AMERICAN FALLS RESERVOIR DISTRICT
FINANCIAL STATEMENTS
OCTOBER 31, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
American Falls Reservoir District
Jerome, Idaho 83338

We have audited the accompanying financial statements of American Falls Reservoir District as of and for the years ended October 31, 2024 and 2023 and the related notes to the financial statements, which collectively comprise the American Falls Reservoir 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 financial position of American Falls Reservoir District as of October 31, 2024 and 2023, and the changes in financial position, and its cash flows for the years 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 American Falls Reservoir 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 American Falls Reservoir District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the American Falls Reservoir 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 American Falls Reservoir 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 the budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer contributions listed as required supplementary information in the table of contents 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 the 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 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 the 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 an opinion on the financial statements that collectively comprise American Falls Reservoir District's, basic financial statements. The Schedules of Operations and Maintenance Assessments Receivable and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*,are presented for purposes of additional analysis and are 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 and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are 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 January 9, 2025, on our consideration of American Falls Reservoir 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 American Falls Reservoir 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 American Falls Reservoir District's internal control over financial reporting and compliance.

Mahlke Hunsaker & Co.

Mahlke Hunsaker & Company, pllc
Twin Falls, Idaho
January 9, 2025

AMERICAN FALLS RESERVOIR DISTRICT
Statements of Net Position
October 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and Cash Equivalents	$ 94,018	$ 41
Investments	1,860,557	1,681,281
Interest Receivable	7,959	7,665
Prepaid Expenses	2,293	1,930
O&M Assessment Receivable	22,398	20,201
Due from Other Governments	-	358,234
Total Current Assets	1,987,225	2,069,353
Property and Equipment		
Equipment	24,014	9,865
Buildings & Improvements	924,475	53,386
Land & Water Storage Rights	5,503,269	5,503,269
Less: Accumulated Depreciation	(48,194)	(41,638)
Construction in Progress	-	34,060
Total Property and Equipment	6,403,563	5,558,941
Deferred Outflows of Resources		
Pension Obligations	25,561	44,433
Total Deferred outflows of Resources	25,561	44,433
Total Assets and Deferred Outflows of Resources	$ 8,416,349	$ 7,672,727
Liabilities and Net Position		
Current Liabilities		
Accounts Payable	$ 94,864	$ 9,147
Accrued Expenses	9,973	5,740
Total Current Liabilities	104,837	14,887
Noncurrent Liabilities		
Net Pension (Asset) Liability	103,398	109,561
Total Noncurrent Liabilities	103,398	109,561
Total Liabilities	208,235	124,448
Deferred Inflows of Resources		
Employer pension assumption	-	-
Total Deferred Inflows of Resources	-	-
Net Position		
Net Investment in Capital Assets	6,403,563	5,558,941
Unrestricted	1,804,551	1,989,338
Total Net Position	8,208,114	7,548,280
Total Liabilities, Deferred Inflows, and Net Position	$ 8,416,349	$ 7,672,727

See accompanying notes to the financial statements.

AMERICAN FALLS RESERVOIR DISTRICT
Statements of Revenues, Expenses and
Changes in Net Position
For the Years Ended October 31, 2024 and 2023

	2024	2023
Operating Revenues:		
Operation and Maintenance Assessments	$ 1,049,010	$ 1,042,764
Penalty and Interest on Delinquent Tax Payments	4,687	4,456
Refund of Operation and Maintenance Fees	-	951,007
Total Operating Revenues	1,053,697	1,998,227
Operating Expenses:		
Operation and Maintenance:		
American Falls Dam	693,169	592,773
Jackson Lake Dam	9,847	6,937
Secretary's Salary	73,130	70,017
Other Employee Salaries	45,218	41,992
Legal	31,148	25,373
Public Employees Retirement	26,520	29,114
Directors' Fees	9,950	13,100
Insurance and Bonds	5,090	4,591
Depreciation	6,556	3,367
Payroll Taxes	9,862	10,087
Accounting and Auditing Fees	5,000	5,000
Repairs & Maintenance	5,754	13,432
Directors' Expenses	4,024	4,350
Utilities	4,774	4,454
Secretary's Expense	2,108	1,703
Office Supplies	2,625	2,715
Telephone	2,047	1,976
County Collection Fees	21,934	16,074
Dues & Subscriptions	707	712
Postage	530	519
Uncollectible Taxes	-	6
Bank Fees	419	-
Total Operating Expenses	964,013	848,290
Income (Loss) From Operations	89,684	1,149,937
Non-Operating Revenues (Expenses)		
Interest Income	87,131	60,213
Gain on Sale of Fixed Assets	-	152,075
Grant Income	1,764,517	-
Grant Expenses	(1,281,499)	-
Total Non-Operating Revenues (Expenses)	570,150	212,288
Change in Net Assets	659,835	1,362,226
Net Position - Beginning of Year	7,548,280	6,186,054
Net Position - End of Year	$ 8,208,114	$ 7,548,280

