

WORLEY FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
SEPTEMBER 30, 2025

**Worley Fire Protection District
September 30, 2025**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Worley Fire Protection District
Worley, ID 83876

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Worley Fire Protection District, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Worley Fire Protection District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of Worley Fire Protection District, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities 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 Worley Fire Protection District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the GASB 68 pension information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

Required Supplementary Information (Concluded)

Management has omitted 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 June 18, 2026, on our consideration of Worley Fire Protection District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Worley Fire Protection District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Worley Fire Protection District's internal control over financial reporting and compliance.



Magnuson, McHugh, Dougherty CPAs

June 18, 2026

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

Worley Fire Protection District

STATEMENT OF NET POSITION

September 30, 2025

ASSETS

Cash and cash equivalents	\$ 307,578
Receivables	684,944
Land	128,500
Construction in progress	55,832
Capital assets, net of accumulated depreciation	<u>2,528,556</u>
Total assets	<u>3,705,410</u>

DEFERRED OUTFLOWS OF RESOURCES

Proportionate share of collective deferred outflows of resources	<u>186,327</u>
Total deferred outflows of resources	<u>186,327</u>

LIABILITIES

Accounts payable and accrued expenses	88,255
Accrued interest payable	5,358
Financed purchase - current portion	24,684
Noncurrent liabilities:	
Compensated absences	56,231
Net pension liability	562,283
Financed purchase - noncurrent portion	<u>171,128</u>
Total liabilities	<u>907,939</u>

DEFERRED INFLOWS OF RESOURCES

Proportionate share of collective deferred inflows of resources	<u>243,420</u>
Total deferred inflows of resources	<u>243,420</u>

NET POSITION

Net investment in capital assets	2,517,076
Unrestricted	<u>223,302</u>
Total net position	<u>\$ 2,740,378</u>

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

Worley Fire Protection District

STATEMENT OF ACTIVITIES For the Year Ended September 30, 2025

EXPENSES

Public safety - fire protection:

Labor	\$ 1,218,057
Payroll taxes and benefits	277,459
Professional fees	24,175
Administrative expenses	251,559
Station expenses	85,080
Communications	2,316
Fleet	146,675
Fire operations	83,537
Training	29,561
Change in net pension asset	115,174
Depreciation	177,708
Interest	8,424
Total expenditures	<u>2,419,725</u>

PROGRAM REVENUES

Charges for services - emergency medical services	244,495
Charges for services - permits and inspections	4,495
Total program revenues	<u>248,990</u>
Net program expenses	<u>2,170,735</u>

GENERAL REVENUES

Property taxes	1,213,511
Sales tax	61,692
Fire services	867,945
Interest income	14,294
Donations	156,992
In-kind donations	19,222
Miscellaneous revenue	39,814
Gain on disposal of assets	51,420
Insurance proceeds	97,312
Total general revenues	<u>2,522,202</u>
Change in net position	<u>351,467</u>
Net position - beginning	2,404,983
Change in accounting principle - GASB 101	(16,072)
Restated net position	<u>2,388,911</u>
Net position - ending	<u>\$ 2,740,378</u>

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

Worley Fire Protection District

GOVERNMENTAL FUNDS BALANCE SHEET September 30, 2025

ASSETS

Cash and cash equivalents	\$ 307,578
Accounts receivable:	
Property tax receivable	82,113
Other receivables	602,831
Total assets	<u>\$ 992,522</u>

LIABILITIES AND FUND BALANCES

Accounts payable	\$ 20,297
Accrued payroll and related costs	67,958
Total liabilities	<u>88,255</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - property taxes	<u>77,075</u>
Total deferred inflows of resources liabilities	<u>77,075</u>

FUND BALANCES

Unassigned	<u>827,192</u>
Total fund balances	<u>827,192</u>

Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 992,522</u>
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The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

