LEWISTON ORCHARDS IRRIGATION DISTRICT

FINANCIAL STATEMENTS

Years Ended June 30, 2024 and 2023

LEWISTON ORCHARDS IRRIGATION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lewiston Orchards Irrigation District
Lewiston, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Lewiston Orchards Irrigation District, as of and for the years ended June 30, 2024 and 2023, 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 the Lewiston Orchards Irrigation District, as of June 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Lewiston Orchards Irrigation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lewiston Orchards Irrigation 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 audits 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 Lewiston Orchards Irrigation 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 Lewiston Orchards Irrigation 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 6 through 12, and schedule of pension funding, on page 31, respectively, be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information, and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lewiston Orchards Irrigation District's basic financial statements. The schedules of operating expenses, on page 35, 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 schedules of operating expenses 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 September 4, 2024, on our consideration of the Lewiston Orchards Irrigation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lewiston Orchards Irrigation District's internal control over financial reporting and compliance.

Presnell Gage, PLLC

September 4, 2024
Lewiston, Idaho

As management of the Lewiston Orchards Irrigation District (District), we offer the readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year July 1, 2023 through June 30, 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This overview and analysis are intended to serve as an introduction to the District's basic financial statements.

One of the most important questions asked about the District's finances is: "Is the District as a whole better off or worse off as a result of the year's activities"? The statements of net position and the statements of revenues, expenses, and changes in net position report information about the District as a whole and about its activities in a way that may help answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position—the difference between assets and the liabilities—as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's water supplies and population to assess the overall health of the District.

CONDENSED FINANCIAL POSITION INFORMATION

The statement of net position presents information concerning the District's assets, liabilities, and the net position. Net position is the differences between assets and liabilities. Increases or decreases in net position indicate, over time, if either the financial position of the District is improving or deteriorating. The following highlights provide an overview of the District's financial position:

Financial Highlights

- The District's net position amounts to $30,578,613. This is up from $30,271,778 in 2023, and down from $30,746,652 in 2022.

- This includes $24,613,772 invested in capital assets, net of the related debt. This is down from $24,866,476 in 2023, and down from $25,403,734 in 2022.

- Unrestricted net position amounts to $5,952,841. This is up from $5,393,302 in 2023, and up from $5,330,918 in 2022.

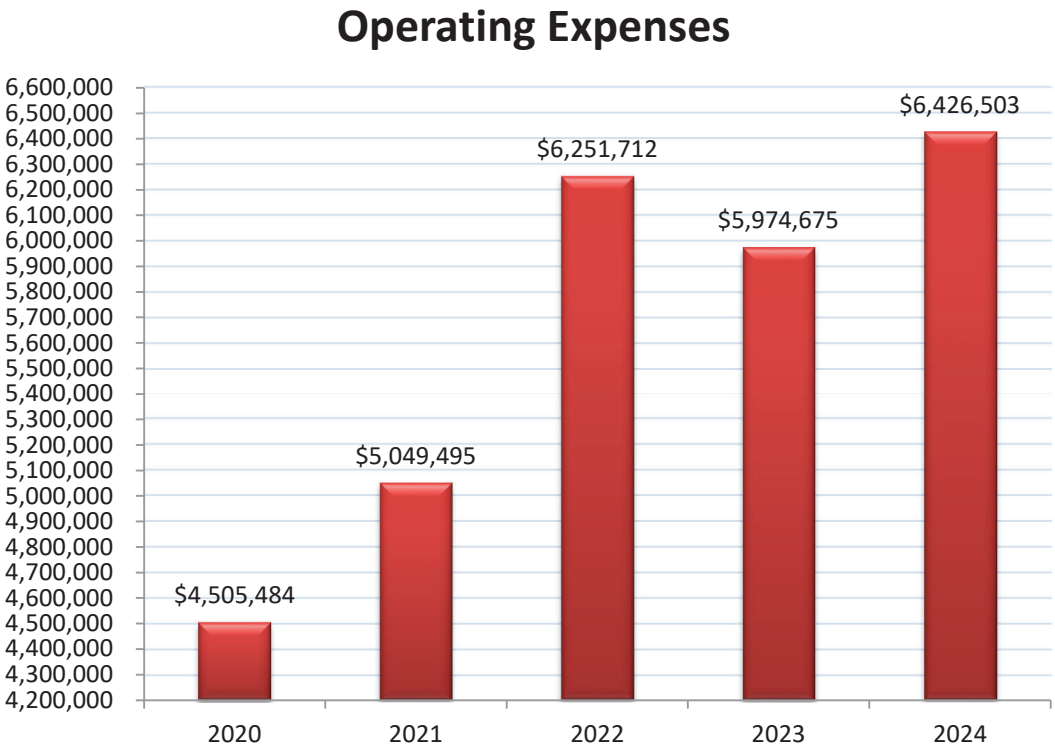
CONDENSED SUMMARY OF OPERATIONS

The statement of revenues, expenses, and changes in net position shows how the District's net position changed during the most recent fiscal year compared to the prior year. These changes are reported as soon as the underlying event giving rise to the change occurs, regardless of when the related cash flows occur. Thus, some revenues are recognized prior to patrons paying their bills and some expenses are recognized prior to the District paying their bills. The following highlights provide an overview of the changes in the District's net position.

- The District's net position increased by $306,835 (1 percent) as a result of this year's operations, compared to decreases of $(474,874) in 2023, and increases of $552,388 in 2022.



