# Payette County Recreation District

Year Ended September 30, 2024

## Audited Financial Statements



www.qcpas.com

Quest CPAs PLLC

**PAYETTE COUNTY RECREATION DISTRICT**
Table of Contents


**Financial Section**

Independent Auditor's Report ..... 1

**Basic Financial Statements**

*Government-Wide Financial Statements*

Statement of Net Position ..... 4

Statement of Activities ..... 5

*Fund Financial Statements*

Balance Sheet – Governmental Funds ..... 6

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds ..... 8

Notes to Financial Statements ..... 10

**Required Supplementary Information**

Budgetary Comparison Schedule – General Fund ..... 19

Schedule of Employer's Share of Net Pension Asset and Liability and Schedule of Employer Contributions ..... 20

**Other Reports and Schedules**

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* ..... 21

Schedule of Findings and Responses ..... 23

Summary Schedule of Prior Audit Findings ..... 24

Quest CPAs PLLC

Quality Expertise Service Timeliness

## Independent Auditor's Report

Board of Commissioners
Payette County Recreation District

### Report on the Financial Statements

***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of Payette 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.

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 the District as of September 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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.



**1740 E Fairview Ave #1116, Meridian, ID 83642 · qcpas.com · 208-642-1417**

***Auditor's Responsibility 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.

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 comparison schedules and schedule of employer's share of net pension asset and liability and schedule of employer contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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, and 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 not included the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not 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, and historical context. Our opinion on the basic financial statements is not affected by not including this information.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards,* we have also issued our report dated December 20, 2024, 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, 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.

***Quest CPAs PLLC***

Meridian, Idaho
December 20, 2024

**PAYETTE COUNTY RECREATION DISTRICT**
Statement of Net Position
September 30, 2024

| | Governmental Activities |
|---|---|
| **Assets** | |
| Current Assets | |
| Cash | $818,191 |
| Taxes Receivable | 27,517 |
| Prepaid Expenses | 4,759 |
| Total Current Assets | 850,467 |
| Noncurrent Assets | |
| Nondepreciable Capital Assets | 20,009 |
| Depreciable Net Capital Assets | 736,450 |
| Total Noncurrent Assets | 756,459 |
| **Total Assets** | 1,606,926 |
| **Deferred Outflows of Resources** | |
| Pension Deferred Outflows | 56,976 |
| **Total Deferred Outflows of Resources** | 56,976 |
| **Total Assets and Deferred Outflows of Resources** | $1,663,902 |
| **Liabilities** | |
| Current Liabilities | |
| Accounts Payable & Accrued Expenses | $15,377 |
| Long-Term Liabilities, Current | 17,033 |
| Total Current Liabilities | 32,410 |
| Noncurrent Liabilities | |
| Long-Term Liabilities, Noncurrent | 240,139 |
| Total Noncurrent Liabilities | 240,139 |
| **Total Liabilities** | 272,549 |
| **Deferred Inflows of Resources** | |
| Pension Deferred Inflows | 4,359 |
| **Total Deferred Inflows of Resources** | 4,359 |
| **Total Liabilities and Deferred Inflows of Resources** | 276,908 |
| **Net Position** | |
| Net Investment in Capital Assets | 756,459 |
| Unrestricted | 630,535 |
| **Total Net Position** | 1,386,994 |
| **Total Liabilities and Deferred Inflows of Resources and Net Position** | $1,663,902 |

