Selkirk Recreation District

Financial Report

September 30, 2024

Selkirk Recreation District
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DECORIA, BLAIR & TEAGUE, PS

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Independent Auditor's Report

Board of Commissioners
Selkirk Recreation District
Sandpoint, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of Selkirk 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 financial position of the governmental activities and the General Fund of Selkirk Recreation 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 schedule on page 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 not presented Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated January 20, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 the District's internal control over financial reporting and compliance.

DeCoria, Blair & Teague, PS

DeCoria, Blair & Teague, P.S.
Spokane, Washington

January 20, 2025

Basic Financial Statements

Selkirk Recreation District
Governmental Fund Balance Sheet/Statement of Net Position
September 30, 2024

	Governmental Fund Balance Sheet	Adjustments (Note 12)	Statement of Net Position
ASSETS			
Current assets:			
Cash and investments (Note 6)	$ 218,433	$ -	$ 218,433
Receivables (Note 7)	318,616	-	318,616
Total current assets	537,049	-	537,049
Noncurrent assets:			
Capital assets, net (Note 8)	-	3,734	3,734
Total noncurrent assets	-	3,734	3,734
Total assets	$ 537,049	3,734	540,783
LIABILITIES			
Current liabilities:			
Accounts payable	$ 13,826	-	13,826
Accrued payroll and related liabilities	1,078	-	1,078
Unearned property tax revenue (Note 7)	308,145	-	308,145
Total liabilities	323,049	-	323,049
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue (Note 7)	4,003	(4,003)	-
Total deferred inflows of resources	4,003	(4,003)	-
Commitments and contingencies (Notes 10 and 11)			
FUND BALANCE			
Unassigned	209,997	(209,997)	-
Total fund balance	209,997	(209,997)	-
Total liabilities, deferred inflows of resources and fund balance	$ 537,049		
NET POSITION			
Net investment in capital assets		3,734	3,734
Unrestricted		214,000	214,000
Total net position		$ 217,734	$ 217,734

Selkirk Recreation District
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance/Statement of Activities
Year Ended September 30, 2024

	Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance	Adjustments (Note 13)	Statement of Activities
REVENUES			
Property taxes	$ 299,189	$ (3,700)	$ 295,489
Interest income	1,038	-	1,038
Total revenues	300,227	(3,700)	296,527
EXPENDITURES/EXPENSES			
Maintenance and repairs	280,148	-	280,148
Shuttle service	37,577	-	37,577
Professional fees	8,660	-	8,660
Dumpster clean-up	600	-	600
Wages and salaries	7,448	-	7,448
Insurance	3,378	-	3,378
Storage rent	810	-	810
Office supplies	823	-	823
Depreciation expense (Note 8)	-	2,987	2,987
Total expenditures/expenses	339,444	2,987	342,431
Net changes in fund balance	(39,217)	39,217	
Change in net position		(45,904)	(45,904)
FUND BALANCE/NET POSITION			
Beginning of year	249,214	-	263,638
End of year	$ 209,997	$ -	$ 217,734

1. Organization

Selkirk Recreation District (the District) is a local governmental unit governed by a Board of Commissioners (the Board). The District was formed in 1998 for the use and purpose of acquiring, providing, maintaining and operating public recreation access to the region and the surrounding area of Sandpoint, Idaho and Schweitzer Mountain.

The District's financial statements include the accounts of all District operations. The District meets the criteria established by the Governmental Accounting Standards Board (GASB) to be considered a primary governmental entity for financial reporting purposes. Component units are legally separate organizations that are financially accountable to, or dependent on, the primary government. The District has no component units and is not a component unit of any other governmental unit based on the criteria established by the GASB.

2. District-Wide and Fund Financial Statements

GASB Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments* (GASB No. 34) defines the financial reporting requirements and the reporting model for the annual financial reports of state and local governments. The financial information required by GASB No. 34 includes:

Management's Discussion and Analysis

The management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities in a narrative format. An analysis of the District's overall financial position and results of operations should be included to assist users in assessing whether the financial position has improved or deteriorated as a result of the year's activities.

