

**MARSING RURAL FIRE DISTRICT
MARSING, IDAHO**

**AUDIT OF THE
FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

**Marsing Rural Fire District
arsing, Idaho**

**Basic Financial Statements
For the Fiscal Year Ended
September 30, 2020**

TABLE OF CONTENTS

	<u>PAGE</u>
Introductory Section	
District Officials	3
Basic Financial Statements	
Independent Auditor's Report	5
Government-Wide Financial Statements	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements	
Balance Sheet - Governmental Funds	9
Reconciliation of Governmental Fund Balance to District-Wide Governmental Activities Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	11
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance with District-Wide Statement of Activities	12
Notes to the Financial Statements	13

TABLE OF CONTENTS - Continued

Required Supplementary Information

Budgetary Comparison Schedule – General Fund	23
--	----

Federal Reports

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25
--	----

Schedule of Findings and Responses	27
------------------------------------	----

**Marsing Rural Fire District
Marsing, Idaho**

**District Officials
For the Fiscal Year Ended
September 30, 2020**

Commissioners

Jake Astorquia- Board Chairman

Jeff Percifield

Leonard Wilson

Personnel

Chief – Brion Showalter

Assistant Chief – Jeff Percifield

2nd Assistant Chief – Russ Lindemann

Fire Marshall – Roman Usabel

Secretary/Treasurer – Stella Bush

BASIC FINANCIAL STATEMENTS

MIKEAL D. PARKER CPA CHTD.

19 East Wyoming • P.O. Box 905 • Homedale, ID 83628 • (208) 337-3271

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Marsing Rural Fire District
Marsing, Idaho 83636

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and remaining fund information of the Marsing Rural Fire District as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Marsing Rural Fire District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the remaining fund information of the Marsing Rural Fire District, as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 23 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 Government 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2021, on our consideration of the Marsing Rural Fire 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 Marsing Rural Fire 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 the Marsing Rural Fire District's internal control over financial reporting and compliance.



Mikeal D. Parker CPA, Chartered

Homedale, Idaho
March 4, 2021

**Marsing Rural Fire Protection District
Statement of Net Position
As of September 30, 2020**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 667,599
Taxes receivable	20,747
Capital assets (net accumulated depreciation)	1,124,172
Total assets	1,812,518
 Liabilities	
Accounts payable	44,945
Payroll liabilities	1,363
Total liabilities	46,308
 Net position	
Invested in capital assets, net of related debt	1,124,172
Restricted	
Unrestricted	642,038
Total net position	\$ 1,766,210

See accountant's audit report and notes to the financial statements.

**Marsing Rural Fire Protection District
Statement of Activities
For The Year Ended September 30, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position - Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Personnel costs	\$ 17,509	\$	\$	\$ (17,509)
Operations	52,459	(2,020)		2,831
Support services	201			(201)
Depreciation	25,421			(25,421)
Total	\$ 95,590	(2,020)	\$	\$ (53,270)

General Revenues:

Property taxes	458,169
Ag replacement	16,525
Personal property replacement	1,736
Sales tax	22,848
Other	18,187
Total general revenue and special items	517,465
Changes In net position	477,165
Net position - beginning	1,289,045
Net position - ending	\$ 1,766,210

See accountant's audit report and notes to the financial statements.

**Marsing Rural Fire Protection District
Balance Sheet - Governmental Funds
September 30, 2020**

	General	Total Governmental Funds
Assets		
Cash and cash equivalents	\$ 667,599	\$ 667,599
Receivables:		
Property taxes	20,747	20,747
Total assets	<u>688,346</u>	<u>688,346</u>
Liabilities and fund balance		
Liabilities		
Accounts payable	44,944	44,944
Payroll liabilities	1,363	1,363
Total liabilities	<u>46,307</u>	<u>46,307</u>
Deferred inflows of resources		
Deferred inflows of future revenues	19,817	19,817
Fund balance:		
Nonspendable		
Restricted		
Committed		
Assigned		
Unassigned	622,222	622,222
Total fund balance	<u>622,222</u>	<u>622,222</u>
Total liabilities and fund balance	<u>\$ 688,346</u>	<u>688,346</u>

See accountant's audit report and notes to the financial statements

**Marsing Rural Fire Protection District
 Reconciliation Of Governmental Fund Balance
 To District-Wide Governmental Activities Net Position
 September 30, 2020**

	Total Governmental Funds
Total fund balance - governmental funds	\$ 622,222
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>	1,124,172
<p>Some of the District's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore is deferred in the funds.</p>	19,816
Net position of governmental activities	\$ 1,766,210

See accountant's audit report and notes to the financial statements.