See Accompanying Notes

# PAYETTE COUNTY RECREATION DISTRICT

Statement of Activities

Year Ended September 30, 2024

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue And Changes in Net Position |
|---|---|---|---|---|---|
| | | Charges For Services | Operating Grants And Contributions | Capital Grants And Contributions | Governmental Activities |
| **Governmental Activities** | | | | | |
| Current Expenditures | | | | | |
| Admin - Payroll, Concessions, Etc. | $453,605 | $113,065 | | | ($340,540) |
| Program Expenses | 134,049 | 33,413 | | | (100,636) |
| Office & Miscellaneous | 50,797 | 12,662 | | | (38,135) |
| Professional Services | 4,887 | 1,218 | | | (3,669) |
| Park M&O | 32,274 | 8,045 | | | (24,229) |
| Insurance | 94,588 | 23,577 | | | (71,011) |
| Support Services | 5,746 | 1,432 | | | (4,314) |
| Auto/Tractor/Equipment R&M | 9,234 | 2,302 | | | (6,932) |
| Capital Assets | 30,203 | | | | (30,203) |
| **Total** | $815,383 | $195,713 | $0 | $0 | (619,670) |
| **General Revenues** | | | | | |
| Tax Revenue | | | | | 738,036 |
| Other Revenue | | | | | 2,334 |
| Pension Revenue (Expense) | | | | | (71,674) |
| **Total** | | | | | 668,696 |
| **Change in Net Position** | | | | | 49,026 |
| **Net Position - Beginning** | | | | | 1,337,968 |
| **Net Position - Ending** | | | | | $1,386,994 |

See Accompanying Notes

**PAYETTE COUNTY RECREATION DISTRICT**
Balance Sheet - Governmental Funds
September 30, 2024

| | General Fund |
|---|---|
| **Assets** | |
| Cash | $818,191 |
| Taxes Receivable | 27,517 |
| Prepaid Expenditures | 4,759 |
| **Total Assets** | $850,467 |
| | |
| **Liabilities** | |
| Accounts Payable & Accrued Expenses | $15,377 |
| **Total Liabilities** | 15,377 |
| | |
| **Deferred Inflows of Resources** | |
| Unavailable Tax Revenues | 25,508 |
| **Total Deferred Inflows of Resources** | 25,508 |
| | |
| **Fund Balances** | |
| Nonspendable | 4,759 |
| Unassigned | 804,823 |
| **Total Fund Balances** | 809,582 |
| **Total Liabilities and Deferred Inflows of Resources and Fund Balances** | $850,467 |

**PAYETTE COUNTY RECREATION DISTRICT**
Balance Sheet - Governmental Funds
September 30, 2024

**Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities**

| | |
|---|---|
| **Total Governmental Fund Balances** | $809,582 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 756,459 |
| Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds. | 25,508 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | (257,172) |
| Deferred outflows/inflows related to pensions are not due and payable in the current period and therefore are not reported in the funds. | 52,617 |
| **Net Position of Governmental Activities** | $1,386,994 |

**PAYETTE COUNTY RECREATION DISTRICT**
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended September 30, 2024

| | General Fund |
|---|---|
| **Revenues** | |
| Tax Revenue | $734,600 |
| Other Revenue | 2,334 |
| Program Revenue | 195,713 |
| **Total Revenues** | 932,647 |
| | |
| **Expenditures** | |
| Current Expenditures | |
| Admin - Payroll, Concessions, Etc. | 487,291 |
| Program Development | 134,049 |
| Office & Miscellaneous | 50,797 |
| Professional Services | 4,887 |
| Park M&O | 32,274 |
| Insurance | 94,588 |
| Support Services | 5,746 |
| Auto/Tractor/Equipment R&M | 9,234 |
| Capital Outlay | 70,000 |
| **Total Expenditures** | 888,866 |
| | |
| **Net Change in Fund Balances** | 43,781 |
| | |
| **Fund Balances - Beginning** | 765,801 |
| **Fund Balances - Ending** | $809,582 |

**PAYETTE COUNTY RECREATION DISTRICT**
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year Ended September 30, 2024

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities**

| | |
|---|---|
| **Net Change in Fund Balances - Total Governmental Funds** | $43,781 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Government funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense or allocated over the appropriate term as amortization expense. This is the excess of capital outlays over (under) depreciation/amortization expense in the current period. | 39,797 |
| Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. | 3,436 |
| In the statement of activities, compensated absences are accrued when earned, but the expenditure is reported when due in the governmental funds. | (1,925) |
| Changes in net pension asset/liability and related pension deferred outflows/inflows do not provide or require current financial resources and therefore are not reflected in the funds. | (36,063) |
| **Change in Net Position of Governmental Activities** | $49,026 |

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity** – Payette County Recreation District (the District) provides recreation programs and services as authorized by Idaho Code.

