Hayden Lake
Irrigation District

Financial Statements
SEPTEMBER 30, 2024

Hayden Lake Irrigation District

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Financial Section

Independent Auditor's Report

HOOVER
Certified Public Accountant | Business Consultant

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Hayden Lake Irrigation District
Hayden, ID 83835

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Hayden Lake Irrigation District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Hayden Lake Irrigation District, as of September 30, 2024, and the respective changes in financial position, and cash flows thereof for the year then ended in conformity 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 Hayden Lake Irrigation 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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.

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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 asses 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 the required supplementary information, as listed 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 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 financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is 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 June 3, 2025, on our consideration of Hayden Lake Irrigation District's internal control over financial reporting and on our test of its compliance with certain provisions, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Scott P. Hoover, CPA

Scott P. Hoover, CPA, PLLC
Liberty Lake, WA

June 3, 2025

Financial Section

Basic Financial Statements

Hayden Lake Irrigation District

STATEMENT OF NET POSITION
September 30, 2024

ASSETS		
Current Assets:		
Cash and cash equivalents	$	3,164,109
Restricted cash and cash equivalents - debt service		456,307
Restricted cash and cash equivalents - debt reserve		41,500
Customer accounts receivable		348,535
Grant receivable		49,883
Interest receivable		4,279
Prepaid expenses		24,958
Total current assets		4,089,571
Noncurrent assets:		
Customer accounts receivable - noncurrent portion		33,001
Land and land improvements		356,750
Property and equipment, net		26,401,848
Total noncurrent assets		26,791,599
Total assets		30,881,170
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outlfows		88,443
Total deferred outflows of resources		88,443
LIABILITIES		
Current liabilities:		
Accounts payable		81,434
Accrued payroll expenses		46,274
Deferred revenue		24,502
Accrued interest		35,150
Current portion of IDEQ loan payable		245,189
Total current liabilities		432,549
Noncurrent liabilities:		
IDEQ loan payable		5,975,356
Net pension liability		378,188
Total noncurrent liabilities		6,353,544
Total liabilities		6,786,093
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows		6,865
Total deferred inflows of resources		6,865
NET POSITION		
Net investment in capital assets		20,538,053
Unrestricted		3,638,602
Total net position	$	24,176,655

See accompanying "Notes to Financial Statements"
and Independent Auditor's Report

Hayden Lake Irrigation District

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended September 30, 2024

Operating revenues:		
Water sales	$	2,067,481
Connection fees		332,818
Miscellaneous		54,229
Total operating revenues		2,454,528
Operating expenses:		
Water expenses		21,759
Utilities		211,162
Insurance		13,473
Professional fees		19,686
Office and related expenses		46,206
IT, sotware, and support		30,065
Repairs and maintenance		155,354
Salaries and wages		500,967
Telephone		16,772
Payroll taxes and employee benefits		185,681
Vehicle operating		12,729
Change in net pension liability		94,755
Depreciation		1,021,119
Meter connection expense		18,576
Miscellaneous expenses		536
Total operating expenses		2,348,840
Operating income		105,688
Nonoperating revenues (expenses):		
Grant income		648,034
Interest income		123,637
Interest expense		(169,707)
Gain from donated assets		463,307
Total nonoperating revenues (expenses)		1,065,271
Change in net position		1,170,959
Net position - beginning of year		23,005,696
Net position - end of year	$	24,176,655

See accompanying "Notes to Financial Statements"
and Independent Auditor's Report

Hayden Lake Irrigation District

STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating revenues	$	2,494,778
Payments to employees		(457,838)
Payments to suppliers and vendors		(908,282)
Net cash provided by operating activities		1,128,658
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets		(1,916,678)
Proceeds from grant funding		598,151
Interest payments		(80,817)
Repayments of IDEQ loan principal		(126,571)
Proceeds from IDEQ loan payable		484,988
Net cash used by capital and related financing activities		(1,040,927)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on savings and investments		119,358
Net cash provided by investing activities		119,358
Net increase in cash and cash equivalents		207,089
Cash and cash equivalents - beginning of year		3,454,827
Cash and cash equivalents - end of year	$	3,661,916
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$	105,688
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense		1,021,119
Decrease (increase) in accounts receivable		36,885
Decrease (increase) in prepaid expenses		(8,511)
Increase (decrease) in accounts payable		(73,017)
Increase (decrease) in accrued expenses		5,292
Increase (decrease) in deferred revenue		3,365
Increase (decrease) in items related to net pension liability		37,837
Total adjustments		1,022,970
Net cash provided by operating activities	$	1,128,658
Noncash investing, capital and financing activities:		
Contributions of capital assets/infrastructure	$	463,307
Accrued IDEQ loan interest capitalized into the loan balance	$	349,339

