BUTTE SOIL AND WATER CONSERVATION DISTRICT
ARCO, IDAHO
ANNUAL FINANCIAL STATEMENTS
And
COMPLIANCE REPORTS
With
INDEPENDENT AUDITOR'S REPORT
For the Year Ended June 30, 2024



Searle Hart & Associates, PLLC

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BUTTE SOIL & WATER CONSERVATION DISTRICT - STATE OF IDAHO
ANNUAL FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

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Searle Hart & Associates, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Directors
Butte Soil and Water Conservation District
Arco, Idaho

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Butte Soil and Water Conservation District (District), as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2024, and the respective changes in financial position and cash flows, where applicable, 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Management's Responsibility for the Financial Statements

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

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 the 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 Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the

financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require supplementary information, such as management's discussion and analysis and budgetary comparison information on pages 18 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted 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 part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

FINANCIAL SECTION

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BUTTE SOIL & WATER CONSERVATION DISTRICT - STATE OF IDAHO
STATEMENT OF NET POSITION
June 30, 2024

	GOVERNMENTAL ACTIVITIES	TOTAL
ASSETS		
Cash and cash equivalents	$ 167,646	$ 167,646
Other assets	2,732	2,732
Capital Assets		
Equipment and furniture	53,000	53,000
Less: accumulated depreciation	(13,250)	(13,250)
Total Capital Assets	39,750	39,750
TOTAL ASSETS	210,128	210,128
DEFERRED OUTFLOWS	$ -	$ -
LIABILITIES		
Accounts payable and accrued expenses	$ 8,881	$ 8,881
Long-term liabilities		
Due within one year		
Compensated absences	2,958	2,958
TOTAL LIABILITIES	11,839	11,839
DEFERRED INFLOWS	-	-
NET POSITION		
Net investment in capital assets	39,750	39,750
Restricted for:		
Capital projects	-	-
Debt service	-	-
Other projects	22,129	22,129
Unrestricted	136,410	136,410
TOTAL NET POSITION	$ 198,289	$ 198,289

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

BUTTE SOIL & WATER CONSERVATION DISTRICT - STATE OF IDAHO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUE: Charges for Services	PROGRAM REVENUE: Operating Grants and Contributions	PROGRAM REVENUE: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 569,917	$ 15,515	$ 497,847	$ -
Interest on long-term debt	-	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	569,917	15,515	497,847	-
TOTAL PRIMARY GOVERNMENT	$ 569,917	$ 15,515	$ 497,847	$ -

General revenues:
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Miscellaneous

TOTAL GENERAL REVENUES, SPECIAL ITEMS, AND TRANSFERS

Change in net position

Net Position, July 1, 2023

NET POSITION, June 30, 2024

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
Primary Government	
Governmental Activities	Total
$ (56,555)	$ (56,555)
-	-
(56,555)	(56,555)
(56,555)	(56,555)
15,135	15,135
3,943	3,943
34,098	34,098
53,176	53,176
(3,379)	(3,379)
201,668	201,668
$ 198,289	$ 198,289

BUTTE SOIL & WATER CONSERVATION DISTRICT - STATE OF IDAHO
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS		
Cash and cash equivalents	$ 167,646	$ 167,646
Prepaid expenses	2,732	2,732
TOTAL ASSETS	170,378	170,378
DEFERRED OUTFLOWS	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 170,378	$ 170,378
LIABILITIES		
Accounts payable	$ 1,291	$ 1,291
Other payables	7,590	7,590
TOTAL LIABILITIES	8,881	8,881
DEFERRED INFLOWS		
Revenue unavailable for use	-	-
FUND BALANCES		
Nonspendable	-	-
Restricted	-	-
Assigned for projects	22,129	22,129
Unassigned	139,368	139,368
TOTAL FUND BALANCES	161,497	161,497
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	$ 170,378	$ 170,378

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

BUTTE SOIL & WATER CONSERVATION DISTRICT - STATE OF IDAHO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2024

		GOVERNMENTAL FUNDS
Total fund balance, governmental funds:	$	161,497
Amounts reported for governmental activities in the Statement of Net Position 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 Position.		39,750
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 Position.		(2,958)
Net position of governmental activities in the Statement of Net Position:	$	198,289