See accompanying notes to the financial statements.

AMERICAN FALLS RESERVOIR DISTRICT
Statements of Cash Flows
For the Years Ended October 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Receipts from Customers	$ 1,409,734	$ 1,643,232
Payments to Suppliers	(717,371)	(688,727)
Payments to Employees	(137,788)	(134,489)
Net Cash Provided (Used) by Operating Activities	554,575	820,016
Cash Flows From Capital and Related Financing Activities		
Purchase of Fixed Assets	(851,178)	(162,659)
Proceeds from the Sale of Fixed Assets	-	178,207
Grant Revenues	483,018	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(368,160)	15,548
Cash Flows From Investing Activities		
Investment in State of Idaho Local Government Investment Pool	(179,276)	(904,548)
Interest Received on Investments	86,837	52,548
Net Cash Provided (Used) by Investing Activities	(92,439)	(852,000)
Net Increase (Decrease) in Cash & Cash Equivalents	93,977	(16,436)
Cash and Cash Equivalents - Beginning of Year	41	16,477
Cash and Cash Equivalents - End of Year	$ 94,018	$ 41
Cash Flows From Operating Activities		
Income (Loss) from Operations	$ 89,684	$ 1,149,937
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation	6,556	3,367
(Increase) Decrease in Prepaid Expenses	(363)	(242)
(Increase) Decrease in O&M Assessment Receivable	(2,197)	3,239
(Increase) Decrease in Due from Other Governments	358,234	(358,234)
(Increase) Decrease in Deferred Outflows	18,872	14,873
Increase (Decrease) in Accounts Payable	85,717	5,227
Increase (Decrease) in Accrued Salaries and Payroll Taxes	4,233	1,680
Increase (Decrease) in Net Pension Liability	(6,163)	654
Increase (Decrease) in Deferred Inflows	-	(485)
Net Cash Provided (Used) by Operating Activities	$ 554,575	$ 820,016

See accompanying notes to the financial statements.

AMERICAN FALLS RESERVOIR DISTRICT
Statements of Fiduciary Net Position
Water Quality Facilities Operation and Maintenance Fund
October 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Investments	$ 79,433	$ 103,250
Total Current Assets	79,433	103,250
Total Assets	$ 79,433	$ 103,250
Net Position		
Net Position	$ 79,433	$ 103,250
Total Net Position	$ 79,433	$ 103,250

See accompanying notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

AMERICAN FALLS RESERVOIR DISTRICT
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

American Falls Reservoir District (The District) was organized in 1923, as an irrigation district under the laws of the State of Idaho (Title 43, Idaho Code, as amended). The District does not file income tax returns, maintaining exemption under Internal Revenue Code Section 115 as a governmental entity and function.

Reporting Entity
The District's financial statements include the accounts of all District operations. Financial accountability is overseen by the board of directors which is made up of seven elected members that serve three-year terms. The significant accounting policies followed in the presentation of these financial statements are summarized below. These policies conform to United States of America's generally accepted accounting principles (GAAP for local government units as prescribed in the statements issued by the GASB and other recognized authoritative sources.

Basis of Presentation - Fund Accounting
The accounts of the District are organized and presented as an enterprise fund. Enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) 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.