- The District increased the total cost of operations by 8 percent to $6,426,503, from $5,974,675 in 2023, and $6,251,712 in 2022.



- Operating revenue of the District increased by 7 percent to $5,898,402, from $5,507,028 in 2023, and from $5,330,975 in 2022.

- In 2023, the District's elected officials voted for a 5.6 percent rate increase in domestic water rates.

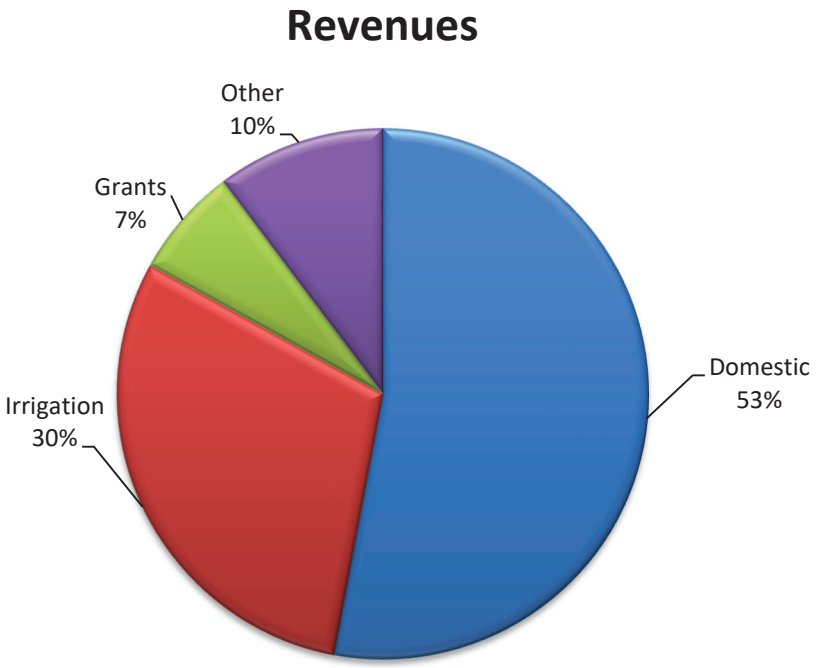
- Average domestic billed consumption increased in 2024 versus 2023, although pumped water decreased. This is predominately due to water pumped for domestic annexations in the last quarter of 2023 and billed in the first quarter of 2024.

- Development in the District began a slow rebound in 2024. The District annexed 34.47 acres in 2024 compared to 23.12 acres in 2023, and 159.23 acres in 2022 for domestic water use only. The District sold 78 domestic connections in 2024 compared to 47 domestic connections in 2023 and 104 domestic connections in 2022.

- In 2024, The District raised the 2023 irrigation assessment rate 3 percent per acre.



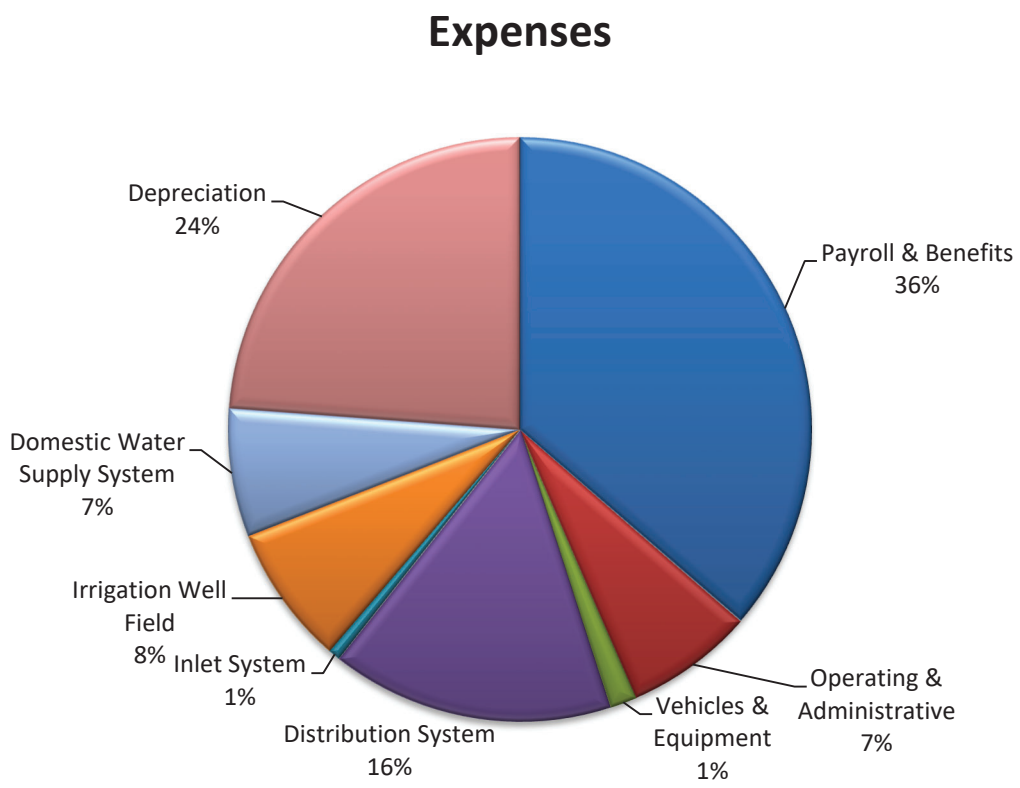
Domestic water sales continue to be the primary source of revenue for the District. On January 19, 2024, the District received a grant award for $1,287,000, to complete an engineering design to 30 percent design level for a river pump station from the Clearwater River. There is no required match to this grant. Grant revenue of $450,450 was recorded in 2024.



