

***Financial Statements***

and Reports of Independent  
Certified Public Accountants

***Filer Rural Fire Protection District***

September 30, 2022

***Martin CPAs, PC***

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# Filer Rural Fire Protection District

September 30, 2022

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# *Martin CPAs, PC*

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## INDEPENDENT AUDITOR'S REPORT

Chairman Dennis Lutz,  
and Commissioners  
Filer Rural Fire Protection District  
P.O. Box 30, 100 Hwy 30  
Filer, Idaho 83328

Dear Chairman Lutz and Commissioners,

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, budgetary comparison information, business-type activities, each major fund, and the aggregate remaining fund information of the Filer Rural Fire Protection District, Idaho, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Fire District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, budgetary comparison information, the business-type activities, the aggregate discretely presented major funds, and the aggregate remaining fund information of the Filer Rural Fire Protection District, Idaho, as of September 30, 2022, and the respective changes in financial position and, cashflows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

In performing an audit in accordance with generally accepted auditing standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Filer Rural Fire Protection District, Idaho'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 Filer Rural Fire Protection District, Idaho's ability to continue as a going concern for a reasonable period.

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**

The management's discussion and analysis information is not a part of these financial statements. It is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report



John E. Martin, CPA

Martin CPAs, PC  
Twin Falls, Idaho 83301

February 22, 2023

# *Martin CPAs, PC*

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

Chairman Dennis Lutz,  
and Commissioners  
Filer Rural Fire Protection District  
P.O. Box 30, 100 Hwy 30  
Filer, Idaho 83328

Dear Chairman Lutz and Commissioners,

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Filer Rural Fire Protection District, Idaho, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Filer Rural Fire Protection District, Idaho's basic financial statements and have issued our report thereon dated February 22, 2023.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Filer Rural Fire Protection District, Idaho’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Filer Rural Fire Protection District, Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of the Filer Rural 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-1 that we consider to be a significant deficiency.

### **Report on Compliance and Other Matters**

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

### **Rural Fire Protection District's Response to Findings**

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

### **Purpose of This Report**

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



John E. Martin, CPA

Martin CPAs, PC  
Twin Falls, Idaho 83301

February 22, 2023

**Filer Rural Fire Protection District**

**Statement of Net Position**

September 30, 2022

	<b><u>Governmental</u></b>
	<b><u>Activities</u></b>
<b>ASSETS</b>	
Current assets:	
Cash and Investments (Note 2)	\$ 341,382
Property Taxes Receivable (Note 3)	<u>11,750</u>
Total Current Assets	<u>353,132</u>
Fixed Assets (Note 4):	
Land	378,728
Fire Trucks and Equipment	1,785,923
Buildings & Improvements	<u>2,273,356</u>
Total Fixed Assets	4,438,007
Less accumulated depreciation	<u>(1,065,773)</u>
Fixed Assets, net of depreciation	<u>3,372,234</u>
<b>Total Assets</b>	<b><u>\$ 3,725,366</u></b>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable, Payroll & Other Payables	\$ 34,374
Notes Payable, Current (Note 5)	<u>89,155</u>
Total Current Liabilities	123,529
Long-Term Liabilities:	<u>380,413</u>
Notes payable, Long Term (Note 5)	<u>593,097</u>
<b>Total liabilities</b>	<b><u>627,471</u></b>
<b>NET POSITION</b>	
Invested in Capital Assets, net of related debt	3,132,269
Restricted	-
Unrestricted	<u>(34,374)</u>
<b>Net Position</b>	<b><u>\$ 3,097,895</u></b>

See accompanying notes to financial statements.

**Filer Rural Fire Protection District**  
**Statement of Activities - for year ended September 30, 2022**

	Program Revenues				Net (Expense)
			Operating	Capital	Revenue
	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	and Changes in Net Position
					Governmental Activities
<b>Government's Activities:</b>					
Salaries and Related Expenses	\$ 168,610	-	-	-	\$ (168,610)
General and Administrative	65,690	-	-	-	(65,690)
Insurance Expense	28,927	-	-	-	(28,927)
Maintenance Expense	44,255	-	-	-	(44,255)
Depreciation Expense	68,887	-	-	-	(68,887)
Total Government Activities	376,369	-	-	-	(376,369)
<b>General Revenues:</b>					
Taxes:					
Property Taxes Revenues					505,183
Sales Tax Revenues					39,868
Other ( <i>Refunds &amp; Credits</i> )					2,711
Interest & Investment Earnings					2,993
Total General Revenues					550,755
Increase in Net Position					174,386
Net Position, Beginning of Year					3,047,038
Net Position, Ending of Year					\$ 3,221,424

The accompanying notes are an integral part of this statement.