Operating Revenue & Expenses
Operating income reported in enterprise fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Basis of Accounting
The District uses the accrual method of accounting with revenues recognized when earned. Expenses are generally recognized when incurred.

Deposits and Investments
Cash and cash equivalents include amounts of cash on hand, demand deposits and highly liquid short-term investments with an original maturity of three months or less from the date acquired by the District.

State statutes authorize the District to invest any available funds in obligations issued or guaranteed by the U.S. Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Deposits and Investments—continued

Investments are stated at fair market value, as determined by quoted market prices, excepts for certificates of deposits, which are non-participating contracts, and are therefore carries at amortized cost. Idaho code provided authorization for the investment of funds as well as to what constitutes an allowable investment. The District policy allows for investment of idle funds consistent with the Idaho State Code 67-1210 and 67-1210A. An annual audit of Joint Powers Investment Pool is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the Pool.

Custodial Credit Risk

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party. The District does not have a policy for custodial credit risk outside of the deposit and investment agreements.

Credit Risk

Credit risk is the risk that an insurer of debt securities or another counterparty to an investment will not fulfill its obligation is commonly expressed in terms of the credit quality rating issued by a nationally recognized statistical rating organization such as Moody's, Standard & Poor's and Fitch's. The investments of the District are not rated and the District's policy does not restrict them to rated investments.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category: the pension obligation reported on the statement of net position. The pension obligation results from changes in assumptions or other inputs in the actuarial calculation of the District's net pension liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category: the employer pension assumption. The employer pension assumption results from differences between expected and actual experience and the net difference between projected and actual earnings on pension plan investments derived from the actuarial calculation of the District's net pension liability.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment

Property and equipment are stated at cost if purchased or, if donated, at estimated current market value at the date of donation. The District's capitalization policy is in general to capitalize asset purchased in excess of $1,000. Depreciation begins when an asset is operational or serviceable. Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Office Equipment	5-15
Buildings & Improvements	15-50
Land and Water Rights	Not Depreciable

Net Position

Equity is displayed in three components as follows:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those capital assets.

Restricted Assets – This consists of constraints placed on net position use through external constraints imposed by grantors, contributors, or laws. When both restricted and unrestricted resources are available for use, generally it is the District's policy to uses restricted resources first and then unrestricted resources when they are needed.

Unrestricted – This consists of net position that does not meet the definition of "restricted" or "Net Investment in Capital Assets."

Operation and Maintenance Assessment Revenue

The operation and maintenance assessment is billed to the landowners in late November of each year. The assessment made in late November following the year end has not been accrued in the October 31, 2024 financial statements. No reserve for uncollectible operation and maintenance assessments for prior years is recorded since the amount not collected in the past has been insignificant.

The amount of the operation and maintenance assessment is determined each year by the District based on the amount due to the United States Bureau of Reclamation on American Falls and Jackson Lake Dam maintenance, plus the anticipated cost of maintaining the District's office. The levy is calculated on a per share basis according to the number of shares in each of the District's segregations.

Most of the assessments are collected in conjunction with respective county property taxes by the authority of Idaho Code (#43-727) per agreement with those counties in July 1923.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Operation and Maintenance Assessment Revenue—continued

The Water Quality Facilities Operation and Maintenance Fund was established in accordance with the water quality facilities agreement dated March 31, 1976. The agreement provides that the constructing agency (American Falls Reservoir District) shall: (1) "Bill and collect in advance, operation and maintenance payments from each space holder", and (2) pay the space holders, "proportionate share of 50% of the annual cost of operations and maintenance of the water quality facilities, but not to exceed $62,500 per year", plus audit and incidental costs. The fund has been presented in the financial statements as a trust fund.

All Water Quality Facilities Operation and Maintenance Funds are maintained in an account through the Idaho State Local Government Investment Pool.

Risk Management

Losses are covered by commercial insurance for the District's liability and health insurance needs. There have been no significant reductions in insurance coverage for the current fiscal year end and no settlements have exceeded insurance coverage for the current fiscal year or the three prior fiscal years.

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.

