LATAH COUNTY SOIL AND WATER CONERVATION DISTRICT

FINANCIAL STATEMENTS

Year Ended June 30, 2024

LATAH COUNTY SOIL AND WATER CONSERVATION DISTRICT

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PRESNELL GAGE, PLLC
ACCOUNTING AND CONSULTING

INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
Latah County Soil and Water Conservation District
Moscow, 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 the Latah County 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 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, each major fund, and the aggregate remaining fund information of the Latah County Soil and Water Conservation District, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in conformity 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 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 Latah County 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 these 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.

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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 Latah County Soil and Water Conservation District 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 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 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, 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 the Latah County Soil and Water Conservation District 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 the Latah County Soil and Water Conservation District 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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Latah County Soil and Water Conservation District's basic financial statements. The accompanying combining statement of revenues, expenditures, and changes in fund balances – all funds – other comprehensive basis of accounting is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of revenues, expenditures, and changes in fund balances – all funds – other comprehensive basis of accounting is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024, on our consideration of the Latah County 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Latah County Soil and Water Conservation District's internal control over financial reporting and compliance.

PRESNELL GAGE PLLC

December 18, 2024
Moscow, Idaho

LATAH COUNTY SOIL AND WATER CONSERVATION DISTRICT

STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities
ASSETS	
Cash	$ 510,528
Accounts receivable	243,875
Right of use assets	55,896
Total assets	830,977
LIABILITIES	
Accounts payable	6,394
Accrued expenses	88,439
Operating lease liability, current portion	27,543
Operating lease liability, Noncurrent portion	28,353
Total liabilities	150,729
NET POSITION	
Unrestricted	680,248
Total net position	$ 680,248

See accompanying notes

LATAH COUNTY SOIL AND WATER CONSERVATION DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Assets
Primary government:				
Governmental activities				
District operations	$ 301,045	$ 17,493	$ 318,479	$ 34,927
Projects	1,340,577		1,340,577	
Total governmental activities	$ 1,641,622	$ 17,493	$ 1,659,056	34,927
General revenues:				
County and local cities				22,500
State appropriation				51,613
Interest and dividends				9,992
Total general revenues				84,105
Change in net position				119,032
Net position - beginning				561,216
Net position - ending				$ 680,248

See accompanying notes

LATAH COUNTY SOIL AND WATER CONSERVATION DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024

	General	BPA	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash	$ 510,528			$ 510,528
Due from other funds	258,159			258,134
Accounts receivable		$ 85,881	$ 157,994	243,875
Prepaid assets		20,678		20,678
Right-of-use asset	55,896			55,896
Total assets	$ 824,583	$ 106,559	$ 157,969	$ 1,089,111
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable		$ 6,394		$ 6,394
Accrued expenses	$ 36,949			36,949
Due to other funds		100,165	$ 157,969	258,134
Operating lease	55,896			55,896
Total liabilities	92,845	106,559	157,969	357,373
Fund balance				
Assigned for accumulated leave	51,490			51,490
Unassigned, reported in:				
General fund	680,248			680,248
Total fund balance	731,738	0	0	731,738
Total liabilities and fund balance	$ 824,583	$ 106,559	$ 157,969	$ 1,089,111

Reconciliation of the statement of net position to the balance sheet - governmental funds	
Fund balance	$ 731,738
Amounts reported for governmental activities in the statement of net position are different because:	
Employee benefits, including credit leave, which have not been paid out are not accrued in the funds	(51,490)
Net position of governmental activities	$ 680,248