Worley Fire Protection District

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION September 30, 2025

Total fund balances - Governmental Funds, September 30, 2025		\$	827,192
Cost of capital assets	\$ 5,243,005		
Less: Accumulated depreciation			
Buildings and improvements	(1,332,555)		
Fire trucks/apparatus	(700,876)		
Equipment	(457,376)		
Furniture and fixtures	<u>(39,310)</u>		2,712,888
Elimination of deferred revenue			77,075
Financed purchase - current portion			(24,684)
Noncurrent liabilities:			
Interest payable			(5,358)
Compensated absences			(56,231)
Financed purchase			(171,128)
Pension liabilities and deferred outflows of resources and deferred inflows of resources related to pensions:			
District's proportionate share of the net pension liability			(562,283)
Proportionate share of collective deferred outflows of resources			186,327
Proportionate share of collective deferred inflows of resources			<u>(243,420)</u>
Net position, September 30, 2025		\$	<u><u>2,740,378</u></u>

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

Worley Fire Protection District

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES For the Year Ended September 30, 2025

REVENUES

Property taxes	\$ 1,216,562
Sales tax	61,692
Emergency medical services	244,495
Permits and inspections	4,495
Fire services	867,945
Interest income	14,294
Donations	156,992
Miscellaneous revenue	39,814
Total revenues	<u>2,606,289</u>

EXPENDITURES

Public safety - fire protection:	
Labor	1,213,097
Payroll taxes and benefits	277,459
Professional fees	24,175
Administrative expenses	251,559
Station expenses	85,080
Communications	2,316
Fleet	146,675
Fire operations	83,537
Training	29,561
Capital outlay	130,787
Debt service:	
Principal	23,701
Interest	9,097
Total expenditures	<u>2,277,044</u>
Excess (deficiency) of revenues over (under) expenditures	<u>329,245</u>

OTHER FINANCING SOURCES

Insurance proceeds	97,312
Proceeds from sale of assets	13,100
Total other financing sources	<u>110,412</u>
Net change in fund balances	439,657
Fund balances - beginning	<u>387,535</u>
Fund balances - ending	<u><u>\$ 827,192</u></u>

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

Worley Fire Protection District

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES For the Year Ended September 30, 2025

Total net changes in fund balances for the year ended September 30, 2025		\$	439,657
Add: Capital outlay which is considered expenditures	130,787		
Add: Donated capital assets	19,222		
Add: Recovered asset	<u>299,893</u>		449,902
Less: Depreciation expense			(177,708)
Add: Financed purchase payments considered as an expenditure			23,701
Less: Difference between revenue earned on property taxes on modified accrual basis versus revenue on property taxes on accrual basis			(3,051)
Less: Difference in compensated absences			(4,960)
Add: Difference in accrued interest payable			673
Less: Proceeds from sale of assets			(13,100)
Less: Gain on disposal of assets			(248,473)
Less: Net pension offset (expense)			<u>(115,174)</u>
Change in net position for the year ended September 30, 2025		\$	<u>351,467</u>

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

Worley Fire Protection District

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Worley Fire Protection District (the District) was formed and became a taxing district in 1969. The District operates under a locally elected Board of Commissioners and provides fire protection and emergency medical services to Worley, Idaho, and the surrounding area as defined by the District's Board of Commissioners. Commissioners are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

Component units are legally separate organizations for which the District is financially accountable. Component units may include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt, or the levying of taxes. The District has no component units.

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

The accounting methods and procedures adopted by the District conform to generally accepted accounting principles as applied to governmental entities. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following notes to the financial statements are an integral part of the District's basic financial statements.

B. Basis of Presentation – Government-wide Statements

The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. The statements present the *governmental activities* of the District. Governmental activities generally are funded through taxes, intergovernmental revenues, and other nonexchange transactions.

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

(Continued)

Worley Fire Protection District

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation – 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, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

General Fund – This is the District's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Principal sources of revenue are property taxes. Expenditures are for financial and administrative, facilities, operations, and maintenance.

D. Measurement Focus, Basis of Accounting

Government-wide – The government-wide fund 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 the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are recorded using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes are considered to be susceptible to accrual.

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

E. Cash and Cash Equivalents

In the general fund, cash received by the District is pooled for investment purposes and is presented as "Cash and Cash Equivalents" on the financial statements.

During the fiscal year ended September 30, 2025, investments were limited to the Idaho State Investment Pool.

(Continued)

Worley Fire Protection District

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents (Concluded)

The District invests in one 2a-7-like pools, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The Idaho State Investment Pool is duly chartered and administered by the State Treasurer's office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements.

The balance that the District has in the Idaho State Investment Pool is carried at cost, which materially approximates fair market value.

