

**NORTHERN LAKES FIRE  
PROTECTION DISTRICT**

FINANCIAL AUDIT REPORTS AND STATEMENTS

FOR THE YEAR ENDED  
September 30, 2023

*Prepared by*

**ANDERSONBROS.CPA**

TAX, ASSURANCE, ACCOUNTING, ADVISORY

## TABLE OF CONTENTS

---

### Financial Audit:

Independent Auditors' Report	1
Management's Discussion & Analysis	4

### Basic Financial Statements:

#### Government-wide Financial Statements:

Statement of Net Position	13
Statement of Activities	14

#### Fund Financial Statements:

Governmental Funds- Balance Sheet	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	18
Statement of Fiduciary Net Position – Fiduciary Funds	19
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	20

Notes to the Financial Statements	21
-----------------------------------	----

### Required Supplementary Information:

Schedule of Employer's Share of Net Pension Liability – PERSI Plan	34
Share of the Employer Contributions – PERSI Plan	34
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual – Governmental Fund Types	35
Notes to Budget and Actual Schedule	36

### Report Required by the GAO:

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on and Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .	37
--	----

## INDEPENDENT AUDITORS' REPORT

# ANDERSONBROS.CPA

TAX, ASSURANCE, ACCOUNTING, ADVISORY

1810 E Schneidmiller Ave. Ste. 310  
Post Falls, Idaho 83854  
208-777-1099

## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Northern Lakes Fire Protection District

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northern Lakes Fire Protection District, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Northern Lakes Fire Protection District, as of September 30, 2023, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Northern Lakes 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northern Lakes Fire Protection District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of District's Share of Net Pension Liability and the Schedule of District's Contributions, and the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion

or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2024 on our consideration of the Northern Lakes Fire Protection District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Northern Lakes Fire Protection District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern Lakes Fire Protection District's internal control over financial reporting and compliance.



Anderson Bros. CPAs  
Post Falls, Idaho  
April 16, 2024

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Northern Lakes Fire Protection District's discussion and analysis (MD&A) provides an overall narrative review of the District's financial activities for the fiscal year ended September 30, 2023. This information is designed to focus on the current year's activities, resulting changes and currently known facts. The MD&A should be read in conjunction with the notes to the basic financial statements and the financial statements following this section to enhance understanding of the District's financial performance.

### FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of fiscal year 2023 by \$7,656,300 (net position). Of this, \$6,383,675 or more than 83% is invested in capital assets.
- The District's net position decreased by \$559,625 in 2023, or by 6.8%.
- The District received restricted revenue from a federal grant for funding wages/benefits for additional firefighters in the amount of \$712,070.
- Actual revenues this fiscal year were \$10,226,432, an increase of \$1,879,928 or by 22.5%.
- An appropriation lease for construction of a new fire station was entered into in May 2023 with a current debt portion of \$1,250,263.
- Actual expenditures this fiscal year were 71% (\$5,348,103) more than the year before, for a total of \$12,903,151. The increase was due in large part to the hiring of twelve additional firefighters under a 2021 SAFER Grant award, the final payment on delivery of two custom fire pumpers, and expenses related to the construction of a third staffed fire station.
- The District's expenses exceeded revenue collected by \$1,391,101 due to the purchase of fire apparatus funded by unrestricted reserve fund balance and capital improvement project outlay including a downpayment and loan advances for financing of a new station funded by development impact fees collected.
- The District ended the fiscal year with a fund balance of \$4,712,180 of which \$4,500,422 is unrestricted and may be used to fund the District's ongoing operations.

### USING THIS ANNUAL REPORT

This annual report consists of three parts: Management's Discussion and Analysis, the Basic Financial Statements, and required Supplemental Information. The Basic Financial Statements include the *Statement of Net Position* and *Statement of Activities* which provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. The District's operations are conducted solely through a general fund.

The notes to the financial statements provide further explanation of some of the information in the statements and additional disclosures so statement users have a complete picture of the District's financial activities and position. Other supplemental information further explains and supports the financial statements by including a comparison of the District's budget data for the year.



NORTHERN LAKES FIRE PROTECTION DISTRICT  
Management's Discussion and Analysis  
September 30, 2023

---

**STATEMENT OF NET POSITION**

The analysis below focuses on the Net Position (Table 1) of the District's governmental activities. The changes in Net Position (Table 2) reflect changes in the governmental activities of the District during the reporting period.

**Table 1**

Statement of Net Position

	Governmental Activities	
	<u>Sep 30, 2023</u>	<u>Sep 30, 2022</u>
Current Assets	\$11,116,307	\$ 12,769,022
Capital Assets Net of Depreciation	7,633,937	4,721,642
Restricted Cash	<u>813,612</u>	<u>7,384</u>
Total Assets	\$19,563,856	\$ 17,498,048
Deferred Outflows of Resources	\$ 2,330,693	\$ 2,600,914
Total Combined Assets & Deferred Outflows of Resources	<u>\$21,894,549</u>	<u>\$20,098,962</u>
Current and Other Liabilities	\$ 7,455,480	\$ 5,396,383
Deferred Inflows of Resources	<u>\$ 6,782,769</u>	<u>\$ 6,486,654</u>
Total Combined Liabilities & Inflows of Resources	<u>\$14,238,249</u>	<u>\$11,883,037</u>
Net Position:		
Invested in Capital Assets, Net Related Debt	\$ 6,383,674	\$ 4,721,642
Restricted	813,612	7,384
Unrestricted	<u>459,014</u>	<u>3,486,899</u>
Total Net Position	<u>\$ 7,656,300</u>	<u>\$ 8,215,925</u>
Total Liabilities and Net Position	<u>\$21,894,549</u>	<u>\$20,098,962</u>

Net Position may serve over time as a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$7,656,300 as of September 30, 2023. The majority of the District's Net Position is invested in its capital assets (e.g., real property, facility construction in progress, buildings, equipped apparatus, station equipment, furniture and fixtures). The District's Net Position decreased by \$559,625 for the fiscal year ended September 30, 2023, or by 6.8% over the reporting period.

NORTHERN LAKES FIRE PROTECTION DISTRICT  
Management’s Discussion and Analysis  
September 30, 2023

---

**Table 2**

Changes in Net Position

General Revenues	<u>Sep 30, 2023</u>	<u>Sep 30, 2022</u>
Property Taxes	\$ 6,554,571	\$ 6,207,627
Sales Taxes	357,937	339,722
Interest/Investment	207,778	50,759
Impact Fees	746,529	29,486
Other	36,244	95,431
Gain (Loss) on Disposal of Capital Assets	29,605	(1,273)
Program Revenues		
Specific Grant	712,070	0
Charges for Services		
Emergency Medical Services	\$ 1,533,236	\$ 1,474,533
Fees and permits	113,332	153,896
<b>Total Revenues</b>	<b><u>\$ 10,291,302</u></b>	<b><u>\$ 8,350,181</u></b>
Program Expenses		
Fire Protection and EMS	\$10,850,927	\$ 8,320,570
<b>Total Expenses</b>	<b><u>\$10,850,927</u></b>	<b><u>\$ 8,320,570</u></b>

General revenues included: property tax levied annually per Idaho Code §31-1423, sales tax proceeds distributed quarterly per Idaho Code §63-3638, interest earned on cash deposits to a checking account, interest on investments in the State Local Government Investment Pool (LGIP), charges for services, and grant funds awarded from a 2021 SAFER grant for reimbursement of payroll and benefit costs for twelve firefighters. Other general revenues included unanticipated reimbursement of workers compensation benefits paid to personnel, reimbursement from the state for hazmat mitigation response, and donations from the public.

