North Custer Fire District

AUDITED FINANCIAL STATEMENTS

Year Ended September 30, 2024

Gary Merkle, PLLC

CERTIFIED PUBLIC ACCOUNTANT

North Custer Fire Protection District

COMMISSIONERS

Bert Doughty	Commissioner
Richard Giampedraglia	Commissioner
Jack Whitworth	Commissioner

ADMINISTRATORS

Andrew Gunderson	Fire Chief
Bernadette Rivera	Clerk

North Custer Fire Protection District
Year Ended September 30, 2024

Table of Contents

Financial Section

Independent Auditor's Report - - - - - - - - - 1 - 3

Basic Financial Statements

Government Wide Financial Statements
Statement of Net Position - - - - - - - - - 4

Statement of Activities - - - - - - - - - 5

Fund Financial Statements
Balance Sheet – Governmental Funds - - - - - - - - - 6

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position - - - - - - - - - 7

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

Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balance of Governmental Funds to the Statement of Activities - - - - - - - - - 9

Notes to the Financial Statements - - - - - - - - - 10 - 17

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance – *Budget And Actual* - General Fund - - - - - - - - - 18

Note To Required Supplementary Schedules - - - - - - - - - 19 - 20

Other Reports

Independent Auditor's Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed In Accordance with *Government Auditing Standards* - - - - - - - - - 21 - 22

FINANCIAL SECTION

Gary Merkle, PLLC

CERTIFIED PUBLIC ACCOUNTANT

2627 W. IDAHO STREET BOISE, IDAHO 83702 (208) 375-4573 PHONE
(208) 375-2613 FAX



Board of Commissioners
North Custer Fire Protection District
Challis, Idaho 83226

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the North Custer Fire Protection 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the North Custer Fire Protection District 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, (GAAS) and the standards applicable to financials audits contained in Government Auditing Standards, issued by the Comptroller of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the North Custer Fire Protection District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

North Custer Fire Protection District's 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 North Custer Fire Protection 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 Responsibility for the Audit of the Financial Statements

My 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 my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgement 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 responsible for 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 North Custer Fire Protection 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 my judgment, there are conditions or event, considered in the aggregate, that raise substantial doubt about North Custer Fire Protection District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of my audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the budgetary comparison information on pages 18–20 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 Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America., which consist of inquiries of management about whether the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has not included management's discussion and analysis that 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 who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by not including this information.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 25, 2024 on my consideration of North Custer Fire Protection District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of North Custer Fire Protection District's internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering North Custer Fire Protection District's internal control over financial reporting and compliance.

Gary Merkle, CPA PLLC

Boise, Idaho
November 25, 2024

BASIC FINANCIAL STATEMENTS

North Custer Fire Protection District
Statement of Net Position
September 30, 2024

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	$356,298
Property tax receivable	637
Total current assets	356,935
Noncurrent assets:	
Nondepreciable capital assets	49,510
Depreciable capital assets, net	1,015,854
Total noncurrent assets	1,065,364
Total assets	1,422,299
Liabilities	
Payroll liabilities	431
Total liabilities	431
Net Position	
Net investment in capital assets	1,065,364
Unrestricted	356,504
Total Net Position	$1,421,868

See accompanying notes to the financial statements

North Custer Fire Protection District
Statement Of Activities
Year Ended September 30, 2024

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Functions/Programs				
Governmental Activities:				
Wages, taxes and contract labor	$36,851	$23,735		($13,116)
Professional services	3,840			(3,840)
Insurance and workers comp	6,551			(6,551)
Administrative items	14,088			(14,088)
Facilities maintenance and utilities	32,153			(32,153)
Communications	5,653			(5,653)
Vehicles fuel and repairs	29,262			(29,262)
Property tax	25			(25)
Small equipment items	37,731			(37,731)
Depreciation	68,557			(68,557)
Total governmental activities	$234,711	$23,735	$0	(210,976)
General Revenes:				
Custer County taxes				192,004
Lemhi County taxes				13,564
State sales tax				4,547
Capital credit				235
Investment earnings				19,571
Donations				2,275
Other items				5,260
Total general revenues				237,456
Change in net position				26,480
Net position, beginning of year				1,395,388
Net position, ending of year				$1,421,868

