A & B Irrigation District
Audited Financial Statements
October 31, 2024

A & B IRRIGATION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To Board of Directors and Management
A&B Irrigation District

Opinion

We have audited the accompanying financial statements of A&B Irrigation District, as of and for the year ended October 31, 2024 and 2023, and the related notes to the 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 financial position of the District, as of October 31, 2024 and 2023, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 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 opinion.

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 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 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 opinion. 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:

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- 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 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 the district's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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 opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2024, on our consideration of the 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 the 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 district's internal control over financial reporting and compliance.

November 13, 2024

Arritt Robins Waters CPAs PLLC

Arritt Robins Waters CPAs PLLC

A & B Irrigation District

BALANCE SHEETS

For the Fiscal Years Ended October 31, 2024 and 2023

	October 31, 2024	October 31, 2023
Current Assets		
Unrestricted Cash and Cash Equivalents	$ 8,586,956	$ 7,755,219
Receivables:		
Delinquent O&M Charges	5,747	7,004
Excess Water Charges	45,602	11,931
Miscellaneous Accounts Receivable	-	-
Penalties and Interest	537	813
Total Receivables	51,886	19,748
Inventory of Operating Supplies and Chemicals	277,319	317,122
Prepaid Expenses	49,230	99,940
Total Current Assets	8,965,391	8,192,029
Non-Current Assets		
Restricted Cash and Cash Equivalents	246,264	246,264
Capital Assets Net of Depreciation:		
Land	961,223	961,223
Water Delivery System	4,050,000	4,200,000
Unit A Pumping Plant #2	9,114,940	9,409,663
Plant and Office	173,433	179,211
Machinery and Equipment	617,548	664,264
Total Capital Assets	14,917,144	15,414,361
Total Non-Current Assets	15,163,408	15,660,625
Deferred Outflows of Resources		
Pension Related Items	320,206	580,402
Total Assets	$ 24,449,005	$ 24,433,056
	-	-

A & B Irrigation District

BALANCE SHEETS

For the Fiscal Years Ended October 31, 2024 and 2023

	October 31, 2024	October 31, 2023
Current Liabilities		
Accounts Payable	$ 95,374	$ 73,891
Accounts Payable Estimated Power Deficit	-	-
Accrued and Withheld Payroll Taxes	15,007	11,903
Accrued Compensated Absences	105,911	98,556
Prepaid O&M	41,488	40,683
Accrued Interest	76,441	88,214
IDWR Water Loan Payable - Current	337,771	326,556
Total Current Liabilities	671,992	639,803
Non-Current Liabilities		
Net Pension Liability	1,292,993	1,418,521
IDWR Water Loan Payable	4,083,850	4,415,482
Total Liabilities	6,048,835	6,473,806
Deferred Inflows of Resources		
Pension Related Items	-	-
Net Position		
Invested in Capital Assets net of Related Debt	10,495,523	10,672,323
Restricted	446,264	446,264
Unrestricted	7,458,383	6,840,663
Total Net Position	18,400,170	17,959,250
Total Liabilities and Net Position	$ 24,449,005	$ 24,433,056
	-	-

A & B Irrigation District

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Years Ended October 31, 2024 and 2023

	2024	2023
Operating Revenues:		
Current O&M Assessments	$ 8,484,955	$ 8,320,198
BPA Energy / water Smart Grants	327,458	-
Am Falls Spillway - IWRB Grant	50,742	
Water District 01	105,706	7,280
Excess Water Charges	45,602	11,931
Ad Val Orem Tax Refund	9,019	11,322
Penalties and Interest	2,979	2,481
Rental Income on District Houses	14,550	15,001
Well Drilling Rig Rental	48,000	52,000
Miscellaneous	15,446	82,873
Total Operating Revenue	9,104,457	8,503,086
Operating Expenses		
Administrative and Payroll	2,463,636	2,400,997
Professional Services	134,749	113,506
Utilities	4,232,742	4,048,148
Insurance	61,745	53,024
System Maintenance	1,443,209	1,277,181
Contract Labor	23,286	43,106
Depreciation	584,237	587,303
Assessments	40,409	35,471
Total Operating Expenses	8,984,013	8,558,736
Income From Operations	120,444	(55,650)
Non-Operating Revenue (Expense):		
Sale of Surplus Equipment	28,118	-
Interest Earned on Invested Funds	452,695	342,898
Interest Expense	(160,337)	(170,626)
Change in Net Position	440,920	116,622
Net Position - Beginning	17,959,250	17,842,628
Net Position - Ending	$ 18,400,170	$ 17,959,250