Charges for services included payments from the Kootenai Emergency Medical Services System (KCEMSS) for EMS contracted services provided by District personnel and fees generated by the Fire Prevention Bureau for building project reviews, inspections, and permits.

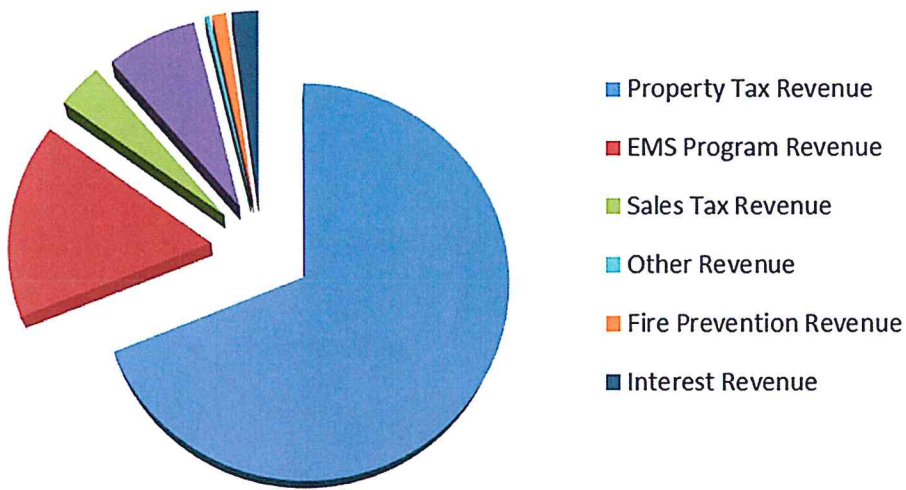
In September 2022, the District was awarded funding from the 2021 SAFER Grant program for employment costs of twelve (12) firefighters from March 14, 2024 to March 13, 2026. The restricted revenue received from the grant funding totaled \$712,070 during the fiscal year.

The District’s fire protection and emergency medical services expenses included operating costs for: personnel wages and benefits, including recognized defined benefit pension plan expense; facility maintenance and utilities; vehicle and equipment purchases, repairs and maintenance; office and administration; liability insurance; vehicle fuel; professional fees; training; and land rent for two outlying stations. The program expenses also included a depreciation expense on capital assets of \$386,733 and interest and finance charges of \$16,590.

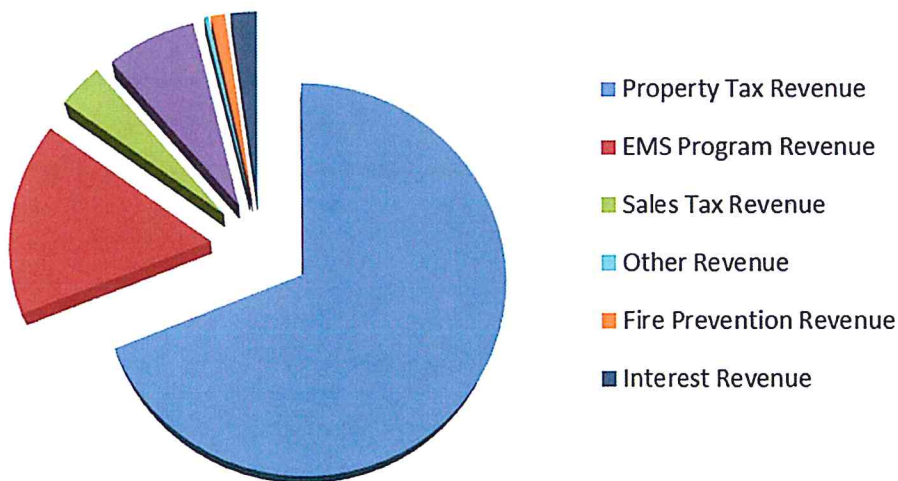
**STATEMENT OF ACTIVITIES**

The following charts break out revenue sources and budget item expenses as percentages of total revenue and expense for the year ending September 30, 2023.

**Revenue by Source**



**Expenses by Budget Item**



NORTHERN LAKES FIRE PROTECTION DISTRICT  
Management's Discussion and Analysis  
September 30, 2023

The following Table 3 shows revenues, expenditures and changes in fund balance for fiscal year 2023 and 2022 for comparative purposes.

**Table 3**

Revenues, Expenditures and Changes in Fund Balance

	<u>Sep 30, 2023</u>	<u>Sep 30, 2022</u>
General Revenues		
Property Taxes	\$6,519,306	\$6,202,677
Emergency Medical Services	1,533,236	1,474,533
Grant Revenue	712,070	0
Sales Taxes	357,937	339,722
Fees and Permits	113,332	153,896
Interest	207,778	50,759
Impact Fees	746,529	29,486
Other	<u>36,244</u>	<u>95,431</u>
<i>Total Revenues</i>	<i><u>\$10,226,432</u></i>	<i><u>\$8,346,504</u></i>
Expenditures		
Personnel	\$6,080,833	\$4,730,405
Payroll Taxes & Benefits	2,557,591	1,971,121
Fire Battalion Division	273,121	114,329
Vehicle Maintenance & Repair	80,236	62,103
Station Expenses	135,037	118,870
Insurance	70,217	65,512
Office Expense	92,368	80,855
Vehicle Fuel	64,877	59,875
Administration Expenses	64,086	32,469
Inspection/Prevention Division	6,260	3,584
Training Division	41,563	20,366
Professional Fees	80,668	21,004
EMS Operation Division	41,107	17,964
Communications	6,989	2,580
Rent (Land)	810	810
Other	926	5,655
Debt Service Payment-Principal	0	0
Debt Service Payment-Interest	1,703	0
Capital Outlay	<u>3,304,777</u>	<u>247,546</u>
<i>Total Expenditures</i>	<i><u>\$12,903,151</u></i>	<i><u>\$7,555,048</u></i>
Excess (Deficit) of Revenues over Expenditures	(\$2,676,719)	\$ 791,456
Proceeds from Sale of Assets	35,355	0
Proceeds from Financing Sources	<u>1,250,263</u>	<u>0</u>
Net Change in Fund Balance	(\$1,391,101)	\$ 791,456
Fund Balance – End of Year	<u>\$4,712,180</u>	<u>\$6,103,281</u>

Overall, total revenues for the reporting period were \$1,879,928 more than total revenues for the previous fiscal year. As a governmental entity, property taxes accounted for 63.7% of all fiscal year 2023 revenues, with an increase of 5% in taxes levied over the prior year. The District saw +300% more in the amount of interest earned over the prior year due to the increase in rates earned on cash deposits. Grant revenue accounted for 6.9% of revenues for the year that were restricted to wages/benefits costs for twelve firefighters.