See accompanying "Notes to Financial Statements"
and Independent Auditor's Report

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Hayden Lake Irrigation District (the "District") was created as the Interstate Irrigation Company, a privately funded venture of some Spokane investors. The area served by the Irrigation Company, and now the District, was platted in 1910 as the Hayden Lake Irrigated Tracts. In 1913, the District was reformed as the Hayden Lake Irrigation District. The District is a governmental subdivision of the State of Idaho and a body incorporated with all the powers of a public or quasi-municipal corporation.

The accounting methods and procedures adopted by the Hayden Lake Irrigation District conform to generally accepted accounting principles as applied to special-purpose governments engaged only in business-type activities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described in the following notes.

B. Basis of Presentation and Accounting

The District's financial statements are prepared to conform to generally accepted accounting principles as applied to local governments (GAAP).

For financial statement purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the full-accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

C. Net Position

Net position comprises the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. The District's net position is classified in the following three components:

Net Investment in Capital Assets – This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets, to the extent debt has been incurred but not yet expended for capital assets.

Restricted Net Position – This consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – Unrestricted net position represents resources from water and sewer fees charged. These resources are used for transactions related to the general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly-liquid investments with maturities of three months or less when purchased to be cash equivalents.

E. Receivables

Accounts receivable are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The District's management believes all receivables on hand at year-end are fully collectible, and accordingly, has not established a bad debt reserve.

F. Capital Assets

Capital assets, which include property, plant, and equipment, with an original cost of $5,000 or more are capitalized at historical cost or estimated historical cost when historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred. Replacements that improve or extend the useful life of capital assets are capitalized.

Depreciation has been provided over estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Machinery and Equipment	5 - 10 Years
Water System/Infrastructure	10 - 50 Years
Buildings	20 Years

G. Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the District. Operating revenues consist primarily of activities that have the characteristics of exchange transactions, such as water usage fees, new connection fees, and meters. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing-type activities and result from non-exchange transactions or ancillary activities, such as developer contributions, grant funding, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 34, such as investment income. When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the District's policy to apply those expenses to restricted net position to the extent such are available and then to the unrestricted net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Income Taxes

The District is a political subdivision of the State of Idaho and is therefore not subject to taxation of its earnings.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report 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 only has one item that qualifies for reporting in this category. It is the deferred outflows relating to the accounting for the net pension obligation in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one item that qualifies for reporting in this category. It is the deferred inflows relating to the accounting for the net pension obligation in accordance with GASB 68, *Accounting and Financial Reporting for Pensions*.

J. Vacation and Sick Leave Policy

The District's employees are entitled to vacation and sick leave days based on their length of employment. This time is accumulated and recorded as a liability at fiscal year-end.

K. Estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

L. Pension Plan

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from the Base Plan's fiduciary net position have been determined on the same basis as they are report 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 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

M. Budgetary Data

The District annually adopts a Budget for its proprietary fund. The budget is on the same basis of accounting as the financial statements (GAAP). All budget appropriations lapse at year-end. The District follows these procedures in establishing the annual budget:

1. Prior to the July board meeting, the Administrator submits to the Board of Directors a proposed operating budget for the fiscal year commenting the following October 1. The operating budget includes the proposed expenditures and the means of financing them.

2. The proposed budget is accepted by the Board at its regular meeting in August and a public budget hearing is announced in September. The budget is also published in a local newspaper.

3. The budget is formally adopted by majority vote of the Board following the public hearing.

4. Formal budgetary control is employed as a management control device during the year.

NOTE 2: CASH AND CASH EQUIVALENTS

General:

State statutes authorize the District's investments and deposits. The District is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchase agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds, debentures or notes of any corporation organized, controlled and operating within the U.S. which have at their purchase an "A" rating or higher, government pool and money market funds consisting of any of these securities listed. No violations of these categories have occurred during the year.

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a failure of a financial institution, the District's deposits and investments may not be returned to it. The District does not have a deposit policy for custodial credit risk. The carrying amount of the District's deposits is $3,661,916 and the bank balance is $3,671,944.