See accompanying notes

LATAH COUNTY SOIL AND WATER CONSERVATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	General	BPA	Other Governmental Funds	Total Governmental Funds
REVENUES				
County appropriation	$ 20,000			$ 20,000
City of Moscow appropriation	2,500			2,500
Grants	51,613	$ 831,357	$ 509,220	1,392,190
Indirect cost reimbursements	318,479			318,479
Refunds and reimbursements	17,493			17,493
Other receipts	9,992			9,992
Total revenues	420,077	831,357	509,220	1,760,654
EXPENDITURES				
Advertisements	21			21
Awards and scholarships	3,211			3,211
Bank service charges	410			410
Best Management Practices			101,844	101,844
Donations	1,325			1,325
Dues and subscriptions	2,349			2,349
Insurance	5,419			5,419
Payroll expense	200,559	389,893	214,750	805,202
Postage	252			252
Printing and reproduction	48	149		197
Professional fees	6,750	100,568	11,436	118,754
Repairs		4,592		4,592
Lease and interest	13,800	42,450		57,150
Supplies	19,440	47,169	86,832	153,441
Travel	5,989	4,081	520	10,590
Utilities	5,697	15,431		21,128
Vehicle maintenance	20,232	1,342		21,574
Other	124	100	70	294
Indirect costs		225,582	92,868	318,450
Total expenditures	285,626	831,357	509,220	1,626,203
EXCESS OF REVENUES OVER EXPENDITURES	134,451	0	0	134,451
NET CHANGE IN FUND BALANCES	134,451			134,451
FUND BALANCES, beginning of year	597,287			597,287
FUND BALANCES, end of year	$ 731,738	$ 0	$ 0	$ 731,738

Reconciliation of the statement of revenues, expenditures, and changes in fund balances - governmental funds to the statement of activities	
Net change in fund balances - governmental funds	$ 134,451
Amounts reported for governmental activities in the statement of activities are different because:	
Employee benefits, including credit leave and sick leave, which have not been paid out are not counted as expense in the funds	(15,419)
Change in net position of governmental activities	$ 119,032

See accompanying notes

1. ENTITY

The Latah County Soil and Water Conservation District (the District) was formed as a special district under the laws of the State of Idaho. Operating funds are provided primarily through grants, contracts and appropriations from the State of Idaho, Latah County, and City of Moscow. The District administers grants and contracts from the State of Idaho and the federal government to accomplish soil and water conservation objectives. Grants and contracts generally include a provision for the recovery of District indirect costs through a federally approved indirect rate agreement. Following are the significant grants administered by the District in the current fiscal year.

DEQ. The Idaho Department of Environmental Quality provides funds under the Environmental Protection Agency's *Clean Water Act 319 Program*. Funds are used primarily for contracts with individual landowners and agricultural producers for water quality projects within the Potlatch River drainage. Funds have also been used to support District restoration efforts on state and federal properties.

BPA. The Bonneville Power Administration (BPA) funds this program to improve steelhead trout spawning and rearing habitat in order to enhance natural reproduction. The major focus of the program is the Potlatch River drainage. The funds received are from federal revenue sources; however, the District's program is operated under a contract for services agreement, which is not considered to be federal financial assistance.

USFWS and IDF&G. The U.S. Fish and Wildlife Service (USFWS) and the Idaho Department of Fish and Game (IDF&G) funds this program to allow the District to hire additional staff to promote conservation programs through increased landowner outreach and program coordination with state and federal agencies.

OSC. The Idaho Office of Species Conservation (OSC) funds this program to enhance endangered species conservation practices coordinated by the District. The funding provides cost-share and needed staff funding for projects in priority watersheds within the Potlatch River basin.

IASCD. The Idaho Association of Soil Conservation Districts (IASCD) maintains a contract with the District to hire temporary staff to assist with the delivery of Natural Resource Conservation Service (NRCS) programs to landowners and producers within Latah County.

Palouse Conservation District. The Palouse Conservation District (PCD) contracts with the District to provide technical assistance to agricultural producers in Latah County that participate in PCD's interstate conservation programs.

Idaho Soil & Water Conservation Commission. The Idaho Soil & Water Conservation Commission (ISWCC) funds the District to directly implement water quality improvement practices on private and state lands within the Potlatch River watershed.

1. ENTITY (CONTINUED)

Measurement Focus and Basis of Accounting. The accounting policies of Latah County Soil and Water Conservation District conform to accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District uses the following two bases of accounting in these financial statements:

Economic Resources Measurement Focus and Accrual Basis of Accounting

Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

Under this measurement focus, revenues are recognized when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers grants as available if they are collected within 60 days after year-end. State grants are the single revenue source considered to be susceptible to accrual.