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to recreation districts. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

**Basic Financial Statements - Government-Wide Statements** – The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, all the District's activities are categorized as governmental activities.

In the government-wide statement of net position, the activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds (when two or more funds are involved) is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenues.

As the District has only one function (providing recreation programs and services) which is reported in one fund, all expenses are considered direct and, accordingly, there is no allocation of indirect costs.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

**Basic Financial Statements - Fund Financial Statements** – The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the funds) for the determination of major funds.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Major governmental funds of the District include:

*General Fund* – The general fund is the District's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Basis of Accounting** – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Activities in the government-wide and fiduciary fund financial statements are presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

**Receivables** – Receivables are reported net of any estimated uncollectible amounts.

**Inventories** – Material supplies on hand at year end are stated at the lower of cost or net realizable value using the first-in, first-out method.

**Capital Assets and Depreciation** – Capital assets purchased or acquired with an original cost of $1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of all depreciable assets is recorded using the straight line method.

**Leases/SBITAs and Amortization** – Material long-term leases and subscription-based information technology arrangements (SBITAs) are reported in accordance with the provisions of GASB 87 *Leases* and GASB 96 *SBITAs*. When incurred, amortization over the appropriate lease or SBITA term is recorded using the straight-line method.

**Compensated Absences** – The District provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is recorded as a liability in the accompanying financial statements. Compensated absences will be paid by the fund in which the employee works.

**Pensions** – For purposes of measuring the net pension asset/liability and pension revenue (expense), information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (the Base Plan) and additions to/deductions from the 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. Pension obligations will be paid by the fund in which the employee works.

**Deferred Outflows/Inflows of Resources** – The District's financial statements may report deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption of net assets that apply to a future period. Deferred inflows of resources represent an acquisition of net assets that apply to a future period. Deferred outflows/inflows of resources generally represent amounts that are not available in the current period.

**Net Position** – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

**Fund Balance Classifications** – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity's governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the District first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the District first utilizes committed resources then assigned resources before using unassigned resources.

**Property Taxes** – The District is responsible for levying property taxes, but the taxes are collected by the respective county. Taxes are levied by the second Monday in September for each calendar year. Taxes are due in two installments – December 20th and June 20th. A lien is filed on real property three years from the date of delinquency.

**Contingent Liabilities** – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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

**Custodial Credit Risk** – The District maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. The District does not have a formal policy concerning custodial credit risk.

**Risk Management** – The District is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

**Subsequent Events** – Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

## B. CASH

Cash consists of the following at year end:

| | |
|---|---|
| Cash - Deposits | $818,191 |
| **Total** | $818,191 |

**Deposits** – At year end, the carrying amounts of the District's deposits were $818,191 and the bank balances were $894,232. Of the bank balances, $250,000 was insured and the balance was uninsured and uncollateralized.

**Investments** – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Treasury, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The District's investment policy complies with state statutes.

## C. CAPITAL ASSETS

A summary of capital assets for the year is as follows:

| Governmental Activities | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Nondepreciable Capital Assets | | | | |
| Land | $20,009 | | | $20,009 |
| **Total** | 20,009 | $0 | $0 | 20,009 |
| Depreciable Capital Assets | | | | |
| Buildings & Improvements | 938,761 | 35,700 | | 974,461 |
| Equipment | 204,435 | 19,284 | | 223,719 |
| Transportation | 70,347 | 15,016 | | 85,363 |
| Subtotal | 1,213,543 | 70,000 | 0 | 1,283,543 |
| Accumulated Depreciation | | | | |
| Buildings & Improvements | 295,997 | 19,491 | | 315,488 |
| Equipment | 153,096 | 8,360 | | 161,456 |
| Transportation | 67,797 | 2,352 | | 70,149 |
| Subtotal | 516,890 | 30,203 | 0 | 547,093 |
| **Total** | 696,653 | 39,797 | 0 | 736,450 |
| **Net Capital Assets** | $716,662 | $39,797 | $0 | $756,459 |

Depreciation expense of $30,203 was charged to the capital assets program.