The District considers funds held in the Idaho State Investment Pool to be cash equivalents, as the District is able to liquidate their account at any time.

For presentation in the financial statements, investments in the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

F. Receivables

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

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

G. Property Taxes

The District's property tax is levied each November on the assessed value listed as of the prior September for all property located in the District. Assessed values are an approximation of market value established by the County Assessor. Property tax payments are due in one-half installments in December and June. The taxes are collected and remitted to the District by Kootenai County.

H. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation.

The District maintains a capitalization threshold of \$5,000. The District has no public domain assets. Improvements and interest incurred during the construction of capital assets are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

(Continued)

Worley Fire Protection District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (Concluded)

Capital assets are depreciated using the Straight-Line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings and improvements	7 - 40
Station equipment and vehicles	7 - 20
Furniture and fixtures	5 - 10
Fire trucks and equipment	15

I. Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 101, "Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' right to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees who qualify.

Employees are granted vacation and sick leave benefits in varying amounts to specified maximums based on tenure and hours worked per week. Generally, after three months of service, employees are entitled to their accrued vacation leave upon separation of service. The liability for accumulated compensated absences as of September 30, 2025, was \$56,231 and has been recorded in the government-wide statement of net position.

Upon employment separation from the District, employees are not eligible for sick leave compensation.

J. Accrued Liabilities and Long-term Obligations

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

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

(Continued)

Worley Fire Protection District

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Accrued Liabilities and Long-term Obligations (Concluded)

Leases, which meet certain criteria established by the Financial Accounting Standards Board, are classified as operating or finance right of use leases; the assets and related liabilities are recorded at amounts equal to the present value of minimum lease payments. Leases which do not meet the criteria of a lease are classified as operating expenses.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises under a modified accrual basis of accounting and accrual basis of accounting, which qualifies for reporting in this category. It is the deferred outflows relating to the accounting for the net pension obligation on the government-wide statement of net position, in accordance with GASB 68, Accounting and Financial Reporting for Pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The District has one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The District has one type of item, which arises under full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, proportionate share of collective deferred inflows of resources, is reported only on the government-wide statement of net position. The government-wide statement of net position reports proportionate share of collective deferred inflows of resources from one source: accounting for the net pension obligation, in accordance with GASB 68, Accounting and Financial Reporting for Pensions.

L. Fund Balance Classifications

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

Non-spendable Fund Balance — amounts that are: (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

(Continued)

Worley Fire Protection District

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Balance Classifications (Concluded)

Restricted – amounts restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Legal enforceability means that the District can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for purposes specified by the legislation.

Committed – amounts that can only be used for specific purposes as a result of constraints imposed by the Board. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the Board. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by: (a) District Council, or (b) a body (a budget, finance committee, or District Administrator and Chief Financial Officer) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted, or committed.

Unassigned Fund Balance – the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

M. Fund Balance Flow Assumptions

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 6). Restricted funds are used first, as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Commissioners or the Assignment has been changed by the Chief. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order. The District reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

N. Net Position Flow Assumptions

Net position represents the difference between assets and liabilities. Net investment in capital and intangible assets (net of related debt) consists of capital assets, net of accumulated depreciation, and right of use lease assets, net of accumulated amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

O. Use of Restricted Funds

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

(Continued)

Worley Fire Protection District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Extraordinary or Special Items

Extraordinary items are transactions that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Commissioners and that are either unusual in nature or infrequent in occurrence. Neither type of transactions occurred during the fiscal year ended September 30, 2025.

Q. Use of Estimates

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

R. Pensions

For purposes of measuring the net pension liability/asset and pension expense/offset, 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.

S. Budgetary Data

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the general fund. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the general fund.

This is in conformance with Idaho State Statutes, which require that appropriations lapse at the end of a fiscal year and are not available to be carried forward to be used in addition to the succeeding year's appropriation. The current year budget was not amended.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- a) The District publishes a proposed budget for public review.
- b) Public hearings are set to obtain taxpayer comments.
- c) Prior to October 1, the budget is adopted by resolution of the Board of Commissioners and published.

Lapsing of Appropriations – At the close of each year, all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriation.