- Some of the significant changes in expenses for 2024 were:

  Expenses for the year were $6,426,503, a increase of $451,828 compared to 2023. Payroll and benefits continue to be the largest expense for the District. The District negotiated a three-year contract with the Idaho Association of Government Employees SEIU IAGE Local R14-687, effective July 1, 2022. The second year of the contract provides a 3 percent increase for full-time hourly employees.

  The overall increase in expenses is primarily due to the cost of engineering for the lower Clearwater pump station design and is completely offset by grant revenue.



CAPITAL ASSETS

Capital assets – At the end of 2024, the District had $24,613,772, net of accumulated depreciation, invested in capital assets, including wells, reservoirs, distribution system, buildings, and major equipment ($24,866,476 in 2023 and $25,403,734 in 2022). This amount represents a net decrease of $252,704 from 2023. Current year additions of $1,512,271 did not exceed current year depreciation of $1,755,569. More detailed information about the District's capital assets is presented in Notes 1 and 4 to the financial statements.

The largest portion of the District's capital assets represents its investment in the water distribution system. These capital assets amount to $44,425,056 out of $48,801,502 in total capital assets.

In 2024, LOID crews installed 1.74 miles of pipe, and capitalized $943,049 in pipe replacement projects, which included bumping pressure to a historically low-pressure zone.

In addition to the pipe replacement projects, the District replaced the sodium hypochlorite system at Well #3, purchased three replacement vehicles, added a mixer to the Hereth water tank to improve water quality, and added another set of road plates to increase construction safety. A small used tractor/mower was also purchased to mow the canal banks and roadsides. Mowing is a non-chemical treatment that keeps the weeds from infiltrating the canal as water flows to Mann Lake.

DEBT

The District is debt free.

NET PENSION LIABILITY

The District recognized a net pension liability of $1,601,185 for its share of PERSI's net pension liability. PERSI is one of the strongest retirement systems in the nation, with funding at 84 percent of the pension obligation. The District recognized deferred outflows of $786,998 and deferred inflows of $0 for the District's share of earnings in excess of the minimum expectation by PERSI and for payments made towards the net pension liability.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District continues to work toward resolution with the Nez Perce Tribe and the Bureau of Reclamation over the District's irrigation water supply. The Lower Clearwater Exchange Project: Appraisal Study (LCEP, by J-U-B Engineers, Inc.), dated September 2011, was developed for the Lewiston Orchards Irrigation District (LOID) to study viable alternatives to reduce or remove the LOID dependance on surface water collected and transported on or through the Nez Perce Reservation. In the LCEP, four primary alternatives were evaluated: No Action Alternative, Clearwater River Action Alternative, Snake River Action Alternatives, and Tammany Well Field Alternative. The Tammany Well Field Alternative was ultimately selected by the Bureau of Reclamation (BOR) who funded the study.

Wells # 5 and # 6 (the first two wells of the well field) have since been constructed and put into service. During the operation of these two wells, evidence collected showed a negative groundwater impact on LOID Well # 3 and Well # 4, both major domestic supply wells for the District. Due to the negative impact on the domestic supply, LOID has reassessed the viability of the Clearwater River Action Alternative. With documented support from both the Nez Perce Tribe and the Bureau of Reclamation, LOID is moving forward with a 30 percent design and cost estimate to complete an 18 cfs river pump station from the Clearwater River and transmission mains to Mann Lake. The Idaho Water Resource Board has funded this study and set aside $28 million for the construction. A Bureau of Reclamation grant for the third well in the well field will be re-scoped to this project.

Pipe replacement projects in 2025 will focus on replacing seventy-plus year-old domestic pipe between 23rd Street and 28th Street, on Grelle Avenue, and looping the new transmission main to Powers Avenue, while increasing pressures in this zone of the District. This project is designed to increase domestic drinking water supply, water quality and pressure to this area of the District.

The Board of Directors did opt for rate increases in 2025. Domestic rates will increase by 6.4 percent, and the 2024 irrigation assessment will increase an average of 4 percent.

The District has developed a system of proactive planning for the future by:

- Completing a 20-year master plan, to identify major capital needs and mainline replacements and the budget needed for those improvements.
- Supporting the application for grant funding for an alternative water supply for the irrigation system.
- Gaining operational efficiencies by continuously evaluating factors contributing to unaccounted water loss.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office at 208-746-8235, or at 1520 Powers Avenue in Lewiston, Idaho.