See accompanying notes to the financial statements

North Custer Fire Protection District
Balance Sheet - Governmental Funds
September 30, 2024

	General Fund	Total Government Funds
Assets		
Cash and cash equivalents	$356,298	$356,298
Current taxes receivable	637	637
Total Assets	$356,935	$356,935
Liabilities, Deferred Inflows and Fund Balance		
Liabilities		
Accrued taxes and witholdings	431	431
Total Liabilites	431	431
Deferred Inflows of Resources		
Unavailable tax resources	570	570
Fund Balances:		
Unassigned	355,934	355,934
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$356,935	$356,935

See accompanying notes to the financial statements

North Custer Fire Protection District
Reconciliation of the Balance Sheet - Governmental Funds to the Statement Of Net Position
September 30, 2024

Total fund balance, governmental funds		$355,934
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. These assets consist of the following:		
Furniture and equipment	646,567	
Vehicles	580,159	
Facilities	1,024,223	
Land	49,510	
Accumulated depreciation	(1,235,095)	
Capital assets, net		1,065,364
Property taxes receivable will be collected this year but are not available soon enough to pay for the currnt year's expenditures and therefore are deferred in the funds.		
Deferred portion of property taxes		570
Net position of governmental activities in the Statement of Net Position		$1,421,868

See accompanying notes to the basic financial statements

North Custer Fire Protection District
Statement Of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
Year Ended September 30, 2024

	General Fund	Total Governmental Funds
Revenues		
Taxes:		
Custer County property tax	$191,723	$191,723
Lemhi County property tax	13,564	13,564
State sales tax	4,547	4,547
City protection agreement	22,750	22,750
Donations	2,275	2,275
Capital credits	235	235
Fire revenue	985	985
Interest income	19,571	19,571
Other items	5,260	5,260
Total revenues	260,910	260,910
Expenditures		
Current: Public Safety		
Advertising	627	627
Awards	800	800
Commissioner expense	1,200	1,200
Communications	5,653	5,653
Contracted labor	21,855	21,855
Equipment, small items	26,670	26,670
Facilities maintenance	3,698	3,698
Freight	713	713
Insurance	6,551	6,551
Office expense	4,487	4,487
Payroll wages and taxes	14,996	14,996
Professional services	3,840	3,840
Property tax	25	25
Travel and education	6,262	6,262
Utilities	28,455	28,455
Vehicle fuel and maintenance	29,262	29,262
Capital outlay	136,019	136,019
Total expenditures	291,113	291,113
Excess of revenues over/(under) expenditures	(30,203)	(30,203)
Net change in fund balance	(30,203)	(30,203)
Fund balance, beginning of year	386,137	386,137
Fund balance, end of year	$355,934	$355,934

See accompanying notes to the financial statements

North Custer Fire Protection District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2024

Net change in fund balances - total governmental funds		($30,203)
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is to be allocated over their estimated useful lives as depreciation.		
Cost of assets (capital outlays)	124,959	
Depreciation expense	(68,557)	56,402
Because some property taxes wiill not be collected for several months after the fiscal year end, they are not considered "available" revenues in the governmental funds. Deferred tax revenues increased $281 during the current year ended.		281
Change in net position of governmental activities		$26,480

See accompanying notes to the financial statements

Note 1 Summary Of Significant Accounting Policies

North Custer Fire Protection District is organized under Section 31-1401 of the Idaho Code and is governed by three elected commissioners who serve staggered four year terms. Accounting policies and practices of the District conform to accounting principles generally accepted in the United States of America as applied to governments, except for the exceptions noted hereafter.

A. GENERAL

The financial statements listed in the table of contents have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

The scope of the reporting entity is intended to cover those funds under the direct jurisdiction of the board. Other governing boards; elected or appointed, that exercise substantial or total administrative and supervisory authority in their name are considered to be substantially autonomous from the District's balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The District's financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on individual funds.

