BEAR LAKE SOIL AND WATER CONSERVATION DISTRICT
A SUBDIVISION OF THE STATE OF IDAHO

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2024

BEAR LAKE SOIL AND WATER CONSERVATION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Bear Lake Soil and Water Conservation District
Montpelier, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bear Lake Soil and Water Conservation District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Bear Lake Soil and Water Conservation 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, each major fund, and the aggregate remaining fund information of Bear Lake Soil and Water Conservation District, as of June 30, 2024, 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 Bear Lake Soil and Water Conservation 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 Bear Lake Soil and Water Conservation 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.

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 Bear Lake Soil and Water Conservation 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 Bear Lake Soil and Water Conservation 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

Bear Lake Soil and Water Conservation District has omitted the required 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. The District has also not presented a budget to actual schedule as it does not set up a formal operating budget.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2024, on our consideration of the Bear Lake Soil and Water Conservation 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 Bear Lake Soil and Water Conservation 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 Bear Lake Soil and Water Conservation District's internal control over financial reporting and compliance.

Deaton & Company

Pocatello, Idaho
December 12, 2024

BEAR LAKE SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 256,732
Grant receivable	156,220
Capital assets, net of accumulated depreciation	54,837
Total assets	$ 467,789
LIABILITIES	
Payroll tax payable	$ 865
Total liabilities	865
NET POSITION	
Net investment in capital assets	54,837
Unrestricted	412,087
Total net position	$ 466,924

The notes to the financial statements are an integral part of this statement.

BEAR LAKE SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Net Postion: Governmental Activities
GOVERNMENTAL ACTIVITIES				
General administration	$ 86,169	$ 24,511	$ -	$ (61,658)
Land conservation projects	382,403	-	691,184	308,781
Total governmental activities	$ 468,572	$ 24,511	$ 691,184	247,123
General revenues:				
State and local aid not restricted to specific				35,074
Interest and investment earnings				301
Total general revenues				35,375
Changes in net position				282,498
Beginning net position				184,426
Ending net position				$ 466,924

The notes to the financial statements are an integral part of this statement.

BEAR LAKE SOIL AND WATER CONSERVATION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Highland CWMA	Other Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 132,969	$ 80,650	$ 43,113	$ 256,732
Grant receivable	156,220	-	-	156,220
Total assets	$ 289,189	$ 80,650	$ 43,113	$ 412,952
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payroll tax payable	$ 865	$ -	$ -	$ 865
Total liabilities	865	-	-	865
FUND BALANCE				
Assigned	-	80,650	64,890	145,540
Unassigned	266,547	-	-	266,547
Total fund balances	266,547	80,650	64,890	412,087
Total liabilities and fund balances	$ 267,412	$ 80,650	$ 64,890	$ 412,952

BEAR LAKE SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENTS OF NET POSITION
JUNE 30, 2024

	General Fund	Highland CWMA	Other Major Funds	Total Governmental Funds
Total *fund* balances for governmental funds	$ 266,547	$ 80,650	$ 64,890	$ 412,087
Total *net position* reported for governmental activities in the statement of net position is different because:				
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.				
Cost of capital assets	55,298	-	-	55,298
Depreciation expense to date	(461)	-	-	(461)
	54,837	-	-	54,837
Total net position of governmental activities	$ 321,384	$ 80,650	$ 64,890	$ 466,924

The notes to the financial statement are an integral part of this statement.

BEAR LAKE SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund	Highland CWMA	Other Major Funds	Total Governmental Funds
REVENUES				
State appropriations	$ 14,500	$ -	$ -	$ 14,500
Interest	301	-	-	301
Grant income	407,948	79,011	184,367	671,326
Matching contributions	19,858	-	-	19,858
Services	24,511	-	-	24,511
Other	17,574	3,000	-	20,574
Total revenues	484,692	82,011	184,367	751,070
EXPENDITURES				
General administration	76,760	8,948	-	85,708
Land conservation projects	232,755	3,200	146,448	382,403
Capital outlays	55,298	-	-	55,298
Total expenditures	364,813	12,148	146,448	523,409
Excess revenues (expenditures)	119,879	69,863	37,919	227,661
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	22,403	(3,000)	(19,403)	-
Total other financing (uses)	22,403	(3,000)	(19,403)	-
NET CHANGE IN FUND BALANCE	142,282	66,863	18,516	227,661
BEGINNING FUND BALANCE	124,265	13,787	46,374	184,426
ENDING FUND BALANCE	$ 266,547	$ 80,650	$ 64,890	$ 412,087

BEAR LAKE SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund	Highland CWMA	Other Major Funds	Total Governmental Funds
Net changes in *fund balances* - total government funds	$ 142,282	$ 66,863	$ 18,516	$ 227,661
The change in *net position* reported for governmental activities in the statement of activities is different because:				
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is excess of capital outlays over (under) depreciation expense in the current period.				
Capital outlay	55,298	-	-	55,298
Depreciation expense	(461)	-	-	(461)
Excess of depreciation expense over capital outlay	54,837	-	-	54,837
Change in net position of governmental activities	$ 197,119	$ 66,863	$ 18,516	$ 282,498

The notes to the financial statement are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Bear Lake Soil and Water Conservation District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

A. Reporting Entity

The District is a governmental subdivision of the State of Idaho. The District was created under the laws of the State of Idaho to provide supervision, assistance and educational programs related to wind and water erosion of the Bear Lake area farm, ranch, range, and forest lands. Members of the Board of Supervisors are elected by the public.