(Continued)

Worley Fire Protection District

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

T. Recently Issued Accounting Standards

In June 2022, the Governmental Accounting Standards Board (GASB) issued Summary of Statement Number 101 Compensated Absences (GASB 101), which is required to be adopted for entities with fiscal years beginning after December 15, 2023. The objective of GASB 101 is to better meet the needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The District has considered the effect that GASB 101 will have on the financial statements and has adopted and implemented the requirements of GASB 101 for the year ended September 30, 2025.

NOTE 2: CASH OR CASH EQUIVALENTS

General:

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

Custodial Credit Risk

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

As of September 30, 2025, the District's deposits were exposed to custodial credit risk as follows:

Deposits without exposure to custodial credit risk:

Amount insured by FDIC or other agencies	\$ 112,566
Amount collateralized with securities held in trust, but not in District's name	210,502
Total deposits without exposure to custodial credit risk	<u>\$ 323,068</u>

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

Statement of net position	
Cash and cash equivalents	\$ 307,578
	<u>\$ 307,578</u>
Cash and cash equivalents as of September 30, 2025 consist of the following:	
Cash	\$ 97,076
Cash equivalents	
Idaho state investment pool deposits	210,502
	<u>\$ 307,578</u>

(Continued)

Worley Fire Protection District

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025

NOTE 2: CASH OR CASH EQUIVALENTS (CONCLUDED)

Custodial Credit Risk (Concluded)

The District's investments in 2a-7-like pools are valued based upon the value of pool shares. The District invests in one 2a-7-like pool, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The State Investment Pool is duly chartered and administered by the State Treasurer's office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements.

Credit Risk

The Idaho State Investment Pool does not have an established credit rating but invests in entities with a minimum credit rating of "A" as stipulated by Idaho code. The District does not have a formal policy for credit risk. Financial information on the investment pool can be obtained by contacting the Idaho State Treasurer.

NOTE 3: RECEIVABLES

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

Year	Balance 9/30/2024	Assessments Levied	Adjustments and Collections	Balance 9/30/2025
2020-2024	\$ 83,163	\$ 1,165,049	\$ (1,166,099)	\$ 82,113

In accordance with NCGA Interpretation #3, revenue, which is not received within 60 days of the year-end, has been reflected as deferred revenue. The balance as of September 30, 2025, is as follows:

Taxes due at September 30, 2025	\$ 82,113
Received October 2025	(3,415)
Received November 2025	<u>(1,623)</u>
Total	<u>\$ 77,075</u>

Accounts receivable include amounts due from various customers generally for permit fees. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectible. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with amounts receivable was \$0 for the year ended September 30, 2025.

(Continued)

Worley Fire Protection District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable capital assets:				
Land	\$ 128,500	\$ -	\$ -	\$ 128,500
Construction in process	-	55,832	-	55,832
Total non-depreciable capital assets	<u>128,500</u>	<u>55,832</u>	<u>-</u>	<u>184,332</u>
Depreciable capital assets:				
Buildings and improvements	2,927,865	17,296	-	2,945,161
Fire trucks/apparatus	1,516,330	376,774	(361,236)	1,531,868
Apparatus equipment	175,752	-	-	175,752
Station equipment	366,582	-	-	366,582
Furniture and fixtures	39,310	-	-	39,310
Total depreciable capital assets	<u>5,025,839</u>	<u>394,070</u>	<u>(361,236)</u>	<u>5,058,673</u>
Less accumulated depreciation for:				
Buildings and improvements	1,260,202	72,353	-	1,332,555
Fire trucks/apparatus	718,236	82,303	(99,663)	700,876
Apparatus equipment	173,022	1,221	-	174,243
Station equipment	261,302	21,831	-	283,133
Furniture and fixtures	39,310	-	-	39,310
Total accumulated depreciation	<u>2,452,072</u>	<u>177,708</u>	<u>(99,663)</u>	<u>2,530,117</u>
Total depreciable capital assets, net	<u>2,573,767</u>	<u>216,362</u>	<u>(261,573)</u>	<u>2,528,556</u>
Total capital assets, net	<u>\$ 2,702,267</u>	<u>\$ 272,194</u>	<u>\$ (261,573)</u>	<u>\$ 2,712,888</u>

Depreciation expense of \$177,708 for the year ended September 30, 2025, was charged to the public safety – fire protection governmental function.