The District reports unearned revenue in its fund financial statements. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

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

Restricted Resources. Program expenses are allocated to restricted program revenue first and then to the next highest level of net position/fund balance restrictions when both restricted and unrestricted resources are available.

1. ENTITY (CONTINUED)

Restricted Resources (Continued).

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB No. 54) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB No. 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

Nonspendable
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.

Restricted
Includes amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

Committed
Includes amounts that can only be used for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned
Includes amounts that are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as restricted or committed.

Unassigned
Residual classification of fund balance that includes all spendable amounts that have not been restricted, committed, or assigned.

District-wide Statements. The statement of net position and the statement of activities display information about the overall District. Eliminations have been made to minimize the double counting of internal activities. These statements reflect only governmental activities of the District since there are no "business-type activities" within the District. Governmental activities generally are financed through taxes, grants, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting.

The statement of activities presents a comparison between direct expenses and program revenues for the different functions of the District's governmental activities. A function is an assembly of similar activities and may include portions of a grant or summarize more than one grant to capture the expenses and program revenues associated with a distinct functional activity. 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 and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

1. ENTITY (CONTINUED)

District-wide Statements (Continued).

Program Revenue
The statement of activities reflects all restricted federal and state grants as program revenue. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Program expenses are allocated to restricted program revenue first when both restricted and unrestricted net position is available.

Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations.

Fund Financial Statements. The fund financial statements provide information about the District's fund categories. The emphasis of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Governmental Funds
Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The District reports the following major governmental funds:

- General Fund. This is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- BPA. This fund accounts for the BPA projects.
- DEQ. This fund accounts for the DEQ projects.

Assigned Fund Balances. The District has fund balances specified by grantors at June 30, 2024, for the purposes of paying future annual compensatory time and sick leave in the amount of $51,490.

Use of Estimates. Management of the District uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that management uses.

Basis of Presentation.

Prepaid Supplies
The District does not capitalize its supplies inventory at year-end. All supplies are recorded as expenditures in the period in which they were purchased.

1. ENTITY (CONTINUED)

Basis of Presentation (Continued).

Capital Assets
Capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The District records all capital assets at their original cost. Interest is capitalized on capital assets during the construction period.

The District capitalizes equipment with an original unit cost of $5,000 or more and an expected life of more than 3 years.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings - 20-50 years; vehicles - 8 years; machinery and equipment - 5-20 years; computer equipment - 5 years.

Budgets
The District does not have a budgetary requirement under State law.

Encumbrances
Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the governmental funds. Encumbrances are included in the following year's budgeted expenditures.

Compensated Absences
District employees are granted vacation and sick leave days in varying amounts under the terms of District policy. Employees are not compensated for unused sick leave. The estimated amount of compensation for future absences has been recorded as a liability in the District-wide financial statements.

2. CASH DEPOSITS

Deposits. At June 30, 2024, the carrying amount of the District's deposits was $510,528 and the bank balance was $561,760, of which $250,000 is considered covered by federal depository insurance.

3. ACCOUNTS RECEIVABLE

Details of accounts receivable at June 30, 2024, are as follows:

	Governmental Funds
State of Idaho – State funds	$ 157,994
BPA	85,881
	$ 243,875

4. PREPAID ASSETS

The District's prepaid asset balance of $20,678 consisted of cash deposited for equipment that had not been received as of year-end.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated				
Machinery and equipment	$ 172,388		$ (18,755)	$ 153,633
Right of Use Asset	66,540	$ 27,905		94,445
Total capital assets being depreciated	238,928		(18,755)	248,078
Less accumulated depreciation for machinery and equipment	(172,388)		18,755	(153,633)
Right of Use Asset		(38,549)		(38,549)
Total accumulated depreciation	(172,388)		18,755	(192,182)
Total capital assets being depreciated, net	66,540	(10,644)		55,896
Governmental activities capital assets, net	$ 66,540	$ (10,644)	$	$ 55,896

Depreciation expense for the fiscal year ended June 30, 2024, for the District was $0 for the general funds.

6. RISK MANAGEMENT

The District purchases commercial insurance to cover the risks of property loss and legal liability.