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LEWISTON ORCHARDS IRRIGATION DISTRICT

STATEMENTS OF NET POSITION
June 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash in bank	**$ 659,948**	$ 699,208
Operating fund investments	**1,890,248**	1,515,254
Designated investments	**2,770,614**	2,685,191
Water sales receivable	**209,472**	209,245
Irrigation assessments receivable	**120,851**	116,528
Job order receivable	**153,675**	18,915
Interest receivable	**44,573**	17,834
Unbilled water revenue	**409,000**	385,000
Supplies on hand	**1,044,348**	947,444
Prepaid expenses	**2,734**	2,734
Total current assets	**7,305,463**	6,597,353
CAPITAL ASSETS	**24,613,772**	24,866,476
RESTRICTED INVESTMENTS	**12,000**	12,000
OTHER ASSETS	**27,873**	25,469
TOTAL ASSETS	**31,959,108**	31,501,298
DEFERRED OUTFLOWS OF RESOURCES	**786,998**	1,058,500
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	**228,761**	254,569
Accrued taxes and expenses	**27,120**	21,724
Accrued wages and benefits	**310,427**	295,727
Unearned revenue		20,000
Total current liabilities	**566,308**	592,020
LONG-TERM DEBT		
Net pension liability	**1,601,185**	1,688,500
Total liabilities	**2,167,493**	2,280,520
DEFERRED INFLOWS OF RESOURCES	**0**	7,500
NET POSITION		
Invested in capital assets, net of related debt	**24,613,772**	24,866,476
Restricted for contracts	**12,000**	12,000
Unrestricted	**5,952,841**	5,393,302
TOTAL NET POSITION	**$ 30,578,613**	$ 30,271,778

See accompanying notes

LEWISTON ORCHARDS IRRIGATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended June 30, 2024 and 2023

	2024	2023
OPERATING REVENUE		
Irrigation acreage assessment	**$ 1,032,345**	$ 986,401
Irrigation unit charge	**993,795**	987,116
Domestic water sale	**1,914,775**	1,750,007
Domestic unit charge	**1,651,694**	1,568,001
Customer installation and repair charge	**244,182**	106,557
Penalties and liens	**38,181**	36,356
Other operating revenue	**23,430**	72,590
	5,898,402	5,507,028
OPERATING EXPENSES		
Inlet system	**49,054**	65,013
Irrigation well field	**571,140**	223,412
Domestic water supply	**523,815**	481,900
Distribution system	**1,155,833**	1,170,129
Vehicles and equipment	**109,710**	115,430
Operating administration	**527,804**	554,286
Payroll	**1,851,828**	1,769,514
Payroll taxes and benefits	**824,799**	821,300
Depreciation	**1,755,569**	1,724,640
	7,369,552	6,925,624
System improvements capitalized	**(943,049)**	(950,949)
	6,426,503	5,974,675
UTILITY OPERATING LOSS	**(528,101)**	(467,647)
OTHER INCOME (EXPENSE)		
Connection fees and annexations	**204,404**	128,259
Earnings on investments	**179,623**	125,414
Gain on sale of equipment	**25,594**	
Grant revenue	**450,450**	
Gain (loss) on net pension liability	**(176,687)**	(260,900)
	683,384	(7,227)
CAPITAL CONTRIBUTIONS	**151,552**	
CHANGES IN NET POSITION	**306,835**	(474,874)
NET POSITION, beginning of year	**30,271,778**	30,746,652
NET POSITION, end of year	**$ 30,578,613**	$ 30,271,778

See accompanying notes

LEWISTON ORCHARDS IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	**$ 5,715,092**	$ 5,446,854
Cash expended for payroll and benefits	**(2,661,927)**	(2,571,772)
Cash expended for accounts payable	**(2,114,027)**	(1,985,903)
Net cash provided by operating activities	**939,138**	889,179
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of water system improvements	**(682,203)**	(510,467)
Operating expenses capitalized for water system	**(474,635)**	(528,297)
Acquisition of buildings and equipment	**(203,881)**	(148,618)
Proceeds on sale of equipment	**35,000**	
Grant revenue	**450,450**	
Connection charges and annexation fees	**204,404**	128,259
Net cash used by capital and related financing activities	**(670,865)**	(1,059,123)
CASH FLOWS FROM INVESTING ACTIVITIES		
Connection fees deposited to designated investments	**(156,000)**	(94,000)
Deposits to designated investments	**(174,123)**	(77,775)
Designated investments expended for vehicles	**224,700**	127,085
Designated investments expended for reserve repayment	**20,000**	
Interest received on investments	**152,884**	118,018
Net cash provided (used) by investing activities	**67,461**	73,328
Net change in cash	**335,734**	(96,616)
CASH AND CASH EQUIVALENTS, beginning of year	**2,214,462**	2,311,078
CASH AND CASH EQUIVALENTS, end of year	**$ 2,550,196**	$ 2,214,462
CASH COMPONENTS		
Cash in bank	**$ 659,948**	$ 699,208
Operating fund investments	**1,890,248**	1,515,254
	$ 2,550,196	$ 2,214,462
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
NONCASH TRANSACTIONS		
Conveyed Skyview Booster Station from developer	**$ 151,552**	

See accompanying notes

LEWISTON ORCHARDS IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2024 and 2023

	2024	2023
RECONCILE UTILITY OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Utility operating loss	**$ (528,101)**	$ (467,647)
Adjustments to reconcile utility operating income (loss) to net cash provided by operating activities:		
Depreciation	**1,755,569**	1,724,640
Changes in:		
Accounts receivable	**(163,310)**	(60,174)
Supplies on hand	**(96,904)**	(284,961)
Accounts payable and accrued taxes and expenses	**(42,816)**	(41,721)
Accrued wages and benefits	**14,700**	19,042
Net cash provided by operating activities	**$ 939,138**	$ 889,179

See accompanying notes

1. SIGNIFICANT ACCOUNTING POLICIES

Entity. The Lewiston Orchards Irrigation District (the District) provides residential, commercial, and fire hydrant water service within the Lewiston Orchards, in Lewiston, Idaho. The District was formed in 1917 and began operations in 1923. The District is governed by a seven-member board.