**Marsing Rural Fire Protection District
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds
For The Year Ended September 30, 2020**

	General	Total Governmental Funds
Revenues		
Local revenue		
Property taxes	348,741	\$ 348,741
Ag replacement	16,525	16,525
Personal property replacement	111,655	111,655
Sales tax	22,848	22,848
Interest income	17,687	17,687
Inspection fees	2,020	2,020
Donations	53,270	53,270
Misc	500	500
Total revenue	573,246	573,246
Expenditures		
Personnel costs	17,509	17,509
Operation and maintenance	52,459	52,459
Support services	201	201
Capital outlay	992,451	992,451
Total expenditures	1,062,620	1,062,620
Excess (deficiency) of revenue over expenditures	(489,374)	(489,374)
Fund balance - beginning of year	1,111,596	1,111,596
Fund balance - end of year	\$ 622,222	\$ 622,222

See accountant's audit report and notes to the financial statements

**Marsing Rural Fire Protection District
 Reconciliation of the Governmental Funds Statement
 of Revenues, Expenditures, and Changes in Fund
 Balances with the District-Wide Statement of Activities
 For The Year Ended September 30, 2020**

Net change in fund balance - total governmental funds \$ (489,374)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their useful lives.

Expenditures for capital assets	992,451
Less current year depreciation	(25,421)

Deferred revenue decrease in governmental funds	(490)
Changes in net position of governmental activities	<u><u>\$ 477,166</u></u>

**Marsing Rural Fire District
Notes to the Financial Statements
September 30, 2020**

Note 1 – Summary of Significant Account Policies

Marsing Rural Fire District (the District) is governed by the Marsing Rural Fire District Board of Commissioners (the Board), which has responsibility and control over all activities related to fire protection 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 governmental 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 Board Statement No. 14.

Financial Reporting Entity

The financial reporting entity consists solely of the primary government, the District. The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The funds, presented in the financial statements as Governmental Funds, are used to account for the District's general governmental activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General fund – the primary operating fund of the District accounts for all financial resources, except those required to be accounted for in other funds.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities present information about the reporting government as a whole. Fiduciary funds are not included in the GWFS.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for non-exchange transactions."

**Marsing Rural Fire District
Notes to the Financial Statements
September 30, 2020**

Program revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole. Program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is not specifically identified by function and is considered an unallocated indirect expense.

Fund Financial Statements

Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are "measurable and available"). "Measurable means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures.

Revenues

Ad valorem taxes are susceptible to accrual.

Entitlements and shared revenues (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met.

Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures

Salaries, benefits and other expenditures are recorded as paid.

**Marsing Rural Fire District
Notes to the Financial Statements
September 30, 2020**

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, et cetera) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Cash and Cash Equivalents

Cash and Cash equivalents may include cash on hand, amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Idaho law and national banks having their principal offices in Idaho.

Restricted Cash and Investments

The restricted cash and investments are comprised of restricted deposits for specific program expenditures, unexpended bond proceeds, capital projects deposits, and debt services funds that are restricted for use on specifically identified programs, capital projects and debt service payments.

Investments

The District does not have a formal investment policy but allows for investment of idle funds consistent with the Idaho State Code 67-1210 and 67-1210A. Currently, the District does not have any invested funds other than those that are consistent with cash equivalents as stated above.

The Joint Powers Investment Pool was established as a cooperative endeavor to enable public entities of the state of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool is managed by the State of Idaho's Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank.

An annual audit of Joint Powers Investment Pool ("Pool") is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the Pool.

**Marsing Rural Fire District
Notes to the Financial Statements
September 30, 2020**

Encumbrances

Purchase orders, contracts, and other commitments for the expenditure of funds are considered to be encumbrances for budgeting control purposes during the year. Outstanding encumbrances at year-end do not constitute expenditures and are either charged to an appropriation the following year or the contractual commitment is canceled.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. It is at least reasonably possible that the significant estimates used will change within the next year.