Use of Estimates

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and investments on October 31, 2024 and 2023 consisted of the following:

	2024	2023
General Checking Account	$ 94,018	$ 41
Total	$ 94,018	$ 41

	2024 Carrying Amount	2023 Carrying Amount
Cash and Cash Investments		
Insured and collateralized	$ 94,018	$ 41
Uninsured and not collateralized	-	-
Total	$ 4,018	$ 41

On October 31, 2024, all of the cash was covered under the Federal Deposit Insurance Corporation and is classified as uncollateralized. Balances in excess of $250,000 are not insured.

Investments – The District held the following investments on October 31, 2024 and 2023.

	2024 Rating	2024 Fair Value	2023 Rating	2023 Fair Value
Idaho State Treasurer Local Government Investment Pool	Unrated	$ 1,860,557	Unrated	$ 1,681,281

The Local Government Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposits, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank.

For purposes of efficient cash flow management and the management of temporary investments, the District places its investment funds with the Idaho State Treasurer Local Government Investment Pool. The treasurer's office pools the District's funds with those of other government entities and invests those funds in large amounts in traditional banking and financial instruments which allow the District, via the pool, to realize a greater yield on its invested funds than it may otherwise realize by investing its funds on its own. The District is entitled to separate FDIC insurance of $250,000 for its separate funds held within the pooled funds. This coverage applies separately to each bank that is FDIC insured that has District funds invested via the state investment pool.

NOTE 3 – PREPAID EXPENSES

The prepaid expense of $2,293 and $1,930 represents prepaid insurance for the District for fiscal years 2024 and 2023 respectively.

NOTE 4 – OPERATION AND MAINTENANCE ASSESSMENT RECEIVABLE

The operation and maintenance assessment receivable represents the total amount due from current and prior year assessments on October 31, 2024. The District has written off amounts greater than five years overdue. The amount that historically has become uncollectible has been immaterial to the financial statements taken as a whole; therefore, no allowance has been established. See supplemental schedule of assessments receivable for specific details.

NOTE 5 – DUE FROM OTHER GOVERNMENTS

Due from other governments represents a refund from the Bureau of Reclamation to space holders for mistakes made on the spillway repair project. The refund reduces amounts due to the Bureau each year until the credit has been exhausted.

NOTE 6 – WATER STORAGE RIGHTS

In March of 2000, the board of directors authorized the issuance of $19,885,000 of American Falls Reservoir District refunding replacement dam bonds. These bonds refunded the February 1990 bond issue of $21,425,000 which had originally refunded the original December 1980 bond issue. The original 1980 bond issue of $22,095,000 was part of the total financing of the original replacement dam project solely in accordance with a 1973 Act of Congress and 1976 contracts. The American Falls Replacement Dam was substantially completed and deeded to the United States of America, Department of Interior, Water and Power Resources Services in 1980.

The total net cost of replacement dam construction was financed as follows:

Space holders' portion, (excluding Idaho Power Company), paid by the Federal Government in accordance with 1978 Federal legislation -	$ 19,646,606
Idaho Power Company portion:	
American Falls Replacement Dam Bonds	22,095,000
Cash advance	523,470
Total	$ 42,265,076

NOTE 6 – WATER STORAGE RIGHTS – continued

As with the original 1980 bond issue and the February 1990 bond issue, the March 2000 refunding issue is payable solely from and secured by an assignment and pledge of payments derived pursuant to contracts between the District and Idaho Power Company. The bonds will not constitute general obligations of the District, nor a charge against the general credit or taxing power thereof. Accordingly, the bonds have not been included in the financial statements of American Falls Reservoir District.

American Falls Reservoir District's share of the space holders' portion of the cost as paid by the Federal Government totaled $5,378,042 (27.373% of the space holder share of storage rights - excluding Idaho Power Company). Accordingly, such amount was recorded as the basis of American Falls Reservoir District's water storage rights.