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

As of September 30, 2024, the District's deposits were exposed to custodial credit risk as follows:

Deposits without exposure to custodial credit risk:	
Amounts insured by the FDIC	$ 250,000
Total deposits without exposure to custodial credit risk	250,000
Deposits with exposure to custodial credit risk:	
Amounts collateralized with securities held in trust, but not in the District's name	3,115,717
Uninsured deposits	306,227
Total deposits with exposure to custodial credit risk	3,421,944
Total deposits	$ 3,671,944

Cash and cash equivalents at September 30, 2024 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	$ 3,164,109
Restricted cash and cash equivalents - debt service	456,307
Restricted cash and cash equivalents - debt reserve	41,500
	3,661,916
Cash and cash equivalents at September 30, 2024 consist of the following:	
Deposits with financial institutions	2,652,869
Idaho State Investment Pool	1,009,047
	$ 3,661,916

Credit Risk:

The Idaho State Investment Pool does not have an established credit rating, but they invest in entities with a minimum credit rating of "A" as stipulated by Idaho Code. The District does not have a formal policy for credit risk. Financial information on the investment pool can be obtained by contacting the Idaho State Treasurer.

Fair Value:

The District's investments in 2a-7-like pools are valued based upon the value of pool shares. The District invests in one 2a-7-like pool, the Idaho State Investment Pool. The advisory board of the Idaho State Investment Pool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act. The State Investment Pool is duly chartered and administered by the State Treasurer's office and consists of US Treasury bills and notes, collateralized certificates of deposit and repurchase agreements.

NOTE 2: CASH AND CASH EQUIVALENTS (Concluded)

The balances that the District has in the State Investment Pool are carried at cost which approximates their fair market value. The District's portion of the State Investment Pool had an unrealized gain of $2,624 as of September 30, 2024. Since the difference between the fair market value and cost is immaterial, the unrealized gain has not been recorded.

The District considers funds held in the State Investment Pool to be cash equivalents, as the average maturity of the underlying securities is less than 90 days, and the District can liquidate the account at any time.

NOTE 3: CAPITAL ASSETS

The following schedule represents the detail of changes in capital asset balances for the fiscal year ending September 30, 2024:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land and improvements	$ 356,750	$ -	$ -	$ -	$ 356,750
Construction in progress	7,414,525	27,388	-	(7,441,913)	-
Total capital assets not being depreciated	7,771,275	27,388	-	(7,441,913)	356,750
Capital assets, being depreciated:					
Wells, reservoirs, and equipment	40,665,312	1,860,120	(3,696,693)	7,441,913	46,270,652
Office, equipment, and building	556,372	-	(1,318)	-	555,054
Master plans	63,006	-	-	-	63,006
Total capital assets being depreciated	41,284,690	1,860,120	(3,698,011)	7,441,913	46,888,712
Less accumulated depreciation for:					
Wells, reservoirs, and equipment	22,831,522	993,298	(3,696,693)	-	20,128,127
Office, equipment, and building	319,634	24,671	(1,318)	-	342,987
Master plans	12,600	3,150	-	-	15,750
Total accumulated depreciation	23,163,756	1,021,119	(3,698,011)	-	20,486,864
Capital assets, being depreciated, net	18,120,934	839,001	-	7,441,913	26,401,848
Business-type activities capital assets, net	$ 25,892,209	$ 866,389	$ -	$ -	$ 26,758,598

NOTE 4: IDEQ LOAN PAYABLE

During fiscal year 2020 the District entered into a loan agreement with the Idaho Department of Environmental Quality (IDEQ) to finance the addition of storage capacity and replace water mains within the District's water system infrastructure. Under the loan agreement, the District may borrow up to $6,500,000. Interest is charged at the rate of 2.75% per annum. The loan is required to be repaid in equal bi-annual installments of principal and interest in the amount of $207,387 over 20 years. The balance of the loan at September 30, 2024 is $6,220,545.

Below is a summary of future payments of principal and interest on the loan, based on the final total loan balance:

Year Ending Sept. 30th	Interest	Principal	Total
2025	$ 169,585	$ 245,189	$ 414,774
2026	162,796	251,978	414,774
2027	155,818	258,978	414,796
2028	149,051	265,723	414,774
2029	141,291	273,483	414,774
2030 - 2034	588,922	1,484,949	2,073,871
2035 - 2039	371,540	1,702,331	2,073,871
2040 - 2044	122,331	1,737,914	1,860,245
	$ 1,861,334	$ 6,220,545	$ 8,081,879

NOTE 5: LONG-TERM LIABILITIES

The following is a summary of activity for long-term liabilities for fiscal year September 30, 2024:

	Balance 9/30/2023	Additions	Repayments	Balance 9/30/2024	Current Portion
IDEQ Loan Payable	$ 5,512,789	$ 834,327	$ (126,571)	$ 6,220,545	$ 245,189
Net Pension Liability	426,549	-	(48,361)	378,188	-
	$ 5,939,338	$ 834,327	$ (174,932)	$ 6,598,733	$ 245,189

NOTE 6: DEFINED BENEFIT PENSION PLAN

Plan Description

Hayden Lake Irrigation 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 6: DEFINED BENEFIT 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 and earnings from investments. 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) 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 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% for general employees and 13.26% for public safety. The District's contributions were $56,918 for the year ended September 30, 2024.

