

CASCADE RURAL FIRE PROTECTION DISTRICT

Report on Audited
Basic
Financial Statements
and
Supplemental Information

For the Year Ended September 30, 2022

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Independent Auditor's Report

Board of Commissioners
Cascade Rural Fire Protection District
Cascade, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the fund information of Cascade Rural Fire Protection District (the District), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the fund information of Cascade Rural Fire Protection District, as of September 30, 2022, and the respective changes in financial position thereof for the year then ended in conformity 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 (GAAS) 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 Cascade Rural 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

Cascade Rural Fire Protection District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America 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 misstatements, 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 Cascade Rural Fire Protection District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

In performing an audit in accordance with GAAS, 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 Cascade Rural 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 Cascade Rural 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 budgetary comparison information, schedule of District's proportionate share of net pension liability, and schedule of District's contributions on pages 22 and 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 20, 2023, on our consideration of the Cascade Rural 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Cascade Rural Fire Protection District's internal control over financial reporting and compliance.

Zwygart John & Associates, CPAs, PLLC

Nampa, Idaho
April 20, 2023

Cascade Rural Fire Protection District
Statement of Net Position
September 30, 2022

	Governmental Activities
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 605,891
Receivables, Net:	
Accounts	34,529
Property Taxes	9,805
Total Current Assets	650,225
Capital Assets:	
Land	121,471
Buildings and Improvements, Net	345,558
Vehicles and Equipment, Net	764,444
Total Capital Assets	1,231,473
Total Assets	1,881,698
Deferred Outflows	
Pension Related Items	288,117
Total Deferred Outflows	288,117
Liabilities	
Current Liabilities	
Accounts Payable and Other Current Liabilities	5,629
Compensated Absences	33,464
Wages Payable	20,135
Total Current Liabilities	59,228
Long-term Liabilities:	
Net Pension Liability	498,879
Total Long-Term Liabilities	498,879
Total Liabilities	558,107
Deferred Inflows	
Pension Related Items	2,227
Total Deferred Inflows	2,227
Net Position	
Invested in Capital Assets, Net of Related Debt	1,231,473
Unrestricted Surplus	378,008
Total Net Position	\$ 1,609,481

The accompanying notes are an integral
part of the financial statements.

Cascade Rural Fire Protection District
Statement of Activities
For the Year Ended September 30, 2022

		Program Revenues			Net (Expense)
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions		Revenue and Changes in Net Position - Governmental Activities
Governmental Activities:					
General and Administrative	\$ 97,773	\$ -	\$ -	\$ -	\$ (97,773)
Fire and Emergency Medical Services	986,490	550,069	156,020	-	(280,401)
Total Governmental Activities	\$ 1,084,263	\$ 550,069	\$ 156,020	\$ -	(378,174)
		General Revenues:			
					366,861
					19,676
					21,113
					4,033
					40,000
					451,683
					Change in Net Position
					73,509
					1,535,972
					Net Position, Beginning of Year
					\$ 1,609,481

The accompanying notes are an integral
part of the financial statements.

Cascade Rural Fire Protection District
 Balance Sheet - Governmental Funds
 September 30, 2022

	General
Assets	
Cash and Cash Equivalents	\$ 605,891
Receivables, Net:	
Accounts	34,529
Property Taxes	9,805
Total Assets	\$ 650,225
 Liabilities, Deferred Inflows, and Fund Balances	
Liabilities:	
Accounts Payable	\$ 5,629
Salaries Payable	20,135
Total Liabilities	25,764
Deferred Inflows:	
Unavailable Revenue - Property Tax	8,743
Total Deferred Inflows	8,743
Fund Balances:	
Unassigned	615,718
Total Fund Balances	615,718
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 650,225

The accompanying notes are an integral
 part of the financial statements.

Cascade Rural Fire Protection District
 Reconciliation of the Balance Sheet of the
 Governmental Funds to the Statement of Net Position
 September 30, 2022

Total Fund Balances - Governmental Funds \$ 615,718

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. Capital assets consist of the following:

Land	\$ 121,471	
Buildings and Improvements, Net of \$408,524 Accum. Depr.	345,558	
Vehicles and Equipment, Net of \$630,911 Accum. Depr.	<u>764,444</u>	
Total Net Capital Assets		1,231,473

Property taxes receivable will be collected this year but are not available soon enough after the end of the year to pay for the current period's expenditures and, therefore, are deferred in the funds. 8,743

Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at the end of the year consist of:

Compensated Absences	<u>\$ (33,464)</u>	
Total Long-Term Liabilities		(33,464)

The District participates in the Public Employee Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position.