The District serves approximately 8,900 domestic accounts and 6,000 irrigation accounts and has two water systems that it operates and maintains: (i) a domestic potable water delivery system, and (ii) a non-potable enclosed and pressurized irrigation system.

The irrigation system is a gravity fed system beginning with two man-made, open storage reservoirs, and one natural lake. The irrigation water is collected in the Craig Mountain area, approximately twenty miles south of the City, and is fed between the Soldiers Meadows Reservoir, Waha Lake, and Mann Lake. The water is transported between a collection of earthen and concrete canals and transported to Mann Lake prior to being placed in the fully contained and pressurized system used for irrigation. Mann Lake is approximately three miles east of the City. In 2017, the District completed Well #5, which will be used, when needed, to pump water into the irrigation system. In 2022, Well #6 was completed and will also be used to pump water into the irrigation system.

The domestic system is supplied from three deep-water wells, Well #2, Well #3, and Well #4.

The financial statements of the District are prepared in accordance with auditing standards generally accepted in the United States of America (GAAP), as applicable, to proprietary funds of governmental units. The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The following is a summary of the more significant policies:

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

Economic Resources Measurement Focus and Accrual Basis of Accounting. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value, without directly receiving (or giving) equal value in exchange, include grants and contributions of system improvements. Revenue from grants and contributions of system improvements are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Fund Financial Statements. The District uses an enterprise fund to account for the operations of the water utility, which are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (including depreciation) of providing services be financed or recovered primarily through user charges. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The water fund is considered a major fund for GASB reporting purposes.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Scope of Entity. The District's financial statements include the financial position and results of all operations, which the District manages. There are no entities that the District has control over, or for which the District is financially accountable, that are not included in the District's financial statements.

In 1947, the District entered into a repayment contract with the U.S. Department of Interior, Bureau of Reclamation (the Bureau), whereby the District conveyed title to the Bureau, all of the District's irrigation and domestic water systems. However, the District has sufficient legal interest to accomplish the purposes for which the assets were acquired and has included improvements to the systems as assets of the District.

Utility Plant and Depreciation. The water system, land, and equipment are recorded at cost. Expenditures for major renewals and betterments that extend the useful lives of property are capitalized.

The original cost of the water system retired or otherwise disposed of is charged to accumulated depreciation at the time of disposal. For equipment, the original cost is removed from the equipment account, accumulated depreciation is charged with the accumulated depreciation relating to the asset sold, and the net gain or loss on disposal is credited or charged to income.

Depreciation is computed on the straight-line method over the estimated useful lives of assets as follows:

	Useful Lives
Depreciating property	
Buildings	35 years
Domestic and irrigation system	30 years
Domestic reservoirs	25 years
Filtration plant	25 years
Wells and accessories	5-25 years
Equipment	5-10 years
Vehicles	5-10 years
Office equipment	5-10 years

Investments. Investments of the District are held in money market accounts and certificate of deposits, with Potlatch No. 1 Federal Credit Union, and Idaho Central Credit Union. All investments are stated at cost, which approximates market.

Receivables. Receivables include current balances due on utility services billed, estimated charges for unbilled utility services, and for job orders requested by District patrons. Accounts are delinquent if not paid within 30 days from the billing date and are subject to shutoff of utility services 90 days after delinquency. The District may file a lien against the property for unpaid delinquent irrigation bills. An allowance for uncollectible accounts of $5,000 has been provided to account for delinquent domestic accounts.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Supplies on Hand. Supplies on hand consist of meters, valves, fittings, and pipe used in the construction or repair of the utility plant and are valued at the first-in, first-out method of costing. Supplies are accounted for on the consumption method where supplies are recorded as an expense when used.

Vacation and Sick Leave Benefits. The District recognizes vacation benefits as earned and sick leave benefits at one half of the earned balance. These amounts are available to employees in the event of termination.

Pensions. For purposes of measuring the net pension liability, asset and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI), and additions to/deductions from, the Plan's fiduciary net position have been determined on the same basis, as they are reported by PERSI. 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.

Cash and Cash Equivalents. For the purposes of the statement of cash flows, the District has included the District's checking account and investments that are allocated to general operations. Restricted investments and Board-designated investments are not included as cash equivalents.

Budgets. The District adopts a non-appropriated budget on a comprehensive basis other than United States Generally Accepted Accounting Principles (GAAP). Capital expenditures and debt service are budgeted as expenditures when the funds are expended.

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

Reclassification. The District has reclassified selected items from the prior year to present information on a consistent basis with the current year.

2. RESTRICTED AND DESIGNATED INVESTMENTS

Restricted Investments. In accordance with bond resolutions, contracts, state law, and certain related agreements, separate restricted funds are required to be established. The assets held in these funds are restricted for specific uses, including debt service and other special reserve requirements.

2. RESTRICTED AND DESIGNATED INVESTMENTS (CONTINUED)

Restricted Investments (Continued).