NOTE 7 – PROPERTY AND EQUIPMENT

A summary of changes in property and equipment for the year ended October 31, 2024 is as follows:

	Land and Water Storage Rights	Building and Improvements	Office Equipment	Totals
Balance on 11/01/22	$ 5,503,269	$ 53,386	$ 9,865	$ 5,566,520
Additions	-	871,089	14,149	885,238
Deletions	-	-	-	-
Balance on 10/31/23	$ 5,503,269	$ 924,475	$ 24,014	$ 6,451,758

	Beginning Balance	Current Depreciation	Retirement	Ending Balance
Accumulated Depreciation	$ 41,638	$ 6,556	$ -	$ 48,194

NOTE 8 - PENSION 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.

NOTE 8 - PENSION PLAN-continued

Responsibility for administration of the Base Plan is assigned to the 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. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for public safety. As of June 30, 2024 it was 6.71% for general employees and 9.83% for public safety. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% general employees and 13.26% for police and firefighters. The District's contributions were $13,506 for the year ended June 30, 2024.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

On 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. On June 30, 2024, the District's proportion was 0.0000246509 percent.

NOTE 8 - PENSION PLAN-continued

For the year ended October 31, 2024, the District recognized pension expense (revenue) of $12,709. On 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	$ 14,681	$ -
Changes in assumptions or other inputs	3,653	-
Net difference between projected and actual earnings on pension plan investments	(1,674)	-
Changes in the District's proportion and differences between the District's contributions and the District's proportionate contributions	4,076	-
The District's contributions subsequent to the measurement date	4,825	-
Total	$ 25,561	$ -

$4,825 reported as deferred outflows of resources related to pensions resulting from District 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 on July 1, 2023 the beginning of the measurement period ended June 30, 2023 is 4.6 and 4.6 for the measurement period 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:

2025	$ 5,366
2026	18,008
2027	(2,150)
2028	(488)

NOTE 8 - PENSION PLAN-continued

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, 2024 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%, net of investment expenses
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 – Female Rub – 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, increase 26%
Disabled Members – Males Pub – 2010 Disabled Tables, increased 38%
Disabled Members – Females Pub – 2010 Disabled Tables, increase 36%

An experience study was performed for the period July 1, 2015, through June 30, 2020, which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2024, 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.

NOTE 8 - PENSION PLAN-continued

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 2024.

	2024	
	DB Plans	**Sick Leave**
Asset Class		
Fixed Income	30.0%	50.0%
US/Global Equity	55.0%	39.3%
International Equity	15.0%	10.7%
Cash	0.0%	0.0%
Total	100.0%	100.0%

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 District's proportionate share of the net pension liability to changes in the discount rate.

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the District's proportionate share of the net pension liability 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 percent) than the current rate:

NOTE 8 - PENSION PLAN-continued

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
District's proportionate share of the net pension liability (asset)	$ 186,416	$ 103,398	$ 35,594

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
On October 31, 2024, there were no payables to the defined benefit pension plan for legally required employer contributions or for legally required employee contributions which have been withheld from employee wages but not yet remitted to PERSI.

NOTE 9 – COMMITMENTS AND SUBSEQUENT EVENTS

Subsequent Events
The District has evaluated subsequent events through January 9, 2025, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

AMERICAN FALLS RESERVOIR DISTRICT
Statement of Revenues, Expenses and
Changes in Net Position - Budget and Actual
For the Years Ended October 31, 2024 and 2023

