

**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT NO. 1**  
**Minutes of Regular Meeting held June 12, 2012**

The Bonneville County Fire Protection District No. 1 ("Fire District") held its regular monthly meeting of Commissioners on Tuesday the 12<sup>th</sup> day of June, 2012, at the offices of Nelson Hall Parry Tucker, P.A., at 490 Memorial Drive, Suite 200, Idaho Falls, Idaho 83402 convening at 12:00 p.m.

The following were present:

Commissioners Dan Gubler, Dave Long and Ralph Isom were present in person. The following were also present: Fire District Liaison, Dick Fowler; Accountant, Terri Gazdik; Legal Counsel, Douglas R. Nelson; City of Idaho Falls Fire Chief, Dean Ellis; Bonneville County Zoning Administrator, Steve Serr; Ammon Fire Chief, Stacy Hyde; and Dana Izatt, CPA (outside auditor).

Notice of the time, place and purpose was posted at the Bonneville County Courthouse and at the premises of 490 Memorial Drive, Idaho Falls, Idaho. A copy of the notice and agenda is attached to these minutes.

It was declared that a Quorum of Commissioners were present and due notice of the meeting had been posted in accordance with law.

**DISCUSSION AND ACTIONS**

1. **Call to Order.** The meeting was called to order by Dan Gubler, acting as Chairman who confirmed that a quorum of Commissioners was present.
2. **Approval of Minutes.** Minutes of the regular meeting of Commissioners held at 12:00 p.m. on May 8, 2012, were reviewed and amended. A motion to approve the minutes was made by Ralph Isom and seconded by Dave Long, and the same was unanimously approved.
3. **Approval-Monthly Accountant Report and Bill Authorization.** The summary of accounts payable dated June 12, 2012, prepared and submitted by Accountant, Terri Gazdik was reviewed. The bills totaling the sum of \$17,386.41 were reviewed and discussed. A motion was made by Dave Long to pay the bills as listed on the summary of accounts payable plus the \$810.00 bill to Lincoln Storage. This motion was seconded by Dan Gubler and approved unanimously.
4. **Report by Dick Fowler.** Dick Fowler stated that the old fire station building located at 1695 E. Lincoln will be scheduled for a public auction sale during the month of July. It was suggested that the auction take place at the building. The commissioners requested that Mr.Fowler and legal counsel work together to prepare and publish the sale notices.

It was reported that a Certificate of Liability Insurance was received confirming that liability insurance coverage for Seasons West, Inc., was in place for the work that will be performed in concluding the landscaping at the new fire station.

Steve Serr mentioned that corrections had been made to the new Fire District map and that the Idahoan is constructing additions at its plant north of Idaho Falls by adding 4 new production lines. He also stated that Love Truck Stop which is located south of town is expected to be under construction soon.

5. **Audit Report.** CPA Dana Izatt, who serves as outside auditor for the Fire District, reviewed the audit report for the period ending September 30, 2011 and the Management Report for the same period. Mr. Izatt stated that he has rendered an unqualified opinion that the Fire District's accounting and operating practices are in accordance with generally accepted practices and that no material claims or exceptions appear. Copies of the two reports will be attached to these minutes.

6. **Report by Dean Ellis.** Chief Ellis stated that truck 421 C, the water tender located at Station 4, has a water leak along the front of the tank. It has a small but constant drip. It is felt that the tank needs to be removed and welded. Ralph Isom volunteered to inspect the truck and recommend what needs to be done to resolve the problem..

Chief Ellis also reported that an Interagency Fire Exercise at the fairgrounds in Blackfoot will be held on June 30th.

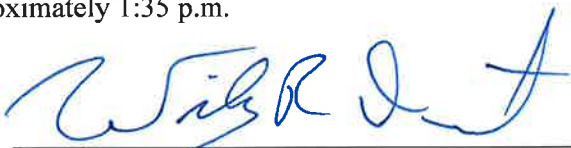
7. **Discussion and Report on Old Business.** The budget hearing date was discussed. The budget hearing will be August 28, 2010, at 12:00 p.m. The district must publish notice of the budget hearing in the newspaper two weeks in advance.

A discussion was had regarding the amount of road base that was laid down at the new fire station in the parking area along the fence. Dick Fowler will follow up with TMC Contractors about them coming back to touch up the road base.

Commissioner Gubler said that the District's property on 55<sup>th</sup> West needs to be surveyed. Mr. Fowler will find an engineering firm to give an estimate on what it will cost to survey the lot.

8. **Recess/adjournment.** There being no further business to come before the Board of Commissioners at the meeting and upon motion made unanimously accepted, the meeting was adjourned at approximately 1:35 p.m.

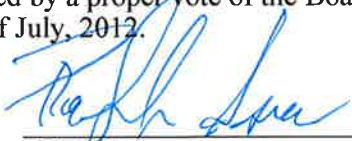
Approved this 10<sup>th</sup> day of July, 2012.

  
for: Douglas R. Nelson, Assistant Secretary

  
Approved by Acting Board Chairman

ATTEST:

The undersigned, as Secretary of the Bonneville County Fire Protection District No. 1, hereby attests that the foregoing minutes were approved by a proper vote of the Board of Commissioners of the Fire Protection District on the 10<sup>th</sup> day of July, 2012.