The following is a gain on disposal of assets reconciliation for the year ended September 30, 2025:

Add: Recovered asset addition	\$ 299,893
Less: Gain on recovered asset	(248,473)
Total gain on disposal of assets	<u>\$ 51,420</u>

(Continued)

Worley Fire Protection District

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025

NOTE 5: LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended September 30, 2025, are as follows:

	Balance 9/30/2024	GASB 101 Adjustment	New debt/ Additions	Payments/ Reductions	Balance 9/30/2025	Current Portion
Financed purchase						
Mini Pumper Truck	\$ 219,513	\$ -	\$ -	\$ 23,701	\$ 195,812	\$ 24,684
Compensated absences	35,199	16,072	4,960	-	56,231	-
Total	<u>\$ 254,712</u>	<u>\$ 16,072</u>	<u>\$ 4,960</u>	<u>\$ 23,701</u>	<u>\$ 252,043</u>	<u>\$ 24,684</u>

NOTE 6: FINANCED PURCHASES

In July 2022, the District entered into a lease-purchase agreement financed with Community First National Bank for a 2022 New Fouts Four Mini-Pumper that expires in 2032 and includes an interest rate of 4.14%.

Future minimum lease-purchase agreement payments are as follows:

For the year ended,	Mini Pumper		
	Principal	Interest	Total
2026	\$ 24,684	\$ 8,114	\$ 32,798
2027	25,706	7,092	32,798
2028	26,772	6,026	32,798
2029	27,881	4,917	32,798
2030	29,036	3,761	32,797
Thereafter	61,733	3,864	65,597
	<u>\$ 195,812</u>	<u>\$ 33,774</u>	<u>\$ 229,586</u>

NOTE 7: OPERATING AGREEMENTS

The District has entered into a cooperative agreement with Kootenai County Emergency Medical Services System (the "System") authorized by Kootenai County. This agreement authorizes the System and the District to operate and manage Kootenai County's pre-hospital emergency medical services system, including paramedic, advanced and basic life support services, and emergency and non-emergency medical transport services. The District provides the System with sufficient personnel to staff an ambulance at their main station in Worley, on a twenty-four-hour basis, seven days per week. These employees shall always remain the employees of the District, and the District is responsible for payment of wages, benefits, and payroll taxes. In return, the System is required to pay the District \$20,375 monthly for each month this agreement is in effect. During the fiscal year ended September 30, 2025, the System paid the District \$244,495.

NOTE 8: RISK MANAGEMENT

The District's workman's compensation coverage is provided by the Idaho State Insurance Fund. During fiscal year ending September 30, 2025, the District paid \$29,606 from the general fund for this insurance coverage.

(Continued)

Worley Fire Protection District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE 9: DEFINED BENEFIT PENSION PLAN

Plan Description

The Worley 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.

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 72% for public safety. As of June 30, 2025, it was 7.18% for general employees and 10.36% for public safety. The employer contribution rate is set by the Retirement Board and was 11.96% for general employees and 13.98% for police and firefighters. The District's contributions were \$153,334 for the year ended September 30, 2025.

(Continued)

Worley Fire Protection District

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At September 30, 2025, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, 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 asset 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, 2025, the District's proportion was 0.0232525 percent.

For the year ended September 30, 2025, the District recognized pension expense (revenue) of (\$142,988). At September 30, 2025 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 144,544
Changes of assumptions	-	98,876
Net difference between projected and actual earnings on pension plan investments	105,959	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
Worley Fire Protection District's contributions subsequent to the measurement date	80,368	-
Total	<u>\$ 186,327</u>	<u>\$ 243,420</u>

\$80,368 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2026.

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, 2025, the beginning of the measurement period ended June 30, 2024, is 4.6 and 4.6 for the measurement period June 30, 2025.

(Continued)

Worley Fire Protection District

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

Year ended September 30:

2026	96,168
2027	(93,974)
2028	(85,998)
2029	(53,657)

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 asset in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increase	3.15%
Salary inflation	3.15%
Investment rate of return	6.55%
Cost-of-living adjustments	1.00%

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%

(Continued)

Worley Fire Protection District

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Concluded)

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, 2025, is based on the results of an actuarial valuation date July 1, 2025.

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 2025.

	2025	
Asset Class	DB Plans	Sick Leave
Fixed Income	30.0%	50.0%
US/Global Equity	55.0%	39.3%
International Equity	15.0%	10.7%
Cash	0.0%	0.0%
Total	100%	100%

Discount Rate

The discount rate used to measure the total pension liability was 6.55%. 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.