Net Pension Liability	\$ (498,879)	
Pension-Related Deferred Inflows	(2,227)	
Pension-Related Deferred Outflows	<u>288,117</u>	
Total Pension-Related Items		<u>(212,989)</u>

Total Net Position - Governmental Activities \$ 1,609,481

The accompanying notes are an integral
 part of the financial statements.

Cascade Rural Fire Protection District
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended September 30, 2022

	<u>General</u>
Revenues	
Property Taxes	\$ 366,136
Sales Tax	19,676
Grants and Contributions	156,020
Charges for Services	550,069
Interest Earned	4,033
Other	21,113
Total Revenues	1,117,047
Expenditures	
Current:	
General and Administrative	93,322
Fire and Emergency Medical Services	765,361
Capital Outlay	471,598
Total Expenditures	1,330,281
Excess (Deficiency) of Revenues Over Expenditures	(213,234)
Other Financing Sources (Uses)	
Sale of Assets	40,000
Total Other Financing Sources (Uses)	40,000
Net Change in Fund Balances	(173,234)
Fund Balances - Beginning	788,952
Fund Balances - Ending	\$ 615,718

The accompanying notes are an integral
part of the financial statements.

Cascade Rural Fire Protection District

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2022

Total Net Change in Fund Balance - Governmental Funds \$ (173,234)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense or a remainder is written off when disposed. In the current period these amounts are:

Capital Outlay	\$ 464,856	
Depreciation Expense	<u>(126,600)</u>	
Net		338,256

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. 725

Lease payments (including both principal and interest) are reported as expenditures in the governmental funds when paid. For the District as a whole, however, the principal portion of the payments serve to reduce the liability in the Statement of Net Assets, while the accrual of interest serves to increase the liability in the Statement of Net Assets and results in the additional expense in the Statement of Activities.

Accrued Interest (4,451)

Compensated absences are not accrued in governmental funds but rather recognized as an expenditure when due. They are, however, recorded as expenditures in the Statement of Activities. (4,619)

The District participates in the Public Employee Retirement System of Idaho, which is a cost-sharing plan. As a participant they are required to report their share of the Net Pension Liability and the related deferred inflows and outflows on their Statement of Net Position. The changes in the Net Pension Liability and the related deferred inflows and outflows does not affect the governmental funds, but are reported in the Statement of Activities. (83,168)

Change in Net Position of Governmental Activities \$ 73,509

The accompanying notes are an integral
part of the financial statements.

Cascade Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the activities of the Cascade Rural Fire Protection District (the District), which has responsibility and control over all fire and emergency response activities related to public safety within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding-source entities. However, the District is not included in any other government reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses 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 expenses are expenses of the general government related to the administration and support of the District's programs, such as personnel and accounting (but not interest on long-term debt), and are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Cascade Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements: The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds.

The District reports the following major governmental funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources and expenditures of the District. The District has no other funds.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, 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 and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide statements and in governmental fund Balance Sheet. The District uses the following fund balance categories in the governmental fund Balance Sheet:

- *Nonspendable.* Balances, for example, in permanent funds, prepaid expenses, and inventories that are permanently precluded from conversion to cash.
- *Unassigned.* Balances available for any purpose.

Cascade Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The remaining fund balance classifications (restricted, committed, and assigned) are either not applicable or no formal policy has yet been established to be able to utilize such classifications of fund balance. However, if there had been committed funds, these amounts would have been decided by the Board of Commissioners, the District's highest level of decision-making authority, through a formal action. The Board of Commissioners would also have the authority to assign funds or authorize another official to do so.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position or fund balance available for use, it is the government's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the use of committed, assigned, or unassigned fund balances. However, it is the District's intent that when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

C. Assets and Liabilities

Cash Equivalents

The District requires all cash belonging to the District to be placed in custody of the Clerk. All cash on hand, demand deposits and short-term investments with an original maturity of three months or less are considered to be cash and cash equivalents. See Note 2.

Property Tax Calendar

The District's property taxes are levied on or before the third Monday in September and billed to taxpayers in November. The taxes are due in two installments. One half of the real property taxes and all of the personal property taxes are due on December 20. The remainder is due the following June 20.

Real property taxes not paid constitute a lien on the property when entered on the real property assessment role as delinquent on the first day of January of the succeeding year.

Cascade Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are shown below:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$5,000	Straight Line	20-40 years
Equipment and Vehicles	\$5,000	Straight Line	7-15 years

The District has no infrastructure to report.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are not over 60 days past due.