Restricted investments at June 30, include:

	2024	2023
Bureau of Reclamation Contract		
Irrigation Water System Reserve Fund. A minimum reserve of $6,000 is required. The reserve is available, only "to meet the extraordinary and unforeseen costs of operation, maintenance, repair, and betterments of the irrigation works, which are in excess of the normal operation and maintenance costs of such works."	$ 6,000	$ 6,000
Domestic Water System Reserve Fund. A minimum reserve of $6,000 is required. The reserve is available, only "to meet the extraordinary and unforeseen costs of operation, maintenance and repair, and betterments of the domestic water system, which are in excess of the normal operation and maintenance costs of such works."	6,000	6,000
	$ 12,000	$ 12,000

Designated Investments. The Board of Directors has designated certain investments for the following purposes:

	2024	2023
Capital Improvements – One-half of the connection fee charged to new customers is designated to make needed improvements to the utility plant.	$ 1,164,633	$ 1,086,633
Well Improvements – One-half of the connection fee charged to new customers is designated to make needed improvements to the wells such as repairs to existing wells and addition of new wells.	987,796	909,796
Irrigation Power –The Board has designated amounts to be set aside to cover higher irrigation well pumping electrical costs associated with drought years.	446,895	446,895
Skyview Estates Booster Station – The Board has designated the deposit from Skyview Estates to be set aside to cover the completion of the booster station if not completed by the developer.		20,000
Vehicle Replacement Fund – The Board has designated amounts to be set aside to replace old vehicles and equipment to keep maintenance costs down.	72,971	123,548
Zone 8 Annexation Fees – The Board has designated amounts to be set aside from annexation fees to fund infrastructure improvements in Zone 8.	46,319	46,319
Maintenance Fund – Amounts held under the emergency reserve for bond payments under *Idaho Code* 43-614 have been designated as provided under *Idaho Code* 43-617.	50,000	50,000
Benevolent Fund – Proceeds from the sale of scrap metal have been designated to help District patrons, who need assistance in paying water bills.	2,000	2,000
	$ 2,770,614	$ 2,685,191

3. CASH AND INVESTMENTS

Cash. At June 30, 2024, the carrying amount of the District's deposits, held by Potlatch No. 1 Federal Credit Union, was $659,948, and the bank balance was $661,850.

Investments. Investments at June 30, consist of the following:

	2024	2023
Money Market, Potlatch No. 1 Federal Credit Union	$ 1,005,458	$ 695,303
6 Month CD, Matures 8-22-2024, Potlatch No. 1 Federal Credit Union	712,040	2,059,910
Savings, Potlatch No. 1 Federal Credit Union	36	36
12 Month CD, Matures 10-18-2024, Idaho Central Credit Union	716,518	
6 Month CD, Matures 10-25-2024, Idaho Central Credit Union	717,693	
6 Month CD, Matures 8-22-2024, Idaho Central Credit Union	500,000	
6 Month CD, Matures 8-22-2024, Idaho Central Credit Union	500,000	
6 Month CD, Matures 8-22-2024, Idaho Central Credit Union	521,058	
12 Month CD, Matures 2-16-2024, Idaho Central Credit Union	0	728,586
12 Month CD, Matures 2-16-2024, Idaho Central Credit Union	0	728,586
Savings, Idaho Central Credit Union	59	24
	$ 4,672,862	$ 4,212,445

The District reflects these investments on the statements of net position as follows:

	2024	2023
Operating fund investments	$ 1,890,248	$ 1,515,254
Designated investments	2,770,614	2,685,191
Restricted investments	12,000	12,000
	$ 4,672,862	$ 4,212,445

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will reduce the value of the District's investments. The District does not have a policy regarding interest rate risk. Substantially, all investments are purchased with short-term maturities, which minimize the interest rate risk.

Custodial Risk. Custodial 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 investments or collateral securities that are in the possession of an outside party. Investments are held by third parties in street name for the District.

Concentration of Credit Risk. The District has no policy on the amount they may invest in any one issuer.

Credit Risk. The District's cash and investments are held by Potlatch No. 1 Federal Credit Union, and Idaho Central Credit Union. Potlatch No. 1 Federal Credit Union's accounts are insured, up to $250,000 per custodian, and Idaho Central Credit Union's accounts are insured, up to $250,000 per CD. The District's remaining cash and investments that are considered uninsured and uncollateralized for Potlatch No. 1 Federal Credit Union and Idaho Central Credit Union, are $1,879,384 and $1,705,326, respectively.

4. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 7/1/22	Additions	Disposals	Balance 6/30/23
Depreciable assets				
Buildings	$ 1,088,535	$ 17,999		$ 1,106,534
Domestic system	30,555,146	1,038,764	$ 19,829	31,574,081
Irrigation system	9,988,313			9,988,313
Reservoirs	1,583,558			1,583,558
Equipment	1,320,845	3,797	1,690	1,322,952
Vehicles	1,235,705	134,701	47,111	1,323,295
Office equipment	76,085			76,085
Non-depreciating asset				
Land	459,357			459,357
Construction in progress	0			0
	$ 46,307,544	$ 1,195,261	$ 68,630	$ 47,434,175

	Balance 7/1/23	Additions	Disposals	Balance 6/30/24
Depreciable assets				
Buildings	$ 1,106,534			$ 1,106,534
Domestic system	31,574,081	$ 1,308,390	$ 25,006	32,857,465
Irrigation system	9,988,313			9,988,313
Reservoirs	1,583,558		4,280	1,579,278
Equipment	1,322,952	28,060	1,640	1,349,372
Vehicles	1,323,295	146,261	114,019	1,355,537
Office equipment	76,085	7,527		83,612
Non-depreciating asset				
Land	459,357			459,357
Construction in progress	0	22,034		22,034
	$ 47,434,175	$ 1,512,271	$ 144,945	$ 48,801,501

4. CAPITAL ASSETS (CONTINUED)

A summary of changes in accumulated depreciation follows:

	Balance 7/1/22	Additions	Disposals	Balance 6/30/23
Accumulated Depreciation				
Buildings	$ 740,797	$ 35,367		$ 776,164
Domestic and irrigation system	13,421,324	739,109		14,160,433
Domestic reservoirs	1,121,971	39,007		1,160,978
Wells and accessories	4,290,548	750,536	$ 19,829	5,021,255
Equipment	549,300	49,329	1,690	596,939
Vehicles	714,857	106,763	39,232	782,388
Office equipment	65,013	4,529		69,542
	$ 20,903,810	$ 1,724,640	$ 60,751	22,567,699
Net capital assets, June 30, 2023				$ 24,866,476

	Balance 7/1/23	Additions	Disposals	Balance 6/30/24
Accumulated Depreciation				
Buildings	$ 776,164	$ 36,944		$ 813,108
Domestic and irrigation system	14,160,433	767,862	$ 15,600	14,912,695
Domestic reservoirs	1,160,978	39,008	4,280	1,195,706
Wells and accessories	5,021,255	756,490		5,777,745
Equipment	596,939	49,319	1,640	644,618
Vehicles	782,388	103,203	114,019	771,572
Office equipment	69,542	2,743		72,285
	$ 22,567,699	$ 1,755,569	$ 135,539	24,187,729
Net capital assets, June 30, 2024				$ 24,613,772

In 1947, the District entered into a contract with the Bureau of Reclamation, U.S. Department of Interior, for construction of the irrigation and domestic water systems of the District. The contract was paid in full in 2008. The contract requires that the District maintain an irrigation water system reserve and domestic water system reserve, in the amounts of $6,000 each to meet the extraordinary and unforeseen costs of operation, maintenance and repair, and betterments of the systems. The contract also requires that the title to all of the present and future irrigation and domestic water system of the District, including all reservoirs, right of way, all other appurtenances, new construction, and repairs shall be conveyed to the United States.

5. DEFINED BENEFIT PENSION PLAN

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

Responsibility for administration of the Base Plan is assigned to 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.

The Base Plan provides for retirement, disability, death, and survivor benefits of eligible members or beneficiaries. Benefits are based upon members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (five months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classifications. The annual service retirement allowance for each month of credited service is 2.0 percent of the average monthly salary, for the highest consecutive forty-two 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 percent minimum cost of living increase per year provided the *Consumer Price Index* increases 1 percent 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 percent, whichever is less; however, any amount above the 1 percent minimum is subject to review by the Idaho Legislature.

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 percent of the employer rate for general employees. As of June 30, 2024, it was 6.71 percent for general employees. The employer contribution rate, as a percentage of covered payroll, is set by the Retirement Board and was 11.18 percent, for general employees. The District's contributions required and paid were $197,923, $204,517, and $202,204, for the three years ended June 30, 2024, 2023, and 2022, respectively.

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Assets, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2024, the District reported a liability of $1,601,185 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability, was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2023, the District's proportion was .04012323 percent.

For the year ended June 30, 2024, the District recognized a net change in pension expense of $176,687. At June 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
Employer contributions made subsequent to the measurement date	$ 197,923	
Differences between expected and actual experience	$ 274,455	
Changes in assumptions or other inputs	$ 158,551	
Net difference between projected and actual earnings on pension plan investments	$ 156,069	

Deferred out flows of resources in the amount of $197,923, related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability, in the year ending June 30, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through PERSI (active and inactive employees), determined at July 1, 2023, the beginning of the measurement period ended June 30, 2023, is 4.4 and 4.6 for the measurement period June 30, 2022.

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

2025	$ 207,435
2026	97,479
2027	303,243
2028	(19,082)

Actuarial Assumptions. Valuations are based upon actuarial assumptions, 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. PERSI amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under *Idaho Code* is 25 years.

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued).

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return	6.35%, net of pension plan investment expense
Cost of Living Adjustments (COLA)	1.00%

Several different sets of mortality rates are used in the valuation for contributing members, service retirement members, and beneficiaries. These rates were adopted for the valuation, dated July 1, 2023.

Contributing Members, Service Retirement Members, and Beneficiaries.

General Employees and All Beneficiaries – Male	Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries – Female	Pub-2010 General Tables, increased 21%

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

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

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

5. DEFINED BENEFIT PENSION PLAN (CONTINUED)

CAPITAL MARKET ASSUMPTIONS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Cash	0%	0.00%
Large Cap	18%	4.50%
Small/Mid Cap	11%	4.70%
International Equity	15%	4.50%
Emerging Markets Equity	10%	4.90%
Domestic Fixed	20%	(0.25%)
TIPS	10%	(0.30%)
Real Estate	8%	3.75%
Private Equity	8%	6.00%

Discount Rate. The discount rate used to measure the total pension liability was 6.35 percent. 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:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
District's proportionate share of the net pension liability (asset)	$ 2,879,799	$ 1,601,185	$ 556,160

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.

6. RISK MANAGEMENT

The District purchases property, casualty, and liability insurance through Idaho Counties Risk Management Program (ICRMP). ICRMP assumes or reinsures all risk for covered claims. Participants are charged an annual insurance premium. The amounts of settlements have not exceeded the insurance coverage for any of the last three years.