***Filer Rural Fire Protection District***

Balance Sheet - Government Funds

September 30, 2022

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and Investments ( <i>Note 2</i> )	\$ 341,382
Receivables	
Property Taxes ( <i>Note 3</i> )	<u>11,749</u>
Total assets	<u>353,131</u>
Total assets and deferred outflows of resources	<u>\$ 353,131</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY</b>	
Current Liabilities:	
Accounts Payable	\$ 21,383
Accrued Salaries and Benefits	5,817
Total Current Liabilities	<u>27,200</u>
Deferred inflows of resources:	
Unavailable revenue - property taxes ( <i>Note 3</i> )	<u>10,252</u>
Total deferred inflow of resources	<u>10,252</u>
Total Liabilities and Deferred Inflows of Resources	<u>37,452</u>
<b>FUND EQUITY</b>	
Fund Balances:	
Non-spendable	-
Restricted	-
Committed	
Assigned, in FYE September 30, 2023 budget	252,893
Unassigned	<u>62,786</u>
Total fund equity	<u>315,679</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Equity	<u>\$ 353,131</u>

The accompanying notes are an integral part of the basic financial statement.

***Filer Rural Fire Protection District***

Reconciliation of Total Government Fund Balances to  
the Statement of Net Position

September 30, 2022

Government Fund Balance		\$	315,679
Amounts reported for government activities in the Statement of Net Position are different because:			
Capital assets used in government activities are not financial resources, and therefore are not reported in the Fund Balance, but are included in the statement of Net Position:			
Governmental capital assets	\$	4,438,007	
Less: accumulated depreciation		<u>(1,065,773)</u>	
Capital assets, net of depreciation			3,372,234
Accrued interest on long-term debt, is not included in the Fund Balance, but is a part of the statement of Net Position			
			(7,173)
Long-term Liabilities, not included in Government Fund Balances, are included in the Statement of Net Position:			
Capital leases, payable to Ireland Bank			(469,568)
Deferred inflows for unavailable revenues are not included as Revenues in the funds, but are in the Statement of net position:			
Property taxes revenues, not available currently			<u>10,252</u>
Net Position of Government Activities		\$	<u>3,221,424</u>

The accompanying notes are an integral part of the basic financial statement.

***Filer Rural Fire Protection District***

Statement of Revenues, Expenditures, and  
Changes in Fund Balance

September 30, 2022

	<u>General Fund</u>
REVENUES:	
Property Taxes	\$ 507,716
Sales tax	39,868
Interest	2,993
Miscellaneous	<u>2,711</u>
Total revenues	<u>553,288</u>
EXPENDITURES:	
Salaries and related costs	168,610
Administrative	53,190
Insurance	28,927
Maintenance	44,255
Training	4,723
Debt Service:	
Principal	99,898
Interest and other charges	102
Capital Outlay:	
Equipment	707,233
Improvements	<u>44,585</u>
Total expenditures	<u>1,151,523</u>
Excess (deficiency) of revenues	
Over expenditures	(598,235)
OTHER FINANCING	
SOURCES AND USES:	
Long Term Capital Leases Obtained	<u>569,466</u>
Net Change in Fund Balance	(28,769)
Fund balance – beginning of year	<u>344,449</u>
Fund balance – ending of year	<u>\$ 315,680</u>

The accompanying notes are an integral part of the basic financial statement.

***Filer Rural Fire Protection District***

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Government Funds to the Statement of Activities

For the Year Ended September 30, 2022

Net Change in Fund Balances – Governmental Funds		\$	(28,769)
Amounts reported for the Statement of Activities is different because: Governmental funds report capital outlays as expenditures when purchased. In the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.			
Expenditures for capital assets (Fire Equipment & Improvements)	751,818		
Depreciation expense	<u>(68,887)</u>		
			682,931
Because some property taxes will not be collected for several months After the District’s fiscal year ends, they are not considered as “available” Revenues in the governmental funds. This is the current year increase (decrease) in deferred revenue:			
Amount of deferred property taxes, current year			(3,035)
Accrued interest changes on Long term debt are a part of Statement of Activities but not on the Governmental Fund Statement of Revenues and Expenditures			
			(7,173)
Loans received from Long term debt financing are Other Financing Resources for the Fund Statement, but not for Statement of Activities			
			(547,497)
Payments on Long term debt, included as an expenditure in funds, are not in Government wide Statement of Activities			
			<u>77,929</u>
Change in Net Position of Government Wide Activities		\$	<u>174,386</u>

The accompanying notes are an integral part of the basic financial statement.