Government-wide Financial Statements

The District's activities are governmental activities. Governmental activities are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows, liabilities and deferred inflows, with the difference reported as net position. Net position is restricted when constraints placed upon it is either externally imposed or is imposed by constitutional provisions or enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable within a specific function. The District does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

Fund Financial Statements

The financial transactions of the District are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Separate statements are provided for governmental, proprietary, and fiduciary funds. For governmental and proprietary funds, the emphasis is on major funds with each displayed in a separate column.

Note 1 Summary Of Significant Accounting Policies (Continued)

The District reports the following major governmental funds:

- **General Fund** - This fund is the principle operating fund of the District. It is used to account for all financial resources not required to be accounted for in another fund.

Governmental Fund Types

Governmental funds account for the District's general activities including current financial resources and are those through which most governmental functions of the District are financed. The District has the following governmental fund:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except for those required to be accounted for in another fund.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash-flows. Property taxes are recognized as revenues in the year for which they are levied. Other revenues are recognized in the years in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The District does not have any proprietary type funds.

The governmental fund financial statements ae prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES OR NET POSITION

Following are the District's significant policies regarding recognition and reporting of certain assets, liabilities and equity.

Cash and Investments

Cash and cash equivalents consist primarily of demand deposits with financial institutions and short-term investments with original maturities of three months or less than the purchase date. Investments include pooled investments and certificate of deposit with original maturities greater than three months.

Receivables

Receivables include accrued amounts for sales taxes and delinquent property taxes. Receivables from other governments are reasonably assured; accordingly, no allowance for uncollectible accounts has been established

Note 1 Summary Of Significant Accounting Policies (Continued)

Taxes Receivable

Property taxes are levied in September of each year and become payable on December 20 and June 20 of the following year for real property taxes and December 20 for personal property taxes.

Property taxes attach an enforceable lien as of December 20 following levy in September, therefore, no amount has been set aside for an allowance of doubtful accounts. Property taxes not collected before December 1, 2024 are classified as revenue unavailable for use in governmental funds.

Capital Assets

The District defines a capital asset as an asset with an initial cost of $5,000 or more for equipment, $5,000 or more for land and buildings and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition fair value on the date of acquisition. The District does not capitalize any infrastructure assets.

Capital assets purchased in governmental funds are recorded as expenditures in the governmental fund statements. Interest expense for capital asset construction related to governmental activities is not capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Buildings, equipment and other depreciable assets are depreciated using the straight-line method over estimated useful lives of 5 to 40 years.

Capital assets are reported in the applicable governmental column in the government-wide financial statements.

Long-Term Obligations

In the government-wide statements, long term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, bond premiums, discounts, and issuance costs are recognized as expenditures in the current period. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The face amount of debt issued is reported as other financing sources.

Net Position/Fund Balance

The difference between assets plus deferred outflows and liabilities plus deferred inflows is net position on the government wide statement and fund balance on the governmental fund statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred outflows of resources. This financial statement element represents a consumption of net position or fund balance that applies to a future period, or periods, so it will not be recognized as an outflow of resources until that time. The District currently reports a deferred outflow

Note 1 Summary Of Significant Accounting Policies (Continued)

associated with the net pension liability on the Statement of Net Position.

In addition to liabilities, The Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net position or fund balance that applies to a future period or, periods, so it will not be recognized as an inflow of resources until that time. The District has an item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly revenue unavailable for use is reported only in the governmental funds Balance Sheet. This amount is deferred and recognized as an inflow of resources in the period that amounts become available. The District also reports a deferred inflow associated with the net pension liability on the Statement of Net Position.

Nonspendable and Spendable Fund Balances

Fund balance is separated into spendable and nonspendable fund balance. The following is a list of nonspendable and spendable fund balance designations for North Custer Fire District.