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 the 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.

Use of Estimates

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

Cascade Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2022

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2022, the carrying amount of the District's deposits was \$31,507 and the respective bank balances totaled \$63,048. The total bank balance was insured or collateralized with pooled securities held by the pledging institution in the name of the District.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. As of September 30, 2022, all of the District's deposits were covered by the federal depository insurance or by collateral held by the District's agent or pledging financial institution's trust department or agent in the name of the District, and thus were not exposed to custodial credit risk. The District does not have a formal policy limiting its exposure to custodial credit risk.

Custodial Credit Risk – Investments

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The District does not have a formal policy limiting its exposure to custodial credit risk.

Interest Rate Risk

The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Investments

The District voluntarily participates in the State of Idaho Investment Pool, which has not been rated. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body. Oversight of the Pool is with the State Treasurer and Idaho Code defines allowable investments. The fair value of the District's investment in the Pool is the same as the value of the Pool shares. The District follows Idaho Statute that outlines qualifying investment options as follows:

Idaho Code authorizes the District to invest any available funds in obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

Cascade Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2022

2. CASH AND INVESTMENTS (continued)

The District's investments at September 30, 2022, are summarized below:

Investment	Fair Value	Maturities (in Years)	
		Less than 1	1 - 5
External Investment Pool	<u>\$ 574,384</u>	<u>\$ 574,384</u>	<u>\$ -</u>

At the end of the year, cash and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and cash equivalents	\$ 31,507
Investments categorized as deposits	<u>574,384</u>
	<u>\$ 605,891</u>

3. RISK MANAGEMENT

The District is exposed to a considerable number of risks of loss including, but not limited to, a) damage to and loss of property and contents, b) employee torts, c) professional liabilities, i.e. errors and omissions, d) environmental damage, and e) worker's compensation, i.e. employee injuries. Commercial insurance policies are purchased to transfer the risk of loss for property and content damage, employee torts, and professional liabilities.

4. PROPERTY TAXES

The District receives tax revenue from Valley County. The County is responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the District by the County as of September 30, 2022, are considered a receivable by the District.

The District follows the Governmental Accounting Standards Board's rule in the recording of its property tax as a receivable. Taxes not collected within 60 days after the end of the year are not considered available for use by the District and are recorded as deferred revenue in the fund financial statements.

Cascade Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2022

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2022, was as follows:

	<u>9/30/2021</u>	<u>Additions</u>	<u>Disposals</u>	<u>9/30/2022</u>
<u>Governmental Activities:</u>				
Nondepreciable Capital Assets:				
Land	\$ 121,471	\$ -	\$ -	\$ 121,471
Capital Assets Being Depreciated:				
Buildings and Improvements	754,082	-	-	754,082
Vehicles and Equipment	<u>1,220,610</u>	<u>278,995</u>	<u>(104,250)</u>	<u>1,395,355</u>
Total Historical Cost	<u>1,974,692</u>	<u>278,995</u>	<u>(104,250)</u>	<u>2,149,437</u>
Less: Accumulated Depreciation				
Buildings and Improvements	389,846	18,678	-	408,524
Vehicles and Equipment	<u>627,239</u>	<u>107,922</u>	<u>(104,250)</u>	<u>630,911</u>
Total Accumulated Depreciation	<u>1,017,085</u>	<u>126,600</u>	<u>(104,250)</u>	<u>1,039,435</u>
Net Depreciable Assets	<u>957,607</u>	<u>152,395</u>	<u>-</u>	<u>1,110,002</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 1,079,078</u>	<u>\$ 152,395</u>	<u>\$ -</u>	<u>\$ 1,231,473</u>

Depreciation expense was charged to the functions of the District as follows:

<u>Governmental Activities:</u>	
Fire and Emergency Medical Services	<u>\$ 126,600</u>

6. PENSION PLAN

Plan Description

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

Cascade Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2022

6. PENSION PLAN (continued)

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 public safety. As of June 30, 2022, it was 7.16% for general employees and 9.13% for public safety. The employer contribution rate 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. The District's contributions were \$60,403 for the year ended September 30, 2022.

Cascade Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2022

6. PENSION PLAN (continued)

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

At September 30, 2022, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2022, the District's proportion was 0.0126659% percent.

For the year ended September 30, 2022, the District recognized pension expense of \$143,570. At September 30, 2022, 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	\$ 54,858	\$ 2,227
Changes in assumptions or other inputs	81,332	-
Net difference between projected and actual earnings on pension plan investments	114,786	-
Changes in the District's proportion and differences between the District's contributions and the District's proportionate contributions	22,928	
The Cascade Rural Fire Protection District's contributions subsequent to the measurement date	14,213	-
Total	\$ 288,117	\$ 2,227

\$14,213 reported as deferred outflows of resources related to pensions resulting from the 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, 2022.