# Filer Rural Fire Protection District

## Notes to Financial Statements

September 30, 2022

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with the generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations, to its governmental and business-type activities and to its enterprise funds, provided they do not conflict with or contradict GASB pronouncements. The significant accounting policies of the District are described below.

#### A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present the Filer Rural Fire Protection District. The District is governed by an elected District Council which possesses final decision making authority and is held primarily accountable for those decisions. The District Council is responsible for approving the budget, establishing spending limitations, funding any deficits and borrowing funds and/or issuing bonds to finance construction. There are no other boards, councils, or component units for which the Filer Rural Fire Protection District exercises authority.

#### B. General Purpose Financial Statements

The general purpose financial statements, included herein, present the financial position, results of operations and changes in fund balance of certain governmental fund types of Filer Rural Fire Protection District. For financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by generally accepted accounting principles. The basic, but not the only criterion for including a potential component unit in the reporting entity is made by applying the criteria set forth by generally accepted accounting principles. The basic, but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility include, but are not limited to the selection on governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units for which they exercise authority over.

#### C. Government-Wide Financial Statements

The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all of the non fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial condition of the governmental and business-type activities for the District at year-end. The statement of activities presents a comparison between direct expenses and program revenue for each program or function of the District's governmental activities and for the business-type activities of the District. 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. 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 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.

# Filer Rural Fire Protection District

## Notes to Financial Statements

September 30, 2022

### D. Equity Classifications

- a. District-Wide Financial Statements - The District reports net position in three categories - invested in capital assets, restricted and unrestricted.
- b. Fund Financial Statements - The District has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) which redefines how fund balances of the governmental funds are presented in the financial statements. There are five classifications of fund balance as presented below:

Non-spendable - These funds are not available for expenditures based on legal or contractual requirements. In this category, one would see inventory, long-term receivables, unless proceeds are restricted, committed, or assigned and legally or contractually required to be maintained intact (corpus or a permanent fund).

Restricted - These funds are governed by externally enforceable restrictions. In this category, one would see restricted purpose grant funds, debt service or capital projects.

Committed - Fund balances in this category are limited by the government's highest level of decision making. Any changes of designation must be done in the same manner that it was implemented and should occur prior to end of fiscal year, though the exact amount may be determined subsequently.

Assigned - These funds are intended to be used for specific purposes, intent is expressed by: governing body or an official delegated by the governing body.

Unassigned - This classification is the default for all funds that do not fit into the other categories. This, however should not be a negative number for the general fund. If it is, the assigned fund balance must be adjusted.

Order of Use of Fund Balance - 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. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined.

### E. Measurement Focus, Basis of Accounting, and financial Statement Presentation

The governmental-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar item are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period and other revenues if they are collected within 90 days of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental fund:

The General Fund, which is the government's primary operating fund. The General Fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB).

Amounts reported as program revenues include charges to customers for goods and services, operating grants and contributions and capital grants and contributions. All taxes are reported as general revenues as are internally dedicated resources.

**Filer Rural Fire Protection District**  
Notes to Financial Statements  
September 30, 2022

**F. Inventory**

Inventories at year end, considered to be of an immaterial amount, have not been included on these financial statements.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and similar items acquired subsequent to September 30, 2003, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements according to the modified method. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is removed, and any gain or loss arising from its disposal is credited or charged to operations. The cost 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.

Depreciation of all exhaustible fixed assets is charged as an expense against operations. Capital assets are reported net of accumulated depreciation on the statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-40 years
Improvements	10-45 years
Equipment	3-10 years

**H. Budgets and Budgetary Accounting**

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

1. Prior to certifying the tax levy to the county commissioners, and prior to passing the annual appropriation ordinance, a public meeting shall be held to adopt a budget by a favorable vote of a majority of the members of the council.
2. Budgets for all funds are adopted on a basis other than generally accepted accounting principals. Uncommitted appropriations lapse at every year-end.
3. Revisions to the budget can only be made by court order, public hearing, or in case of certain emergencies as defined by law.