The Kootenai County Emergency Management Services System (KCEMSS) increased the District's fiscal year 2023 contracted services by 4% over the prior year, for an additional \$58,703 in revenue. These payments help offset the costs of providing advanced life support emergency response out of the District's staffed stations in both Hayden and Rathdrum.

Fire Prevention review and permit fees collected were 26% less than last fiscal year; for a decrease in revenues of \$40,564. The District experienced smaller numbers of commercial project approvals this fiscal year in large part due to higher interest rates for construction loans, but anticipates moderate increases in the numbers of both new residential and commercial projects in the next fiscal year.

Sales tax proceeds increased by more than 5% this fiscal year as compared to last for an increase of \$18,215 in revenue. Due to the increase in interest rates, the earned interest on cash deposits/investments increased by more than 300% for a total increase of \$157,019 in revenue as compared to last fiscal year. The District anticipates a modest increase in revenue with interest rates expected to remain the same into next fiscal year.

The board of fire commissioners entered into intergovernmental agreements (IGA) with the cities of Hayden and Rathdrum and Kootenai County for collection of development fire impact fees within their jurisdictions in 2022. These fees are to fund infrastructure for the District as identified in a Capital Improvement Plan (CIP), including fire stations, apparatus, and certain equipment. The collection of these fees began in 2022 on new growth inside the District. Development impact fees were utilized to help fund the ongoing construction of a new fire station in Garwood with a total of \$746,529 expended during the fiscal year. These funds were reimbursed to the District's operating funds from the impact fee project account for eligible expenses due to new growth.

Total expenditures during the fiscal year were \$12,903,151, an increase of 71% over the prior year. The increase was due to increased personnel costs for twelve additional firefighters funded by a SAFER grant for three years, the final payment for delivery of two custom fire pumpers, and capital outlay for the construction of a third staffed fire station financed through an annual appropriation lease.

In summary, the District's expenditures exceeded its revenues by \$1,393,101 decreasing its fund balance at the end of the year by 22.8%.

#### **THE DISTRICT'S FUNDS**

As the District completed the fiscal year, its governmental funds (as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Funds) reported a fund balance of \$4,712,180.

The decrease in fund balance is due to the final payment on the purchase of two custom fire pumpers funded by the District's unrestricted reserve fund balance, and capital improvement project outlay for a new station funded by development impact fees.

**GENERAL FUND BUDGET VARIANCES**

The budget is used during the fiscal year as a tool to monitor actual income and expenditures. The *Schedule of Revenue, Expenditures and Changes in Fund Balances Budget and Actual* shows actual expenditures exceeded actual revenues resulting in an increase in fund balance of \$3,965,651.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The Statement of Net Position includes any capital assets acquired over the District's threshold of \$2,500. At the end of Fiscal Year 2023, the District had invested \$12,656,275 (before depreciation) in a broad range of capital assets including land, construction in progress, existing buildings, furniture and fixtures, apparatus and equipment (see Note 6 – Capital Assets). This amount represents a net increase in total capital assets (including additions and deductions) of \$2,998,168 from the prior year. With total accumulated depreciation on these assets amounting to \$5,022,338, the net value of the District's capital assets increased by 1.7% from the previous fiscal year, or a total of \$85,873 more.

This year's changes included the following:

- Demolition of the District's existing Garwood substation (Station No. 3) including improvements with surplus material sold for highest bid.
- Construction in progress of a new fire station in the Garwood area (Station No. 3), including design and development of a modular building being built off-site, utility infrastructure costs to the District's existing land, the downpayment and loan advances for financing of the station project.
- Improvements to the District's existing fire stations including remodel of offices at Fire Station No. 1 and finishing an additional crew quarter's bathroom at Fire Station No. 2.
- Purchase of two (2) custom 2022 Rosenbauer pumpers to replace existing apparatus.
- Surplus and disposal of apparatus no longer needed including a 1993 Freightliner pumper, a 2004 Dodge Durango command vehicle, and a 2004 Chevrolet Astro Van utility vehicle.
- Purchase of fire equipment including 1,300 feet of new 5" fire hose.
- Surplus and disposal of firefighter fitness equipment including two incline trainers.
- Surplus and disposal of Microsoft Office 2013 operating system on replaced Dell Server.

**Table 4**

Capital Assets at Year-end  
 (Net of Depreciation)

Capital Assets	Governmental Activities	
	<u>Sep 30, 2023</u>	<u>Sep 30, 2022</u>
Land	\$ 863,027	\$ 863,027
Construction in Progress	1,828,682	89,347
Buildings/Improvements	3,566,690	3,592,936
Apparatus	4,798,198	3,580,903
Firefighting Equipment	1,467,589	1,428,740
Office Equipment	100,089	103,154
Intangible Assets	32,000	0
Total Capital Assets	<u>\$12,656,275</u>	<u>\$ 9,658,107</u>
Accumulated Depreciation	(5,022,338)	(4,936,465)
Capital Assets (Net of Depreciation)	<u>\$ 7,633,937</u>	<u>\$ 4,721,642</u>

## **Long Term Liabilities**

### **Debt**

As of September 30, 2023, the District has a \$1,250,263 debt financing balance. The District entered into an annual appropriations lease for construction of a third staffed fire station in May 2023.

### **Voluntary Deferred Compensation Plan**

District employees eligible for the Public Employee Retirement System of Idaho (PERSI) defined benefit plan are able to voluntarily participate in the PERSI Choice 401(k) deferred compensation plan. Employees are able to defer up to \$22,500 of salary per calendar year as of 2023 (and an additional \$7,500 for employees over the age of 50 in 2023) with the District matching employee deferrals of up to 6% of their wages. The District portion contributed for this fiscal year totaled \$329,083.