  
Ralph Isom, Secretary

## **BONNEVILLE COUNTY FIRE PROTECTION DISTRICT NO. 1**

### **NOTICE AND AGENDA FOR MONTHLY MEETING**

**June 12, 2012**

Notice is hereby given that the Bonneville County Fire Protection District No. 1 ("Fire District") will hold its regularly scheduled monthly meeting on Tuesday, June 12, 2012 at the hour of 12:00 o'clock p.m. to be held in the large upstairs conference room at Nelson Hall Parry Tucker, P.A., located at 490 Memorial Drive, Idaho Falls, Idaho 83402. The Commissioners of the Fire District will take up the following agenda during the meeting:

1. Call to Order and Roll Call (Chairman)
2. Review and approve minutes of the May 8, 2012 regular monthly meeting.
3. Review and action on May, 2012 monthly bills and financial statement (Terri Gazdik)
4. District Liaison Report on pending matters. (Dick Fowler)
5. Report from Idaho Falls Fire Chief (Dean Ellis)
6. Discussion and Report on Old Business, including:
  - a. Budget hearing
  - b. Dana Izatt–review of audit
7. New Business issues as brought by patrons and participants.
9. Executive Session to discuss contract negotiation and obtain legal advise
10. Recess/Adjournment

Bonneville County Fire Protection District No. 1, Ralph Isom, Dan Gubler, and Dave Long, Commissioners.

**Bonneville County Fire Protection District #1**  
**Summary of Accounts Payable**  
**June 12, 2012**

Vendor	Purchase	Invoice Date	Due Date	Invoice Amount	Discount Available	Net Amt Due
Dick Fowler	Consulting (May)	06/07/12	Upon receipt	725.00		725.00
Nelson Hall Parry Tucker PA	May Statement	06/08/12	Upon receipt	1,646.75		1,646.75
Cooper Norman	May Statement	05/31/12	6/30/2012	1,246.00		1,246.00
Century Link	Phone (Pd online)	05/28/12	6/16/2012	61.66		61.66
Red, Inc.	Website development	05/18/12	Upon receipt	47.50		47.50
Richardson Concrete	Sidewalk at new fire station	05/23/12	6/23/2012	6,500.00		6,500.00
Cable One	Cable new fire station	05/17/12	6/1/2012	59.50		59.50
Searle Hart & Associates PLLC	Audited FS at 09/30/11	06/04/12	Upon receipt	4,600.00		4,600.00
Boam and Associates	Commercial appraisal	06/06/12	Upon receipt	2,500.00		2,500.00
<b>Total</b>				<b>17,386.41</b>		<b>17,386.41</b>

**Current Interest Rate**

Fiscal year 2011/2012		
City of Idaho Falls payments		
<u>Due</u>		
October	x	373,598.25
January	x	373,598.25
April	x	373,598.25
July		373,598.25
<b>Total</b>		<b>1,494,393.00</b>
<u>New Construction money</u>		
<u>Due</u>		
3/1/2011	x	6,064.00
9/1/2011		6,064.00
		<b>12,128.00</b>

CD-Scenic Falls CU Account Matures 12/26/12	#466	247,747.52	0.60%	
Scenic Falls - Other Accts.	Share Acct.	33.03	0.25%	
Bank of Commerce Matures 01/06/13	#3801005710	207,411.72	1.00%	
Bank of Commerce Matures 12/14/12	#3801005705	263,548.07	1.00%	
Bank of Commerce Matures	#3801005753	264,301.73	0.80%	
Bank of Commerce Matures	#3801005752	266,426.63	0.80%	
Idaho Central Credit Union Savings	702026946	25.00		Required savings account to open account
Zions Bank	Money Market #473607265	75,436.31	0.20%	Not a fixed rate-fluctuates monthly.
Bank of Commerce	Checking #1101177732	66,370.00		Non Interest bearing (net of current month checks)
Bank of Commerce	Money Market #1101193507	87,697.45	0.15%	
Bank of Idaho	Money Market/Sweep AIM Tax Free Muni	249,542.98		256,713.85 market value
				7,170.87 unrealized gain on investment
				8.62% annual yield
<b>TOTAL</b>		<b>1,728,540.44</b>		

Authorization to pay bills



9:46 AM

06/12/12

Accrual Basis

**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1**  
**Profit & Loss Budget vs. Actual**  
**October 2011 through June 2012**