**I. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts**

Accumulated unpaid vacation, sick pay, and other employee benefit amounts, if any, are not a part of these financial statements.

**J. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is not considered necessary at present to assure effective budgetary control or to facilitate effective cash planning and control.

**K. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions, including depreciable lives of capital assets, that affect the reported amounts of assets and liabilities and disclosure of contingent asses and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Filer Rural Fire Protection District**  
Notes to Financial Statements  
September 30, 2022

**Note 2: CASH AND INVESTMENTS**

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the governments' deposits may not be returned to it. The District is covered under FDIC insurance for this risk. At year end, the District's balances were \$246,321 in the general checking account.

Investments: Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District mitigates this risk as follows: FDIC insurance up to \$250,000 for the checking account, and SIPC (Security Investor Protection Company) Insurance up to \$500,000 for Investment Funds.

Credit Risk: The District's policy is to comply with Idaho State statutes which authorize the District to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool. \$95,061 was invested with the State Investment pool at year end, earning 2.0987%. Total Checking and investments combined were \$341,382 as of September 30, 2022.

Cash-checking and Investments with the State Investment Pool, as of September 30, 2022:

	Carrying Amount	Bank & Investment Balance
General Fund	\$ 341,382	\$ 362,638

The difference between the carrying amount, per district records, and Bank & Investment balances was \$21,256, which was outstanding checks, which had not cleared the bank as of September 30, 2022.

**Note 3: RECEIVABLES, GOVERNMENT FUNDS**

Receivables as of the year-end for the District's governmental funds were as follows, as of September 30, 2022:

From Twin Falls County:

Property Taxes ( <i>deferred/unavailable - \$10,252</i> )	\$ 11,750
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## Filer Rural Fire Protection District

### Notes to Financial Statements

September 30, 2022

#### Note 4: CAPITAL ASSETS

As of September 30, 2022, Capital Assets consisted of the following:

	Balance <u>As of 10/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>As of 9/30/2022</u>
Equipment	\$ 281,363	\$ 159,736		\$ 441,099
Fire Trucks	797,327	547,497	\$ -	1,344,824
Construction in Progress	2,228,771	44,585	2,273,356	-
Buildings & Improvements	-	2,273,356		2,273,356
Land	<u>378,728</u>	<u>-</u>	<u>-</u>	<u>378,728</u>
Total	<u>3,686,189</u>	<u>3,025,174</u>	<u>2,273,356</u>	<u>4,438,007</u>
Accumulated Depreciation:				
Equipment	\$ 265,028	\$ 19,588		284,616
Fire Trucks	731,858	26,565	\$ -	758,423
Buildings & Improvements	-	22,734		22,734
Land	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>996,886</u>	<u>68,887</u>	<u>-</u>	<u>1,065,773</u>
Capital assets, Net of depreciation	<u>2,689,303</u>	<u>2,956,287</u>	<u>2,273,356</u>	<u>3,372,234</u>

#### Capital assets from Governmental

Activities are summarized  
as follows, at year end:

Land	\$ 378,728
Other capital assets,	<u>2,993,506</u>
Capital assets, Net	<u>\$ 3,372,234</u>

All assets are being depreciated using the straight line method over the respective estimated lives described in Note 1G. The District has elected not to retroactively report infrastructure assets, as is allowed for Phase 3 governments. Therefore, only infrastructure assets acquired subsequent to September 30, 2003 are reported in the financial statements. Infrastructure assets not reported consist mostly of streets.

Depreciation was charged to functions/programs of the governmental activities as follows:

General Government	<u>\$ 68,887</u>
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## Filer Rural Fire Protection District

### Notes to Financial Statements

September 30, 2022

#### Note 5: LONG TERM DEBT

The Filer Rural Fire Protection District had the following Long term obligations as of the year ended September 30, 2022: A 3.259% capital lease, for purchase of a 2022 Freightliner Pumper Truck, and a 2.694% capital lease, for the purchase of a 2022 Freightliner Tanker Truck, both with Ireland Bank.

