for public review.
2) Public hearings are set to obtain taxpayer comments.
3) At least 14 days prior to the levy election, the final budget is adopted by resolution of the board and published.
4) Prior to September 7, the final budget is filed with the county commissioners.
5) At least 120 days prior to the close of the fiscal year, a revised budget is prepared, adopted and published reflecting updated information received through that date. This is also filed with the county.

Fund	Budgeted Appropriations (Expenditures)
General	$ 648,221

Uncommitted appropriations lapse at year-end and commitments are reappropriated in the next year's budget.

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Following is a summary of the District's deposit and investment balances as of September 30, 2024:

	Cash and Investments
Bank Deposits – Insured	344,848
Bank Deposits – Uninsured	4,082
Total $	348,930

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of September 30, 2024, $4,082 of the District's bank balance of $348,930 was exposed to custodial credit risk because it was uninsured and uncollateralized.

B. PROPERTY TAX

The District's property tax is levied each October on the value listed as of the prior January 1 for all real property located in the District. The lien date is effective January 1 of the year the property tax is levied. A revaluation of all property is required to be completed no less than every five years. The market value for the list of January 1, 2023, upon which the 2023 levy was based, was $714,226,781.

Under Idaho Code Section 31-4318, the District's maintenance and operation levy may not exceed .06% of the actual or adjusted market value for assessment purposes as of December 31 of the previous year. The District's actual levy was 0.0266563% of the total District adjusted market valuation.

Taxes are due in two equal installments on December 20 and June 20 following the levy date.

NOTE 4: LEASE AGREEMENT WITH OPTION TO PURCHASE

The District entered into a lease agreement with an option to purchase real property located in Lincoln County, Idaho on October 22, 2010 with Jack D. Soloaga (the Lessor). The term of the lease is eighteen years and commenced on January 1, 2011 and will expire on January 31, 2029. Under the terms of the lease, $21,585 shall be paid annually through the term of the lease. The terms are subject to revocation of the lease by the District if determined fiscally necessary by the Board. A thirty-day written notice is required to be provided to the Lessor prior to expiration of the annual lease term; and if no such notice of revocation is exercised, the lease shall continue annually and be automatically renewable under the same terms of payment for the entire lease term.

On July 2, 2021, the District amended their existing lease agreement. The term of the lease is five years and commences in 2029 after the original lease with the Lessor expires. The District paid a down payment of $10,000 towards the purchase of the real property to the Lessor during fiscal year 2021. The District has an option to purchase the real property for $60,000. The remaining purchase option amount is $50,000 as of September 30, 2024. Under the terms of the agreement if the option is exercised prior to December 31, 2033, then all rental payments paid prior to the date of the exercise of the lease by the District if determined fiscally necessary by the Board. A thirty-day written notice is required to be provided to the Lessor prior to the expiration of the annual lease term; and if no such notice of revocation is exercised, the lease shall continue annually and be automatically renewable under the same terms of payment for the entire lease term. The District may terminate the agreement if funds are not appropriated in any fiscal period during the term of the agreement, or if the District has exhausted all funds legally available for payments due under this agreement. The annual interest rate implicit in the lease agreement is 6%.

Future payouts of principal and interest under the terms of the lease agreements are as follows:

Year Ending September 30,	Principal	Interest
2025	$ 16,381	$ 5,204
2026	17,364	4,221
2027	18,405	3,180
2028	19,510	2,075
2029 - 2033	65,081	905
Total including remaining purchase option amount	$ 136,741	$ 15,585

NOTE 5: OTHER INFORMATION

A. 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 for which the District carries commercial insurance.

Workmans' Compensation insurance is purchased through the Idaho State Insurance Fund. All other insurance has been purchased through ICRMP (Idaho Counties Reciprocal Management Program), which expires October 1, but is renewed annually. The policy coverage includes: All risks of physical loss or damage, automobile physical

damage, comprehensive general liability, premises medical payments, automobile liability, errors or omissions liability, employee dishonesty, money & securities, and depositors forgery.

NOTE 6: LITIGATION, CONTINGENT LIABILITIES AND OTHER COMMITMENTS

There is no litigation, present or pending, against the District.