	Oct '11 - Jun 12	Budget	\$ Over Budget	% of Budget
<b>Income</b>				
400.0 · Tax Revenues	1,338,662.64	1,466,253.00	-127,590.36	91.3%
410.0 · Interest Income	9,629.37	21,237.75	-11,608.38	45.3%
<b>Total Income</b>	1,348,292.01	1,487,490.75	-139,198.74	90.6%
<b>Expense</b>				
500.00 · Advertising	0.00	375.02	-375.02	0.0%
510.00 · Bank Charges	465.60	149.99	315.61	310.4%
520.00 · Capital Outlay	391,541.65	377,600.00	13,941.65	103.7%
535.00 · Dues & Subscriptions	0.00	1,125.00	-1,125.00	0.0%
550.00 · Ins - Fire, Auto & Liab.	3,292.63	2,624.99	667.64	125.4%
568.00 · Audit Fees	4,600.00	3,375.00	1,225.00	136.3%
569.00 · Accounting Costs	11,373.50	10,499.99	873.51	108.3%
570.00 · Legal Costs	19,761.10	22,500.00	-2,738.90	87.8%
571.00 · Consulting Services - Website	442.50	1,125.00	-682.50	39.3%
572.00 · Contract Services-Inspections	0.00	7,500.01	-7,500.01	0.0%
573.00 · Consulting	5,800.00	6,525.00	-725.00	88.9%
574.00 · Contract Services-Machine Hire	0.00	1,499.99	-1,499.99	0.0%
575.00 · Maintenance/Operation #4	1,729.79	4,125.01	-2,395.22	41.9%
585.00 · Office Expense	657.00			
587.00 · Office Rent and Telephone	1,235.10	1,500.00	-264.90	82.3%
615.00 · Repairs - Equipment	1,708.36			
625.00 · Supplies	6,547.10			
634.00 · Property Taxes	62.00			
640.00 · Utilities	2,152.86			
650.00 · Wages - Tax & Insurance	6,966.94	11,850.00	-4,883.06	58.8%
700.00 · Payments - City of Idaho Falls	1,126,858.75	1,126,858.75	0.00	100.0%
<b>Total Expense</b>	1,585,194.88	1,579,233.75	5,961.13	100.4%
<b>Net Income</b>	<b>-236,902.87</b>	<b>-91,743.00</b>	<b>-145,159.87</b>	<b>258.2%</b>

**BONNEVILLE COUNTY  
FIRE PROTECTION DISTRICT #1  
IDAHO FALLS, IDAHO  
ANNUAL FINANCIAL REPORT  
and  
COMPLIANCE REPORTS  
with  
INDEPENDENT AUDITORS' REPORT  
For the Year Ended September 30, 2011**

**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1 - STATE OF IDAHO**  
**ANNUAL FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2011**

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***INDEPENDENT AUDITORS' REPORT***

**The Honorable Board of Commissioners  
Bonneville County Fire Protection District #1  
Idaho Falls, Idaho**

We have audited the accompanying financial statements of the governmental activities and each major fund of Bonneville County Fire Protection District #1, Idaho Falls, Idaho, as of and for the year ended September 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bonneville County Fire Protection District #1's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Bonneville County Fire Protection District #1, Idaho Falls, Idaho, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Bonneville County Fire Protection District #1, Idaho Falls, Idaho, has not presented management discussion and analysis, that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 12, 2012, on our consideration of Bonneville County Fire Protection District #1, Idaho Falls, Idaho's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison schedules are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bonneville County Fire Protection District #1's basic financial statements. The supplemental schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund has been presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplemental schedule has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Searle Hart & Associates PLLC*

June 12, 2012

**FINANCIAL SECTION**

**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1-STATE OF IDAHO**  
**STATEMENT OF NET ASSETS**  
**September 30, 2011**

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 210,560	\$ -	\$ 210,560
Investments	1,960,174	-	1,960,174
Taxes receivable	116,905	-	116,905
Internal balances	-	-	-
Due from other governmental agencies	-	-	-
Inventories	-	-	-
Other assets	-	-	-
<b>Capital Assets</b>			
Land and improvements not being depreciated	165,183	-	165,183
Construction in progress	323,648	-	323,648
Buildings	200,000	-	200,000
Equipment and furniture	1,607,366	-	1,607,366
Equipment under capital leases	-	-	-
Less: accumulated depreciation	<u>(914,545)</u>	<u>-</u>	<u>(914,545)</u>
Total Capital Assets	<u>1,381,652</u>	<u>-</u>	<u>1,381,652</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,669,291</u>	<u>\$ -</u>	<u>\$ 3,669,291</u>

	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 201,157	\$ -	\$ 201,157
Due to other governmental agencies	-	-	-
Deferred revenues	-	-	-
<b>Long-term liabilities</b>			
<b>Due within one year</b>			
Bonds, capital leases and contracts	-	-	-
Accrued interest	-	-	-
Compensated absences	-	-	-
Claims and judgments	-	-	-
<b>Due in more than one year</b>			
Bonds, capital leases and contracts	-	-	-
Compensated absences	-	-	-
Claims and judgments	-	-	-
<b>TOTAL LIABILITIES</b>	<u>201,157</u>	<u>-</u>	<u>201,157</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,381,652	-	1,381,652
Restricted for:			
Capital projects	-	-	-
Debt service	-	-	-
Other projects	-	-	-
Unrestricted	<u>2,086,482</u>	<u>-</u>	<u>2,086,482</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 3,468,134</u>	<u>\$ -</u>	<u>\$ 3,468,134</u>

**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1-STATE OF IDAHO**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2011**

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUE		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	1,656,521	-	-	-
Public works	-	-	-	-
Health, welfare and sanitation	-	-	-	-
Culture and recreation	-	-	-	-
Education	-	-	-	-
Conservation/economic development	-	-	-	-
Interest on long-term debt	-	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>1,656,521</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 1,656,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Franchise taxes

Public service taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Special item - gain on sale of assets

Transfers

**TOTAL GENERAL REVENUES, SPECIAL ITEMS,  
AND TRANSFERS**

Change in net assets

Net Assets, October 1, 2010

**NET ASSETS, SEPTEMBER 30, 2011**

**NET (EXPENSE) REVENUE  
AND CHANGES IN  
NET ASSETS**

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
\$ -	\$ -	\$ -
(1,656,521)	-	(1,656,521)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
(1,656,521)	-	(1,656,521)
(1,656,521)	-	(1,656,521)
1,967,078	-	1,967,078
-	-	-
-	-	-
-	-	-
24,989	-	24,989
-	-	-
-	-	-
-	-	-
1,992,067	-	1,992,067
335,546	-	335,546
3,132,588	-	3,132,588
\$ 3,468,134	\$ -	\$ 3,468,134