A & B Irrigation District

STATEMENT OF CASH FLOWS

For the Fiscal Years Ended October 31, 2024 and 2023

	October 31, 2024	October 31, 2023
Cash Flows From Operating Activities:		
Receipts From Water Users and Others	$ 9,073,124	$ 8,542,715
Payments to Suppliers	(5,689,476)	(5,294,641)
Payments to Employees	(2,453,177)	(2,686,964)
Net Cash Provided By Operating Activities	930,471	561,110
Cash Flows From Capital and Related Financing Activities:		
Purchase of Equipment / Plant / Land	(87,020)	(316,478)
Sale of Surplus Equipment	28,118	-
Long Term Borrowings	-	-
Repayment of Long Term Borrowings	(320,417)	(314,108)
Interest Paid	(172,110)	(178,420)
Net Cash Used by Capital and Related Financing Activities	(551,429)	(809,006)
Cash Flows From Investing Activities:		
Interest on Cash and Cash Equivalents	452,695	342,898
Net Change in Cash and Cash Equivalents	831,737	95,002
Cash and Cash Equivalents at Beginning of Fiscal Year	8,001,483	7,906,481
Cash and Cash Equivalents at End of Fiscal Year	$ 8,833,220	$ 8,001,483
	-	-
	-	-
Reconciliation to Balance Sheet:		
Unrestricted Cash and Cash Equivalents	$ 8,586,956	$ 7,755,219
Restricted Cash and Cash Equivalents	246,264	246,264
Cash and Cash Equivalents per Cash Flow Statement	$ 8,833,220	$ 8,001,483
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:		
Operating Income or (Loss)	$ 120,444	$ (55,650)
Adjustments:		
Depreciation	584,237	587,303
Decrease (Increase) in: Receivables	(32,138)	38,420
Inventory	39,803	(87,697)
Prepaid Expenses	50,710	(77,208)
DOR - Pension Related Items	260,196	162,291
Increase (Decrease) in: Accounts Payable	21,483	(73,619)
Prepaid O&M	805	1,209
Payroll Tax Liabilities	10,459	21,583
Net Pension Liability	(125,528)	50,584
DIR - Pension Related Items	-	(6,106)
Net Cash Provided by Operating Activities -	$ 930,471	$ 561,110
	-	-

NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended October 31, 2024 and 2023

Note 1: Reporting Entity

A & B Irrigation District is a political subdivision of the State of Idaho. The District operates and maintains the irrigation system for approximately 82,636 acres in Minidoka and Jerome counties. The District is divided into five director divisions and is governed by a board of directors comprised of a director from each division.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The accounting principles of the District conform to accounting principles generally accepted in the United States of America applicable to enterprise funds. Accordingly, the balance sheets and the statements of revenues, expenses and changes in net position have been prepared using the economic resources measurement focus and the accrual basis of accounting.

The District applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, the Accounting Principles Board (APB) opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The District considers money market funds, Certificates of Deposit and investments in the state investment pool to be cash and cash equivalents.

Operating Revenue and Expense

The District considers grants from the Bureau of Reclamation for specific projects and the expenses to complete those projects operating revenue and expense.

Receivables

No provision for doubtful collection of receivables is provided. Water users are subject to liens against their lands for delinquent assessments. Eligibility for delivery of water is contingent upon payment of the assessments.

Inventory

Inventories are based on a first-in, first-out method and are valued at cost. Inventories consist of chemicals, miscellaneous electrical, auto supplies and gravel.

Restricted Assets

Restricted assets represent externally restricted cash and cash equivalents. When an expense is incurred for which both restricted and unrestricted net assets are available, it is the District's policy to apply the expense to restricted net assets first.