7. RELATED PARTIES

Supervisors of the District may be compensated for time spent conducting the affairs of a special project awarded to the District. Total compensation per day may not exceed $35. Supervisors have not received any compensation during the year ended June 30, 2024.

Supervisors of the District are landowners in Latah County and are eligible for Best Management Practices (BMP) payments.

8. OTHER COMPREHENSIVE BASIS OF ACCOUNTING

For grant accounting purposes, the District does not recognize unearned revenue on grants. Revenue is recognized on grants at the earlier of when billed or received.

The District accounts for grant revenue on a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Grant revenues are recognized in revenue at the earlier of when billed or received by the District for grant accounting purposes. The effect of the difference in accounting is as follows:

Fund balances, Other Comprehensive Basis of Accounting	$ 680,248
Employee benefits payable	51,490
Fund balances, United States Generally Accepted Accounting Principles basis	$ 731,738
Net change in fund balances, Other Comprehensive Basis of Accounting	$ 117,885
Unearned revenue on grants, beginning of year	1,147
Employee benefits payable, beginning of year	(36,071)
Employee benefits payable, end of year	51,490
Net change in fund balances, United States Generally Accepted Accounting Principles basis	$ 134,451

9. SIGNIFICANT ACCOUNTING POLICIES

Leases. The District determines if an arrangement is a lease at inception. Operating leases are included in Operating lease right-of-use assets and Operating lease liabilities in the Balance Sheet. Finance leases are included in Property and equipment and Notes payable in the Balance Sheet.

Right-of-use assets represent the District's right to use an underlying asset for the lease term, and lease liabilities represent the District's obligation to make lease payments arising from the lease. The lease liability is measured as the present value of the unpaid lease payments, and the right-of-use asset value is derived from the calculation of the lease liability. Lease payments include fixed and in-substance fixed payments, variable payments based on an index or rate, reasonably certain purchase options, termination penalties, fees paid by the lessee to the owners of a special-purpose entity for restructuring the transaction, and probable amounts the lessee will owe under a residual value guarantee. The District uses its estimated incremental borrowing rate, which is derived from information available at the lease commencement date, in determining the present value of lease payments, since the District does not know the actual implicit rates in its leases. The District gives consideration to its recent debt issuances and changes in the risk free rate when calculating its incremental borrowing rate. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The District combines lease and nonlease components for all asset groups. The District's lease term includes any option to extend the lease when it is reasonably certain to be exercised based on considering all relevant economic factors.

9. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District has elected to account for short-term leases by recognizing the lease payments as an expense on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments incurred.

10. LEASES

The District leases two buildings for its normal operations currently. The District's headquarters is being leased through July of 2025 with an option to renew.

Annual maturities of outstanding long-term debt for the years ending after 2023 are as follows:

	Operating leases
2025	$ 28,800
2026	28,800
2027	
2028	
2029	
Thereafter	
Total lease payments	57,600
Less imputed interest	(1,704)
Total lease obligations	55,896
Less current obligations	(27,543)
Long-term lease obligations	$ 28,353

The table below presents additional information related to the District's leases as of June 30, 2024:

Weighted average remaining lease term	
Operating leases	2.0 years
Weighted average discount rate	
Operating leases	2.9 % (a)

(a) Upon adoption of the new lease standard, the incremental borrowing rate used for existing leases was established as of July 1, 2022.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT - *GOVERNMENT AUDITING STANDARDS*

Board of Supervisors
Latah County Soil and Water Conservation District
Moscow, 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 the Latah County 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 the District's basic financial statements and have issued our report thereon dated December 18, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Latah County 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 the Latah County Soil and Water Conservation District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Latah County 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 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify a deficiency in internal control that we consider to be a material weakness. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency (see finding #2024-001).

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Eagle Office: 1159 E Iron Eagle Drive, Suite 100, Eagle, Idaho 83616, (208) 319-2929

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Latah County 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 the 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*.

Latah County Soil and Water Conservation District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on The Latah County Soil and Water Conservation District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Latah County 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 the response.