**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1-STATE OF IDAHO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**September 30, 2011**

	<u>GENERAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 210,560	\$ 210,560
Investments	1,960,174	1,960,174
Taxes receivable, net	116,905	116,905
Due from other funds	-	-
Receivable from other governments	-	-
Other receivables	-	-
Inventories	-	-
Prepaid expenses	-	-
	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<b>\$ <u>2,287,639</u></b>	<b>\$ <u>2,287,639</u></b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 200,738	\$ 200,738
Due to other funds	-	-
Payable to other governments	-	-
Deferred revenue	71,219	71,219
Other payables	419	419
	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES</b>	<b><u>272,376</u></b>	<b><u>272,376</u></b>
<b>FUND BALANCES</b>		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	2,015,263	2,015,263
	<u>          </u>	<u>          </u>
<b>TOTAL FUND BALANCES</b>	<b><u>2,015,263</u></b>	<b><u>2,015,263</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>2,287,639</u></b>	<b>\$ <u>2,287,639</u></b>

**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1-STATE OF IDAHO  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
September 30, 2011**

Total fund balance, governmental funds \$ 2,015,263

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 1,381,652

Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 71,219

Some liabilities, (such as Notes Payable, Capital Lease Contracts Payable, Long-term Compensated Absences, and Bonds Payable ), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets. -

Net Assets of Governmental Activities in the Statement of Net Assets \$ 3,468,134



**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1-STATE OF IDAHO  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
For the Year Ended September 30, 2011**

	<u>GENERAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>		
Property taxes	\$ 1,966,568	\$ 1,966,568
Sales and miscellaneous taxes	-	-
Fees and fines	-	-
Licenses and permits	-	-
Intergovernmental	-	-
Charges for services	-	-
Investment earnings	24,989	24,989
Miscellaneous	-	-
	<u>1,991,557</u>	<u>1,991,557</u>
<b>EXPENDITURES</b>		
Current:		
General government	-	-
Public safety	1,559,070	1,559,070
Public works	-	-
Health and sanitation	-	-
Culture and recreation	-	-
Education	-	-
Conservation/economic development	-	-
Debt Service:		
Principal	-	-
Interest and other charges	-	-
Capital outlay	<u>354,423</u>	<u>354,423</u>
	<u>1,913,493</u>	<u>1,913,493</u>
Excess (deficiency) of revenues over expenditures	78,064	78,064
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	-
Transfers out	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
<b>SPECIAL ITEM</b>		
Proceeds from sale of assets	<u>-</u>	<u>-</u>
Net change in fund balances	78,064	78,064
Fund Balances, October 1, 2010	<u>1,937,199</u>	<u>1,937,199</u>
<b>FUND BALANCES, SEPT. 30, 2011</b>	<b>\$ <u>2,015,263</u></b>	<b>\$ <u>2,015,263</u></b>

**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1-STATE OF IDAHO  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2011**

Net change in fund balances - total governmental funds: \$ 78,064

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which capital outlays \$354,423 exceeded depreciation \$97,451 in the current period. 256,972

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

510

Change in net assets of governmental activities \$ 335,546

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**NOTES TO THE FINANCIAL STATEMENTS**

**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1 - STATE OF IDAHO**  
**INDEX TO NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2011**

**NOTES INDEX**

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  - B. Reporting Entity
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  - D. Measurement Focus and Basis of Accounting
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  - F. Budgets and Budgetary Accounting
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2. Cash and Investments
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12. Nonspendable and Spendable Fund Balances
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**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1 - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Bonneville County Fire Protection District #1 is organized and operates under the provisions of the Idaho Constitution and the accounting policies and practices of the District conform to accounting principles generally accepted in the United States of America as applied to governments, except for the exceptions noted hereafter:

**A. GENERAL**

The financial statements listed in the table of contents have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In June 1999, the GASB issued and approved Statements No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. These statements establish new financial reporting requirements for state and local governments, public colleges, and universities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Certain significant changes in the statement include the following:

- Financial statements prepared using the full accrual accounting method for all District activities including infrastructure (roads, bridges, etc.).

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial position.

**B. REPORTING ENTITY**

The scope of the reporting entity is intended to cover those funds under the direct jurisdiction of other governing boards, elected or appointed, that exercise substantially or total administrative and supervisory authority in their name are considered to be substantially autonomous from Bonneville County Fire Protection District #1 government and are not included in this report.

**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The District's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the District as a whole, while the fund statements focus on individual funds.

***Government-wide Financial Statements***

The government-wide statements present information on all non-fiduciary activities of the government. The District's activities are distinguished between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The effects of interfund activity have been eliminated from the government-wide statements except for the residual amounts due between governmental and business-type activities.

**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1 - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The *Statement of Net Assets* presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed upon them are either externally imposed or are imposed by constitutional provisions or enabling legislation.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. The District does not allocate general government (indirect) expenses to other functions. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

***Fund Financial Statements***

The financial transactions of the District are recorded in individual funds. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Separate statements are provided for *governmental, proprietary, and fiduciary funds*. For governmental and proprietary funds, the emphasis is on *major funds*, with each displayed in a separate column.