Capital Assets

Infrastructure, such as, the water delivery system, plants and buildings are recorded at estimated cost when constructed or estimated fair market value at the time they were contributed to the District. Equipment is recorded at cost. Costs that do not significantly extend the value or useful life or do not meet the following capitalization thresholds are expensed as incurred:

Water Delivery System (including plants)	$ 250,000
Buildings	40,000
Equipment	20,000
Transportation	5,000

Assets are depreciated on the strait-line method. Depreciation is calculated over the following estimated useful lives:

Water Delivery System	80 Years
Plant	40 Years
Buildings	40 Years
Equipment	10 Years
Transportation	5 Years

The District has elected not to retroactively report major infrastructure assets that were not already on the books.

Pensions

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 3: Cash and Cash Equivalents

Funds are invested in accordance with Idaho code. The district has no investment policy which would limits its investment choices beyond those stated in the Idaho code.

The District had the following cash and cash equivalents at October 31:

	Interest Rate	2024 Balance	Interest Rate	2023 Balance
Treasurer's Cash Account		50		50
D.L. Evans - Checking		157,750		55,713
First Federal - Unreimbursed Medical		10,370		11,330
D.L. Evans - Payroll		112,888		111,722
D.L. Evans - Impress Fund		2,452		3,655
D.L. Evans - Money Market		101,727		101,218
Idaho Central Credit Union CD	4.42%	124,876	3.21%	120,028
Idaho Central Credit Union CD	4.42%	124,876	3.21%	120,028
Idaho Central Credit Union CD	4.42%	62,438	3.21%	60,014
Idaho Central Credit Union CD	4.33%	124,979	5.01%	118,920
Idaho Central Credit Union CD	4.33%	124,979	5.01%	118,920
Idaho Central Credit Union CD	4.33%	62,490	5.01%	59,461
Idaho Central Credit Union		20		20
State Investment Pool	5.00%	7,823,325	5.35%	7,120,404
Total		8,833,220		8,001,483

The District has six CDs with Idaho Central Credit Union. Three have a maturity date of August 15, 2025 and an annual percentage yield of 4.42%. Three have a maturity date of March 28, 2026 and an annual percentage yield of 4.33%. They are classified cash equivalents.

Note 4: Prepaid Expenses

	October 31, 2024	October 31, 2023
Unexpired Insurance	$ 32,489	$ 24,992
Power Surplus	$ 16,741	$ 74,948

Note 5: Capital Assets

Although the United States Government holds title to many of the assets used by the District, the District has the right to use the assets in perpetuity and they are reflected in these financial statements as though they were owned by the District.

	Balance 10/31/2023	Additions	Deductions	Balance 10/31/2024
Capital Assets				-
Land	961,223			961,223
Water Delivery System	12,000,000			12,000,000
Unit A Pumping Plant #2	11,767,448			11,767,448
Plant and Office	426,457			426,457
Equipment	4,395,806	123,372	(200,720)	4,318,458
Total Capital Assets	29,550,934	123,372	(200,720)	29,473,586
Less Accumulated Depreciation				
Water Delivery System	(7,800,000)	(150,000)		(7,950,000)
Unit A Pumping Plant #2	(2,357,785)	(294,723)		(2,652,508)
Plant and Office	(247,246)	(5,778)		(253,024)
Equipment	(3,731,542)	(133,736)	164,368	(3,700,910)
Total Accumulated Depreciation	(14,136,573)	(584,237)	164,368	(14,556,442)
Capital Assets, Net	15,414,361	(460,865)	(36,352)	14,917,144

Note 6: Compensated Absences

Permanent employees earn annual leave based upon length of time employed. The maximum accumulated annual leave which may be carried over from one work year to the next is 160 hours. They also earn one hour comp time for each hour of overtime worked. The liability reflects the employees earned but unpaid annual leave and comp time.

Note 7: Contingencies and Risk

Interest Rate Rick

Interest Rate Risk is the risk changes in interest rates will adversely affect the fair value of an investment. The district does not have an investment policy that limits investments as a means of managing interest rate rick.