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

BUTTE SOIL & WATER CONSERVATION DISTRICT - STATE OF IDAHO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES		
Grants/Project Revenue	$ 497,558	$ 497,558
Sales and miscellaneous taxes	8,193	8,193
Intergovernmental	53,868	53,868
Charges for services	705	705
Investment earnings	3,943	3,943
Miscellaneous	1,982	1,982
TOTAL REVENUES	566,249	566,249
EXPENDITURES		
Current:		
General government	564,309	564,309
TOTAL EXPENDITURES	564,309	564,309
Excess (deficiency) of revenues over expenditures	1,940	1,940
SPECIAL ITEM		
Proceeds from sale of assets	-	-
Net change in fund balances	1,940	1,940
Fund Balances, July 1, 2023	159,557	159,557
Fund Balances, June 30, 2024	$ 161,497	$ 161,497

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

BUTTE SOIL & WATER CONSERVATION DISTRICT - 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 June 30, 2024

		GOVERNMENTAL FUNDS
Net change in fund balances - total governmental funds:	$	1,940
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 depreciation of $2,650 was exceeded by capital outlay of $0 in the current period.		(2,650)
Governmental funds do not recognize compensated absences as expenditures until they are paid. In contrast, the Statement of Activities treats compensated absences as a long-term liability. This is the net change in the compensated absence liability.		(2,669)
Change in net position of governmental activities:	$	(3,379)

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

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NOTES TO THE FINANCIAL STATEMENTS

BUTTE SOIL AND WATER CONSERVATION DISTRICT - STATE OF IDAHO
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For the Year Ended June 30, 2024

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   A. General
   B. Reporting Entity
   C. Government-wide and Fund Financial Statements
   D. Measurement Focus and Basis of Accounting
   E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Fund Balances/Net Position
   F. Budgets and Budgetary Accounting
   G. Compensated Absences and Post-Employment Benefits
   H. Revenue Recognition
   I. Expenditure/Expense Recognition
   J. Interfund Activity and Balances
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2. Cash and Investments

3. Accounts Receivable/Payable

4. Capital Assets

5. Litigation and Contingent Liabilities

6. Long-term Debt

7. Related Party Transactions

8. Material Violation of Finance Related Legal and Contractual Provisions

9. Risk Management

10. Subsequent Events

11. Reserved Fund Balance

BUTTE SOIL AND WATER CONSERVATION DISTRICT - STATE OF IDAHO
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Butte Soil and Water Conservation District (District) 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.

The District's basic financial statements consist of government-wide financial statements, including the Statement of Net Position and the Statement of Activities, and fund financial statements which provide a more detailed level of financial reporting.

B. REPORTING ENTITY

The District was founded in 1953 under Idaho Code Title 22 Chapter 27. The District's primary goal is to improve water and soil conservation through the implementation of construction projects such as fish screens, fences, upgraded head gates, etc. The District is primarily an administrative organization. All construction work is subcontracted out to local contractors and or the land owners themselves. The District handles the administrative work on the grants and the oversight of the construction projects.

The District receives its funding from the State of Idaho, Butte County, and various other grants.

The District has a five member board, who are elected volunteers serving a 4-year term. The board member elections are held along with the general elections on the even years, with two seats up for re-election one year and the other three seats up for re-election two years later. The board members receive a reimbursement for mileage. The Board has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters.

The scope of the reporting entity is intended to cover those funds under the direct jurisdiction of the District. Other governing boards, elected or appointed, that exercise substantial or total administrative and supervisory authority in their own name are considered to be substantially autonomous from the Butte Soil and Water Conservation District government and are not included in this report.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The District's financial statements consist of both government-wide and fund financial statements. The government-wide statements focus on the District as a whole, while the fund statements focus on the 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 governmental in nature. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. The effects of interfund activity have been eliminated from the government-wide statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The *Statement of Net Position* presents the District's non-fiduciary assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Net position is restricted when constraints placed upon it 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 allocates general government (indirect) expenses related to the administration and support of the District's programs, such as personnel and accounting (but not interest on long-term debt), and are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt. Program revenues include: 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.

Governmental Fund Types

Governmental funds account for the District's general activities including current expendable financial resources and are those through which most governmental functions of the District are financed.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Proprietary Fund Types – 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 with the intent of the governing body 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. The District does not have any proprietary funds.

Fiduciary Fund Types

Fiduciary Funds account for assets held in a trustee capacity or as an agent for individuals, private organizations, or other governments. The District does not have any fiduciary funds.

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.

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, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES/ NET POSITION

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

Cash and Investments

Cash and cash equivalents consist of demand deposits with financial institutions. Investments include pooled investments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES/ NET POSITION (continued)

Receivables

Receivables typically include accrued amounts for services provided that have not yet been paid for. The District does not have any exchange type revenues; therefore, no allowance for uncollectible accounts has been established.