The District reports the following major governmental funds:

- **General Fund** - This fund is the principal operating fund of the District. It is used to account for all financial resources not required to be accounted for in another fund.

There are no nonmajor funds.

**Governmental Fund Types**

Governmental funds account for the District's general activities including current expendable financial resources (except for those accounted for in proprietary funds), and are those through which most governmental functions of the District are financed. The following are the District's governmental fund types:

**General Fund** – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** – Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specific purposes.

**Capital Projects Funds** – The Capital Projects Funds are used to account for the financial resources used to acquire major capital assets (other than those financed by proprietary funds).

**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1 - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Proprietary Fund Types – Enterprise Funds

Enterprise Funds – Enterprise Funds account for operations that meet one of two criteria: 1) the activity runs in a manner similar to private business enterprises. Moreover, the intent of the governing body is that the ongoing operating costs (including depreciation) of providing goods or services to the public are financed or recovered primarily through user charges, or 2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Types

Fiduciary Funds – Fiduciary Funds account for assets held in a trustee capacity or as an agent for individuals, private organizations, or other governments. The reporting focus is on net assets and changes in net assets.

Trust and Agency Funds – Private Purpose Trust Funds account for funds held in a trustee capacity. Agency funds are purely custodial in nature.

**D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Property taxes are recognized as revenues in the year for which they are levied. Other revenues are recognized in the year in which the related sales or other activity has occurred. Grants and similar items are recognized as revenue when all eligibility requirements have been met.

The proprietary and fiduciary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues generally result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating items, such as interest expense and investment earnings, result from nonexchange transactions or ancillary activities.

For business-type activities and enterprise funds, the District follows all GASB pronouncements and all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 unless those standards conflict with a GASB pronouncement.

The governmental fund financial statements are prepared and reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Expenditures are generally recorded when the related liability is incurred.

**E. ASSETS, LIABILITIES, AND FUND BALANCES/NET ASSETS**

Following are the District's significant policies regarding recognition and reporting of certain assets, liabilities, and equity.



**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1 - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and Investments

Cash and cash equivalents consist primarily of demand deposits with financial institutions and short-term investments with original maturities of three months or less from the purchase date. Investments include pooled investments and certificates of deposit with original maturities greater than three months.

Receivables

Receivables include accrued amounts for sales taxes and delinquent property taxes. Receivables from other governments are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

Taxes Receivable

Property taxes are levied in September of each year and become payable on December 20 and June 20 of the following year for real property taxes and December 20 for personal property taxes.

Property taxes attach as an enforceable lien as of December 20 following levy in September. Therefore, no amount has been set aside for an allowance of doubtful accounts. Property taxes not collected before December 1, 2011 are classified as deferred revenue.

Capital Assets

The District defines a capital asset as an asset with an initial cost of \$5,000 or more for equipment, \$50,000 or more for land and buildings and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value on the date of donation.

Capital assets purchased in governmental funds are recorded as expenditures in the governmental fund statements. Interest expense for capital asset construction related to governmental activities is not capitalized. Interest expense incurred during construction of capital assets related to business-type activities is capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Building, equipment, infrastructure, and other depreciable assets are depreciated using the straightline method over the following estimated useful lives of 5 to 70 years.

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Long-term Obligations

In the government-wide statements and proprietary fund statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts, and issuance costs 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.

**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1 - STATE OF IDAHO  
NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended September 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In the governmental fund financial statements, bond premiums, discounts, and issuance costs are recognized as expenditures in the current period. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The face amount of debt issued is reported as other financing sources.

Net Assets/Fund Balances

The difference between assets and liabilities is net assets on the government-wide, proprietary fund, and fiduciary fund statements, and fund balance on the governmental fund statements.

**F. BUDGETS AND BUDGETARY ACCOUNTING**

The Idaho Constitution and the Idaho Department of Revenue and Taxation prescribe the budget process and procedures for governmental subdivisions. The Bonneville County Fire Protection District #1 has satisfied the basic requirements prescribed in the following particulars:

- 1) Formulation of subsequent year budget requirements by internal District officers and personnel.
- 2) Perusal of formulated budgets by the Commissioners and management.
- 3) Presentation of preliminary and final budget requirements in formal news media of the District.
- 4) Open hearings to permit taxpayer input before such budgets are formally adopted.

Subsequent control budgets following adoption is accomplished through a budget-expenditures control system with interim status accounting and reporting made available to officers and employees for management purposes. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The District does not maintain a formal encumbrance accounting system.

**G. COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS**

The District has a contractual agreement with the City of Idaho Falls, Idaho to compensate the fire fighters. The accrued compensation and post-employment benefits are accounted for on the books of the City of Idaho Falls, Idaho.

**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1 - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. REVENUES AND EXPENDITURES/EXPENSES**

Under the modified accrual basis of accounting, revenues are recognized in governmental funds when "measurable and available." Revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. Bonneville County Fire Protection District #1 considers property tax revenues to be "available" if they are collected within 60 days after year-end. Grants and similar items are recognized as revenue when all eligibility requirements have been met. Expenditure reimbursement that is received within 30 days after year-end will be booked as revenue. All other revenues, including sales taxes, are booked as revenue in the year they are received. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

In proprietary funds and government-wide statements, revenues are recognized when earned.

**I. EXPENDITURE/EXPENSE RECOGNITION**

In governmental funds, expenditures are generally recorded when the related liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisition and construction are reported as expenditures in the period they are acquired.