District-Wide Financial Statements

The district-wide financial statements, including the Statement of Net Position and the Statement of Activities, report information on all of the nonfiduciary activities of the District. Governmental transactions are generally financed through taxes, intergovernmental revenues and other nonexchange transactions.

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

Depreciation and amortization, if applicable, is presented in its entirety on the Statement of Activities. No depreciation and amortization has been allocated to any of the District's specific functions.

2. District-Wide and Fund Financial Statements, Continued

Fund Financial Statements

The fund financial statements provide information on the District's General Fund. The emphasis of fund financial statements is on major governmental funds.

Budgetary Comparison Schedule

The budgetary comparison schedule is presented to demonstrate whether resources were obtained and used in accordance with the District's legally adopted budget (see Note 4). The District may revise the original budget over the course of the year for various reasons. Under the reporting model prescribed by GASB No. 34, budgetary information provides comparisons of the District's originally adopted budget to the final budget and actual results.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Statement of Net Position – District-Wide and Statement of Activities – District-Wide are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements stipulated by the provider have been met and satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable when the amount of the transaction can be determined and available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 30 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, judgments, compensated absences, and early retirement liabilities, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

The General Fund is the sole operating fund of the District. It is used to account for all financial resources of the District. This is a budgeted fund, and any unassigned fund balance is considered as resources available for use.

4. Budgetary Information

The District's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at year-end.

4. Budgetary Information, Continued

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

a) The District publishes a proposed budget for public review;
b) Public hearings are set to obtain taxpayer comments;
c) Prior to October 1, the budget is adopted by resolution of the District's Board and published; and
d) The final budget is then filed with the State of Idaho. Expenditures may not legally exceed budgeted appropriations at the functional level. The legal level of budgetary control is the functional level at which the Board must approve any over-expenditures of appropriations or transfers of appropriated amounts.

During the fiscal year ended September 30, 2024, the budget was not amended.

5. Summary of Significant Accounting Policies

Accounting Principles Generally Accepted in the United States of America

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and standards. The District has adopted and applied all applicable GASB pronouncements, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Recent Accounting Pronouncements

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB Statements and 2) accounting and financial reporting for financial guarantees.

This Statement addresses a variety of topics and includes specific provisions about the following:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument;
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives;
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset;

5. Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncements, Continued

- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability;
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt;
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP);
- Disclosures related to nonmonetary transactions;
- Pledges of future revenues when resources are not received by the pledging government;
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements;
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position;* and
- Terminology used in Statement No. 53 to refer to resource flows statements.

The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 were effective upon issuance. The requirements related to leases, PPPs and SBITAs became effective for the fiscal year ended September 30, 2023. Implementation did not have a material impact on the District's financial statements. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 became effective for fiscal year ended September 30, 2024. Implementation did not have a material impact on the District's financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. Statement No. 102 is effective for fiscal years beginning after June 15, 2024. The District is currently evaluating the financial statement impact of adopting this statement.

5. Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncements, Continued

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement will revise and build upon the requirements in GASB Statement No. 34. Key changes in the new standard are summarized below.

- Revises the requirements for management's discussion and analysis (MD&A) with the goal of making it more readable and understandable
- Combines extraordinary items and special items into one category of "unusual or infrequent items"
- Defines operating and nonoperating revenues, specifically by defining nonoperating revenues and classifying all other revenues as operating
- Includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses, and changes in fund net position
- Requires the presentation of proprietary funds' statement of revenues, expenses, and changes in fund net position in the statistical section of the report to include the same categories of revenues and expenses as the face of the financial statements
- Removes the option to disclose major component units in a condensed form in the notes to the financial statements and requires them to be shown individually or in combining financial statements following the fund financial statements
- Requires budgetary comparisons to be presented as RSI and adds new columns for variances between original-to-final budget and final budget-to-actual results

Statement No. 103 is effective for fiscal years beginning after June 15, 2025. The District is currently evaluating the financial statement impact of adopting this statement.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

Statement No. 104 also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Statement No. 104 is effective for fiscal years beginning after June 15, 2025. The District is currently evaluating the financial statement impact of adopting this statement.

5. Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

The District considers all short-term deposits and highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Deposits in the Local Government Investment Pool (LGIP) are available to the District on demand and, accordingly, are considered to be cash equivalents.