Credit Risk and Concentrations of Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligation. Concentrations of credit risk is the risk of loss attributed to the magnitude of the government's investment is a single issuer. The District has deposits at more than one institution but does not have an investment policy that would limit its investment choices.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposit may not be returned to it. The District does not have a deposit policy for custodial credit risk. The District maintains cash balances at several financial institutions. Accounts at each financial institution, with the exception of the state investment pool, are insured by Federal Deposit Insurance Corporation for up to $ 250,000. As of October 31, 2024 and 2023 the District had $374,636 and $347,371 over the FDIC insurance amount and exposed to credit risk. As of October 31, 2024 and 2023, $7,823,326 and $7,120,404 of the District's bank balances were invested with the state investment pool and thus exposed to custodial credit risk.

Contingent Liability - Sick Leave

Employee's of the District are able to accumulate sick-pay hours for times of illness. At October 31, 2024 and 2023, employees had accumulated 2,288 and 2,224 hours respectively. At current compensation levels this represents a potential liability of $75,698 and $69,021 for the fiscal years ended October 31, 2024 and 2023 respectively.

Water Litigation

The District relies on the availability of water. There are several ongoing developments in many areas affecting water law. The effect of these has not been determined. However, unfavorable outcomes of one or more of these could have a detrimental effect on the District's financial condition.

Economic Risk

The District's only customers are land owners in the District. The District is dependent upon the land owners' ability to pay their assessments and the availability of water.

Note 8: Budget

The budget is set by the Board. The Board can authorize expenditures over the budget amount.

Note 9: Retirement Plan

Plan Description

The District contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to a board, comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the board be active Base Plan members with at least ten years of service and three members who are Idaho citizens, not members of the Base Plan except by reason of having served on the board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions
Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. This board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate. As of June 30, 2024 it was 6.71% . The employer contribution rate is set by the Retirement Board and was 11.18% of overcompensation. The District's contributions were $196,332 for the year ended October 31, 2024.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At October 31, 2024, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the District's proportion was .0345660 percent.

For the year ended October 31, 2024, the District recognized pension expense (revenue) of $134,668. At October 31, 2024 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Differences between expected and actual experience	$ 205,856	$ -
Changes in assumptions or other inputs	51,222	-
Net difference between projected and actual earnings on pension plan investments		-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
Employer contributions subsequent to measurement date	63,128	-
Total	$ 320,206	$ -

$63,128 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending October 31, 2024.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2024 the beginning of the measurement period ended June 30, 2023 is 4.6 and 4.6 for the measurement prior June 30, 2024.

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

Year End October 31,	
2025	$ 78,045
2026	$ 241,082
2027	$ (41,574)
2028	$ (29,716)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: inflation 2.30%, salary increases 3.05%, salary inflation 3.05%, investment rate of return 6.35%, cost of living adjustments 1%.

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries Males Pub 2010 General Tables, increased 11%.

General Employees and All Beneficiaries Females Pub 2010 General Tables, increased 21%.

Teachers Males Pub 2010 Teacher Tables, increased 12%.

Teachers Females Pub 2010 Teacher Tables, increased 21%.

Fire & Police Males Pub 2010 Safety Tables, increased 21%.

Fire & Police Females Pub 2010 Safety Tables, increased 26%.

Disabled Members Males Pub 2010 Disabled Tables, increased 38%.

Disabled Members Females Pub 2010 Disabled Tables, increased 36%.

An experience study was performed for the period July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions other than mortality. The Total Pension Liability as of June 30, 2023 is based on the results of an actuarial valuation date of July 1, 2024.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of January 1, 2024:

Capital Market Assumptions from Callan 2023

Asset Class	DB Plans	Sick Leave
Fixed Income	30.00%	50.00%
US/Global Equity	55.00%	39.30%
International Equity	15.00%	10.70%
Cash	0.00%	0.00%
Total	100.00%	100.00%

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension lability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher(7.35 percentage) than the current rate:

	1% decrease (5.35%)	Current discount rate (6.35%)	1% increase (7.35%)
District's proportional share of net pension liability	$ 2,457,089	$ 1,292,992	$ 342,223

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the pension plan

At October 31, 2024, the District did not have payables to the defined pension plan for legally required employee contributions nor for legally required contributions employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Note 10: Unit A Pumping Plant Loans