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, 2022, the beginning of the measurement period ended June 30, 2021, is 4.6 and 4.6 for the measurement period ended June 30, 2022.

Cascade Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2022

6. PENSION PLAN (continued)

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:

For the Year Ended	
September 30:	PERSI
2023	\$ 83,526
2024	73,749
2025	33,794
2026	94,821

Actuarial Assumptions

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

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

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

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries – Males Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries – Females Pub-2010 General Tables, increased 21%
Teachers – Males Pub-2010 Teacher Tables, increased 12%
Teachers – Females Pub-2010 Teacher Tables, increased 21%
Fire & Police – Males Pub-2010 Safety Tables, increased 21%
Fire & Police – Females Pub-2010 Safety Tables, increased 26%
Disabled Members – Males Pub-2010 Disabled Tables, increased 38%
Disabled Members – Females Pub-2010 Disabled Tables, increased 36%

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, 2022 is based on the results of an actuarial valuation date of July 1, 2022.

Cascade Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2022

6. PENSION PLAN (continued)

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.

Asset Class

Fixed Income	30.00%
US/Global Equity	55.00%
International Equity	15.00%
Cash	0.00%
Total	100.00%

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.

Cascade Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2022

6. PENSION PLAN (continued)

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
The District's proportionate share of the net pension liability	\$ 880,472	\$ 498,879	\$ 186,554

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.

7. ACCOUNTS RECEIVABLE

Accounts Receivable includes amounts due from customers for ambulance and medical services. Accounts are due upon receipt. The allowance account is estimated using a percentage of accounts receivable more than 90 days past due.

Accounts Receivable	\$ 99,426
Allowance for Doubtful Accounts	<u>(64,897)</u>
	<u>\$ 34,529</u>

8. COMPENSATED ABSENCES

The District has established a formal method of recording accumulated unpaid vacation or sick pay as required by generally accepted accounting principles.

All full-time employees of the District accrue vacation days at various rates, which are determined by length of service. The District has established the policy that each employee can accrue a maximum 120 hours of vacation time.

Cascade Rural Fire Protection District
Notes to Financial Statements
For the Year Ended September 30, 2022

8. COMPENSATED ABSENCES (continued)

Governmental Activities:

	<u>Beginning</u>	<u>Earned</u>	<u>Used</u>	<u>Ending</u>	<u>Current</u>
Compensated Absences	<u>\$ 28,845</u>	<u>\$ 29,912</u>	<u>\$ (25,293)</u>	<u>\$ 33,464</u>	<u>\$ 33,464</u>

9. LONG-TERM LIABILITIES

The District received a loan from Idaho First Bank dated June 10, 2020, with a maturity date of December 15, 2024, and an annual interest rate of 4.75%, in order to finance the purchase of a fire engine.

Changes in long-term liabilities for the year ended September 30, 2022, are as follows:

<u>Description</u>	<u>Rate</u>	<u>9/30/2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>9/30/2022</u>	<u>Current</u>
Idaho First Bank Loan	4.75%	<u>\$ 174,747</u>	<u>\$ -</u>	<u>\$ (174,747)</u>	<u>\$ -</u>	<u>\$ -</u>

The district paid this loan in full early in FY 2022.

For the year ended September 30, 2022, the District recorded \$4,451 of interest expense. No interest was capitalized during the year.

10. OTHER COMMITMENTS

The District has credit cards with a total credit limit of \$2,200. As of September 30, 2022, \$1,000 of the available credit was in use.

11. TAX ABATEMENTS

The County entered into a property tax abatement agreement with a local business under Idaho Code 63-602NN. For the fiscal year ended September 30, 2022, the County abated property taxes totaling \$ 624 for the Cascade Rural Fire Protection District.