A summary of changes in long-term debt was as follows for the year ended September 30, 2022:

	Balance at 10/1/2021	Additions	Reductions	Balance at 9/30/2022
145-Capital Lease, Ireland Bk (‘22 Freightliner Pumper Trk)	\$ -	319,997	\$ (49,943)	270,054
148-Capital Lease, Ireland Bk (‘22 Freightliner Tanker Trk)	-	\$ 249,469	(49,955)	199,514
Totals	\$ -	\$ 569,466	\$ (99,898)	469,568
Less current portion				(89,155)
Long term portion				\$ 380,413

The following is a schedule of long-term debt payments, principal and interest, from the present time to maturity:

	Principal Portion of Payments			Total Interest Payments
	Capital Lease (145) (2022 Freightliner Pumper Truck)	Capital Lease (148) (2022 Freightliner Tanker Truck)	Total Principal Payments	
	For the Year Ended:			
September 30, 2023	\$ 50,545	\$ 38,610	\$ 89,155	\$ 12,234
September 30, 2024	52,267	38,634	90,901	11,488
September 30, 2025	53,970	39,675	93,645	8,744
September 30, 2026	55,728	40,744	96,472	5,916
September 30, 2027	57,544	41,851	99,395	3,002
	\$ 270,054	\$ 199,514	\$ 469,568	\$ 41,384

#### NOTE 6: RISK MANAGEMENT/INSURANCE

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 has transferred most of its risk by purchasing commercial insurance.

Workers Compensation insurance is purchased through the Idaho State Insurance Fund. All other insurance has been purchased through Idaho Counties Risk Management Program (ICRMP), and is renewed annually. The policy coverage include: Buildings, Structures and Personal Property/Automobile Physical Damage, Comprehensive General Liability, Automobile Liability, Errors and Omissions Liability, Crime Insurance, Boiler and Machinery.

#### NOTE 7: PROPERTY TAXES

Property taxes are levied by the 2<sup>nd</sup> Monday in September, in conformity with Title 31, Section 1605, of the Idaho State Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before December 20 and June 20 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest due and imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the fiscal year.

## Filer Rural Fire Protection District

### Notes to Financial Statements

September 30, 2022

#### **NOTE 8: CONTINGENT LIABILITIES AND SUBSEQUENT EVENTS**

No contingent liabilities, or subsequent events having a material effect on these financial statements were noted, as of September 30, 2022, and through February 22, 2023.

#### **NOTE 9: INCOME TAXES**

The District is exempt from Federal and State income taxes.

#### **Note 10: PENSION PLAN**

##### **Plan Description**

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

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

##### ***Pension Benefits:***

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (five months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

## Filer Rural Fire Protection District

Notes to Financial Statements

September 30, 2022

### Note 10: PENSION PLAN...Continued

#### *Member and Employer Contributions*

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (72%) of the employer rate. As of June 30, 2021 it was 7.16%. The employer contribution rate is set by the Retirement Board and was 11.94% of covered compensation. The District's contributions were \$33,022 for the year ended September 30, 2022, and \$29,526 for the year ended September 30, 2021.

#### *Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:*

At September 30, 2022, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2022 the District's proportion was 0.000070133 percent and at June 30, 2021 the District's proportion was 0.000066264 percent.

For the year ended September 30, 2022, the District recognized pension expense of \$614, employer contributions subsequent to the measurement date. At September 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	
Changes in assumptions or other inputs	-	
Net difference between projected and actual earnings on pension plan investments		-
Employer contributions subsequent to the measurement date	<u>614</u>	
<b>Total</b>	<b><u>\$ 614</u></b>	<b><u>\$ -</u></b>

## Filer Rural Fire Protection District

Notes to Financial Statements

September 30, 2022

### Note 10: PENSION PLAN...Continued

The amount of \$614 reported as deferred outflows of resources related to pensions resulting from District contributions made subsequent to the measurement date will be recognized as an addition to the plan pension expense or reduction of the plan pension revenue in the year ending September 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) was not determined at July 1, 2021, the beginning of the measurement period ended June 30, 2022, and for the measurement period ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<u>Year Ended:</u>		
9/30/2023	\$	-
9/30/2024		-
9/30/2025		-
9/30/2026		-

#### *Actuarial Assumptions:*

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

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1%

## Filer Rural Fire Protection District

September 30, 2022

### Note 10: PENSION PLAN...Continued

Mortality rates were based on the RP - 2000 combined table for healthy males or females as appropriate with the following offsets:

#### *Contributing Members, Service Retirement Members, and Beneficiaries*

General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%

General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions other than mortality. The Total Pension Liability as of June 30, 2022 is based on the results of an actuarial valuation date of July 1, 2022.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2022.