In proprietary funds and government-wide statements, expenses are recorded when the related liability is incurred.

Operating expenses for the enterprise fund, if applicable, include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When an expenditure or expense is incurred for purposes for which both restricted and unrestricted resources are available, the District generally uses restricted resources first, then unrestricted resources.

**J. INTERFUND ACTIVITY AND BALANCES**

Government-wide Statements

In general, eliminations have been made to minimize the double-counting of internal activity. There were no interfund receivables or payables at September 30, 2011. During 2011, there were no transfers between governmental and business-type activities.

Governmental Fund Statements

Interfund transactions for goods and services provided and used are reported as revenues and expenditures/expenses in the funds involved. Cash transfers between funds of the District are reported as other financing sources and uses in the governmental fund statements.

**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1 - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. USE OF ESTIMATES**

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

**2. CASH AND INVESTMENTS**

The District in effect maintains a cash and investment pool that is available for use by all funds. Cash deposits and cash investments by the District as of September 30, 2011 totaled \$2,170,374 of which \$210,560 represents demand and saving deposits (interest bearing) and \$1,960,174 is invested with banks in Certificates of Deposit. Of the total deposits for the District, \$2,170,374 was allocated to governmental funds.

The deposits and simple investments by the District are not collateralized nor are they required to be by Idaho State statute.

Of the total deposits and investments by the District, \$996,692 is insured by the Federal Deposit Insurance Corporation, regulations which are published in the Code of Federal Regulations (12 C.F.R. Part 330).

The District follows the requirements of the Idaho Public Depository Law (Idaho Code Section, Title 57-100), and applicable investment rights and restrictions cited by Idaho Code Section, Title 67, 67-1210.

*Custodial Credit Risk-Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of September 30, 2011, \$1,176,022 of the government's bank balance of \$2,172,714 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized of \$1,176,022 for a total of \$1,176,022.

**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1 - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2011**

**3. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2011 was as follows:

	Balance 10-01-10	Additions	Deletions	Balance 9-30-11
<b><u>Governmental Activities</u></b>				
Capital assets, not being depreciated				
Land	\$ 165,183	\$ -	\$ -	\$ 165,183
Construction in progress	-	323,648	-	323,648
Total capital assets, not being depreciated	<u>165,183</u>	<u>323,648</u>	<u>-</u>	<u>488,831</u>
Capital assets, being depreciated				
Buildings and improvements	200,000	-	-	200,000
Machinery and equipment	1,576,591	30,775	-	1,607,366
Total capital assets, being depreciated	<u>1,776,591</u>	<u>30,775</u>	<u>-</u>	<u>1,807,366</u>
Less accumulated depreciation for				
Buildings and improvements	(76,000)	(4,000)	-	(80,000)
Machinery and equipment	(741,094)	(93,451)	-	(834,545)
Total accumulated depreciation	<u>(817,094)</u>	<u>(97,451)</u>	<u>-</u>	<u>(914,545)</u>
Total capital assets, being depreciated, net	<u>959,497</u>	<u>(66,676)</u>	<u>-</u>	<u>892,821</u>
Governmental activity, capital assets, net	<u>\$ 1,124,680</u>	<u>\$ 256,972</u>	<u>\$ -</u>	<u>\$ 1,381,652</u>

Depreciation expense was charged to current function of the primary government as follows:

<b><u>Governmental Activities</u></b>	
Public safety	<u>\$ 97,451</u>
Total governmental activities	<u>\$ 97,451</u>

**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1 - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2011**

**4. RETIREMENT PLAN**

Public Employee Retirement System of Idaho (PERSI) – The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After 5 years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% (2.3% police/firefighter) of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone financial reports that include audited financial statements and required supplementary information. These reports may be obtained from PERSI's website [www.persi.ida.gov](http://www.persi.ida.gov).

The firemen for the District are paid by the City of Idaho Falls. The District pays a contract amount to the City which includes wages and benefits for the firemen. See the audit report for the City of Idaho Falls for amounts paid to PERSI for firemen.

**5. RELATED PARTY TRANSACTIONS**

The District has not been directly involved in related party transactions that would violate the Idaho Code or Federal Regulations.

**6. MATERIAL VIOLATION OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS**

There are no known violations of direct finance-related legal and contractual provisions.

**7. RISK MANAGEMENT**

Bonneville County Fire Protection District #1 is exposed to a considerable number of risks of loss, including : a) damage to and loss of property and contents; b) employee tort; c) professional liability, i.e. errors and omissions; d) environmental damage; e) workers' compensation, i.e. employee injuries; and f) medical insurance costs of employees. Commercial policies, transferring the risk of loss, except for relatively small deductible amounts, are purchased for property and content damage, employee torts, and professional liabilities. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There has not been any significant reduction in coverage from that of the previous year.

**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1 - STATE OF IDAHO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended September 30, 2011**

**8. EXPENDITURE BUDGET VIOLATIONS**

During the current year the District exceeded the budgeted amount by \$44,275. The District had sufficient cash to cover the overage of expenditures.

**9. DEFICITS AND INTERFUND TRANSACTIONS**

There were no deficit fund balances as of September 30, 2011.

There were no interfund account balances at September 30, 2011.

**10. INTERFUND TRANSFERS**

There were no interfund transfers.

**11. SUBSEQUENT EVENTS**

There are no known subsequent events that will have a material impact on the operation of the District. Subsequent events have been considered through the report date of June 12, 2012.