### **Compensated Absences**

Long term liability obligations on the government financial statements include accrued vacation pay for which employees are paid upon separation from the District. At year end, compensated absences liabilities were \$565,261, an increase of 32% from the prior year due to a 29% increase in number of personnel as well as negotiated wage increases.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The fiscal year 2024 budget was approved and adopted in August 2023. When developing a budget, the District's primary consideration is to continue to meet the demand for fire and EMS services in the most cost-effective manner possible. In preparing the budget for fiscal year 2024, management considered the following economic factors:

- Property tax revenues, which are the District's largest fund revenue source, are anticipated to increase by approximately 5% including new development. In addition, the District anticipates the average increase in revenue for sales tax proceeds.
- In July 2023, the Kootenai County EMS System approved a budget increasing the EMS contract payments to the District by 2.5%, or an additional amount of \$38,335 in revenue for fiscal year 2024.
- Fire Prevention review and permit fees generated by new commercial and residential developments within the District are also anticipated to moderately increase in the current fiscal year.
- The District has accumulated savings in prior budgets to fund the replacement of fire equipment without debt financing for the purchases. Included in the fiscal year 2024 operating budget was assigned capital reserves for the funding of fifteen (15) replacement SCBA cylinders and twenty (20) sets of replacement personal protective equipment.
- The District applied for and was awarded a 2021 Staffing for Adequate Fire and Emergency Response (SAFER) grant in September 2022 for the hiring of twelve additional firefighters. The District filled these positions in March 2023 after which the positions must be locally funded by the District. The District is currently working on alternative funding sources to retain the positions after the grant's period of performance ends in March 2026.

- The District anticipates further collection of development impact fees in fiscal year 2024 to continue to fund the financing and other related costs for construction of a new fire station, apparatus, and certain equipment identified in its Capital Improvement Plan (CIP). The development impact fees will continue to help reduce the District's reliance on its capital reserve funds to pay for new growth.

A copy of the District's fiscal year 2024 budget can be obtained by contacting the Administrative Offices.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about this report, or need additional information, you may contact Fire Chief Pat Riley or Executive Assistant Valerie Knapp, at Northern Lakes Fire Protection District, 125 W. Hayden Ave., Hayden, Idaho 83835.



## BASIC FINANCIAL STATEMENTS

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Statement of Net Position**  
**September 30, 2023**

**ASSETS**

Cash & Cash Equivalents	\$ 3,944,414
Receivables:	
Accounts Receivable (net)	456
Property Taxes (net)	6,832,366
Sales Taxes	90,933
Grants Receivable	92,355
Prepaid Expenses	155,783
Capital Assets, not being depreciated:	
Land and Land Improvements	863,027
Work in Progress	1,828,682
Capital Assets, net of accumulated depreciation:	
Intangible Assets	30,519
Buildings, Machinery, and Equipment	4,911,709
Restricted Cash	813,612
Total Assets	<u>19,563,856</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension Plan differences - PERSI	<u>2,330,693</u>
Total Deferred Outflows of Resources	<u>2,330,693</u>

**LIABILITIES**

Accounts Payable	61,822
Payroll, Benefits & Taxes Payable	283,697
Accrued Interest	14,887
Deferred Revenue - Impact Fees	55,975
Portion due or payable within one year:	
Note payable	-
Long-Term Liabilities:	
Compensated Absences Payable	565,261
Net Pension Liability	5,223,575
Note Payable (net of current portion)	1,250,263
Total Liabilities	<u>7,455,480</u>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable Revenue - 2023 assessed property taxes	6,776,030
Pension Plan Differences - PERSI	6,739
Total Deferred Inflows of Resources	<u>6,782,769</u>

**NET POSITION**

Net investment in capital assets	6,383,674
Restricted	813,612
Unrestricted	459,014
Total Net Position	<u>\$ 7,656,300</u>

*See accompanying notes to financial statements and independent auditors' report.*

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Statement of Activities**  
**Year Ended September 30, 2023**

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants & Contributions
<b>Functions/Programs:</b>					
<b>Governmental Activities</b>					
Personnel	\$ 9,489,360	\$ 1,646,568	\$ -	\$ -	\$ (7,842,792)
Facilities	135,844	-	-	-	(135,844)
Training Division	41,563	-	-	-	(41,563)
Operations and Administrative	635,724	-	-	712,070	76,346
Vehicle Maintenance and Repair	145,113	-	-	-	(145,113)
Depreciation and Amortization - unallocated	386,733	-	-	-	(386,733)
Interest and Finance Charges - unallocated	16,590	-	-	-	(16,590)
Total Governmental Activities	<u>10,850,927</u>	<u>1,646,568</u>	<u>-</u>	<u>712,070</u>	<u>(8,492,289)</u>
General Revenues:					
Property Taxes					6,554,571
Sales Tax					357,937
Impact Fees					746,529
Interest/Investment Income					207,778
Other					36,244
Gain/(Loss) Sale of Assets					29,605
Total general revenues and transfers					<u>7,932,664</u>
Change in Net Position					(559,625)
Net Position - beginning					8,215,925
Net Position - ending					<u>\$ 7,656,300</u>

See accompanying notes to financial statements and independent auditors' report.

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2023**

**ASSETS**

Cash & Cash Equivalents	\$ 3,944,414
Restricted Cash	813,612
Receivables:	
Accounts Receivable (net)	456
Property Taxes (net)	56,336
Sales Taxes	90,933
Grants Receivable	92,355
Prepaid Expenses	155,783
Total Assets	\$ 5,153,889

**LIABILITIES**

Accounts Payable	\$ 61,822
Payroll, Benefits & Taxes Payable	283,697
Deferred Revenue - Impact Fees	55,975
Total Liabilities	401,494

**DEFERRED INFLOWS OF RESOURCES**

Unavailable Revenue - property taxes	40,215
Total Deferred Inflows of Resources	40,215

**FUND BALANCE (DEFICITS)**

Nonspendable:	
Prepaid Expenses	155,783
Restricted:	
Impact Fees	55,975
Unassigned:	
Total Fund Balances	4,500,422
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 5,153,889

*See accompanying notes to financial statements and independent auditors' report.*

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**September 30, 2023**

Total fund balances at September 30, 2023 - Governmental Funds	\$ 4,712,180
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:	
Cost of capital assets at September 30, 2023	12,656,275
Less: Accumulated depreciation and amortization as of September 30, 2023	<u>(5,022,338)</u> 7,633,937
Deferred outflows of resources represent a consumption of fund equity that will be reported as an outflow of resources in a future period and therefore, are not reported in the funds:	
Deferred outflows of resources-pension plan	2,330,693
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:	
Elimination of unavailable revenue - property taxes	40,215
Net pension liability	<u>(5,223,575)</u>
Deferred inflows of resources represent an acquisition of fund equity that will be recognized as an inflow of resources in a future period and therefore, are not reported in the funds:	
Deferred inflows of resources-pension plan	(6,739)
Some liabilities are not due and payable in the current period and therefore, are not reported in the funds. Those liabilities consist of:	
Notes payable	(1,250,263)
Compensated absences	(565,261)
Interest payable	<u>(14,887)</u> (1,830,411)
Net position of governmental activities at September 30, 2023	<u><u>\$ 7,656,300</u></u>

See accompanying notes to financial statements and independent auditors' report.