Investments

The District has no formal investment policy that has been established by the Board of Commissioners. The Board of Commissioners has authorized investments in the State of Idaho "Joint Exercise of Powers Act Investment Pool" also known as the Local Government Investment Pool (LGIP). Deposits in the LGIP are stated at fair market value, which approximates cost, and consist of Idaho State obligations, repurchase agreements and U.S. government securities.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through an allowance for doubtful accounts based on its assessment of the current status of individual receivables from grants, contracts and others. Balances which are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to the applicable accounts receivable. Management expects all September 30, 2024 receivables to be collectible, and therefore no allowance for doubtful accounts has been provided as of that date.

Prepaid Expenses

Prepaid expenses, if any, represent amounts paid in the current period for goods or services that will benefit future periods. Prepaid expenses are accounted for using the consumption method.

Capital Assets

Capital assets are reported in the Statement of Net Position – District-Wide at historical cost, less accumulated depreciation. If historical cost is unknown, estimated historical cost is used. Donated capital assets are recorded at estimated fair market value at the date of donation. The District uses a capitalization threshold of $5,000. Normal maintenance and repairs are charged to expense as incurred. When capital assets are sold or otherwise disposed of, the cost and associated accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the Statement of Activities – District-Wide.

All reported capital assets are depreciated. Depreciation on capital assets is calculated using the straight-line method over the estimated useful lives of those assets, as follows:

	Years
Equipment and vehicles	5 - 10

5. Summary of Significant Accounting Policies, Continued

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy for those assets and liabilities measured at fair value, that distinguishes between assumptions based on market data (observable inputs) and the District's own assumptions (unobservable inputs). The hierarchy consists of: Level 1 – quoted market prices in active markets for identical instruments; Level 2 – inputs other than Level 1 inputs that are observable; and Level 3 – unobservable inputs developed using estimates and assumptions determined by the District.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAV's, if any, are not included in Level 1, 2 or 3, but are separately reported.

At September 30, 2024, the assets and liabilities of the District that were measured at fair value on a recurring basis are summarized as follows:

	Level 1	Level 2	Level 3	Total
Investment in the LGIP	$ 9,277	$ --	$ --	$ 9,277

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). The District had no assets or liabilities measured at fair value on a nonrecurring basis during 2024.

Liabilities

Liabilities shown on the Balance Sheet – Governmental Fund are those that have become due and payable at the end of the fiscal year, which are expected to be paid during the upcoming fiscal year and are reported as an expenditure and fund liability. On the district-wide statements, liabilities that become due and payable within one year after the financial statement date are included in current liabilities, while liabilities that become due and payable after that time are shown as noncurrent liabilities.

Property Taxes

In accordance with Idaho State Law, an ad valorem property tax is levied in September for each calendar year. Taxes are recorded by the District using the modified accrual basis of accounting. Levies are made on the third Monday of September and billed to taxpayers in November. One-half of the real property taxes and personal property taxes are due on or before December 20. The remaining one-half of the real property taxes and personal property taxes are due on or before June 20 of the following year. If the first half of the personal property taxes is not paid on or before December 20, the full amount is due on demand. Property taxes attach as an enforceable lien on property as of January 1 of the following year. Notice of foreclosure is filed with the County Clerk on property three years from the date of delinquency. The property tax revenue is budgeted for the ensuing fiscal year. Bonner County acts as an agent for the District in both the assessment and collection of property taxes. The County remits tax revenues to the District monthly, with the majority of the collections being remitted in January and July.

5. Summary of Significant Accounting Policies, Continued

Property Taxes, Continued

In the governmental fund financial statements, property taxes are recorded as revenue in the period in which the taxes are levied, to the extent that they are both measurable and available. For this purpose, the District considers amounts to be available if they are collected and received by the District within 30 days after the financial statement date. Property taxes receivable which are collectible subsequent to 30 days after the financial statement date are reflected in the fund financial statements as deferred inflows. In the district-wide financial statements, all property taxes receivable, regardless of when they are collected, are recorded as revenue in the period for which the taxes are levied.