Property Taxes

Property tax revenues are recognized when received or, if received within the two-month period subsequent to year-end, are accrued on the fund financial statements. Property tax revenues are recognized when levied with appropriate accrual made at year-end on the government-wide financial statements.

The District levies its real property taxes through the county by the Thursday prior to the second Monday in September of each year based upon the assessed valuation as of the previous January 1. Property taxes are due in two installments on December 20th and June 20th and are considered delinquent on January 1 and July 1 at which time the property is subject to lien.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Canyon County and Owyhee County bills and collects property taxes for the District.

Historically, virtually all ad valorem taxes receivable were collected since they are secured by property; therefore, there is no material allowance for uncollectible taxes.

Deferred Inflows of Resources

Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion that meets the revenue recognition criteria is recognized as revenue on the fund financial statements.

**Marsing Rural Fire District
Notes to the Financial Statements
September 30, 2020**

Capital Assets

The District's policy is to capitalize assets in excess of \$5,000. Capital assets are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful lives are estimates by management on how long the asset is expected to meet service demands.

Straight-line depreciation is used based on the following estimated useful lives:

Buildings & Improvements	15-50 years
Equipment	5-15 years

Depreciation expense for buildings, furniture and equipment relate to multiple programs, for which allocating among programs is not easily identifiable. As such, depreciation expense is not allocated. The cost of normal maintenance and repairs not adding to the value of the asset or materially extending asset lives is not capitalized.

Long-Term Liabilities

For government-wide reporting, material bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

For fund financial reporting, bond premiums and discounts, as well as issuance costs are recognized in the period the bonds are issued. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Restricted Net Assets

For the government-wide statement of net position, net assets are reported as restricted when constraints placed on net assets use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; (Or) imposed by law through constitutional provisions or enabling legislation.

Fund Balances of Fund Financial Statements

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has inventories as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

**Marsing Rural Fire District
Notes to the Financial Statements
September 30, 2020**

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the general obligations and are restricted through debt covenants.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the Board's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or by the Board delegating this responsibility to the Superintendent or his designee through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned: This classification includes the residual fund balance for the General Fund and the amount established for Minimum Funding. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Unavailable and Advanced Revenue

The District reports unavailable and advanced revenues on its Statement of Net Position and Fund Balance Sheet. Advanced revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for advanced revenue is removed from the combined balance sheet and the revenue is recognized.

Grants and Other Intergovernmental Revenues

Federal and state reimbursement type grants are recorded as intergovernmental revenues when the related expenditures/expenses are incurred and, in the Governmental Funds, when the revenues meet the availability criterion. For programs that are supported by multiple funding sources, federal and state grant monies are applied to expenditures first.

**Marsing Rural Fire District
Notes to the Financial Statements
September 30, 2020**

Note 2 – Cash and Investments

At September 30, 2020, the District's cash and investments, excluding trust and agency funds, consisted of the following:

	Bank Deposit Balance	Carrying Amount
Cash		
General Fund	\$ 26,436	\$ 24,259
State Investment Fund	643,340	643,340
Total deposits	\$ 669,776	\$ 667,599

Custodial Credit Risk

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk outside of the deposit and investment agreements.

Credit Risk

Credit risk is the risk that an issuer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's and Fitch's

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The GASB has adopted a principle that governments should provide note disclosure when 5% of the total entity's investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The District has no investment policy limiting the amount it may invest in any one issuer

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to future changes in interest rates. At September 30, 2020, the District is not subject to interest rate risk as all investments are held in the LGIP, which has short maturities. The District's investment policy is not limited to specific duration but is structured to meet the District's anticipated cash flows and spending rate.

Marsing Rural Fire District
Notes to the Financial Statements
September 30, 2020

Note 3 - Property Taxes

The District's property tax is levied each October on the value listed as of the prior January 1 for all real property located in the District. The market values on January 1, 2019 upon which the 2020 levy was based was \$262,522,519 for Canyon County and \$200,885,544 for Owyhee County.