(Continued)

Worley Fire Protection District
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

Sensitivity of the Employer's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net pension asset calculated using the discount rate of 6.55 percent, as well as what the Employer's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.55 percent) or 1-percentage-point higher (7.55 percent) than the current rate:

	<u>1% Decrease (5.55%)</u>	<u>Current Discount Rate (6.55%)</u>	<u>1% Increase (7.55%)</u>
District's net pension liability	\$ 1,352,857	\$ 562,283	\$ (83,580)

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.

Payables to the Pension Plan

At September 30, 2025, the Worley Fire Protection District reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 10: EXCESS ACTUAL EXPENDITURES OVER BUDGET

The following is a schedule of excess expenditures over appropriations for the year ended September 30, 2025.

<u>Final Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess of Budgeted Expenditures</u>
\$ 1,537,792	\$ 2,277,044	\$ 739,252

(Continued)

Worley Fire Protection District

NOTES TO THE FINANCIAL STATEMENTS September 30, 2025

NOTE 11: ERROR CORRECTION

During the fiscal year ending September 30, 2025, the District restated beginning net position in the Government Wide Statement of Activities, to properly record the retrospective approach required for GASB 101 recognizing compensated absence accruals, in the amount of \$16,072.

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

Worley Fire Protection District

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGETARY AND ACTUAL For the Year Ended September 30, 2025

	Final* Budget	Actual	Variance with Final Budget
REVENUES			
Property taxes	\$ 1,165,049	\$ 1,216,562	\$ 51,513
Other county taxes	19,500	-	(19,500)
Sales tax	40,000	61,692	21,692
Emergency medical services	237,445	244,495	7,050
Permits and inspections	3,000	4,495	1,495
Fire Services	-	867,945	867,945
Interest income	18,000	14,294	(3,706)
Donations	32,798	156,992	124,194
Miscellaneous revenue	22,000	39,814	17,814
Total revenues	<u>1,537,792</u>	<u>2,606,289</u>	<u>1,068,497</u>
EXPENDITURES			
Labor	857,900	1,213,097	355,197
Payroll taxes and benefits	365,600	277,459	(88,141)
Professional fees	70,275	24,175	(46,100)
Administrative expenses	50,300	251,559	201,259
Station expenses	103,700	85,080	(18,620)
Communications	-	2,316	2,316
Fleet	17,500	146,675	129,175
Fire operations	27,000	83,537	56,537
Training	12,000	29,561	17,561
Capital outlay	33,517	130,787	97,270
Debt service:			
Principal	-	23,701	23,701
Interest	-	9,097	9,097
Total expenditures	<u>1,537,792</u>	<u>2,277,044</u>	<u>(739,252)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>329,245</u>	<u>329,245</u>
OTHER FINANCING SOURCES			
Insurance proceeds	-	97,312	97,312
Proceeds from sale of assets	-	13,100	13,100
Total other financing sources	<u>-</u>	<u>110,412</u>	<u>110,412</u>
Fund balances - beginning	-	387,535	387,535
Net change in fund balances	<u>-</u>	<u>439,657</u>	<u>439,657</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 827,192</u>	<u>\$ 827,192</u>

* Budget was not amended

Worley Fire Protection District

**GASB 68 Required Supplementary Information
For the Year Ended September 30, 2025**

**Schedule of Employer's Share of Net Pension Liability (Asset)
PERSI - Base Plan
Last 10 - Fiscal Years ***

	2025	2024
Employer's portion of the net pension liability (asset)	0.0232525%	0.0210893%
Employer's proportionate share of the net pension liability (asset)	\$ 562,283	\$ 788,874
Employer's covered-employee payroll	\$ 1,080,343	\$ 960,207
Employer's proportional share of the net pension liability (asset) as a percentage of its covered employee payroll	52.05%	82.16%
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.89%	85.54%

* GASB Statement No. 68 requires ten years of information to be presented in this table.

Data reported is measured as of June 30, 2025 (measurement date).

