PIERCE RECREATION DISTRICT, INC.

FINANCIAL STATEMENTS

Year Ended September 30, 2024

PIERCE RECREATION DISTRICT, INC.

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PRESNELL GAGE, PLLC
ACCOUNTING AND CONSULTING

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pierce Recreation District, Inc.
Pierce, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Pierce Recreation District, Inc., 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 the major fund of the Pierce Recreation District, Inc., as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Pierce Recreation District, Inc., 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.

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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 Pierce Recreation District, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 audits.
- 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 audits 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 Pierce Recreation District, Inc.'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 Pierce Recreation District, Inc.'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 audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 20 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Reports on Comparative Information

The prior year comparative information has been derived from the District's 2023 financial statements and, in our report dated January 15, 2024, we expressed unmodified opinions on the financial statements of the governmental activities and the general fund.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 7, 2025, on our consideration of the Pierce Recreation District, Inc.'s internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 Pierce Recreation District, Inc.'s internal control over financial reporting and compliance.

Presnell Gage, PLLC

February 7, 2025
Lewiston, Idaho

PIERCE RECREATION DISTRICT, INC.

STATEMENTS OF NET POSITION
September 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash and deposits	**$ 65,128**	$ 61,460
Taxes receivable	**2,634**	2,024
Prepaid expenses	**9,852**	
Total current assets	**77,614**	63,484
Noncurrent assets		
Depreciable capital assets	**904,440**	904,440
Less accumulated depreciation	**(428,954)**	(408,411)
Total noncurrent assets	**475,486**	496,029
Total assets	**553,100**	559,513
LIABILITIES		
Current liabilities		
Current portion of long term debt	**19,755**	19,282
Total current liabilities	**19,755**	19,282
Noncurrent liabilities		
Zions loan, net of current portion	**226,404**	245,977
Total noncurrent liabilities	**226,404**	245,977
Total liabilities	**246,159**	265,259
NET POSITION		
Invested in capital assets, net of related debt	**229,327**	230,770
Unrestricted	**77,614**	63,484
Total net position	**$ 306,941**	$ 294,254

See accompanying notes

PIERCE RECREATION DISTRICT, INC.

STATEMENTS OF ACTIVITIES
Years Ended September 30, 2024 and 2023

	2024	2023
EXPENSES		
Functions/Programs		
PRD and insurance	**$ 15,633**	$ 22,782
Grants	**2,303**	3,901
Pierce community center	**59,125**	57,256
Pierce pool	**28,921**	34,494
Interest	**6,499**	6,960
Depreciation expense	**20,543**	20,961
Total expenses	**133,024**	146,354
GENERAL REVENUES		
Property taxes	**98,717**	95,842
Sales tax	**26,044**	25,471
Other tax revenue	**1,923**	2,405
Pierce community center	**9,938**	13,078
Pierce pool	**8,255**	8,114
Earnings on investments	**834**	186
Total general revenues	**145,711**	145,096
Change in net position	**12,687**	(1,258)
NET POSITION, beginning	**294,254**	295,512
NET POSITION, ending	**$ 306,941**	$ 294,254

See accompanying notes

PIERCE RECREATION DISTRICT, INC.

BALANCE SHEETS - GOVERNMENTAL FUND
September 30, 2024 and 2023

	2024	2023
ASSETS		
Cash and deposits	**$ 65,128**	$ 61,460
Taxes receivable	**2,634**	2,024
Prepaid expenditures	**9,852**	
Total assets	**$ 77,614**	$ 63,484
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	**2,634**	1,887
Total deferred inflows of resources	**2,634**	1,887
FUND BALANCE - UNASSIGNED	**74,980**	61,597
Total liabilities, deferred inflows of resources, and fund balance	**$ 77,614**	$ 63,484

See accompanying notes

PIERCE RECREATION DISTRICT, INC.