## D. LONG-TERM LIABILITIES

Changes in long-term liabilities are as follows:

| Description | Beginning Balance | Increases (Decreases) | Ending Balance | Due Within One Year |
|---|---|---|---|---|
| Compensated Absences | $15,108 | $1,925 | $17,033 | $17,033 |
| Net Pension Liability | 251,713 | (11,574) | 240,139 | - |
| **Total** | $266,821 | $1,925 | $257,172 | $17,033 |

## E. PENSION PLAN

*Plan description*

The District contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

*Pension benefits*

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members 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 $36,922 for the year ended September 30, 2024.

*Pension asset/liabilities, pension revenue (expense), and deferred outflows/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 0.00641972%.

For the year ended September 30, 2024, the District recognized pension revenue (expense) of ($71,674). 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 | $38,232 | |
| Changes in assumptions or other inputs | 9,513 | |
| Net difference between projected and actual earnings on pension plan investments | | $4,359 |
| Employer contributions subsequent to the measurement date | 9,231 | |
| **Total** | $56,976 | $4,359 |

$9,231 reported as deferred outflows of resources related to pensions resulting from District contributions made subsequent to the measurement date will be recognized as an adjustment to the pension revenue (expense) 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, 2024 the beginning of the measurement period ended June 30, 2023 is 4.6 and 4.6 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 revenue (expense) as follows:

| Year Ended | |
|---|---|
| 9/30/25 | ($11,852) |
| 9/30/26 | (44,775) |
| 9/30/27 | 7,721 |
| 9/30/28 | 5,519 |
| **Total** | ($43,387) |

*Actuarial assumptions*

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

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

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

*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%<br>5% of Fire & Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2021. |
| 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 other than mortality. The total pension liability as of June 30, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset

class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2024.

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Cash | 0% | 0.00% |
| Large Cap | 18% | 4.50% |
| Small/Mid Cap | 11% | 4.70% |
| International Equity | 15% | 4.50% |
| Emerging Markets Equity | 10% | 4.90% |
| Domestic Fixed | 20% | -0.25% |
| TIPS | 10% | -0.30% |
| Real Estate | 8% | 3.75% |
| Private Equity | 8% | 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 plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for administrative expense.

*Sensitivity of the District'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 or 1-percentage-point higher than the current rate:

| | 1% Decrease (5.35%) | Current Discount Rate (6.35%) | 1% Increase (7.35%) |
|---|---|---|---|
| District's proportionate share of the net pension liability | $456,339 | $240,139 | $63,559 |

*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.

*Impact on the District's net position*

Depending on the annual performance of the Base Plan and the various non-financial factors that affect the collective Base Plan net pension liability (as described above), the District may periodically experience a deficit in its net position. This can occur as a result of recording the District's allocable portion of the net pension liability which is an estimated liability that changes substantially from year to year depending on the factors described above but does not currently require cash outflows. As the net pension liability of the Base Plan is closely monitored by PERSI's board (who makes changes to the contribution rates and other terms of the Base Plan when deemed necessary), such deficits are not deemed to be of substantial concern.

## F. TAX ABATEMENTS

Idaho counties are authorized by state statute to transact certain property tax activity with property owners in their respective taxing districts. The counties collect the property taxes, then allocate and remit those collections among the taxing districts within the counties. The counties are authorized to cancel or reduce property taxes due to various reasons, including the circuit breaker program, agricultural and other exemptions, and section 63-602NN exemptions under Idaho code for real property improvements.