**Schedule of Employer Contributions
PERSI - Base Plan
Last 10 - Fiscal Years ***

	2025	2024
Statutorily required contribution	\$ 153,334	\$ 130,173
Contributions in relation to the statutorily required contribution	153,334	130,173
Contribution deficiency (excess)	\$ -	\$ -
Employer's covered-employee payroll of its covered employee payroll	\$ 1,080,343	\$ 960,207
Contributions as a percentage of covered-employee payroll	14.19%	13.56%

* GASB Statement No. 68 requires ten years of information to be presented in this table.

Data reported is reported as of September 30, 2025.

2023	2022	2021	2020	2019	2018	2017	2016
0.0167854%	0.0138928%	0.0176456%	0.0171494%	0.0136379%	0.0125487%	0.0125495%	0.0125183%
\$ 669,851	\$ 547,205	\$ (13,936)	\$ 398,232	\$ 155,673	\$ 185,096	\$ 197,257	\$ 253,765
\$ 760,119	\$ 521,919	\$ 628,899	\$ 616,411	\$ 487,411	\$ 396,968	\$ 374,236	\$ 424,431
88.12%	104.84%	-2.22%	64.60%	31.94%	46.63%	52.71%	59.79%
83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%

2023	2022	2021	2020	2019	2018	2017	2016
\$ 98,147	\$ 64,861	\$ 77,051	\$ 75,526	\$ 57,443	\$ 46,167	\$ 43,502	\$ 37,212
98,147	64,861	77,051	75,526	57,443	46,167	43,502	42,013
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,801)
\$ 760,119	\$ 521,919	\$ 628,899	\$ 616,411	\$ 487,411	\$ 396,968	\$ 374,236	\$ 424,431
12.91%	12.43%	12.25%	12.25%	11.79%	11.63%	11.62%	8.77%

FINANCIAL SECTION

REPORT REQUIRED BY THE GAO



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
Worley Fire Protection District
Worley, ID 83876

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 each major fund of Worley Fire Protection District as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Worley Fire Protection District's basic financial statements, and have issued our report thereon dated June 18, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2025-001 and 2025-002 that we consider to be material weaknesses.

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 (CONCLUDED)

Report on Compliance and Other Matters

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

Worley Fire Protection District's Response to Findings

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

Purpose of this Report

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

Magnuson, McHugh, Dougherty CPAs

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June 18, 2026

Worley Fire Protection District
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2025

Finding 2025-001

Material Weakness in Internal Control over Financial Reporting – Inadequate Segregation of Duties

Criteria: In order to have an effective system of internal controls, associated duties such as recording transactions, authorizing transactions, and maintaining the financial statements should all be segregated with different personnel.

Condition: The District is a small entity, with only one administrative employee performing financial accounting duties.

Context: We observed inadequate controls over financial reporting by performing internal control walkthroughs.

Effect or Potential Effect: The lack of segregation of duties increases the chances of errors or fraud occurring and not being detected by the District.

Cause: The District's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

Recommendation: It is our recommendation that the District be mindful of the lack of segregation of duties and explore options of implementing greater segregation of duties.

Views of the Responsible Officials and Planned Corrective Actions: Worley Fire District will now have the Commissioners sign off on the prior month's bank statement and reconciliation at the monthly Board of Commissioner's meeting.

Finding 2025-002

Material Weakness in Internal Control over Financial Reporting – Inadequate Internal Controls

Criteria: An effective system of internal controls covering duties such as recording transactions, authorizing transactions, and maintaining the financial statements should be established to ensure completeness of financial reporting.

Condition: The District is a small entity, with only one administrative employee performing financial accounting duties.

Context: During our fieldwork, it was necessary to make multiple adjustments to properly report the financial activities of the District. Specifically, adjustments were made to properly reflect year end accounts payable and accrued liabilities, compensated absences, tracking of capital asset activity, and recording of donations and associated expenditures.

Effect or Potential Effect: The lack of strong internal controls can lead to misstated financial reporting of the District.

Cause: The District's limited size and recent administrative staff turnover caused a loss of historical knowledge of the District and its financial reporting.

Recommendation: It is our recommendation that the District implements stronger internal controls around year end payable and receivable accruals, tracking of compensated absences, tracking of capital asset additions and disposals, and the tracking and recording of donations and associated expenditures.

Views of the Responsible Officials and Planned Corrective Actions: Worley Fire District will hire an outside accounting professional to help with year end and preparation for next year's audit.