The District has received two $3,500,000 loans, for a total of $7,000,000. Both loans are amortized over 20 years and have yearly installments of $246,264 per year including interest at 3.5%. The first loan has a payment due in December. The second loan has payments due in August

Principal payments for both bonds are as follows:

	December Loan			August Loan		
	Principal	Interest	Total	Principal	Interest	Total
2023	169,002	77,262	246,264	168,769	77,495	246,264
2024	174,917	71,347	246,264	174,676	71,588	246,264
2025	181,039	65,225	246,264	180,790	65,474	246,264
2026	187,375	58,889	246,264	187,117	59,147	246,264
2027	193,933	52,331	246,264	193,666	52,598	246,264
2028-2032	1,076,360	154,960	1,231,320	1,074,878	156,442	1,231,320
2033-2034	224,861	21,403	246,264	222,447	23,817	246,264
	$ 2,207,487	$ 501,417	$ 2,708,904	$ 2,202,343	$ 506,561	$ 2,708,904

IDWR Water Loans Payable consist of:

	Interest Rate	Balance 2023	Additions	Deletions	Balance 2024	Current Portion
December Loan	3.50%	2,370,993	-	157,523	2,213,470	169,002
August Loan	3.50%	2,371,045	-	156,911	2,214,134	168,769
		4,742,038	-	314,434	4,427,604	337,771

Note 11: Title transfer:

The District negotiated a title transfer with the US Government. The cost of the title transfer has been reflected in the financial statements as additional cost of land.

Note 12: Date of Managements Review:

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through November 13, 2024, the date that the financial statements were available to be issued.

Required Supplementary Information

A & B Irrigation District
Required Supplementary Information
As of October 31, 2024

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of net the pension liability	0.03456600%	0.03554593%	0.347302%	0.038949%	0.043507%	0.043795%	0.040168%	0.0432630%	0.0500813%	0.0491778%
Employer's proportionate share of the net pension liability	$ 1,292,993	$ 1,418,521	$ 1,367,937	$ (30,761)	$ 1,010,288	$ 499,907	$ 592,485	$ 680,020	$ 1,015,225	$ 647,592
Employer's covered-employee payroll	$ 1,737,714	$ 1,606,006	$ 1,407,199	$ 1,429,909	$ 1,528,883	$ 1,571,312	$ 1,352,477	$ 1,286,749	$ 1,465,625	$ 1,368,691
Employer's proportional share of the net pension liability as a percentage of its covered- employee payroll	74.41%	88.33%	97.21%	-2.15%	66.08%	31.81%	43.81%	52.85%	69.27%	47.31%
Plan fiduciary net position as a percentage of the total pension liability	85.54%	83.83%	83.10%	100.40%	88.22%	93.79%	91.69%	90.68%	87.26%	95.00%

Data reported is measured as of June 30, 2024 (measurement date)

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 196,332	$ 184,024	$ 165,391	$ 170,318	$ 179,857	$ 179,098	$ 150,908	$ 155,466	$ 164,382	$ 159,297
Contributions in relation to the statutorily required contribution	$ 196,332	$ 184,024	$ 165,391	$ 170,318	$ 179,857	$ 179,098	$ 150,908	$ 155,466	$ 164,382	$ 159,297
Contribution (deficiency) excess			-	-	-	-	-	-	-	-
Employer's covered-employee payroll	$ 1,737,714	$ 1,606,006	$ 1,407,199	$ 1,429,909	$ 1,528,883	$ 1,571,312	$ 1,352,477	$ 1,286,749	$ 1,465,625	$ 1,368,691
Contributions as a percentage of covered-employee payroll	11.30%	11.46%	11.75%	11.91%	11.76%	11.40%	11.16%	12.08%	11.22%	11.64%

Data reported is measured as of October 31, 2024 (measurement date)

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

Board of Directors
A&B Irrigation District
Rupert, 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 A&B Irrigation District (the District), as of and for the year ended October 31, 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 November 13, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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.

Arritt Robins Waters, CPAs LLC
Arritt Robins Waters, CPAs LLC
November 13, 2024