	2024			2023		
	Final Budget	Actual	Variance Favorable (Unfavorable)	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:						
Operation & Maintenance Assessments	$ 1,059,309	$ 1,049,010	$ (10,299)	$ 1,049,350	$ 1,042,764	$ (6,586)
Penalty & Interest on Tax Payments	4,000	4,687	687	4,000	4,456	456
Refund of Operation and Maintenance Fees	358,234	-	(358,234)	578,036	951,007	372,971
Total Operating Revenues	1,421,543	1,053,697	(367,846)	1,631,386	1,998,227	366,841
Operating Expenses:						
Operation and Maintenance:						
American Falls Dam	334,934	693,169	(358,234)	-	592,774	(592,774)
Jackson Lake Dam	9,847	9,847	-	7,000	6,937	63
Secretary's Salary	71,000	73,130	(2,130)	66,710	70,017	(3,307)
Other Employee Salaries	43,000	45,218	(2,218)	41,000	41,992	(992)
Legal	21,700	31,148	(9,448)	16,000	25,373	(9,373)
Public Employees Retirement	14,000	26,520	(12,520)	14,100	29,114	(15,014)
Directors' Fees	12,600	9,950	2,650	14,150	13,100	1,050
Insurance and Bonds	5,100	5,090	10	4,600	4,591	9
Depreciation	-	6,556	(6,556)	-	3,367	(3,367)
Payroll Taxes	10,500	9,862	638	10,200	10,087	113
Accounting and Auditing Fees	5,000	5,000	-	5,000	5,000	-
Repairs & Maintenance	888,000	5,754	882,246	399,000	13,432	385,568
Directors' Expenses	5,000	4,024	976	5,400	4,350	1,050
Utilities	4,000	4,774	(774)	3,600	4,454	(854)
Secretary's Expense	2,500	2,108	392	2,500	1,703	797
Office Supplies	3,150	2,625	525	7,100	2,715	4,385
Telephone	2,200	2,047	153	1,800	1,976	(176)
County Collection Fees	20,800	21,934	(1,134)	21,807	16,074	5,733
Dues & Subscriptions	700	707	(7)	650	712	(62)
Postage	700	530	170	550	517	33
Uncollectible Taxes	-	-	-	-	6	(6)
Bank Fees	300	419	(119)	300	-	300
Total Operating Expenses	1,458,631	964,013	494,618	621,467	848,289	(226,822)
Income From Operations	(37,088)	89,684	126,772	1,009,919	1,149,938	140,019
Non-Operating Revenues (Expenses)						
Interest Income	72,000	87,131	15,131	1,900	60,213	58,313
Gain on Sale of Fixed Assets	-	-	-	180,000	152,075	(27,925)
Grant Income	483,018	1,764,517	1,281,499	-	-	-
Grant Expenses	-	(1,281,499)	(1,281,499)	-	-	-
Total Non-Operating Revenues (Expenses)	555,018	570,149	15,131	181,900	212,288	30,388
Change in Net Position	517,930	659,834	141,903	1,191,819	1,362,226	170,407
Net Position - Beginning of Year		7,548,280			6,186,054	
Net Position - End of Year		$ 8,208,114			$ 7,548,280	

See notes to required supplementary information.

AMERICAN FALLS RESERVOIR DISTRICT
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
PERSI - BASE PLAN
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020
District's portion of the net pension liability	.0000246509	.0000274544	.000027650	.000027705	.000027354
District's proportionate share of the net pension liability (asset)	$ 103,398	$ 109,561	$ 108,907	$ (2,188)	$ 63,520
District's covered-employee payroll	$ 120,809	$ 116,736	$ 109,451	$ 103,527	$ 97,407
District's proportional share of the net pension liability as a percentage of its covered-employee payroll	85.59%	93.85%	99.50%	-2.11%	65.21%
Plan fiduciary net position as a percentage of the total pension liability	85.54%	83.83%	83.09%	100.36%	88.22%

	2019	2018	2017	2016	2015
District's portion of the net pension liability	.000026461	.000026720	.000026716	.00002985	.000027045
District's proportionate share of the net pension liability	$ 30,204	$ 39,412	$ 41,993	$ 56,730	$ 35,329
District's covered-employee payroll	$ 89,875	$ 85,843	$ 82,978	$ 81,848	$ 75,754
District's proportional share of the net pension liability as a percentage of its covered-employee payroll	33.61%	45.91%	50.61%	69.31%	46.64%
Plan fiduciary net position as a percentage of the total pension liability	93.79%	91.69%	90.68%	87.26%	94.95%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of June 30 each year.

See notes to required supplementary information.