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Fund Types**  
**Year Ended September 30, 2023**

<b>Revenues:</b>	
Property Taxes	\$ 6,519,306
Emergency Medical Services	1,533,236
Grant Revenue	712,070
Sales Taxes	357,937
Fees and Permits	113,332
Impact Fees	746,529
Other	36,244
Interest Income	207,778
Total Revenues	<u>10,226,432</u>
<b>Expenditures:</b>	
Personnel	6,080,833
Payroll Taxes and Benefits	2,557,591
Station Expenses	135,037
Vehicle Maintenance and Repair	80,236
Fire Battalion Division	273,121
Office Expense	92,368
Administration Expenses	64,068
Insurance	70,217
Vehicle Fuel	64,877
Other	926
Professional Fees	80,668
Training Division	41,563
Inspection/Prevention Division	6,260
EMS Operation Division	41,107
Communications	6,989
Rent	810
Capital Outlay	3,304,777
Debt Service Payments:	
Principal	-
Interest	1,703
Total Expenditures	<u>12,903,151</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,676,719)</u>
<b>Other Financing Sources (Uses):</b>	
Proceeds from Sale of Assets	35,355
Proceeds from Financing Sources	1,250,263
Total Financing Other Sources (Uses)	<u>1,285,618</u>
Net Change in Fund Balance	(1,391,101)
Fund Balance - October 1	<u>6,103,281</u>
Fund Balance - September 30	<u>\$ 4,712,180</u>

See accompanying notes to financial statements and independent auditors' report.

**NORTHERN LAKES 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, 2023**

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - total governmental funds	\$(1,391,101)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>	
Capital Outlay	3,304,777
Depreciation and Amortization	(386,733)
Gain on Sale of Assets	29,605
Proceeds from Sale of Assets	(35,355)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Property Taxes	35,265
<p>The issuance of long-term debt (e.g., bonds, leased) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>	
	(1,265,150)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Increase in compensated absences	(137,925)
Increase in pension plan expense	(1,456,518)
Decrease in PERSI contributions	743,510
<p>The net pension effect related to the pension expense recognized for the year.</p>	
Change in net position of governmental activities	\$ (559,625)

See accompanying notes to financial statements and independent auditors' report.

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**September 30, 2023**

	<u>Section 457 Custodial Funds</u>
<b>ASSETS</b>	
Investments	\$ 252,388
Total Assets	<u>252,388</u>
<b>LIABILITIES</b>	
	<u>-</u>
<b>NET POSITION</b>	
Restricted:	
Employee retirement	252,388
Total Fund Balances	<u>\$ 252,388</u>

*See accompanying notes to financial statements and independent auditors' report.*



**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended September 30, 2023**

	Section 457 Custodial Funds
<b>ADDITIONS</b>	
Investment earnings (losses)	\$ 52,001
Total additions	52,001
<b>DEDUCTIONS</b>	
Bank service charges	713
Total deductions	713
Net increase (decrease) in fiduciary net positions	51,288
Net position - October 1	201,100
Net position - September 30	\$ 252,388

*See accompanying notes to financial statements and independent auditors' report.*

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Northern Lakes Fire Protection District (the "District") was formed on October 1, 2000, through an Agreement to Consolidate entered into by Hayden Lake Fire Protection District and Rathdrum Rural Fire Protection District. The District provides for the public's safety through fire protection and emergency medical services. The District operates under a locally elected Board of Commissioners who has the authority to make decisions, the power to designate management, the responsibility to significantly influence operations, and the primary accountability for fiscal matters.

The accompanying financial statements present the activities of the Northern Lakes Fire Protection District. The District's combined financial statements include the accounts of all District operations.

The District is a governmental subdivision of Idaho and body politic and corporate. The District has oversight responsibility and control over all activities related to the District's functions. The District is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since the public elects the District Commissioners. All accounts and operations of the District are included in these financial statements.

The financial statements of Northern Lakes Fire Protection District have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States 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 most significant of the District accounting policies are described below.

**Basis of Presentation**

*Government-wide Financial Statements* – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Eliminations have been made to minimize the double-counting of internal activities. These statements present the *governmental activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The government-wide statement of activities presents a comparison between direct and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues of the District, with certain limited exceptions.

The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

*Fund Financial Statements* – The fund financial statements report detailed information about the District's funds. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary funds are reported by fund type. The District has one governmental fund, the general fund.

*See accompanying independent auditors' report.*

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**September 30, 2023**

*General Fund* – This is the District's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Principal sources of revenue are property taxes and other intergovernmental revenues, emergency medical service revenues, grant revenues, and management contract revenues. Primary expenditures are for payroll and personnel expenses, maintenance and repairs, administrative expenses, and fire battalion expenses.

**Measurement Focus and Basis of Accounting**

*Government-wide Financial Statements* – The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements* – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year end. Property taxes are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**Major Funds**

Generally accepted accounting principles require that the general fund be reported as a major fund. In addition, major funds include all other government funds whose total assets, liabilities, revenues, or expenditures are at least 10% or more of the total for all government funds. Accordingly, the District maintains only one governmental major fund type, the general fund.

**Assets, Liabilities, and Equity**

**Cash, Cash Equivalents, and Investments**

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with a fiscal agent. Additionally, the District's investments in the Idaho State Investment Pool are considered cash equivalents because cash can be deposited and withdrawn at any time without prior notice or penalty. The Pool's investments are reported at fair value at September 30, 2023.

**Accounts Receivable**

The District records real and personal property taxes as they are assessed, and not as they are collected. Cancellations and uncollectible taxes for this and prior years were minimal, thus no allowance for uncollectible taxes is necessary.

Receivables for Federal and State grants, federal revenue sharing entitlements, and state, county, and local shared revenue are recorded as revenue in all fund types as measurable and available.

*See accompanying independent auditors' report.*

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**September 30, 2023**

**Capital Assets**

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at historical cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements and interest incurred during the construction of capital assets are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings and Improvements	5-33
Fire & EMS Trucks, Vehicles, and Boats	2-25
Fire Fighting Equipment	2-27
Office Equipment	5-20

GASB No. 34 requires the District to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. The District does not, as a matter of course, build or maintain such assets outside of expenditures included in the costs of their buildings and improvements. Therefore, no separate category of capital assets has been created for infrastructure and there are no plans to retroactively report infrastructure assets.

**Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of capital leases, which will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Leases, which meet certain criteria established by the Financial Accounting Standards Board, are classified as capital leases, and the assets and related liabilities are recorded at amounts equal to the lesser of the present value of minimum lease payments or the fair value of the leased property at the beginning of the respective lease term. Leases which do not meet the criteria of a capital lease are classified as operating leases.