Nonspendable: This designation segregates fund balances that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted: This designation segregates a portion of the fund balance when constraints have been placed on the use of the resources either externally by creditors, grantors, contributors, or laws or regulations of other governments imposed by law through constitutional provisions or enabling legislation.

Committed: This designation indicates a portion of the fund balance which can only be used for specific purposes pursuant to constraints imposed by formal action of the District Board. It cannot be used for any other purpose unless the District Board removes or changes the specified use by taking the same type of action it employed to previously commit it.

Assigned: This designation indicates a fund balance that can only be spent for purposes officially designated by authority (budget) or is constrained by governmental intent, but is not restricted or committed.

Unassigned: This designation indicates a fund balance is not assigned to any specific purpose or is a negative fund balance. The District may use the positive unassigned fund balance for expenditures in subsequent fiscal years.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District generally uses restricted fund balances first, then unrestricted.

F. BUDGETS AND BUDGETARY ACCOUNTING

The Idaho constitution and the Idaho Department of Revenues and Taxation prescribe the budget process and procedures for governmental subdivisions. The Lemhi County Fire Protection District has satisfied the basic requirements prescribed in the following particulars:

1) Formulation of subsequent year budget requirements by internal District officers and personnel.
2) Perusal of formulated budgets by the District Board of Commissioners.
3) Presentation of preliminary and final budget requirements in formal news media of the District.
4) Open hearings to permit taxpayer input before such budgets are formally adopted.

Note 1 Summary Of Significant Accounting Policies (Continued)

Subsequent control budgets following adoption are accomplished through a budget-expenditures control system with interim status accounting and reporting made available to officers and employees for management purposes. Budgets are adopted on a cash basis of accounting. The District does not maintain a formal encumbrance accounting system.

G. COMPENSTED ABSENCES AND POST-EMPLOYMENT BENEFITS

The District does not offer compensated absences or any post-employment benefits.

H. PENSIONS

The District does not offer pension benefits.

I. REVENUES AND EXPENDITURES/EXPENSES

Under the modified accrual basis of accounting, revenues are recognized in governmental funds when "measurable and available." Revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. North Custer Fire District considers payment of property tax revenues to be "available" if they are collected within 60 days after year-end. Grants and similar items are recognized as revenue when all eligibility requirements have been met. All other revenues, including sales taxes, are considered to be available if they are collected within 30 days after year-end. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

In the government-wide statements, revenues are recognized when earned.

J. EXPENDITURE/EXPENSE RECOGNITION

In governmental funds, expenditures are generally recorded when the related liability in incurred. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisition and construction are reported as expenditures in the period they are acquired.

In the government-wide statements, expenses are recorded when the related liability is incurred.

When an expenditure or expense is incurred for purposes for which both restricted and unrestricted resources are available, the District generally uses restricted resources first, then unrestricted resources.

When an expenditure is incurred for purposes for which unrestricted fund balance is used, the District generally uses committed first, then assigned and then unassigned fund balance.

K. INTERFUND ACTIVITY AND BALANCES

Government-wide Statements

In general, eliminations have been made to minimize the double-counting of internal activity. There were no interfund receivables or payables at September 30, 2024.

Note 1 Summary Of Significant Accounting Policies (Continued)

Governmental Fund Statements
Interfund transactions for goods and services provided and used are reported as revenues and expenditures/expenses in the funds involved. Cash transfers between funds of the District are reported as other financing sources and uses in the governmental fund statements.

L. USE OF ESTIMATES
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the accounting period. Actual results could differ from those estimates.

Note 2 Cash and investments

Cash deposits and investments by the District as of September 30, 2024, totaled $371,978 of which $38,436 represented demand deposits and cash on hand, and $333,542 represented investments in the State of Idaho Local Government Investment Pool (LGIP)..

The deposits and simple investments, other than those in the LGIP are not collateralized nor are they required to be by Idaho state statute.

The District follows the requirements of the Idaho Depository Law (Idaho Code Section, Title 57-100), and applicable investment rights and restrictions cited by Idah Code Section, Title 67-1210.