Purpose of this Report

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

Presnell Gage PLLC

December 18, 2024
Moscow, Idaho

SIGNIFICANT DEFICIENCY

Finding #2024-001

Criteria: Internal control systems generally attempt to divide accounting tasks among multiple individuals (segregation of duties) to improve the ability of the organization to identify errors within the accounting system.

Condition: Latah County Soil and Water Conservation District has concentrated many accounting duties to one individual such that the desired segregation of duties is not possible. There are a limited number of personnel available to provide for the desired “segregation of duties."

Effect: Many accounting duties are performed by a single individual with limited oversight available within the Latah County Soil and Water Conservation District.

Response: The District’s management and Board of Supervisors believe that the cost of hiring additional accounting staff outweighs the benefits that segregation of duties would provide.

Recommendation: We concur with the District’s response.

LATAH COUNTY SOIL AND WATER CONSERVATION DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - ALL FUNDS -
OTHER COMPREHENSIVE BASIS OF ACCOUNTING
Year Ended June 30, 2024

	General	DEQ	BPA	USFWS	Idaho Department of Fish and Game	Palouse Conservation District
REVENUES						
County appropriation	$ 20,000					
City of Moscow appropriation	2,500					
Grants	51,613	$ 149,860	$ 831,357	$ 21,679		$ 2,054
Indirect cost reimbursements	318,479					
Refunds and reimbursements	17,493					
Other receipts	9,992					
	420,077	149,860	831,357	21,679	$ 0	2,054
EXPENDITURES						
Advertisements	21					
Awards and scholarships	3,211					
Bank service charges	410					
Best Management Practices		2,585				
Donations	1,325					
Dues and subscriptions	2,349					
Insurance	5,419					
Payroll expense	215,978	61,591	389,893	13,716	783	1,497
Postage	252					
Printing and reproduction	48		149			
Professional fees	6,750	3,483	100,568			
Repairs			4,592			
Rent	13,800	900	42,450			
Supplies	19,440	40,420	47,169	2,078	480	
Travel	5,989		4,081			
Utilities	5,697		15,431			
Vehicle maintenance	20,232		1,342			
Other	124		100			
Indirect costs		40,881	225,582	5,885	(116)	557
	301,045	149,860	831,357	21,679	1,147	2,054
EXCESS REVENUES OVER EXPENDITURES	119,032					
FUND BALANCES, beginning of year	561,216	0	0	0	1,147	0
FUND BALANCES, end of year	$ 680,248	$ 0	$ 0	$ 0	$ 0	$ 0

See accompanying notes

LATAH COUNTY SOIL AND WATER CONSERVATION DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - ALL FUNDS -
OTHER COMPREHENSIVE BASIS OF ACCOUNTING
Year Ended June 30, 2024

	OSC	IASCD	Forest Service	Idaho Soil & Water Conservation	Rocky Mountain Elk Foundation	Total
REVENUES						
County appropriation						$ 20,000
City of Moscow appropriation						2,500
Grants	$ 94,506	48,792	$ 24,957	$ 136,225	$ 30,000	1,391,043
Indirect cost reimbursements						318,479
Refunds and reimbursements						17,493
Other receipts						9,992
	94,506	48,792	24,957	$ 136,225	30,000	1,759,507
EXPENDITURES						
Advertisements						21
Awards and scholarships						3,211
Bank service charges						410
Best Management Practices	64,504			4,755	30,000	101,844
Donations						1,325
Dues and subscriptions						2,349
Insurance						5,419
Payroll expense	4,328	35,040	11,048	86,747		820,621
Postage						252
Printing and reproduction						197
Professional fees			7,134	819		118,754
Repairs						4,592
Rent						57,150
Supplies				43,854		153,441
Travel		520				10,590
Utilities						21,128
Vehicle maintenance						21,574
Other	20			50		294
Indirect costs	25,654	13,232	6,775			318,450
	94,506	48,792	24,957	136,225	30,000	1,641,622
EXCESS REVENUES OVER EXPENDITURES						117,885
FUND BALANCES, beginning of year	0	0	0	0	0	562,363
FUND BALANCES, end of year	$ 0	$ 0	$ 0	$ 0	$ 0	$ 680,248