## PAYETTE COUNTY RECREATION DISTRICT

Budgetary Comparison Schedule - General Fund

Year Ended September 30, 2024

| General Fund | Budgeted Amounts (GAAP Basis) Original | Budgeted Amounts (GAAP Basis) Final | Actual Amounts | Final Budget Variance Positive (Negative) | |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| Tax Revenue | $685,870 | $685,870 | $734,600 | $48,730 | |
| Other Revenue | 1,500 | 1,500 | 2,334 | 834 | |
| Program Revenue | 199,700 | 199,700 | 195,713 | (3,987) | |
| **Total Revenues** | 887,070 | 887,070 | 932,647 | 45,577 | |
| **Expenditures** | | | | | |
| Current Expenditures | | | | | |
| Admin - Payroll, Concessions, Etc. | 438,095 | 438,095 | 487,291 | (49,196) | |
| Program Development | 165,350 | 165,350 | 134,049 | 31,301 | |
| Office & Miscellaneous | 52,625 | 52,625 | 50,797 | 1,828 | |
| Professional Services | 7,350 | 7,350 | 4,887 | 2,463 | |
| Park M&O | 33,250 | 33,250 | 32,274 | 976 | |
| Insurance | 104,000 | 104,000 | 94,588 | 9,412 | |
| Support Services | 9,500 | 9,500 | 5,746 | 3,754 | |
| Auto/Tractor/Equipment R&M | 13,400 | 13,400 | 9,234 | 4,166 | |
| Capital Outlay | 70,000 | 70,000 | 70,000 | 0 | |
| **Total Expenditures** | 893,570 | 893,570 | 888,866 | 4,704 | * |
| **Net Change in Fund Balances** | (6,500) | (6,500) | 43,781 | 50,281 | |
| **Fund Balances - Beginning** | 6,500 | 6,500 | 765,801 | 759,301 | |
| **Fund Balances - Ending** | $0 | $0 | $809,582 | $809,582 | |
| | **Total expenditures (over) under appropriations are:* | | | $4,704 | |

**PAYETTE COUNTY RECREATION DISTRICT**

Schedule of Employer's Share of Net Pension Asset and Liability
and Schedule of Employer Contributions
PERSI - Base Plan

**Schedule of Employer's Share of Net Pension Asset and Liability***

| Fiscal Year Ended June 30 | Employer's Portion of the Net Pension (Asset) Liability | Employer's Proportionate Share of the Net Pension (Asset) Liability | Covered Payroll | Employer's Proportional Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability |
|---|---|---|---|---|---|
| 2015 | 0.00715140% | $94,172 | $197,615 | 47.65% | 91.38% |
| 2016 | 0.00628160% | $127,338 | $188,604 | 67.52% | 87.26% |
| 2017 | 0.00673740% | $105,900 | $209,258 | 50.61% | 90.68% |
| 2018 | 0.00706850% | $104,262 | $227,420 | 45.85% | 91.69% |
| 2019 | 0.00666000% | $76,022 | $226,201 | 33.61% | 93.79% |
| 2020 | 0.00664420% | $154,287 | $236,591 | 65.21% | 88.22% |
| 2021 | 0.00682160% | ($5,388) | $254,573 | -2.12% | 100.36% |
| 2022 | 0.00635120% | $250,188 | $250,486 | 99.88% | 83.09% |
| 2023 | 0.00630754% | $251,713 | $268,191 | 93.86% | 83.83% |
| 2024 | 0.00641972% | $240,139 | $314,606 | 76.33% | 85.54% |

*As of the measurement date of the net pension (asset) liability.

**Schedule of Employer Contributions**

| Fiscal Year Ended September 30 | Actuarially Determined Contribution | Contributions in Relation to Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|
| 2015 | $22,370 | $22,370 | $0 | $197,615 | 11.32% |
| 2016 | $21,350 | $21,350 | $0 | $188,604 | 11.32% |
| 2017 | $24,089 | $24,089 | $0 | $212,800 | 11.32% |
| 2018 | $26,217 | $26,217 | $0 | $231,599 | 11.32% |
| 2019 | $25,562 | $25,562 | $0 | $222,881 | 11.47% |
| 2020 | $28,084 | $28,084 | $0 | $235,209 | 11.94% |
| 2021 | $30,052 | $30,052 | $0 | $251,692 | 11.94% |
| 2022 | $29,235 | $29,235 | $0 | $244,849 | 11.94% |
| 2023 | $34,224 | $34,224 | $0 | $291,268 | 11.75% |
| 2024 | $36,922 | $36,922 | $0 | $324,589 | 11.38% |

Schedules above intended to show information for 10 years. Information for additional years will be presented as it becomes available.

Quest CPAs PLLC
Quality Expertise Service Timeliness

**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
Payette County Recreation District

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 Payette 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 December 20, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2014-001 that we consider to be a significant deficiency.