RECONCILIATION OF THE STATEMENTS OF NET POSITION
TO THE BALANCE SHEETS - GOVERNMENTAL FUND
September 30, 2024 and 2023

	2024	2023
Total fund balance - Governmental Fund	**$ 74,980**	$ 61,597
Amounts reported for governmental activities in the statements of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental fund:		
Cost of capital assets	**904,440**	904,440
Accumulated depreciation	**(428,954)**	(408,411)
Delinquent property taxes receivable to be collected this year; but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the fund.	**2,634**	1,887
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund:		
Long-term obligations	**(246,159)**	(265,259)
Total net position - Governmental Activities	**$ 306,941**	$ 294,254

See accompanying notes

PIERCE RECREATION DISTRICT, INC.

STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
Years Ended September 30, 2024 and 2023

	2024	2023
REVENUES		
Property taxes	**$ 98,152**	$ 96,143
Sales tax	**26,044**	25,471
Other tax revenue	**1,923**	1,819
Pierce community center	**9,938**	13,078
Pierce pool	**8,255**	8,114
Earnings on investments	**834**	186
Total revenues	**145,146**	144,811
EXPENDITURES		
Budget grants	**2,303**	3,901
Insurance and recreation district	**15,633**	22,782
Community center	**59,125**	57,256
Pierce pool	**28,921**	34,494
Capital outlay		306
Debt service	**25,781**	25,781
Total expenditures	**131,763**	144,520
NET CHANGE IN FUND BALANCES	**13,383**	291
FUND BALANCES AT BEGINNING OF YEAR	**61,597**	61,306
FUND BALANCES AT END OF YEAR	**$ 74,980**	$ 61,597

See accompanying notes

PIERCE RECREATION DISTRICT, INC.

RECONCILIATION OF THE STATEMENTS OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUND TO THE STATEMENTS OF ACTIVITIES
Years Ended September 30, 2024 and 2023

	2024	2023
Net change in fund balances - Governmental Activities	**$ 13,383**	$ 291
Amounts reported for governmental activities in the statements of activities are different because:		
Capital outlays to purchase or build capital assets are reported in the governmental fund as expenditures. However, for governmental activities, those costs are shown in the statements of net position and allocated over their estimated useful lives as annual depreciation:		
Current year capital outlay		306
Current year depreciation	**(20,543)**	(20,961)
Some property taxes will not be collected for several months after the fiscal year-ends and they are not considered available revenues in the governmental fund. Instead, they are counted as deferred tax revenues until collected. They are, however, recorded as revenues in the statements of activities:		
Current year taxes receivable	**2,634**	1,887
Prior year taxes receivable	**(1,887)**	(1,602)
Amounts borrowed on long-term debt are reported in the governmental fund as other financing sources. Amounts repaid on long-term debt are reported in the governmental fund as expenditures. However, for governmental activities, the borrowing and repayment of funds is reflected as outstanding long-term debt:		
Repayment of long-term obligations	**19,100**	18,821
Change in net position - Governmental Activities	**$ 12,687**	$ (1,258)

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The Pierce Recreation District, Inc., operates under a Board of Directors consisting of three individuals who are each elected to office by citizens in the recreation district. The purpose of the District is to maintain, repair, and improve the Pierce Community Center and Pool as well as provide funding for local recreation activities. The District's reporting entity includes the District government and all related organizations for which the District exercises oversight responsibility as defined by the Governmental Accounting Standards Board (GASB).

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the District (1) selects the governing authority, or management, (2) has the ability to significantly influence operations, or (3) has accountability for fiscal matters (e.g., final budget approval of assets, etc.). The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight, which would result in the District being considered a component unit of the entity.

Measurement Focus and Basis of Accounting. The financial statements of the Pierce Recreation District, Inc., have been prepared in accordance with United States generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard–setting body for establishing governmental accounting and financial reporting principles. The District uses the following two bases of accounting in these financial statements:

Economic Resources Measurement Focus and Accrual Basis of Accounting

Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

Under this measurement focus, revenues are recognized when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 30 days after year-end. A 60-day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes, and interest are considered to be susceptible to accrual.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting (Continued)

The District reports deferred revenue in its fund financial statements. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

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

Restricted Resources. Program expenses are allocated to restricted program revenue first and then to the next highest level of restricted net position/fund balances when both restricted and unrestricted resources are available.