Net Position

Net position represents the difference between assets plus deferred outflows, and liabilities plus deferred inflows. Net position is comprised of the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following components:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets;

Restricted net position – This component of net position consists of amounts subject to constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The District had no restricted net position as of September 30, 2024; and

Unrestricted net position – This component of net position consists of amounts that do not meet the definition of "net investment in capital assets" or "restricted net position."

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

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

Nonspendable: The portion of fund balance that is not expected to be converted to cash, such as inventories and prepaid expenses, if any.

Restricted: The portion of fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

5. Summary of Significant Accounting Policies, Continued

Fund Balance, Continued

Committed: The portion of fund balance that can be used only for the specific purposes determined by a formal action of the District's Board of Commissioners (the District's highest level of decision-making authority).

Assigned: The portion of fund balance that is intended to be used by the District for specific purposes, but does not meet the criteria to be classified as restricted or committed.

Unassigned: The residual portion of fund balance for the District's General Fund, includes all spendable amounts not included in the other categories.

Fund Balance Spending Policy

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then, any remaining fund balance amounts of the governmental funds other than the General Fund, if any, are classified as restricted fund balance.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation, is not employed as an extension of the formal budgetary process in the governmental fund.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management of the District to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates and affect the amounts reported in the financial statements.

Subsequent Events

The District has evaluated subsequent events through January 20, 2025 the date as of which these financial statements were available to be issued. No material subsequent events have occurred since September 30, 2024 that required recognition or disclosure in these financial statements.

6. Cash and Investments

Cash and investments consist of deposits held in a checking account with a local bank and deposits held in the State of Idaho Treasurer's Local Government Investment Pool (LGIP), which are available to the District on demand. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's bank deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. All deposits in the LGIP are both uninsured and uncollateralized.

6. Cash and Investments, Continued

The carrying amount of cash and investments at September 30, 2024 is summarized below:

Cash in bank accounts	$ 209,156
Investments in LGIP	9,277
	$ 218,433

Cash in bank accounts consists of deposits held in a checking account and a money market account at a local bank. The combined bank and LGIP balances totaled $226,235 at September 30, 2024. The differences between the carrying amount of cash and cash equivalents on the District's books and the bank and LGIP balances, consisted of outstanding checks, deposits and accrued interest not processed by the bank and LGIP as of September 30, 2024.

A summary of the total insured and uninsured bank and LGIP balances at September 30, 2024 is as follows:

Total bank and LGIP balances	$ 226,235
Portion insured by FDIC	(216,958)
Uninsured balances in LGIP and in bank	$ 9,277

At September 30, 2024, the District had the following investments.

Investments	Maturities	Fair Value
Idaho State Local Government Investment Pool	84 days (weighted average)	$ 9,277

The District has not adopted a formal investment policy. The Idaho State Local Government Investment Pool is overseen and managed by the State of Idaho Treasurer's Office. The investment in the Idaho State Local Government Investment Pool is uninsured.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it.

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and State of Idaho investment pools and funds. The District has no investment policy that would further limit its investment choices. At September 30, 2024, the District's investment in the Idaho State Local Government Investment Pool is not rated.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer. All of the District's investments are in the Idaho State Local Government Investment Pool.

7. Receivables

Receivables at September 30, 2024 are summarized as follows:

Unearned property taxes receivable	$ 308,145
Property taxes receivable	6,468
Delinquent property taxes receivable	4,003
	$ 318,616

Unearned property taxes receivable consist of property taxes levied for the next fiscal year. These amounts have been offset by unearned property tax revenue in the district-wide and governmental funds financial statements.

Property taxes receivable consist of property taxes received within the first 30 days after the end of the District's fiscal year end that relate to taxes levied for the current or prior fiscal years.

Delinquent property taxes receivable consist of property taxes levied for the current and prior fiscal years, which were not collected within the current period or within the first 30 days after the end of the District's fiscal year. These amounts have been offset by a deferred inflow of resources in the governmental funds financial statements.

Accounts receivable, if any, consist of amounts due for road upgrades and maintenance performed pursuant to agreements with others.