**12. NONSPENDABLE AND SPENDABLE FUND BALANCES**

Fund balance is separated into nonspendable and spendable balance. Nonspendable fund balance includes amounts that cannot be spent because they are either: (1) not in spendable form; or (2) legally or contractually required to be maintained intact. Spendable amounts are classified into restricted, committed, assigned and unassigned. The following is a list of nonspendable and spendable fund balance designations for the District.

*Unassigned.* This fund balance is not assigned to any specific purpose. The District will use the unassigned fund balance for expenditures in the subsequent fiscal year.

**13. USE OF ACCUMULATED FUNDS**

The population and area of the District has increased substantially over the last ten years. During the year ended 9/30/08, the Commissioners identified locations in the district that would be better served by adding another station. Property has been purchased for a cost of \$95,183 and construction is in progress to build a new station. In the spring of 2010, two acres of land on the west side of Idaho Falls was donated by Wild West Properties LLC (Terry Layland family) for the potential construction of a fire station. The land was valued at \$70,000.

**REQUIRED SUPPLEMENTARY INFORMATION**



**BONNEVILLE COUNTY FIRE PROTECTION DISTRICT #1-STATE OF IDAHO  
 BUDGET AND ACTUAL (WITH VARIANCES)  
 GENERAL FUND  
 For the year ended September 30, 2011**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>BUDGETARY</u>	<u>FINAL BUDGET-</u>
			<u>BASIS</u>	<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Taxes	\$ 1,832,218	\$ 1,832,218	\$ 1,966,568	\$ 134,350
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Investment interest	37,000	37,000	24,989	(12,011)
Misc. and contributions	-	-	-	-
	<u>1,869,218</u>	<u>1,869,218</u>	<u>1,991,557</u>	<u>122,339</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	1,569,218	1,569,218	1,559,070	10,148
Public health	-	-	-	-
Street and public improvement	-	-	-	-
Parks, recreation, public property	-	-	-	-
Conservation/Economic development	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>300,000</u>	<u>300,000</u>	<u>354,423</u>	<u>(54,423)</u>
	<u>1,869,218</u>	<u>1,869,218</u>	<u>1,913,493</u>	<u>(44,275)</u>
Revenues over (under) expenditures	-	-	78,064	78,064
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<b>SPECIAL ITEM</b>				
Proceeds from sale of assets	-	-	-	-
Net change in fund balances	-	-	78,064	78,064
Fund Balances, October 1, 2010	<u>1,937,199</u>	<u>1,937,199</u>	<u>1,937,199</u>	<u>-</u>
<b>FUND BALANCES, SEPT. 30, 2011</b>	<u>\$ 1,937,199</u>	<u>\$ 1,937,199</u>	<u>\$ 2,015,263</u>	<u>\$ 78,064</u>

**SUPPLEMENTARY INFORMATION**

**OTHER SUPPLEMENTARY INFORMATION**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**The Honorable Board of Commissioners  
Bonneville County Fire Protection District #1  
Idaho Falls, Idaho**

We have audited the financial statements of the governmental activities and each major fund of Bonneville County Fire Protection District #1, Idaho Falls, Idaho as of and for the year ended September 30, 2011, and have issued our report thereon dated June 12, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bonneville County Fire Protection District #1, Idaho Falls, Idaho's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bonneville County Fire Protection District #1, Idaho Falls, Idaho's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to management of Bonneville County Fire Protection District #1, Idaho Falls, Idaho in a separate letter dated June 12, 2012.

This report is intended solely for the information and use of the management, others within the organization, District Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

*Searle Hart & Associates PLLC*  
June 12, 2012

**BONNEVILLE COUNTY FIRE PROTECTION  
DISTRICT #1  
IDAHO FALLS, IDAHO  
MANAGEMENT REPORT  
For the Year Ended September 30, 2011**

June 12, 2012

**Honorable Board of Commissioners  
Bonneville County Fire Protection District #1  
Idaho Falls, Idaho**

Re: Management Letter

In planning and performing our audit of the financial statements of the Bonneville County Fire Protection District #1, for the year ended September 30, 2011, we considered the District's internal control. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We have noted a few suggestions for enhancement of internal control which are listed below.

Budget Overage

The District exceeded the adopted budget this year. We recommend that the District open up the adopted budget when it appears the budget will be exceeded. This will allow the District to spend the additional expenditures not originally included in the adopted budget.

Graph Presentations

Attached are some graphs which should be informative and beneficial in evaluating performance and trends of the District.