**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



1740 E Fairview Ave #1116, Meridian, ID 83642 · qcpas.com · 208-642-1417

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*.

**District's Response to Finding**

*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 auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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.

***Quest CPAs PLLC***

Meridian, Idaho
December 20, 2024

## FINDINGS - FINANCIAL STATEMENT AUDIT

### Significant Deficiency

*2014-001 Segregation of Duties*

**Condition** – Although the District has implemented various checks and balances in internal control to the degree possible given available staff, it does not have a complete segregation of duties over assets.

**Criteria** – Inherent in an ideal internal control structure is a complete segregation of duties over assets.

**Cause** – This situation is due to staffing limitations common to an entity this size.

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

**Recommendation** – It is requested that the District take note that this situation exists and consider resolving it with the use of additional staff oversight and involvement in the accounting process.

**Views of Responsible Officials and Planned Corrective Actions** – Management has taken steps to improve in this area insofar as is possible with an entity this size. However, substantial changes cannot be expected until the benefits are deemed to outweigh the costs of involving/hiring additional staff.

## FINDINGS – FINANCIAL STATEMENT AUDIT

### Significant Deficiency

*2014-001 Segregation of Duties*

**Condition** – Although the District has implemented various checks and balances in internal control to the degree possible given available staff, it does not have a complete segregation of duties over assets.

**Recommendation** – It is requested that the District take note that this situation exists and consider resolving it with the use of additional staff oversight and involvement in the accounting process.

**Current Status** – Management has taken steps to improve in this area insofar as is possible with an entity this size. However, substantial changes cannot be expected until the benefits are deemed to outweigh the costs of involving/hiring additional staff.

Quest CPAs PLLC

Quality Expertise Service Timeliness

## FY24 AUDIT SUMMARY

**To: Payette County Recreation District Board of Commissioners**

***Auditor's Reports Section***

| Independent Auditor's Report on… | Opinion / Findings |
|---|---|
| Financial Statements | **Unmodified** |
| Internal Controls Over Financial Reporting & Compliance | **Segregation of Duties finding; no other findings noted** |

***Financial Performance Section***

As shown on page 8 of the financial statements (third number from the bottom), the District had a profit of $43,781 for fiscal year 2024. The overall increase for the year yields an ending fund balance (i.e. operating reserve) of $809,582 (bottom number on page 8). This carryover is equal to a 12-month reserve, meaning if the District were to lose its source of revenues, it could continue to operate for about a full year before depleting its reserves. Once again, the District has ended the year in a strong financial position, with a very healthy reserve that will allow it to continue operating and making improvements as needed.

***Other Recommendations or Comments***

No new recommendations at this time. Thank you to Emily and Michelle for their hard work preparing everything for the audit and keeping the books in good shape. We will miss working with Michelle but wish her all the best in her new position, and we look forward to working with Emily in the future. Thank you for having us perform your audit and please contact us should you have any questions.

***Tim Hoyt, CPA, CMA***

Quest CPAs PLLC

# Payette County Recreation District
## Adjusting Journal Entries
September 30, 2024

| Date | Num | Account | Debit | Credit | Account Type |
|---|---|---|---|---|---|
| 09/30/2024 | Audit AJE | Payroll Asset | 497.05 | | Other Current Asset |
| | | Prepaid Expenses | 793.00 | | Other Current Asset |
| | | Receivable - Property Tax | 4,124.53 | | Other Current Asset |
| | | Sales Tax Payable | | 490.77 | Other Current Liability |
| | | Year End Accounts Payable | | 296.44 | Other Current Liability |
| | | Deferred Revenue | | 3,436.31 | Other Current Liability |
| | | PAYROLL LIABILITIES | | 1,054.75 | Other Current Liability |
| | | Medicare - Employee | | 1.60 | Other Current Liability |
| | | Medicare - Employer | | 1.60 | Other Current Liability |
| | | Fica - Employee | | 6.82 | Other Current Liability |
| | | Fica - Employer | | 6.82 | Other Current Liability |
| | | Idaho Withholding | | 189.00 | Other Current Liability |
| | | Retained Earnings | 286.79 | | Equity |
| | | Property Tax Rev | | 688.22 | Income |
| | | Payroll Expenses | 470.96 | | Expense |
| | | | 6,172.33 | 6,172.33 | |
| TOTAL | | | 6,172.33 | 6,172.33 | |