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

At September 30, 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 portion 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 0.01011023 percent.

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

For the year ended September 30, 2024, the District recognized pension expense of $94,755. At September 30, 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	$ 60,211	$ -
Changes in assumptions or other inputs	14,982	-
Net difference between projected and actual earnings on pension plan investments	-	6,865
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	-
District's contributions subsequent to the measurement date	13,250	-
Total	$ 88,443	$ 6,865

$13,250 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 September 30, 2025.

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, 2022 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:

Year Ending September 30,	
2025	18,666
2026	70,514
2027	(12,160)
2028	(8,692)

NOTE 6: DEFINED BENEFIT 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 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	1.00%

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 Table, 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 including mortality. The Total Pension Liability as of June 30, 2024 is based on results of an actuarial valuation date 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 that 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.

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

Capital Market Assumptions

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.0%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International Equity	15.00%	4.50%
Emerging Markets Equity	10.00%	4.90%
Domestic Fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

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

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of the net pension liability	$ 718,675	$ 378,188	$ 100,097

NOTE 6: DEFINED BENEFIT PENSION PLAN (Concluded)

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 September 30, 2024, the District reported no payables to the defined benefit pension plan for legally required employer contributions or for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors or omissions, injuries to employees, and natural disasters. The District contracts with an insurance company for property insurance (including boiler and machinery) and general liability insurance.

An outside insurance company protects professional liability with a $2,000,000 liability and a $3,000,000 umbrella. Errors and omissions liability has a $2,000,000 liability with $2,000,000 in the aggregate annually per insured. Additionally, crime, boiler, and machinery insurance are maintained. Automobile liability as a $2,000,000 single limit of liability. The District pays the State Workers Compensation System a premium based on a rate per $100 of salaries. The rate is calculated based on accident history and administrative costs.

The District provides medical and dental insurance to most employees through an insurance company.

Hayden Lake Irrigation District

GASB 68 Required Supplementary Information
For the Year Ended September 30, 2024

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension liability (asset)	0.0101102%	0.0106887%	0.0111824%	0.0090627%	0.0088868%	0.0086083%	0.0080630%	0.0083193%	0.0079260%	0.0074843%
Employer's proportionate share of the net pension liability (asset)	$ 378,188	$ 426,549	$ 440,448	$ (7,158)	$ 206,363	$ 98,261	$ 118,931	$ 130,765	$ 160,672	$ 98,556
Employer's covered-employee payroll	$ 496,680	$ 462,378	$ 425,406	$ 350,716	$ 325,472	$ 297,995	$ 269,178	$ 250,875	$ 245,221	$ 204,981
Employer's proportional share of the net pension liability (asset) as a percentage of its covered-employee payroll	76.14%	92.25%	103.54%	-2.04%	63.40%	32.97%	44.18%	52.12%	65.52%	48.08%
Plan fiduciary net position as a percentage of the total pension liability	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

* 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 30th (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	$ 56,918	$ 57,616	$ 53,042	$ 41,891	$ 38,861	$ 34,173	$ 30,471	$ 28,399	$ 27,759	$ 23,212
Contributions in relation to the statutorily required contribution	(56,918)	(57,616)	(53,042)	(41,891)	(38,861)	(34,173)	(30,471)	(28,399)	(27,759)	(23,212)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$ 496,680	$ 462,378	$ 425,406	$ 350,716	$ 325,472	$ 297,995	$ 269,178	$ 250,875	$ 245,221	$ 204,981
Contributions as a percentage of covered-employee payroll	11.46%	12.46%	12.47%	11.94%	11.94%	11.47%	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 September 30th.

Financial Section

Report Required by the GAO

HOOVER
Certified Public Accountant | Business Consultant

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*

Independent Auditor's Report

To the Board of Commissioners
Hayden Lake Irrigation District
Hayden, ID 83835

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Hayden Lake Irrigation District (the "District"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 3, 2025.

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 my 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

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 (CONCLUDED)*

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.

Scott P. Hoover, CPA

Scott P. Hoover, CPA, PLLC
Liberty Lake, WA

June 3, 2025