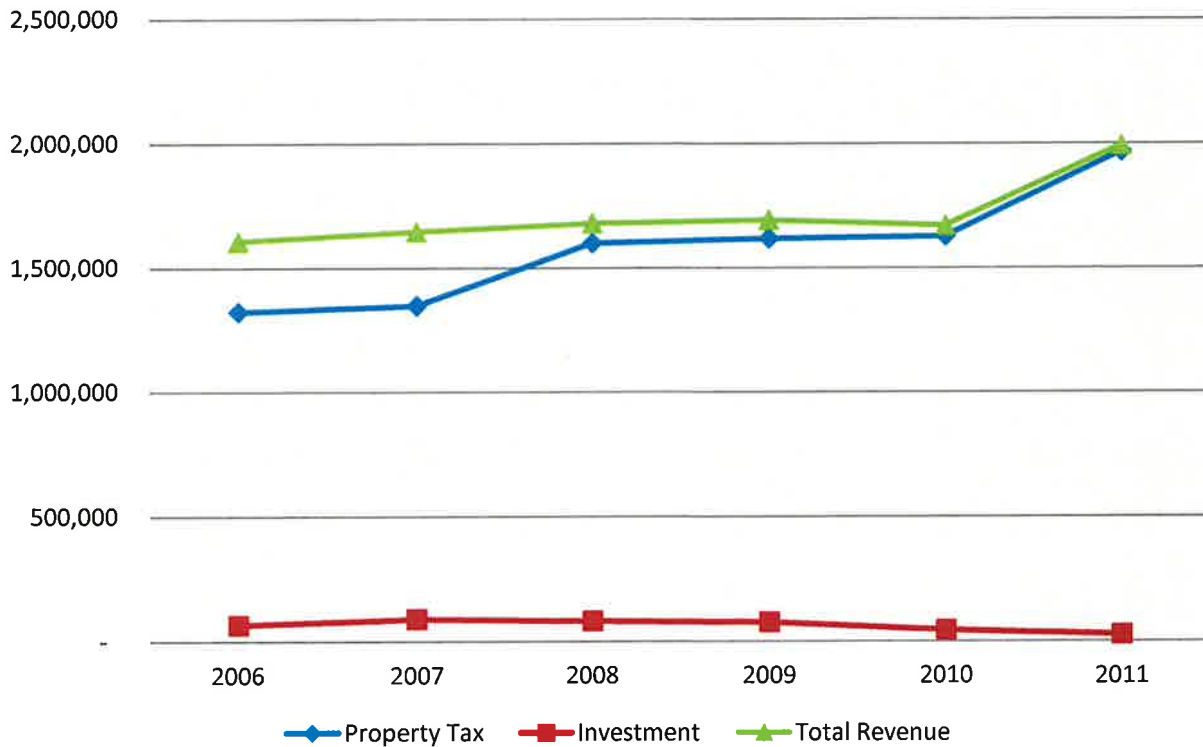
This report is intended solely for the information and use of the District commissioners and management. This restriction is not intended to limit distribution of this report, which is a matter of public record.



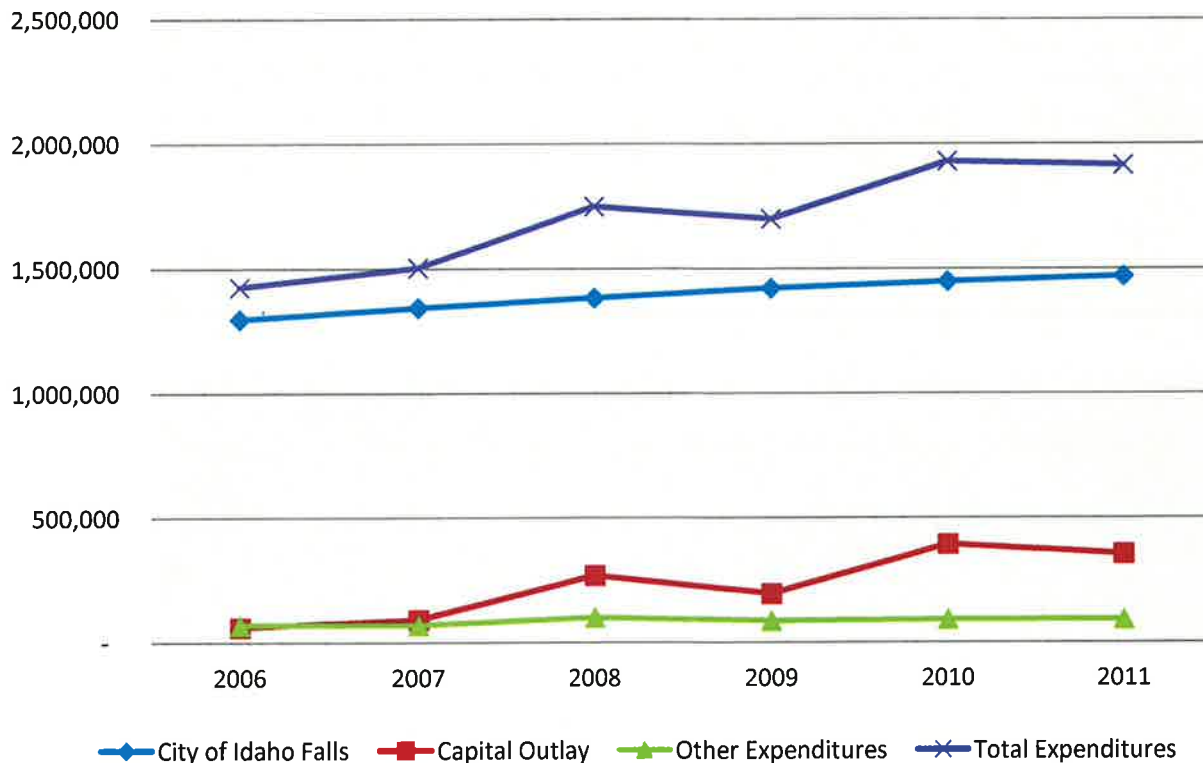
Searle Hart & Associates PLLC  
Certified Public Accountants

# Bonneville County Fire District#1

## Six-Year Trend of Revenue



## Six-Year Trend of Expenditures



# Bonneville County Fire District#1

## Six-Year Comparison