AMERICAN FALLS RESEVOIR DISTRICT
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
PERSI - BASE PLAN
LAST 10 FISCAL YEARS*

	2024	2023	2022	2021	2020
Statutorily required contribution	$ 13,811	$ 13,942	$ 13,351	$ 12,534	$ 11,889
Contribution in relation to the statutorily required contribution	13,811	13,942	13,351	12,534	11,889
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered -employee payroll	$ 120,722	$ 119,337	$ 111,814	$ 104,977	$ 99,575
Contributions as a percentage of covered-employee payroll	11.44%	11.68%	11.94%	11.94%	11.94%

	2019	2018	2017	2016	2015
Statutorily required contribution	$ 10,621	$ 9,831	$ 9,489	$ 9,298	$ 8,883
Contribution in relation to the statutorily required contribution	10,621	9,831	9,489	9,298	8,883
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered -employee payroll	$ 92,114	$ 86,844	$ 83,824	$ 82,137	$ 78,476
Contributions as a percentage of covered-employee payroll	11.53%	11.32%	11.32%	11.32%	11.32%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of October 31 of each year.

See notes to required supplementary information.

AMERICAN FALLS RESERVOIR DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
OCTOBER 31, 2024 and 2023

NOTE 1- BUDGETARY INFORMATION

Budgetary-GAAP Reporting Reconciliation

The accompanying Budgetary Comparison Schedules compare the legally adopted budget with actual data on a budgetary basis. Accounting principles applied for purposes of developing data on the budgetary basis do not differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP).

Budgetary Policies

The District prepares an annual budget of revenue and expenditures prior to the beginning of the fiscal year. The budget is prepared on the modified accrual basis of accounting. Budget figures are based on prior levels of revenue and expenditures taking into account specific items which may be planned in advance by the District such as capital outlay expenditures.

SUPPLEMENTARY INFORMATION

AMERICAN FALLS RESERVOIR DISTRICT
Schedule of Operations and Maintenance Assessments Receivable
For the Year Ended October 31, 2024

	Balance November 1, 2023	Current Assessment	Cancellations/ Adjustments	Collections	Balance October 31, 2024
Bingham County					
2023 Real	$ -	$ 90,740.52	$ -	$ (89,269.07)	$ 1,471.45
2022 Real	1,503.18	-	-	(347.05)	1,156.13
2021 Real	477.70	-	-	(477.70)	-
2020 Real	131.38	-	(0.06)	(131.32)	-
	$ 2,112.26	$ 90,740.52	$ (0.06)	$ (90,225.14)	$ 2,627.58
Elmore County					
2023 Real	$ -	$ 9,847.92	$ -	$ (9,797.88)	$ 50.04
2022 Real	-	-	-	-	-
2021 Real	-	-	-	-	-
2020 Real	-	-	-	-	-
	$ -	$ 9,847.92	$ -	$ (9,797.88)	$ 50.04
Gooding County					
2023 Real	$ -	$ 119,704.20	$ -	$ (117,661.50)	$ 2,042.70
2022 Real	1,111.32	-	-	(973.49)	137.83
2021 Real	676.38	-	-	(119.77)	556.61
2020 Real	(576.50)	-	616.80	(40.30)	-
	$ 1,211.20	$ 119,704.20	$ 616.80	$ (118,795.06)	$ 2,737.14
Jerome County					
2023 Real	$ -	$ 280,781.66	$ -	$ (277,325.73)	$ 3,455.93
2022 Real	3,696.68	-	-	(2,715.95)	980.73
2021 Real	807.30	-	-	(391.21)	416.09
2020 and Prior Real	720.65	-	(22.28)	(698.37)	-
	$ 5,224.63	$ 280,781.66	$ (22.28)	$ (281,131.26)	$ 4,852.75
Power County					
2023 Real	-	$ 17,015.80	$ -	$ (16,994.97)	$ 20.83
2022 Real	44.49	-	-	(44.49)	-
2021 Real	-	-	-	-	-
2020 Real	-	-	-	-	-
	$ 44.49	$ 17,015.80	$ -	$ (17,039.46)	$ 20.83
Twin Falls County					
2023 Real	$ -	$ 473,396.18	$ -	$ (465,689.76)	$ 7,706.42
2022 Real	8,099.07	-	-	(5,081.94)	3,017.13
2021 Real	2,756.63	-	-	(1,370.24)	1,386.39
2020 Real	811.82	-	-	(811.82)	-
	$ 11,667.52	$ 473,396.18	$ -	$ (472,953.76)	$ 12,109.94