Capital Assets

Capital assets purchased by 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.

Equipment, buildings and infrastructure, and other depreciable assets are depreciated using the straight line method over the estimated useful lives of the assets from 5 to 40 years.

Capital assets are reported at actual or estimated historical cost.

Deferred Outflows

In addition to assets, the Statement of Net Position and the fund-based Balance Sheet will sometimes report a separate section for deferred outflows of resources. This financial statement element represents a consumption of net position/fund balance that applies to a future period, or periods, so it will not be recognized as an outflow of resources until that time. The District has deferred outflows related to the net pension liability.

Accounts Payable

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

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

In the governmental fund financial statements, bond premiums and discounts 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. The face amount of debt issued is reported as other financing sources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES/ NET POSITION (Continued)

Deferred Inflows

The Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources in addition to liabilities. This financial statement element represents an acquisition of net position/fund balance that applies to a future period, or periods, so it will not be recognized as an inflow of resources until that time. The District recognizes grants receivable that will not be collected within 30 days in the fund based statements and amounts related to net pension liability as deferred inflows.

Net Position/Fund Balances

The difference between assets plus deferred outflows and liabilities plus deferred inflows is reported as net position on the government-wide and fund balance on the fund-based financial statements.

Nonspendable and Spendable Fund Balances

Fund balance is separated into nonspendable and spendable fund balance. The following is a list of nonspendable and spendable fund balance designations for the Butte Soil and Water Conservation District.

Nonspendable: This designation segregates fund balances that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted: This designation segregates a portion of the fund balance when constraints have been placed on the use of the resources either externally by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed: This designation indicates a portion of the fund balance which can only be used for specific purposes pursuant to constraints imposed by formal action of the District's board. It cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit it.

Assigned: This designation indicates a fund balance that can only be spent for purposes officially delegated by authority (such as the budget process) or is constrained by governmental intent, but is not restricted or committed.

Unassigned: This designation indicates a fund balance is not assigned to any specific purpose or is a negative fund balance. The District may use the positive unassigned fund balance for expenditures in subsequent fiscal years.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District generally uses restricted fund balance first, then unrestricted.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. BUDGETS AND BUDGETARY ACCOUNTING
The District has adopted an informal budget on a cash basis of accounting.

Subsequent budget controls following adoption are accomplished through a budget-expenditure control system with interim status accounting and reporting made available to board members for management purposes. The District does not maintain a formal encumbrance accounting system.

G. COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS
Accumulated unpaid vacation and other employee benefits are accrued when incurred in the government-wide financial statements on the accrual basis of accounting. Such amounts are not accrued in governmental funds on the modified accrual basis of accounting. At June 30, 2024, unrecorded fund liabilities included approximately $2,958 of total leave time accumulations and are considered normal to the District's operation.

H. REVENUE RECOGNITION
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. Butte Soil and Water Conservation District considers revenues to be available if they are collected within 30 days after year-end. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

In 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 in which they are acquired or the construction takes place.

In proprietary funds and government-wide statements, expenses are recorded when the related liability is incurred. Operating expenses for enterprise funds, if applicable, include the cost of services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as non-operating expenses.

When an expenditure or expense is incurred for purposes for which restricted, committed, assigned and unassigned resources are available, the District generally uses restricted resources first, and then committed, assigned and unassigned 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 June 30, 2024.

Governmental Fund Statements
Interfund transactions for goods and services provided and used are reported as revenues and expenditures/ expenses in the funds involved. There were no interfund receivables or payables at June 30, 2024.

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 these estimates.

2. CASH AND INVESTMENTS

Cash and cash equivalents are defined as those financial instruments that have a maturity date of three months or less from the date of acquisition.

Cash deposits and investments of the District as of June 30, 2024, totaled $167,646, all of which represented demand deposits. All of the deposits were allocated to governmental funds.

Deposits
At June 30, 2024, the carrying amount of the District's deposits in financial institutions was $91,068. The bank balance at year end was $108,137. At June 30, 2023, the amount not covered by FDIC insurance was $0.

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

Credit Risk
The deposits and simple investments by the District are not collateralized nor are they required to be by Idaho statute. The District's policy limits investments to the safest types of securities and to diversify the District's investment portfolio so that potential losses on securities will be minimized. 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 the Idaho Code Section, Title 67, 67-210.