The Bear Lake Soil and Water Conservation District's Board of Supervisors has control over the operations of the District.

In the evaluation of how to define the District, for the financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made using criteria set forth in the accounting principles generally accepted in the United States of America. All funds and activities of the District are included in the basic financial statements. Using the above criteria, the District has no component units.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the district. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal balances and transfers. These statements distinguish between the *governmental and business-type* activities of the District. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. All activities of the District are currently classified as governmental activities.

The statement of activities presents a comparison between direct expenses and direct revenues and 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.

Program revenues include (a) fees, fines, and charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of the particular program. Revenues that are not classified as programs revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds including governmental. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of presentation, Basis of Accounting, continued

Proprietary fund operating revenues, such as charges for services, 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 revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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. Thus, it is always considered a major fund.

Measurement Focus, Basis of Accounting

Government-wide Financial Statements: The government-wide financial statements are reported using the economic resources measurement focus. The government-wide statements are reported using 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. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Government Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest 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 in the governmental funds when paid for. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

The District reports grants received in advance on its governmental funds balance sheet. Grants received in advance arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue criteria are met, the revenue is recognized. Additionally, for both the government-wide and funds financial statements, certain grant revenues are only recognized to the extent they have been used for qualifying expenditure; any excess revenues are thus reported as grants received in advance.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. All governmental activities of the District follow GASB issued standards.

The District does not maintain an encumbrance system, but in lieu of, exercises control through the administration of the budget process.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of presentation, Basis of Accounting, continued

Net position is the difference between assets and deferred outflows less liabilities and deferred inflows. Net investments in capital assets are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets. Net positions are reported as restricted when there are legal limitations that are imposed on their use by the District, or external restrictions by other governments, creditors or grantors. When expenses are incurred for purposes for which both restricted and unrestricted net position is available, restricted net position is applied first.

C. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require the District 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 expenditures during the reporting period. Actual results could differ from those estimates.

D. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of the District Charter, the State Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts than can be used only for specific purposes determined by a formal action at the highest level of decision-making authority and required formal action at the same level to remove. This is done by a Board of Supervisors resolution approved by the Board of Supervisors. This includes any budget reserve account.

Assigned - Amounts that are designated by the Board of Supervisors for a particular purpose but are not spendable until a budget is passed or there is a majority vote approval (for capital projects or debt service) by the Board of Supervisors.

Unassigned - All amounts not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

E. Capital Assets and Depreciation

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical costs or estimated historical costs. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred. Depreciation on assets is provided on the straight-line (SL) method over five to ten years.

NOTE 2 - CASH AND CASH EQUIVALENTS

Deposits with financial institutions include bank demand deposits as authorized by Idaho statutes. Bank balance for cash and investments for all funds consist of the following at years end:

Cash held in financial institution	$ 259,952

Custodial credit risk is the 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 of June 30, 2024, $250,000 of the District's bank balance was insured through FDIC. $9,952 was not insured.

NOTE 3 - CONTINGENT LIABILITIES

Grants

As a recipient of various federal funds, the District is subject to the audit of these programs that could result in disallowance of grant expenditures. The District is unaware of any disallowances and expects such amounts, if any, to be immaterial.

Litigation

The District may periodically be the defendant in a lawsuit arising principally in the normal course of operations. In the opinion of the Administration, the outcome of these lawsuits, if any, will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

NOTE 4 - CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Depreciable Assets				
Vehicles	$ -	$ 55,298	$ -	$ 55,298
Accumulative Depreciation				
Equipment, Furniture, & Fixtures	-	(461)	-	(461)
Total	-	(461)	-	(461)
Net Capital Assets	$ -	$ 54,837	$ -	$ 54,837

Depreciation expense was charged to functions as follows:

General Administration	$ 461
Total	$ 461

NOTE 5 - SUBSEQUENT EVENTS

Subsequent events were evaluated up to December 12, 2024, the date the financial statements were available to be issued.

NOTE 6 - PERSI CONTRIBUTIONS

The District does not participate in PERSI, but does match any simple IRA contributions withheld from employee's payroll. The amount matched for the year ended June 30, 2024 was $1,588

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

To the Board of Supervisors
Bear Lake Soil and Water Conservation District
Montpelier, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bear Lake Soil and Water Conservation District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Bear Lake Soil and Water Conservation District's basic financial statements and have issued our report thereon dated December 12, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency [2024-001].

Report on Compliance and Other Matters

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

Bear Lake Soil and Water Conservation District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Bear Lake Soil and Water Conservation District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Bear Lake Soil and Water Conservation District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Pocatello, Idaho
December 12, 2024

BEAR LAKE SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2024

Findings of Significant Deficiency And Responses

2024-001 The District's internal control system does not currently require the entity to employ a person with the qualifications and training necessary to prepare the District's financial statements, notes, and required supplementary information in accordance with generally accepted accounting principles. The auditing firm was requested to draft the financial statements, notes, and required supplementary information to the financial statements. This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other

Management Response

Management believes the above significant deficiency is not material and the cost of providing an individual as described above would outweigh the benefits.