AMERICAN FALLS RESERVOIR DISTRICT
Schedule of Operations and Maintenance Assessments Receivable
For the Year Ended October 31, 2024

	Balance November 1, 2023	Current Assessment	Cancellations/ Adjustments	Collections	Balance October 31, 2024
Total All Counties					
2023 Real	$ -	$ 991,486.28	$ -	$ (976,738.91)	$ 14,747.37
2022 Real	14,454.74	-	-	(9,162.92)	5,291.82
2021 Real	4,718.01	-	-	(2,358.92)	2,359.09
2020 and prior	1,087.35	-	594.46	(1,681.81)	-
	$ 20,260.10	$ 991,486.28	$ 594.46	$ (989,942.56)	$ 22,398.28

AMERICAN FALLS RESERVOIR DISTRICT
Schedule of Expenditures of Federal Awards By Grant
For the Year Ended October 31, 2024

Award Information	*AL/other #*	*Pass-Through Entity Name*	*Pass-Through Entity #*	*Name of Grant - Grant ID No.*	*Passed through to Subrecipients ($)*	*Federal Expenditures ($)*
Other Programs (Treated individually for major program determination)						
Department of the Treasury						
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS						
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	Idaho Water Resource Board		4998		$ 1,675,101
Total CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS					$0	1,675,101
Total Department of the Treasury						1,675,101
Total Other Programs (Treated individually for major program determination)						1,675,101
Total Expenditures of Federal Awards					$ 0	$ 1,675,101

The accompanying notes are an integral part of this schedule

AMERICAN FALLS RESERVOIR DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
OCTOBER 31, 2024

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of American Falls Reservoir District (the District) under programs of the federal government for the year ended October 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Uniform Guidance.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are recognized on the accrual basis of accounting. No federal assistance has been provided to a sub recipient. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

The District has not elected to use the de minimis cost rate.

OTHER REPORTS AND SCHEDULES

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

To the Board of Directors
American Falls Reservoir District

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 American Falls Reservoir District, as of and for the years ended October 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise American Falls Reservoir District's basic financial statements, and have issued our report thereon dated January 9, 2025

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered American Falls Reservoir District's internal control over financial reporting (internal control) as a basis for designing 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 American Falls Reservoir District's internal control. Accordingly, we do not express an opinion on the effectiveness of American Falls Reservoir 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether American Falls Reservoir 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 financial statements. 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.

Sincerely,

Mahlke Hunsaker & Co.

MAHLKE HUNSAKER & CO., pllc
Twin Falls, Idaho
January 9, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
American Falls Reservoir District
Jerome, Idaho 83338

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited American Falls Reservoir District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of American Falls Reservoir District's major federal programs for the year ended October 31, 2024. American Falls Reservoir District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, American Falls Reservoir District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of American Falls Reservoir District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of American Falls Reservoir District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to American Falls Reservoir District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on American Falls Reservoir District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

Auditor's Responsibilities for the Audit of Compliance-continued

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about American Falls Reservoir District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 American Falls Reservoir District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of American Falls Reservoir District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of American Falls Reservoir District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mahlke Hunsaker & Co.

Mahlke Hunsaker & Company, pllc
Twin Falls, Idaho
January 9, 2025

AMERICAN FALLS RESERVOIR DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED OCTOBER 31, 2024

Section I----Summary of Auditors' Results

Financial Statements
Type of auditor's report issued: *qualified*

Internal control over financial reporting:

* Material weakness(es) identified? _____yes ___x___no

* Significant deficiency(s) identified that are not considered to be material weaknesses? _____yes ___x___none reported

Noncompliance material to financial statements noted? _____yes ___x___no

Federal Awards
Internal control over major programs:

* Material weakness(es) identified? _____yes ___x___no

* Significant deficiency(s) identified that are not considered to be material weakness(es)? _____yes____x___ none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516 _____yes____x___no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? _____yes ___x___no

AMERICAN FALLS RESERVOIR DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Section II -- Financial Statement Findings

None

Section III -- Federal Award Findings and Questioned Costs

None