Investments
The fair value of the investments with the State of Idaho Local Government Investment Pool was $76,578. The information on the amount not covered by the SIPC or FDIC insurance is not available. The Idaho State Treasurer provides the oversight of those monies. Monies held by the LGIP were held in the following investments: government agency notes, commercial paper, corporate bonds, money markets, U.S. treasury notes, Idaho repurchase agreements, and purchased accrued interest. All investment for the LGIP are collateralized with securities held by the LGIP's safekeeping agent in the LGIP's name. Investments held by the LGIP are carried at cost, which is not materially different than fair value (determined by the Idaho State Treasurer's office). The investments in the LGIP are subject to risk from market and interest rate fluctuations. The weighted average maturity on September 30, 2024 was 115 days.

3. ACCOUNTS RECEIVABLE/PAYABLE

The District has accounts receivable for project expenditures of $0 in the Special Projects Fund at June 30, 2024.

The District has accounts payable for various expenses, payroll, mileage due to board members and accrued paid time off of $8,881.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

Governmental Activities	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
Machinery and equipment	$ 53,000	$ -	$ -	$ 53,000
Total capital assets, being depreciated	53,000	-	-	53,000
Less accumulated depreciation for				
Machinery and equipment	(10,600)	(2,650)	-	(13,250)
Total accumulated depreciation	(10,600)	(2,650)	-	(13,250)
Governmental activity, capital assets, net	$ 42,400	(2,650)	-	$ 39,750

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

Governmental activities	
General Government	$ 2,650
Current depreciation expense	$ 2,650

5. LITIGATION AND CONTINGENT LIABILITIES

No claims or lawsuits are pending against the District.

6. LONG-TERM DEBT

There are no debts or obligations outstanding at year end.

7. RELATED PARTY TRANSACTIONS

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

8. MATERIAL VIOLATION OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

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

9. RISK MANAGEMENT

The District is exposed to various risks related to torts: theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty, and liability coverage through commercial insurance carriers.

10. SUBSEQUENT EVENTS

Subsequent events have been considered through the report date of August 14, 2024.

11. RESERVED FUND BALANCE

The District reserves funds that are earmarked by grantors or by the board for specific projects. As of June 30, 2024, $22,129 of the total fund balance was reserved for projects as follows:

U.S. Fish and Wildlife Service	$ 3,364
Technical Assistance Grant	18,765
	$ 22,129

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REQUIRED SUPPLEMENTARY INFORMATION

BUTTE SOIL & WATER CONSERVATION DISTRICT - STATE OF IDAHO
BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES)
GENERAL FUND
For the Year Ended June 30, 2024

	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	ACTUAL AMOUNTS BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 573,000	$ 573,000	$ 497,558	$ 75,442
Licenses and permits	-	-	-	-
Intergovernmental revenues	66,670	66,670	62,061	4,609
Charges for services	370	370	705	(335)
Rental	8,316	8,316	-	8,316
Investment interest	-	-	3,943	(3,943)
Miscellaneous and contributions	-	-	1,982	(1,982)
TOTAL REVENUES	648,356	648,356	566,249	82,107
EXPENDITURES				
Current:				
General government	596,900	596,900	564,309	32,591
Debt service:				-
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	596,900	596,900	564,309	32,591
Excess (deficiency) of revenues over expenditures	51,456	51,456	1,940	49,516
NET INCREASE (DECREASE) IN REVENUE ACCRUALS			-	
NET (INCREASE) DECREASE IN EXPENDITURE ACCRUALS			-	
Net change in fund balances			1,940	
Fund Balance, July 1, 2023			159,557	
FUND BALANCES, June 30, 2024			$ 161,497	

BUTTE SOIL AND WATER CONSERVATION DISTRICT - STATE OF IDAHO
NOTES TO BUDGET AND ACTUAL COMPARISON SCHEDULE
For the Year Ended June 30, 2024

1. BASIS OF PRESENTATION

The budget to actual comparison schedule has been prepared on the modified accrual basis of accounting, and the same budgetary basis used by Butte Soil & Water Conservation District – State of Idaho to do a budget each year.

2. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET

For the year ended June 30, 2024, actual expenditures did not exceed budgeted amounts in any of the major funds.

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SUPPLEMENTARY INFORMATION

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Searle Hart & Associates, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Directors
Butte Soil and Water Conservation District
Salmon, Idaho

We have audited, 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, the financial statements of the governmental activities and each major fund of Butte Soil and Water Conservation District, State of Idaho, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 14, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Butte Soil and Water Conservation District'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 Butte Soil and Water Conservation District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Butte Soil and Water Conservation 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. 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 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Butte 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*.

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Rexburg • Idaho Falls

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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Searle Hart + Associates PLLC

Rexburg, Idaho
August 14, 2024