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB No. 54) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB No. 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable - Includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted - Includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

Committed - Includes amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned - Includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned - Residual classification of fund balances that includes all spendable amounts that have not been restricted, committed, or assigned.

District-Wide Financial Statements. The statements of net position and the statements of activities display information about the overall District using the economic resources measurement focus and the accrual basis of accounting. Eliminations have been made to minimize the double-counting of internal activities.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

District-Wide Financial Statements (Continued). These statements reflect only governmental activities of the District since there are no "business-type activities" within the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for the District's function of maintaining, repairing, and improving the Pierce Community Center and Pool as well as providing funding for local recreation activities within the District boundaries. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The Fund financial statements provide information about the District's general fund. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Use of Estimates. The District uses estimates and assumptions in preparing financial statements in accordance with United States generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that the District uses.

Cash and Investments. The District's cash accounts consist of checking, savings, certificate of deposit, and money market accounts in FDIC insured accounts.

The Public Depository Law authorizes the District to invest surplus or idle funds in certain investments, including obligations of the U.S. Treasury, the State of Idaho, certain Idaho political subdivisions, and time deposit accounts. The District's investments are in certificates of deposit as permitted by *Idaho Code* Section 67-1210.

Property Taxes. The District's property tax is levied by Clearwater County in November and is payable by December 20th and June 20th immediately following the levy date. Taxes are collected by Clearwater County and are remitted to the District in the month following collection. Taxes are transferred to delinquent status on the day following the due date. A tax deed is issued on property three years from the initial date of delinquency.

Deferred Outflows/Inflows of Resources. The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position, when they exist. No deferred outflows of resources affect the governmental funds financial statements in the current year.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District's statement of net position and its governmental fund balance sheets report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). In its governmental funds, the deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes and grants are reported in the governmental funds balance sheets.

Capital Assets. Capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The District records all capital assets at their original cost. Assets acquired between 1987 and 2011 are recorded at their estimated original cost. Interest is capitalized on capital assets during the construction period.

The District capitalizes all equipment with a cost over $3,000 and a useful life over three years and all improvements that extend the expected life of the asset.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings - 40 years; equipment and furniture – 8 to 10 years; computer equipment - 5 years; improvements - 5 to 30 years.

Compensated Absences. The District does not reimburse employees for unused vacation time and sick leave upon termination of service.

Reclassifications. Certain reclassifications have been made to prior year balances in order to conform to the current year presentation.

2. LEGAL COMPLIANCE – BUDGETS

The District follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. At least 10 days prior to the public hearing, the District publishes a proposed budget for public review.

2. A public hearing is set to obtain patrons' comments.

3. The final budget is adopted by the Board of Directors no later than the Tuesday following the first Monday in September for the following fiscal year.

The budget is a non-appropriated plan of spending, adopted on the modified accrual basis of accounting. Expenditures may not exceed the budget at the individual fund level.

3. DEPOSITS AND INVESTMENTS

Deposits. At September 30, 2024, the carrying amount of the District's deposits (checking and savings accounts) was $65,128. Of the bank balance, all of it was covered by federal depository insurance.

Credit Risk. As required by State law, all investments of the District's funds are obligations of the U.S. Government, U.S. agency issues, or certificate of deposit with State banks. The District has no investment policy that would further limit its investment choices.

4. CAPITAL ASSETS

A summary of changes in capital assets at September 30, 2024, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capitalized listing				
Depreciable assets				
Buildings and improvements	$ 790,574			790,574
Furniture & Equipment	59,238			59,238
Pierce Pool	54,628			54,628
	$ 904,440	$ 0	$ 0	$ 904,440
Depreciable assets				
Accumulated depreciation				
Buildings and improvements	$ 328,925	15,766		344,691
Furniture & Equipment	49,643	2,022		51,665
Pierce Pool	29,843	2,755		32,598
	$ 408,411	$ 20,543	$ 0	428,954
Capital assets, net				475,486

The entire amount of current year depreciation was unallocated.