Deposits
At year end, the carrying amount of the District's deposits in financial institutions was $356,298, and the bank balance was $371,978. The total demand deposits of $38,436 was covered by FDIC or SPIC insurance a year end.

Investments
The investments in the amount of $333,542 in the LGIP are through the State Treasurer who provides the oversight of the monies. Monies held by the LGIP were held in the following investments: government agency notes, commercial paper, corporate bonds, money markets, U.S. treasury notes, Idaho repurchase agreements, and purchased accrued interest. All investments for the LGIP are collateralized with securities held by the LGIP's safekeeping agent in the LGIP's name. The investments held by the LGIP are carried at cost, which is not materially different than fair value (determined by the Idaho State Treasurer's office). The investments in the LGIP are subject to risk from market and interest fluctuations. The LGIP is a non-rated fund.

The District does not have a written policy addressing credit risk, custodial risk, or interest risk.

Note 3 Capital Assets

Capital asset activity for the year ended September 30, 2023 was as follows:

	Balance 10-01-2023	Additions	Deletions	Balance 09-30-2024
Governmental Activities				
Capital assets, not being depreciated				
Land and improvements	$ 49,510	$ -	$ -	$ 49,510
Total capital assets not being depreciated	$ 49,510	$ -	$ -	$ 49,510
Capital assets, being depreciated				
Buildings and improvements	$ 1,024,223	-	-	$ 1,024,223
Vehicles and equipment	1,101,767	124,959	-	1,226,726
Total capital assets, being depreciated	$ 2,125,990	124,959	-	$ 2,250,949
Less accumulated depreciation for				
Buildings and improvements	(130,619)	(32,628)	-	(163,247)
Vehicles and equipment	(1,035,919)	(35,929)	-	(1,071,848)
Total accumulated depreciation	(1,166,538)	(68,557)	-	(1,235,095)
Total capital assets, being depreciated, net	959,452	56,402	-	1,015,854
Governmental activity, capital assets, net	$ 1,008,962	$ 56,402	$ -	$1,065,364

Depreciation expense was charged to current function of the primary government as follows:

Governmental activities	
Depreciation	$ 68,557

Note 4 Litigation and Contingent Liabilities

The District is not presently in active litigation. There are no claims pending against the District that are expected to expose the District to losses beyond the insurance protection provided.

Note 5 Related Party Transactions

The District has not been directly involved in related party transactions that would violate the Idaho Code or Federal Regulations.

Note 6 Material Violation of Finance-Related Legal and Contractual Provisions

There are no known violations of direct finance-related legal and contractual provisions.

Note 7 Risk Management

The District is exposed to various risks related to torts, theft, damage to, and destruction of assets, errors and omissions, and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty and liability coverage through commercial insurance carriers and from participation in a risk pool. The District's participation in the risk pool is limited to paying premiums for it's general liability insurance coverage. Settled claims have not exceeded insurance coverage in any of the previous three years. There has not been any significant reduction in coverage from that of the previous year.
yet remitted to PERSI.

Note 8 Deficits

There were no fund balance deficits reportable by the District.

Note 9 Subsequent Events

There are no known subsequent events that will have a material impact on the operation of the District. Subsequent events were considered through the report date of November 25, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

North Custer Fire Protection District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual - Non GAAP Basis
Year Ended September 30, 2024