REQUIRED SUPPLEMENTARY INFORMATION

Cascade Rural Fire Protection District
 Budgetary Comparison Schedule (GAAP Basis)
 General Fund
 For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues				
Property Taxes	\$ 362,802	\$ 362,802	\$ 366,136	\$ 3,334
Sales Tax	12,000	12,000	19,676	7,676
Grants and Contributions	166,020	166,020	156,020	(10,000)
Charges for Services	556,500	556,500	550,069	(6,431)
Interest Earned	2,700	2,700	4,033	1,333
Other	-	-	21,113	21,113
Total Revenues	<u>1,100,022</u>	<u>1,100,022</u>	<u>1,117,047</u>	<u>17,025</u>
Expenditures				
Current				
Wages	546,087	546,087	529,433	16,654
Payroll Taxes and Pension Plan	152,703	152,703	152,073	630
Utilities and Phone	20,000	20,000	17,674	2,326
Truck Repair and Fuel	25,000	25,000	19,555	5,445
Vehicle and Equipment Maintenance	-	-	1,031	(1,031)
Training	26,000	26,000	20,507	5,493
Insurance	15,000	15,000	14,062	938
Dues and Advertising	2,000	2,000	1,994	6
Building Maintenance	15,000	15,000	12,661	2,339
Office Supplies	7,000	7,000	6,069	931
Legal and Audit	20,000	20,000	19,665	335
Tools and Supplies	35,000	35,000	32,076	2,924
Communications	14,000	14,000	11,026	2,974
Miscellaneous	6,000	6,000	1,301	4,699
Workman's Compensation Insurance	20,000	20,000	19,469	531
Unemployment	2,000	2,000	87	1,913
Capital Outlay	344,934	484,934	471,598	13,336
Total Expenditures	<u>1,250,724</u>	<u>1,390,724</u>	<u>1,330,281</u>	<u>60,443</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>(150,702)</u>	<u>(290,702)</u>	<u>(213,234)</u>	<u>77,468</u>
Other Financing Sources (Uses)				
Sale of Assets	-	-	40,000	40,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>
Net Change in Fund Balances				
	(150,702)	(290,702)	(173,234)	117,468
Fund Balance - Beginning	150,702	290,702	788,952	498,250
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 615,718</u>	<u>\$ 615,718</u>

Cascade Rural Fire Protection District
Notes to Required Supplementary Information
For the Year Ended September 30, 2022

1. BUDGETS AND BUDGETARY ACCOUNTING

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

- A. Prior to September 1, the Board of Commissioners prepares a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to October 1, the budget is legally passed.
- D. The Board of Commissioners, by following the same budgetary procedures used to adopt the original budget, may amend it to a greater amount, if additional revenue will accrue to the District as a result of increases in state or federal grants or allocations, or as a result of an increase in revenues from any source other than ad valorem tax revenues.
- E. Formal budgetary integration is employed as a management control device during the year for the General fund.
- F. The budget for the General fund is adopted on a basis consistent with generally accepted accounting principles.
- G. Budgeted amounts are as originally adopted or as amended during the fiscal year ended September 30, 2022.
- H. Expenditures may not legally exceed budgeted appropriations at the fund level. The District does not use the encumbrance method of accounting.

Cascade Rural Fire Protection District
Schedules of Required Supplemental Information
Public Employee Retirement System of Idaho
Last 10 - Fiscal Years*

Schedule of the District's Proportionate Share of the Net Pension Liability

Year	District's proportion of the net pension liability	District's proportionate share of the net pension liability	District's covered-employee payroll	District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.0126659%	\$ 498,879	\$ 493,052	101.18%	83.09%
2021	0.0123557%	(9,758)	463,126	-2.11%	100.36%
2020	0.0107788%	250,298	386,927	64.69%	88.22%
2019	0.0098030%	111,899	331,832	33.72%	93.79%
2018	0.0087477%	129,030	286,233	45.08%	91.69%
2017	0.0086879%	136,559	274,192	49.80%	90.68%
2016	0.0089306%	181,037	241,092	75.09%	87.26%
2015	0.0096251%	126,747	265,411	47.75%	91.38%

Data reported is measured as of June 30, 2022.

Schedule of District Contributions

Year	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2022	\$ 60,403	\$ 60,403	\$ -	\$ 493,052	12.25%
2021	56,752	56,752	-	463,126	11.51%
2020	47,376	47,376	-	386,927	12.24%
2019	38,978	38,978	-	331,832	11.75%
2018	33,242	33,242	-	286,233	11.61%
2017	31,918	31,918	-	274,192	11.64%
2016	28,080	28,080	-	241,092	11.65%
2015	30,916	30,916	-	265,411	11.65%

Data reported is measured as of September 30, 2022.

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

FEDERAL REPORTS



ZWYGART JOHN

CERTIFIED PUBLIC ACCOUNTANTS

Zwygart John & Associates CPAs, PLLC

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Commissioners
Cascade Rural Fire Protection District
Cascade, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the fund information of the Cascade Rural Fire Protection District, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 20, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The 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.

Zwygart John & Associates, CPAs, PLLC

Nampa, Idaho
April 20, 2023