8. Capital Assets

Capital assets activity for the year ended September 30, 2024 is as follows:

	Balance September 30, 2023	Additions	Disposals	Balance September 30, 2024
Equipment and vehicles	$ 44,057	$ --	$ --	$ 44,057
Accumulated depreciation	(37,336)	(2,987)	--	(40,323)
	$ 6,721	$ (2,987)	$ --	$ 3,734

Depreciation expense for governmental activities has not been allocated to any of the District's individual functions. Rather, the District has included all depreciation related to governmental activities as a single line item on the Statement of Activities – District-Wide. Depreciation expense for the year ended September 30, 2024 was $2,987.

9. Short-Term Borrowings

The District had no short-term borrowings at September 30, 2024, nor were there any short-term borrowings or repayments for the year then ended.

10. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in the Idaho Counties Risk Management Pool (ICRMP) to provide general liability and property insurance. The District, along with other participating entities, contributes annual amounts determined by ICRMP's management. As claims arise, they are submitted to and paid by ICRMP. If necessary, ICRMP may assess members additional amounts to cover losses. No such additional assessments were made during 2024, or in any of the previous three years.

The District pays the State Workers' Compensation System a premium at an experience-based rate. This rate is calculated based on accident history and administrative costs.

11. Commitments and Contingencies

Litigation

The District's management is not aware of any pending claims against the District at September 30, 2024. The District has no reserve established for the payment of uninsured claims. Expenditures are recognized when amounts are paid.

12. Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

Adjustments to reconcile the Governmental Fund Balance Sheet to the Statement of Net Position are as follows:

Total fund balance, Governmental Fund Balance Sheet		$ 209,997
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental fund:		
The cost of capital assets is	$ 44,057	
Accumulated depreciation is	(40,323)	
		3,734
Property taxes receivable will be collected, but are not available soon enough to pay liabilities of the current period, and are therefore reported as deferred inflows of resources in the governmental fund.		4,003
Total net position, Statement of Net Position		$ 217,734

13. Reconciliation of the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

Adjustments to reconcile the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities are as follows:

Net change in fund balance, Governmental Fund		$ (39,217)
Some property taxes will not be collected until several months after the District's fiscal year end, and therefore are not available to pay liabilities of the current period. Accordingly, they are recorded as deferred inflows of resources in the governmental fund. They are however recorded as revenue in the Statement of Activities. The change in deferred property taxes during the 2024 fiscal year is an adjustment.		(3,700)
Capital outlays to purchase capital assets are reported as expenditures in the governmental fund. In the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation. Amounts recognized for these items in the current year are as follows:		
Capital outlays	$ --	
Depreciation and amortization expense	(2,987)	
		(2,987)
Change in net position, Statement of Activities		$ (45,904)

Required Supplementary Information

Selkirk Recreation District
Budgetary Comparison Schedule
Year Ended September 30, 2024

	Budgeted Amounts		Actual Modified Accrual Basis	Variances Positive/(Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Property taxes	$ 300,000	$ 300,000	$ 299,189	$ -	$ (811)
Interest income	-	-	1,038	-	1,038
Total revenues	300,000	300,000	300,227	-	227
EXPENDITURES					
Maintenance and repairs	274,000	274,000	280,148	-	(6,148)
Shuttle service	45,000	45,000	37,577	-	7,423
Professional fees	13,000	13,000	8,660	-	4,340
Dumpster clean-up	2,000	2,000	600	-	1,400
Wages and salaries	6,000	6,000	7,448	-	(1,448)
Insurance	5,000	5,000	3,378	-	1,622
Storage rent	3,000	3,000	810	-	2,190
Office supplies	3,000	3,000	823	-	2,177
Total expenditures	351,000	351,000	339,444	-	11,556
Net change in fund balance	(51,000)	(51,000)	(39,217)	-	11,783
Fund balance:					
Beginning of year	249,214	249,214	249,214	-	-
End of year	$ 198,214	$ 198,214	$ 209,997	$ -	$ 11,783

Selkirk Recreation District
Notes to Budgetary Comparison Schedule
September 30, 2024

1. Basis of Presentation

The budgetary comparison schedule has been prepared on the modified accrual basis of accounting, which is the same basis of accounting used in the governmental fund financial statements.