**Filer Rural Fire Protection District**

Notes to Financial Statements

September 30, 2022

**Note 10: PENSION PLAN...Continued**

**Capital Market Assumptions:**

<b>Asset Class:</b>	<b>Defined Benefit Plans</b>	<b>Sick Leave</b>
	<u>                    </u>	<u>                    </u>
Fixed Income	30.00%	50.00%
US/Global Equity	55.00%	39.30%
International Equity	15.00%	10.70%
Cash	<u>0.00%</u>	<u>0.00%</u>
	<u>100.00%</u>	<u>100.00%</u>

**Discount Rate:**

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.35 percent) or 1 percentage-point higher (7.35 percent) than the current rate: (Not determined at September 30, 2022.)

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<u>(5.35%)</u>	<u>(6.35%)</u>	<u>(7.35%)</u>
Filer Rural Fire Protection District's proportionate share of the net pension liability (asset)	\$ <u>                    </u> -	\$ <u>                    </u> -	\$ <u>                    </u> -

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

## **Filer Rural Fire Protection District**

Notes to Financial Statements

September 30, 2022

### **Note 11: BUDGETARY INFORMATION**

#### **Budgetary-GAAP Reporting Reconciliation**

The accompanying Budgetary Comparison Schedules compare the legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on the budgetary basis do not differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP).

#### **Budgetary Policies**

Filer Rural Fire Protection District prepares an annual budget of revenue and expenditures prior to the beginning of the fiscal year. The budget is prepared on the modified accrual basis of accounting. Budget figures are based on prior levels of revenue and expenditures taking into account specific items which may be planned in advance by the District such as capital outlay expenditures. Any excess of budgeted expenditures over budgeted revenues are temporary situations and are budgeted so as to utilize cash balances in the individual fund.



**Filer Rural Fire Protection District**  
**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS**  
as of September 30, 2022  
**LAST 10 FISCAL YEARS\***

	<u>2022</u>
District's portion of the net pension liability	Not available yet
District's proportionate share of the net pension	Not available yet
District's covered-employee payroll	\$ 5,000
District's proportional share of the net pension liability as a percentage of	Not available yet
Plan fiduciary net position as a percentage of the total	Not available yet

\*GASB 68 requires ten years of information to be presented in this table. However, until a 10 year trend is compiled, only those years for which information is available will be presented.

*Data reported, is sourced from district records and also Idaho PERSI audited reports, measured as of June 30, 2022, by PERSI contracted actuaries - for this year there was no information in the PERSI system for the District as of June 30, 2022.*

**Filer Rural Fire Protection District**  
**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS**  
**PERSI - BASE PLAN**  
as of September 30, 2022  
**LAST 10 FISCAL YEARS\***

	2022
Statutorily required contribution	\$ 614
Contribution made, in relation to the statutorily	614
Contribution deficiency (excess)	\$ -
District's covered - employee payroll, for the period	\$ 5,000
Contributions as a percentage of covered-	12.28%

\*GASB 68 requires ten years of information to be presented in this table. However, until a 10 year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of each year's most recent fiscal year end.

# *Martin CPAs, PC*

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## **REPORT OF INDEPENDENT AUDITOR** **ON SUPPLEMENTAL INFORMATION**

Chairman Dennis Lutz,  
and Commissioners  
Filer Rural Fire Protection District  
P.O. Box 30, 100 Hwy 30  
Filer, Idaho 83328

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole of Filer Rural Fire Protection District for the year ended September 30, 2022, presented in the preceding section of this report thereon dated February 22, 2023. The supplemental information presented hereinafter is presented for the purpose of additional analysis, as a part of the general purpose financial statements of Filer Rural Fire Protection District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements as a whole.



John E. Martin, CPA

***Martin CPAs, PC***

Twin Falls, Idaho  
February 22, 2023

SCHEDULE OF FINDINGS AND RESPONSES  
For Year Ended September 30, 2022

**Finding 2022-1: Lack of segregation of duties:**

**Condition:** The Filer Rural Fire Protection District lacks a segregation of duties over accounting functions, including stewardship of cash and cash equivalents.