Taxes receivable at September 30, 2020 are as follows:

Year	Balance 10/1/2019	Additions	Collections	Adjustments and Cancellations	Balance 9/30/2020
2015-16	\$ 369		\$ (339)		\$ 30
2016-17	738		(628)		110
2017-18	6,019		(3,250)		2,769
2018-19	13,569		(8,491)		5,078
2019-20		455,428	(439,387)	(3,281)	12,760
	<u>\$ 20,695</u>	<u>\$ 455,428</u>	<u>\$ (452,095)</u>	<u>\$ (3,281)</u>	<u>\$ 20,747</u>

Totals

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended September 30, 2020, was as follows:

	Balance 10/1/2019	Additions	Deletions	Balance 9/30/2020
Governmental activities				
Buildings	\$ 844,738	\$ 984,759	\$	\$ 1,829,497
Equipment & vehicles	903,223	7,692		910,915
Total historical cost	1,747,961	992,451		2,740,412
Less: accumulated depreciation				
Buildings	794,784	385		795,169
Equipment & vehicles	796,035	25,036		821,071
Total historical cost	1,590,819	25,421		1,616,240
Governmental activities				
Capital assets - net	<u>\$ 157,142</u>	<u>\$ 967,030</u>	<u>\$</u>	<u>\$ 1,124,172</u>

**Marsing Rural Fire District
Notes to the Financial Statements
September 30, 2020**

Note 5 – Deferred Revenue

Property taxes levied are recorded as receivables if uncollected and a deferred revenue amount is recorded to the extent of taxes not collected within 60 days of the end of the accounting period.

Deferred revenues at September 30, 2020 are summarized as follow:

	<u>General Fund</u>	<u>Total</u>
Property Taxes	<u>\$ 19,817</u>	<u>\$ 19,817</u>

Note 6 - Required Supplementary Information

The District budgeted a loss of \$394,161 for fiscal year 2020. The actual loss was \$489,374, exceeding the budgeted loss by \$95,213.

The budgetary basis of accounting conforms to GAAP for required supplementary information.

Note 7 – Subsequent Events

Management has evaluated subsequent events through March 4, 2021, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**Marsing Rural Fire Protection District
Budgetary Comparison Schedule
General Fund
For The Year Ended September 30, 2020**

	GENERAL FUND			
	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Local revenue				
Property taxes	\$ 451,339	\$ 451,339	\$ 458,660	\$ 7,321
Ag replacement	17,000	17,000	16,525	(475)
Personal property replacement	17,000	17,000	1,736	(15,264)
Sales tax	15,000	15,000	22,848	7,848
Interest income	24,000	24,000	17,687	(6,313)
Road inspection	1,500	1,500	2,020	520
Donations			53,270	53,270
Miscellaneous	12,000	12,000	500	(11,500)
Total revenue	537,839	537,839	573,246	35,407
Expenditures				
Fire district				
Personnel costs	20,000	20,000	17,509	2,491
Operations and maintenance	52,000	52,000	52,459	(459)
Support services	10,000	10,000	201	9,799
Capital outlay	750,000	750,000	992,451	(242,451)
Contingency	100,000	100,000		100,000
Total expenditures	932,000	932,000	1,062,620	(130,620)
Excess (deficiency) of revenues over expenditures	(394,161)	(394,161)	(489,374)	(95,213)
Fund balance - beginning of year			1,111,596	
Fund balance - end of year	\$	\$	\$ 622,222	\$

See accountant's audit report and notes to the financial statements.

FEDERAL REPORTS

MIKEAL D. PARKER CPA CHTD.

19 East Wyoming • P.O. Box 905 • Homedale, ID 83628 • (208) 337-3271

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

To the Board of Commissioners
Marsing Rural Fire District
Marsing, Idaho 83639

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 remaining fund information of the Marsing Rural Fire District, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Marsing Rural Fire District's basic financial statements and have issued our report thereon dated March 4, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Marsing Rural Fire 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 Marsing Rural Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marsing Rural Fire 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2021-001, that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Marsing Rural Fire 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 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.



Mikeal D. Parker CPA, Chartered

Homedale, Idaho

March 4, 2021

**Marsing Rural Fire Protection District
September 30, 2020
Schedule of Findings and Reponses**

2020-001

Criteria: Management is responsible to develop and implement internal controls to insure safeguarding of assets.

Condition: Internal Controls have not been implemented with regard to proper segregation of duties. The Secretary/Treasurer has the ability to make deposits, write checks, sign checks, and also prepares the bank reconciliation as well as prepare general journal entries.

Cause: Small government entity with limited resources and personnel.

Effect: Material misstatements could go undetected.

Response to Findings: Management will continue to use Commissioner's oversight to mitigate lack of segregation of duties but at this time, it is not economically possible for them to hire additional employees.