2. Expenditures in Excess of Budgeted Amounts

The modified accrual basis of accounting and the account groupings reflected in the governmental fund financial statements differ from the presentation and account groupings required by Idaho Statutes for Board of Commissioners budgetary control at the functional level as described in Note 4 to the Financial Statements. As a result, the budgetary comparison schedule at page 19 discloses two instances for the year ended September 30, 2024 in which actual expenditures exceeded budgeted expenditures. In fact, there were no instances in which actual expenditures exceeded budgeted expenditures at the functional levels required by Idaho Statutes for the year ended September 30, 2024.

Compliance Report

DECORIA, BLAIR & TEAGUE, PS

Certified Public Accountants
Business Consultants
Micheal A. DeCoria, CPA
Brandon J. Blair, CPA
David W. Teague, CPA

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
Selkirk Recreation District
Sandpoint, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of Selkirk Recreation District (the District), as of and for the year ended September 30, 2024, and the notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 20, 2025.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be significant deficiencies, which were considered to be, in the aggregate, a material weakness.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as Findings 2024-001 and 2024-002, in the aggregate, to be a material weakness.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as Findings 2024-001 and 2024-002 to be significant deficiencies.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Responses to the Findings

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

Purpose of this Report

The sole purpose of this report is 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.

DeCoria, Blair & Teague, PS

DeCoria, Blair & Teague, P.S.
Spokane, Washington

January 20, 2025

Selkirk Recreation District
Schedule of Findings and Responses
Year Ended September 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

The independent auditor's report expressed an unmodified opinion on the basic financial statements of Selkirk Recreation District.

The audit of the financial statements of Selkirk Recreation District disclosed two significant deficiencies in internal control over financial reporting.

The significant deficiencies in internal control over financial reporting were considered to be, in the aggregate, a material weakness.

The audit disclosed no compliance findings material to the financial statements of Selkirk Recreation District.

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of non-compliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Finding 2024-001

Condition	The size of the District's staff is not large enough to permit an adequate segregation of duties for an effective system of internal control over financial reporting.
Criteria	An effective system of internal control over financial reporting requires that closely related duties be segregated.
Effect	The concentration of closely related duties and responsibilities by a small staff makes it difficult to establish an adequate system of automatic internal checks on the accuracy and reliability of the accounting records.
Cause	The District's staff is too small to allow an adequate segregation of duties.
Recommendation	Although the District's staff is not large enough to permit an adequate segregation of duties for an effective system of internal control over financial reporting, we recommend that officials be aware that the condition does exist.
Management's Response	Management and the District's Board of Commissioners are aware of this condition and have made a conscious decision to accept the resulting degree of risk because of cost or other considerations.

Finding 2024-002

Condition	Due in part to the District's size and limited resources, month-end and year-end closing procedures are not formalized and documented and are not always performed in a timely manner.
Criteria	An effective system of internal control over financial reporting includes periodically reconciling each general ledger account and adjusting the recorded balances, if necessary.
Effect	In connection with performing our audit testing, we proposed five audit adjustments to correct account balances. Clarified Statement on Auditing Standards Section 265, *Communicating Internal Control Related Matters Identified in an Audit* (AU-C 265), indicates that identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control over financial reporting should at least be regarded as a significant deficiency and should be considered as a strong indicator of a material weakness in internal control over financial reporting.
Cause	The District does not have formalized, documented procedures for periodically reviewing and reconciling each general ledger account.
Recommendation	We recommend that month-end and year-end closing procedures be developed, documented and implemented for each general ledger account. The implementation of such procedures should reduce or eliminate the need for audit adjustments.
Management's Response	The District will strive to develop and implement documented procedures for reconciling and adjusting account balances for each general ledger account in an effort to eliminate audit adjustments.

Selkirk Recreation District
Status of Prior Year Findings
Year Ended September 30, 2024

Finding 2023-001

Condition: The size of the District's staff is not large enough to permit an adequate segregation of duties for an effective system of internal control over financial reporting.

Status: This condition continues to exist at September 30, 2024. See Finding 2024-001.

Finding 2023-002

Condition: Due in part to the District's size and limited resources, month-end and year-end closing procedures are not fully formalized and documented and are not always performed in a timely manner.

Status: This condition continues to exist at September 30, 2024. See Finding 2024-002.