5. RISK MANAGEMENT

The District is a member of the Idaho County Reciprocal Management Program (ICRMP). ICRMP is an all-lines aggregate insurance program providing liability, property, and casualty insurance coverage to Idaho's counties and other political subdivisions on a voluntary participation basis. ICRMP assumes or reinsures all risk for covered claims. Participants are charged an annual insurance premium with no additional assessments for losses.

The general insurance limits are as follows:

General liability	$3,000,000 per claim
Property damage	Total insured value for listed property, stated at original cost, not including infrastructure
Automobile liability	$3,000,000 per claim
Errors and omissions liability	$3,000,000 per claim
Crime insurance and bonding	$500,000 per claim
Boiler and machinery	$1,000,000 per claim
Chemical spraying liability	$500,000 per claim
Spoilage damage	$1,000,000 per claim
Utility interruption	$2,500,000 per claim

6. LONG-TERM DEBT

The District has passed resolution 2021-01 in order to obtain financing in the amount of $300,000 for upgrades to District property. The promissory note was executed by Zions Bancorporation at 2.45 percent interest per annum over a period of 14 years.

A summary of changes in long-term debt as of September 30, 2024, is as follows:

	Balance 10/01/23	Additions	Reductions	Balance 09/30/24	Due Within One Year
Zions loan	$ 265,259		$ 19,100	$ 246,159	$ 19,755
	$ 265,259	$ 0	$ 19,100	$ 246,159	$ 19,755

Scheduled payments of principal and interest are as follows:

	Principal	Interest	Total
2025	$ 19,755	$ 6,026	$ 25,781
2026	20,239	5,542	25,781
2027	20,735	5,046	25,781
2028	21,243	4,538	25,781
2029	21,763	4,018	25,781
2030-2034	117,078	11,827	128,905
2035	25,346	435	25,781
Total	$ 246,159	$ 37,432	$ 283,591

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 7, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

PIERCE RECREATION DISTRICT, INC.

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended September 30, 2024

	Budgeted Amounts			Variance With
	Original	Final	Actual Amounts	Final Budget
REVENUES				
Property taxes	$ 98,795	$ 98,795	$ 98,152	$ (643)
Sales tax	20,000	20,000	26,044	6,044
Other tax revenue	1,321	1,321	1,923	602
Pierce community center	10,000	10,000	9,938	(62)
Pierce pool	10,000	10,000	8,255	(1,745)
Earnings on investments	2,000	2,000	834	(1,166)
Total revenues	142,116	142,116	145,146	3,030
EXPENDITURES				
Budget grants	5,335	5,335	2,303	3,032
Insurance and recreation district	27,000	27,000	15,633	11,367
Community center	58,000	58,000	59,125	(1,125)
Pierce pool	26,000	26,000	28,921	(2,921)
Debt service	25,781	25,781	25,781	
Total expenditures	142,116	142,116	131,763	10,353
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	0	0	13,383	$ 13,383
FUND BALANCES AT BEGINNING OF YEAR	0	0	61,597	
FUND BALANCES AT END OF YEAR	$ 0	$ 0	$ 74,980	

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT - *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Pierce Recreation District, Inc.
Pierce, 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 the major fund of the Pierce Recreation District, Inc., as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Pierce Recreation District, Inc.'s basic financial statements, and have issued our report thereon dated February 7, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses, item #2024-001, that we consider to be a significant deficiency.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pierce Recreation District. Inc.'s financial statements are free of material misstatement, we performed tests of 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 the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Pierce Recreation District, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Pierce Recreation District, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Pierce Recreation District, Inc.'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.

Presnell Gage, PLLC

February 7, 2025
Lewiston, Idaho

SIGNIFICANT DEFICIENCY

Finding #2024-001

Criteria: Internal control systems generally attempt to divide up accounting tasks among multiple individuals (segregation of duties) to improve the ability of the organization to identify errors within the accounting system.

Condition: The District has concentrated many accounting duties to one individual such that the desired segregation of duties is not possible.

Effect: Many accounting duties are performed by a single individual with limited oversight available within the Board of Directors.

Response: The District's management and Board of Directors believe that the cost of hiring additional accounting staff outweighs the benefits that segregation of duties would provide.

Recommendation: We concur with the District's response.