*See accompanying independent auditors' report.*

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**September 30, 2023**

**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 separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government does have items that qualify for reporting in this category, associated with the pension base plan, and reported in the statement of net position only. Note 7 outlines the outflows of resources associated with the pension base plan.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The government has two types of items, which arises under the government-wide accrual basis of accounting that qualifies for reporting in this category and one item, which arises under the modified accrual basis of accounting. Accordingly, one item, unavailable revenue from property taxes is reported on both the statement of net position and governmental fund balance sheet. The other item is associated with the pension base plan and reported in the statement of net position only. See Note 7 for details on the pension plan. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Pensions**

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Compensated Absences**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees who qualify.

Employees are granted vacation and sick leave benefits in varying amounts to specified maximums based on tenure and hours worked per week. Generally, after six months of service, employees are entitled to their accrued vacation leave upon separation of service. The District's compensated absence liability at September 30, 2023 was \$565,261.

The District does not pay accrued sick leave to employees upon termination, but does pay up to 30% of accrued sick leave to employees retiring from the District. No reasonable estimate can be made of the amount of unused sick leave the District may have to pay in the future, so no liability is recognized.

**Net Position Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

*See accompanying independent auditors' report.*

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**September 30, 2023**

**Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a committed (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing commission is the highest level of decision-making authority of the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The commission may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Fund balances are classified as follows:

**Nonspendable**—Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

**Restricted**—Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed**—Amounts that can be used only for specific purposes determined by a formal action by Board of Commissioner's resolution. This includes the budget reserve account.

**Assigned**—Amounts that are designated by the Chief for a specific purpose but are not spendable until a budget ordinance is passed by the Board of Commissioners.

**Unassigned**—All amounts not included in other spendable classifications.

**Program Revenues**

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

*See accompanying independent auditors' report.*

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**September 30, 2023**

**Property Taxes**

Property taxes are levied each November and attach as an enforceable lien on property. The levy is based on the assessed value listed as of the prior September for all property located within the District and is assessed by the County Assessor. They are payable in two installments due by December 20 and June 20 of the following year. The taxes are collected for and remitted to the District by Kootenai County.

Property taxes levied for 2023 are recorded as receivables. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent that they are collected within 60 days of year-end, in accordance with the modified accrual basis of accounting. Receivables collectible after the 60-day date are reflected in the fund financial statements as deferred revenues. In the government-wide financial statements property taxes are recorded as revenue in the period levied, in accordance with the accrual basis of accounting.

Property tax becomes a lien on the property when it is levied. State statute sets maximum property tax rates for the general fund of the Northern Lakes Fire District.

**Unemployment Benefits**

The District has chosen to pay unemployment benefits as they arise rather than make periodic payments to the Idaho Department of Labor. Recent job restructuring and employee turnover could result in a liability in the coming years as unemployment insurance claims are made. No estimate of this liability, if any, could be made at the date of this report. Expenditures for unemployment benefits totaled \$0 for the fiscal year ending September 30, 2023.

**Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District contracts with VFIS (Volunteer Firemen's Insurance Services) for property and general liability insurance. The District obtains workman's compensation insurance through the Idaho State Insurance Fund. The workman's compensation insurance premium is calculated based on accident history and administrative costs.

**Use of Estimates**

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

Significant estimates included in these financial statements consist of the useful lives of depreciable assets and the future liability for compensated absences.

**NOTE 2 - CASH AND INVESTMENTS**

**Summary of Deposit and Investment Balances**

**General**

State statutes authorize the District's investments. The Northern Lakes Fire District is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase an "A" rating or higher, government pool and money market funds consisting of any of these securities listed. No violations of these categories have occurred.

*See accompanying independent auditors' report.*

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**September 30, 2023**

**Custodial Credit Risk**

Custodial credit risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk as it deposits funds in financial institutions that are members of the U.S. Federal Deposit Insurance Corporation (FDIC) and has never experienced such a loss. As of September 30, 2023, the District's deposits were exposed to custodial credit risk as follows:

<i>Deposits without exposure to custodial credit risk:</i>	
Amount insured by FDIC or other agencies	\$ 250,000
Total deposits without exposure to custodial credit risk	250,000
<i>Deposits with exposure to custodial credit risk:</i>	
Amount collateralized with securities held in trust, but not in District's name	4,533,704
Amounts uninsured-exposed to custodial credit risk	106,776
Total deposits with exposure to custodial credit risk	4,640,480
Total bank balance (deposits)	\$4,890,480

*The carrying amount is displayed as follows in the financial statements:*

<i>Statement of net position</i>	
Cash and investments	\$ 3,944,414
Restricted cash and investments	813,612
	\$ 4,758,026

Cash and investments at September 30, 2023, consist of the following:

<i>Cash</i>	
Deposits with financial institutions	\$ 224,222
Petty cash on hand	100
<i>Cash equivalents</i>	
Deposits with Idaho state investment pool	4,533,704
	\$ 4,758,026

**State Investment Pool**

Investments in 2a7-like pools are valued based upon the value of pool shares. The District invests in one 2a7-like pool, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act.

The State Investment Pool is duly chartered and administered by the State Treasurer's Office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements. The pool does not include any involuntary participants.

Investments for the District are reported at fair value. Accordingly, the balances that the District has in the State Investment Pool are carried at fair value pursuant to GASB 31, and calculated on a monthly basis. The District's portion of the State Investment Pool had an unrealized gain of \$7,707 as of September 30, 2023, which has not been reflected in the financial statements. The unrealized loss was based on a fair market value adjustment factor of 1.0017 that was calculated by the State of Idaho's Treasurer's Office.

GASB Statement No. 40 requires the District to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. Credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. The District's exposure to credit risk is not available.

*See accompanying independent auditors' report.*



**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 3 – RECEIVABLES**

The following is a schedule of property taxes assessed for the year, collected and remaining to be received.

Receivable 9/30/2022	Lewy 2022	Adjustments & Collections	Receivable 9/30/2023	Lewy 2023	Total Receivable 9/30/2023
\$ 24,867	\$ 6,446,285	\$ 6,414,816	\$ 56,336	\$ 6,776,030	\$ 6,832,366

In accordance with NCGA Interpretation #3, revenue, which is not received within 60 days of the year-end, has been reflected as deferred inflows of resources – unavailable revenue for property taxes. The balance as of September 30, 2023 is as follows:

Taxes due at September 30, 2023	\$ 56,336
Received October 2023	(11,399)
Received November 2023	(4,722)
Total current year deferred	40,215
Upcoming 2023 Lewy	6,776,030
Total deferred	\$6,816,245

Accounts receivable include amounts due from various customers generally for service fees. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectible. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible accounts was \$0 for the year ended September 30, 2023.

**NOTE 4 – OPERATING AGREEMENT WITH KOOTENAI COUNTY EMERGENCY MEDICAL SERVICES SYSTEM**

The District has entered into a cooperative agreement with Kootenai County Emergency Medical Services System (KCEMSS) authorized by Kootenai County. This agreement is to provide first responder services and mutual aid when the District has the available resources to do so. These employees shall remain the employees of the District at all times, and the District is responsible for payment of wages, benefits and payroll taxes. KCEMSS paid the District \$1,533,236 for the fiscal year 2022/23.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

The Professional Fire Fighters of Idaho, Northern Lakes Local 4045 (a union), has the authority to collectively bargain for the firefighters of the District. The contract covers 83% of the District's employees. No strike by this organization is expected within the next year.