**Criteria:** Inherent in an adequate internal control structure is a segregation of duties governing the overall administration and stewardship of assets.

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

**Recommendation:** It is suggested the Filer Rural Fire Protection District take such actions as hiring another person to assist in accounting duties, including the reconciling of cash and cash equivalents.

**Response:** District management believes the cost of hiring another person outweighs the benefit to be derived, as mitigating controls are currently in place such as commissioners review of all disbursements and two signatures required on all checks.

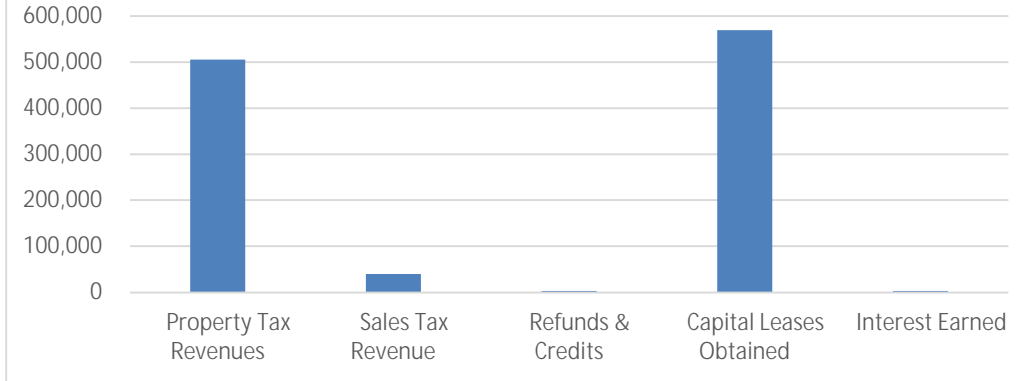
**Filer Rural Fire Protection District**

**BUDGET TO ACTUAL COMPARISON SCHEDULE**

For the Year Ended September 30, 2022

	<u>BUDGET</u>		<u>Actual</u>	<u>Variance with Final Budget:</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Property Taxes & Tort Levy	\$ 504,829	\$ 504,829	\$ 508,215	\$ 3,386
Sales Taxes	-	-	39,868	39,868
Interest Income	-	-	2,993	2,993
Miscellaneous	210,705	210,705	2,711	(207,994)
<b>Total Revenues</b>	<b>715,534</b>	<b>715,534</b>	<b>553,787</b>	<b>(161,747)</b>
<b>EXPENDITURES:</b>				
General Government:				
Salaries & Related Costs	170,000	170,000	173,440	(3,440)
Utilities	30,200	30,200	15,422	14,778
Office Supplies	12,800	12,800	16,448	(3,648)
Other General	37,958	37,958	26,243	11,715
Training	15,000	15,000	4,723	10,277
Insurance	32,200	32,200	15,922	16,278
Maintenance - Equipment	40,376	40,376	44,255	(3,879)
Debt Service				
Principal Payments	-	-	99,898	(99,898)
Interest and other Charges	-	-	102	(102)
Maintenance - Building	10,000	10,000	3,751	6,249
Capital Outlay:				
Equipment	355,000	355,000	707,233	(352,233)
Building & Improvements	12,000	12,000	44,585	(32,585)
<b>Total Expenditures</b>	<b>715,534</b>	<b>715,534</b>	<b>1,152,022</b>	<b>(436,488)</b>
<b>Revenues Less Expenditures</b>	<b>-</b>	<b>-</b>	<b>(598,235)</b>	<b>(598,235)</b>
OTHER FINANCING				
<i>SOURCES AND USES:</i>				
Long term Leases obtained	-	-	569,466	(569,466)
<b>Net change in</b>				-
<b>Fund Balance</b>	<b>-</b>	<b>-</b>	<b>(28,769)</b>	<b>(28,769)</b>
<b>Fund balance - Beginning of year</b>	<b>344,449</b>	<b>344,449</b>	<b>344,449</b>	-
				-
<b>Fund Balance End of year</b>	<b>\$ 344,449</b>	<b>\$ 344,449</b>	<b>\$ 315,680</b>	<b>\$ (28,769)</b>

Filer Rural Fire Protection District  
 Revenues & Sources of Funding  
 For Year Ended September 30, 2022



Filer Rural Fire Protection District  
 Expenditures  
 For Year Ended September 30, 2022