	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$194,570	$205,006	$10,436
State sales tax	9,700	4,547	(5,153)
City protection agreement	22,750	22,750	0
Donations	0	2,275	2,275
Capital credits	0	235	235
Fire revenue	0	985	985
Interest	0	19,571	19,571
Other items	162,900	5,260	(157,640)
Total Revenues	389,920	260,629	(129,291)
Expenditures			
Current: Public Safety			
Advertising	500	627	(127)
Awards	1,500	800	700
Commissioners	1,800	1,200	600
Communiation	10,000	5,653	
Contract labor	25,000	21,855	3,145
Elections	500	0	500
Equipment, small items	27,095	26,670	425
Facilities maintenance	3,000	3,698	(698)
Freight	1,500	713	787
Grants expended	20,000	0	20,000
Insurance	5,000	6,551	(1,551)
Office Expense	3,500	4,487	(987)
Payroll wages and taxes	19,000	14,996	4,004
Professional services	7,000	3,840	3,160
Property tax	25	25	0
Travel and Education	7,500	6,262	1,238
Utilities	31,450	28,455	2,995
Vehicle Fuel and Repairs	30,200	29,262	938
Capital outlay	195,350	136,019	59,331
Total Expenditures	389,920	291,113	94,460
Net Change In Fund Balance	0	(30,484)	(34,831)
Reconciliing items:			
Changes affected by acrued revenues		281	
Changes affected by acrued expenditures		0	
Fund Balance, beginning of year		386,137	
Fund Balance, ending of year		$355,934	

See Notes To Required Supplementary Information

North Custer Fire Protection District
Note To Required Supplementary Schedule
Year Ended September 30, 2024

Basis of Budgetary Accounting

The District's legal budget is prepared using cash basis records. The Budget and Actual Schedule is prepared on the budgetary basis and includes the variation from GAAP. The reconciliation at the bottom of the budget and actual schedule shows the difference between the basis of budgeting and GAAP.

Stewardship, Compliance and Accountability

Budgetary Information

The District prepares an annual budget in accordance with Idaho law (Title 31, chp 14). Appropriated budgets are adopted on a non-GAAP basis. The following summarizes the budgetary process:

Prior to the third Monday in May, a proposed operating budget for the fiscal year commencing on October 1 is prepared. The operating budget includes proposed expenditures categorized by personal services and other charges and services. (including capital outlay) and the means of financing them. Budget hearings give the respective parties an opportunity to present their proposed budgets to the commissioners and public at large.

On or before the first Monday in August, the proposed budget is submitted to the Commissioners for review and tentative approval. When the tentative budget has been approved it must be published in the newspaper. Public budget hearings are conducted by the District on or before the Tuesday after Labor Day to obtain taxpayer comments, and upon conclusion of the hearing, the Commissioners legally adopt the budget by a resolution in the official minutes of the District.

The budget in no event shall be greater than the amount of the advertised tentative budget. Per Idaho Code Section 31, the actual expenditures for the ensuing fiscal year shall not exceed the appropriations legally adopted by the Commissioners. The District's policy is that amounts may not be transferred between personal services and other charges and services (including capital outlay).

The District may increase the total appropriations budget during the current year as grants are subsequently awarded by federal or state agencies, for donations to various departments for carrying forward prior year incomplete major capital construction project balances and for receipt of unscheduled and/or unanticipated revenue provided there is no increase in anticipated property taxes. The appropriation budget may only be increased by the amount of actual revenues received or carried forward in the case of major capital construction projects. Such budget revisions must be advertised, discussed in a public hearing and adopted by a resolution from the Commissioners.

The level of budgetary control (level at which expenditures may not legally exceed the appropriations) is established by the personal services and other charges and services (including capital outlay) within the District.

North Custer Fire Protection District
Note To Required Supplementary Schedule
Year Ended September 30, 2024

The level of budgetary control (level at which expenditures may not legally exceed the appropriations) is established by the personal services and other charges and services (including capital outlay) within the District.

The District employs budgetary integration as a management control devise during the year for all Governmental funds. All appropriations, other than those for capital improvements not yet completed, lapse at the end of the fiscal year and become null and void.

OTHER REPORTS

Gary Merkle, PLLC
CERTIFIED PUBLIC ACCOUNTANT
2627 W. IDAHO STREET BOISE, IDAHO 83702 (208) 375-4573 PHONE
(208) 375-2613 FAX



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
North Custer Fire Protection District
Challis, Idaho

I 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, each major fund and the aggregate remaining fund information of the North Custer Fire Protection 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 North Custer Fire Protection District's basic financial statements, and have issued my report thereon dated November 25, 2024.

Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given

these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

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

Gary Merkle, CPA PLLC

Boise, Idaho
November 25, 2024