NOTE 7: SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 13, 2025, the date on which the financial statements were available to be issued. There were no subsequent events that occurred that would require an adjustment to the financial statements or disclosures.

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

Board of Commissioners
Lincoln County Recreation District

Shoshone, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and fund information of Lincoln County Recreation 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 October 13, 2025

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2024-01 and 2024-02 to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2024-03.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Coleman, Lopes & Co pllc

Gooding Idaho

October 13, 2025

LINCOLN COUNTY RECREATION DISTRICT

SHOSHONE, LINCOLN COUNTY, IDAHO

SCHEDULE OF FINDING AND RESPONSES

SEPTEMBER 30, 2024

Finding 2024-01 – Segregation of Duties

Criteria	A good system of internal control requires an adequate segregation of duties so that no one individual has incompatible responsibilities. No one person should have more than one duty relating to the authorization (approval), custody of assets (check signers), record keeping and reconciliation functions.
Condition	The District does not separate duties in the accounting department.
Cause	There is a limited amount of office employees involved in the internal control process.
Effect	Inadequate segregation of duties could adversely affect the District's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.
Recommendation	While we recognize that the District's staff may not be large enough to permit complete segregation of duties in all material respects for an effective system of internal control, the functions should be reviewed to determine if additional segregation of duties is feasible and to improve the efficiency and effectiveness of financial management and financial statement accuracy for the District. Segregation of authorization, custody of assets, recordkeeping, and reconciliation functions would assist in mitigating the risk of fraud or misstatements to the financial statements.
Views of Responsible Officials	The District agrees that having an internal control system over financial reporting is an important part of the District's overall internal control process. The District has performed a cost/benefit analysis of implementing these controls and concluded the resources were not in place to effectively implement the necessary changes for the year ended September 30, 2024.

LINCOLN COUNTY RECREATION DISTRICT

SHOSHONE, LINCOLN COUNTY, IDAHO

SCHEDULE OF FINDINGS AND RESPONSES

SEPTEMBER 30, 2024

Finding 2024-02 – Preparation of Financial Statements and Adjustments

Criteria	A good system of internal accounting control contemplates an adequate system for recording and processing entries material to the financial statements, and the ability to internally prepare their financial statements.
Condition	The District does not have an internal control system designed to provide for the preparation of the financial statements being audited. The auditors were requested to, and did, draft the District's financial statements and accompanying notes to the financial statements and related adjustments.
Cause	The District does not have an internal control system designed to provide for the preparation of the financial statements being audited.
Effect	The financial disclosures in the financial statements could be incomplete.
Recommendation	This circumstance is not unusual in a District this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.
Views of Responsible Officials	The District agrees that having an internal control system over financial reporting is an important part of the District's overall internal control process. The District has performed a cost/benefit analysis of implementing these controls and concluded the resources were not in place to effectively implement the necessary changes for the year ended September 30, 2024.

LINCOLN COUNTY RECREATION DISTRICT

SHOSHONE, LINCOLN COUNTY, IDAHO

SCHEDULE OF FINDINGS AND RESPONSES

SEPTEMBER 30, 2024

Finding 2024-03 – Unsubstantiated Expenses

Criteria	A good system of internal control requires appropriate authorization of the use of funds, including verification of invoices that substantiate expenditures and time cards that substantiate hours worked as well as prior budget approval by the District.
Condition	The District had $17,069 of unsubstantiated reimbursed expenses and $15,316 of unsubstantiated payroll expense.
Cause	Management did not provide proper oversight to ensure all expenses had appropriate documentation and validity. Management also did not request appropriate verification of hours worked including time cards for one particular employee.
Effect	There are $17,069 of questioned costs and $15,316 of questioned payroll work hours. Costs are questioned when there is not adequate documentation to support the expenditure.
Recommendation	All disbursements should be accompanied by an invoice substantiating the amount and purpose of the expenditure. All work hours paid should be accompanied by approved time cards substantiating those hours. Management should ensure that all expenditures fall within the budget guidelines and are approved at the monthly board meeting.
Views of Responsible Officials	The District agrees that proper oversight of expenditures and payroll work hours is necessary and will implement policies and procedures to ensure there is proper authorization and approval, along with the appropriate documentation for disbursements prior to the payment being made.