Quest CPAs PLLC

Quality Expertise Service Timeliness

**Communications with Those Charged with Governance**

To the Board
Payette County Recreation District

We have audited the financial statements of the governmental activities and each major fund of Payette County Recreation District (the District) for the year ended September 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, when applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated therein. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the notes to the financial statements. No new significant accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of depreciation expense is based on the estimated lives of the underlying assets. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of

management. Management has corrected all such misstatements. A list of such misstatements, including those that may be deemed material, has been given to management and is available for your review. Management has decided not to adopt GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recognition and measurement of an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses related to the other postemployment benefits as well as certain note disclosures and required supplementary information. The amount by which the departure would affect net position, assets, liabilities, deferred outflows of resources, deferred inflows of resources, expenses, note disclosures, and required supplementary information has not been determined.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or audit matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated as of the date of this letter.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to the required supplementary information (RSI), that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information as detailed in the table of contents to the financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated to form, content, and methods of preparing the information to determine that the information complies with accounting principles

generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or the financial statements themselves.

**Restriction on Use**

This information is intended solely for the information and use of the board and management of the District and is not intended to be, and should not be used by anyone other than these specified parties.

***Quest CPAs PLLC***

Meridian, Idaho
December 20, 2024

**Payette County Recreation District**
**1200 N Pennsylvania**
**Fruitland, ID 83619**

December 20, 2024

Quest CPAs PLLC

This representation letter is provided in connection with your audit of the financial statements of Payette County Recreation District (the Organization), which comprise the respective financial position of the governmental activities and each major fund as of September 30, 2024, and the respective changes in financial position for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit.

**Financial Statements**

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3) We acknowledge our responsibility 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.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or the schedule of findings and responses.

8) The effects of any uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit.

9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10) Guarantees, whether written or oral, under which the Organization is contingently liable, if any, have been properly recorded or disclosed.

**Information Provided**

11) We have provided you with:

a) Access to all information of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.

b) Additional information that you have requested from us for the purpose of the audit.

c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.

12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:

- Management,
- Employees who have significant roles in internal control, or
- Others where the fraud could have material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, regulators, or others.

16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing the financial statements.

17) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.

18) We have disclosed to you the names of the Organization's related parties and all the related party relationships and transactions, including any side agreements, of which we are aware.

**Government-Specific**

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) We have a process to track the status of audit findings and recommendations, if any.

21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

22) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

23) We have provided our views on reported findings, conclusions, recommendations, as well as our planned corrective actions, if any, for the report.

24) The Organization has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.

25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

26) We have appropriately disclosed all information for conduit debt obligations in accordance with GASBS No. 91.

27) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.

28) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

29) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.

30) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral except any already disclosed in the financial statements and related notes.

31) The Organization has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

32) The financial statements include all component units (if any), appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest (if any), and properly disclose all other joint ventures and other related organizations.

33) The financial statements include all fiduciary activities required by GASBS No. 84, as amended.

34) The financial statements properly classify all funds and activities in accordance with GAAP.

35) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

36) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

37) Investments, derivative instruments, and land and other real estate held by endowments, if any, are properly valued.

38) Provisions for uncollectible receivables have been properly identified and recorded.

39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

40) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

42) Special and extraordinary items are appropriately classified and reported, if any.

43) Deposits and investment securities and derivative instruments, if any, are properly classified as to risk and are properly disclosed.

44) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

45) We have appropriately disclosed the Organization's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position is properly recognized under the policy.

46) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

47) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

48) The final version of any documents to be included in an annual report, when applicable, will be provided to you as soon as possible, and prior to the issuance of the annual report, when applicable.

49) With respect to the supplementary information (SI) accompanying the financial statements.

a. We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SI.

b. If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SI no later than the date we issue the SI and the auditor's report thereon.

By: _____

Title: Treasurer