The District paid annual fees of \$810 during the year ended September 30, 2023 for the use of land on which two fire stations have been built. The District is obligated to pay this same amount in future years.

The District's training facility is on property owned by Kootenai County. A lease agreement with Kootenai County for the location is pending.

*See accompanying independent auditors' report.*

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 6 - CAPITAL ASSETS**

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

	10/1/2022	Additions	Disposals	9/30/2023
Capital assets not being depreciated:				
Land	\$ 863,027	\$ -	\$ -	\$ 863,027
Construction in progress	89,347	1,739,335	-	1,828,682
Total capital assets not being depreciated	<u>952,374</u>	<u>1,739,335</u>	<u>-</u>	<u>2,691,709</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 3,592,936	\$ 86,119	\$ (112,365)	\$ 3,566,690
Fire trucks and vehicles	3,580,903	1,391,720	(174,425)	4,798,198
Equipment	1,428,740	55,603	(16,754)	1,467,589
Office equipment	103,154	-	(3,065)	100,089
Intangible assets	-	32,000	-	32,000
Total capital assets being depreciated	<u>8,705,733</u>	<u>1,565,442</u>	<u>(306,609)</u>	<u>9,964,566</u>
Accumulated Depreciation				
Buildings and improvements	1,830,917	85,420	-	1,916,337
Fire trucks and vehicles	2,099,594	200,875	-	2,300,469
Equipment	931,614	91,603	(300,860)	722,357
Office equipment	74,340	7,354	-	81,694
Intangible assets	-	1,481	-	1,481
Total accumulated depreciation	<u>4,936,465</u>	<u>386,733</u>	<u>(300,860)</u>	<u>5,022,338</u>
Total governmental activities capital assets, net	<u>\$ 4,721,642</u>	<u>\$ 2,918,044</u>	<u>\$ (5,749)</u>	<u>\$ 7,633,937</u>

Depreciation expense of \$386,733 for the year ended September 30, 2023 was charged entirely to fire protection and emergency medical services.

**NOTE 7 – LONG-TERM OBLIGATIONS**

During the fiscal year ended September 30, 2023 the District entered into a construction loan agreement with First Interstate Bank for construction of a new fire station within the District, known as Station 3. Construction draws began in May of 2023 and the project was still in progress at September 30, 2023.

The interest rate on the First Interstate Bank loan is 5.45 percent. For the year ended September 30, 2023, interest expense was \$1,703. Accrued but unpaid interest on the loan as of September 30, 2023 was \$14,887.

Changes in long-term obligations during the fiscal year ended September 30, 2023 are detailed in the following table:

	10/1/2022	Increases	Decreases	9/30/2023	Due in 1 Yr.
First Interstate Bank Loan	\$ -	1,250,263	-	1,250,263	-
Total	<u>\$ -</u>	<u>1,250,263</u>	<u>-</u>	<u>1,250,263</u>	<u>-</u>

See accompanying independent auditors' report.

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 8 – PENSION PLAN**

**Plan Description**

Northern Lakes 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 (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

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

**Member and Employer Contributions**

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

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of July 1, 2022, it was 7.16% for general employees and 9.13% for police and firefighters. The percentages changed on July 1, 2023, to 6.71% for general employees and 9.83% for police and firefighters. The employer contribution as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters, as of July 1, 2022. The percentages changed on July 1, 2023, to 11.18% for general employees and 13.26% for police and firefighters. The District's contributions were \$743,510 for the year ended September 30, 2023.

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

At September 30, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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

*See accompanying independent auditors' report.*

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**September 30, 2023**

pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2023, the District's proportion was 0.13089467%.

For the year ended September 30, 2023, the District recognized pension expense of \$1,456,518. At September 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 895,360	\$ -
Changes in assumptions or other inputs	517,244	-
Net difference between projected and actual earnings on pension plan investments	490,309	-
Change in the District's proportion and differences between the District's contributions and the District's proportionate contributions	211,170	6,739
District's contributions subsequent to the measurement date	216,610	-
Total	<u>\$ 2,330,693</u>	<u>\$ 6,739</u>

\$216,610 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2023.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2021, the beginning of the measurement period ended June 30, 2022 is 4.6 and 4.4 for the measurement period June 30, 2023.

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:

Year ended September 30:	
2024	\$ 736,832
2025	382,165
2026	1,042,976
2027	(54,635)

**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.

*See accompanying independent auditors' report.*

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**September 30, 2023**

The total pension liability in the July 1, 2023 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%
Cost-of-living adjustments	1.00%

\*there is an additional component of assumed salary growth (on top of the 3.05%) that varies for each individual member based on years of service

\*\*net of pension plan investment expense

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions including mortality. The total pension liability as of June 30, 2023 is based on the results of an actuarial valuation date of July 1, 2023.

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.

**Capital Market Assumption**

**Capital Market Assumptions**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Cash	0.00%	0.00%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

See accompanying independent auditors' report.

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Notes to Financial Statements**  
**September 30, 2023**

**Discount Rate**

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension 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%, 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%) or 1-percentage-point higher (7.35%) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
District's proportionate share of the net pension liability (asset)	\$ 9,394,815	\$ 5,223,575	\$ 1,814,369

**Pension plan fiduciary net position**

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

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

**Payables to the pension plan**

At September 30, 2023, the District reported \$93,928 of payables to the pension plan.

**NOTE 8 – DEFERRED COMPENSATION PLAN**

The PERSI system also offers its participants a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan is administered by a financial advisor unrelated to the District. The plan is available to all District employees eligible for PERSI, and permits them to defer a portion of their salary up to \$22,500 per year. The District's match is 6% of employee compensation, which amounted to total of \$329,083 for the fiscal year ending September 30, 2023. The deferred compensation plan assets are reported at market value in an agency fund.

See accompanying independent auditors' report.

## REQUIRED SUPPLEMENTARY INFORMATION

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**SCHEDULE OF DISTRICT'S SHARE OF NET PENSION LIABILITY**  
**PERSI - Base Plan**  
**Last 10 - Fiscal Years \***

	09/30/2023	09/30/2022	09/30/2021	09/30/2020	09/30/2019	09/30/2018	09/30/2017	09/30/2016	09/30/2015
District's portion of the net pension liability	0.13089467%	0.12052424%	0.11535003%	0.1137269%	0.1164313%	0.1179682%	0.1179474%	0.1190456%	0.1144500%
District's proportionate share of the net pension (asset)/liability	\$ 5,223,575	\$ 4,747,158	\$ (7,384)	\$ 2,640,889	\$ 1,329,031	\$ 1,740,052	\$ 1,853,931	\$ 2,413,237	\$ 1,507,120
District's covered-employee payroll	\$ 6,053,865	\$ 4,843,644	\$ 4,287,245	\$ 4,032,793	\$ 3,937,767	\$ 3,775,450	\$ 3,644,050	\$ 3,446,882	\$ 3,194,425
District's proportional share of the net pension liability as a percentage of its covered-employee payroll	86.28%	98.01%	-0.17%	65.49%	33.75%	46.09%	50.88%	70.01%	47.18%
Plan fiduciary net position as a percentage of the total pension liability	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Northern Lakes Fire Protection District will present information for those to use for which information is available.

Data reported is measured as of June 30, 2023

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**  
**PERSI - Base Plan**  
**Last 10 - Fiscal Years \***

	09/30/2023	09/30/2022	09/30/2021	09/30/2020	09/30/2019	09/30/2018	09/30/2017	09/30/2016	09/30/2015
Statutorily required contribution	\$ 571,693	\$ 558,107	\$ 455,435	\$ 446,197	\$ 445,513	\$ 458,119	\$ 397,733	\$ 353,878	\$ 374,368
Contributions in relation to the statutorily required contribution	\$ (672,574)	\$ (570,582)	\$ (520,173)	\$ (489,751)	\$ (454,176)	\$ (435,467)	\$ (420,326)	\$ (399,529)	\$ (367,660)
Contribution (deficiency) excess	\$ (100,881)	\$ (12,475)	\$ (64,737)	\$ (43,554)	\$ (8,663)	\$ 22,653	\$ (22,593)	\$ (45,651)	\$ 6,708
District's covered-employee payroll	\$ 6,053,865	\$ 4,843,644	\$ 4,287,245	\$ 4,032,793	\$ 3,937,767	\$ 3,775,450	\$ 3,644,050	\$ 3,446,882	\$ 3,194,425
Contributions as a percentage of covered-employee payroll	11.11%	11.78%	12.13%	12.14%	11.53%	11.53%	11.53%	11.59%	11.51%

\* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, Northern Lakes Fire Protection District will present information for those to use for which information is available.

Data reported is measured as of June 30, 2023

See independent auditors' report.



**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - All Governmental Fund Types**  
**Year Ended September 30, 2023**

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues:</b>				
Property Taxes	\$ 6,610,000	6,610,000	6,519,306	(90,694)
Emergency Medical Services	1,533,480	1,533,480	1,533,236	(244)
Grant Revenue	-	712,070	712,070	-
Sales Tax	320,000	348,000	357,937	9,937
Fees and Permits	75,000	75,000	113,332	38,332
Impact Fees	10,000	830,305	746,529	(83,776)
Other	1,164,170	1,739,200	36,244	(1,702,956)
Interest Income	55,000	195,000	207,778	12,778
Total Revenues	<u>9,767,650</u>	<u>12,043,055</u>	<u>10,226,432</u>	<u>(1,816,623)</u>
<b>Expenditures:</b>				
Personnel	5,445,530	6,061,345	6,080,833	(19,488)
Payroll Taxes and Benefits	2,353,110	2,575,710	2,557,591	18,119
Station Expenses	148,500	206,890	135,037	71,853
Vehicle Maintenance and Repair	85,000	80,000	80,236	(236)
Fire Battalion Division	174,600	285,745	273,121	12,624
Office Expense	123,300	103,215	92,368	10,847
Administration Expenses	64,000	64,200	64,068	132
Insurance	70,250	70,250	70,217	33
Vehicle Fuel	45,000	66,000	64,877	1,123
Other	-	-	926	(926)
Professional Fees	44,250	53,480	80,668	(27,188)
Training Division	62,000	47,000	41,563	5,437
Inspection/Prevention Division	7,700	7,700	6,260	1,440
EMS Operation Division	65,600	47,885	41,107	6,778
Communications	55,000	16,010	6,989	9,021
Rent	810	810	810	-
Capital Outlays	973,000	3,536,120	3,304,777	231,343
Contingency	50,000	10,500	-	10,500
Debt Service Payments - Principal	-	-	-	-
Debt Service Payments - Interest	-	-	1,703	(1,703)
Total Expenditures	<u>9,767,650</u>	<u>13,232,860</u>	<u>12,903,151</u>	<u>329,709</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(1,189,805)	(2,676,719)	(1,486,914)
<b>Other Financing Sources:</b>				
Proceeds from Sale of Assets	-	-	35,355	35,355
Proceeds from Financing Sources	-	1,189,805	1,250,263	60,458
Total Other Financing Sources	<u>-</u>	<u>1,189,805</u>	<u>1,285,618</u>	<u>95,813</u>
Net Change in Fund Balance	-	-	(1,391,101)	(1,391,101)
Fund Balance - October 1	<u>6,103,281</u>	<u>6,103,281</u>	<u>6,103,281</u>	
Fund Balance - September 30	<u>\$ 6,103,281</u>	<u>6,103,281</u>	<u>4,712,180</u>	

See accompanying notes to the budget and independent auditors' report.

**NORTHERN LAKES FIRE PROTECTION DISTRICT**  
**Notes to the Budget and Actual Schedule**  
**September 30, 2023**

The District's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending September 30.

Because of the District's dependency on state and local budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding.

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

- a. In August, the Fire Chief submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Prior to October 1, the Board of Commissioners formally approves the budget document following a public hearing.
- c. The approved annual budget is used as a control device for the governmental funds.
- d. The budget for the governmental funds is adopted on a basis consistent with generally accepted accounting principles (GAAP) applicable to state and local governments.
- e. Appropriations for the governmental funds lapse at the end of the fiscal year.
- f. Expenditures cannot legally exceed appropriations at the fund level. Expenditures are monitored on a monthly basis by the accountant and Fire Chief. When expenditures are required for functions that have not been budgeted, authorization to incur the expenditures is requested from the Board of Commissioners by resolution during its regular monthly meetings. There was one budget amendment in the current fiscal year.

REPORT REQUIRED BY GAO

# ANDERSONBROS.CPA

TAX, ASSURANCE, ACCOUNTING, ADVISORY

Office (208) 777-1099 Fax (202) 773-5108  
1810 E. Schneidmiller Ave, Ste 310  
Post Falls, ID 83854

## INDEPENDENT AUDITORS' 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  
Northern Lakes Fire Protection District  
Hayden, ID

We have audited, in accordance with the auditing standards generally accepted in the United State 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 Northern Lakes Fire Protection District, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Northern Lakes Fire Protection District's basic financial statements, and have issued our report thereon dated April 16, 2024.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northern Lakes Fire Protection District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northern Lakes Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of Northern Lakes 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 import 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Lakes Fire Protection District'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*.

### Purpose of this Report

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



Anderson Bros. CPAs  
Post Falls, Idaho  
April 16, 2024