The general insurance limits are as follows:

General liability	$500,000 per claim
Property damage	Replacement cost coverage
Automobile liability	$500,000 per claim
Errors and omissions liability	$500,000 per claim
Crime insurance and bonding	$500,000 per claim
Machinery	Replacement cost coverage

The District's unemployment is self-insured, through the State of Idaho.

7. COMPENSATED ABSENCES

The District provides paid vacation days to its full-time staff based upon the following service schedule:

Length of Service	Paid Vacation Days
1 year	5 days
2-4 years	10 days
5-9 years	15 days
10-14 years	20 days
over 15 years	25 days

The District provides one paid sick leave day per month, to full-time staff.

An employee can carry over up to two times their annual vacation in unused vacation days and up to 520 hours of unused sick leave days from year-to-year. Upon termination, either by retiring or voluntarily quitting with notice, the District will pay 50 percent of the accrued sick leave benefit to the employee’s HRA-VEBA account.

The Manager and Business Manager's vacation and sick leave days are granted based upon a contract, approved by the Board of Directors.

8. RATES AND CHARGES

Water rates and charges for services are established by the District’s Board and are not subject to review or approval by any Federal or State regulatory agency. The District’s domestic water rate schedule consists of a unit charge (a flat fee paid by all users) and a usage charge. The District’s irrigation water rate schedule consists of a unit charge and an acreage charge. Irrigation water is not metered.

8. RATES AND CHARGES (CONTINUED)

The current rates for water service are shown in the table below:

	2023-24	2022-23	2021-22	2020-21
Domestic water				
Unit charge/month	$ 15.75	$ 15.00	$ 14.42	$ 14.00
Usage charge per 100 cubic feet or 748 gallons	2.82	2.67	2.56	2.49
Irrigation water				
Unit charge/month	13.75	13.67	13.04	12.83
Acreage charge/month	22.50	21.50	20.50	19.42

REQUIRED SUPPLEMENTARY INFORMATION

LEWISTON ORCHARDS IRRIGATION DISTRICT

SCHEDULE OF PENSION FUNDING

SCHEDULE OF THE DISTRICT'S SHARE OF NET PENSION ASSET AND LIABILITY - PERSI BASE PLAN
Data reported is measured as of June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer's portion of the net pension (asset) liability	0.0401232%	0.0428693%	0.0408986%	0.0429925%	0.0428549%	0.0445933%	0.0460540%	0.0448239%	0.0443263%	0.0435121%
Employer's proportionate share of the net pension (asset) liability	$ 1,601,185	$ 1,688,500	$ (32,300)	$ 998,300	$ 489,200	$ 657,800	$ 723,900	$ 908,600	$ 583,700	$ 320,317
Employer's covered payroll	1,770,331	1,712,873	1,693,501	1,547,119	1,544,933	1,456,537	1,431,034	1,385,892	1,322,597	1,256,078
Employer's proportionate share of the net pension (asset) liability as a percentage of it's covered payroll	90%	99%	-2%	65%	32%	45%	51%	66%	44%	26%
Plan fiduciary net position as a percentage of the total pension liability	84%	83%	100%	88%	94%	92%	91%	87%	91%	95%

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO PENSION PLANS - PERSI BASE PLAN
Data reported is measured as of June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 197,923	$ 204,517	$ 202,204	$ 184,726	$ 184,465	$ 164,880	$ 161,993	$ 156,883	$ 149,718	$ 142,188
Contributions in relation to the statutorily required contribution	197,923	204,517	202,204	184,726	184,465	164,880	161,993	156,883	149,718	142,188
Contribution (deficiency) excess	0	0	0	0	0	0	0	0	0	0
Employer's covered payroll	1,770,331	1,712,873	1,693,501	1,547,119	1,544,933	1,456,537	1,431,034	1,385,892	1,322,597	1,256,078
Contributions as a percentage of covered payroll	11.18%	11.94%	11.94%	11.94%	11.94%	11.32%	11.32%	11.32%	11.32%	11.32%

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT - *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Lewiston Orchards Irrigation District
Lewiston, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Lewiston Orchards Irrigation District, as of and for the year ended June 30, 2024, and 2023, and the related notes to the financial statements, which collectively comprise the Lewiston Orchards Irrigation District's basic financial statements, and have issued our report thereon, dated September 4, 2024.

Report on Internal Control Over Financial Reporting

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

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Orofino Office: P.O. Box 632, 216 Johnson Avenue, Orofino, Idaho 83544, (208) 476-3012
Pullman Office: 1230 SE Bishop Blvd., Pullman, Washington 99163, (509) 332-6541
Eagle Office: 1159 E Iron Eagle Drive, Suite 100, Eagle, Idaho 83616, (208) 319-2929

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lewiston Orchards Irrigation District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial 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.

Presnell Gage, PLLC

September 4, 2024
Lewiston, Idaho

LEWISTON ORCHARDS IRRIGATION DISTRICT

SCHEDULES OF OPERATING EXPENSES
Years Ended June 30, 2024 and 2023

	2024	2023
OPERATING EXPENSES		
Wages	**$ 1,851,828**	$ 1,769,514
Payroll taxes	**139,468**	132,648
Retirement	**197,923**	204,517
Employee benefits	**462,126**	441,648
Workers compensation	**25,282**	42,487
Contracted services	**276,722**	432,752
Engineering services	**572,849**	281,378
Electricity	**541,865**	509,150
Meters, pipes, fittings, and materials	**1,036,766**	911,607
Vehicles, fuel, and operating costs	**50,679**	67,831
Chemicals	**20,088**	25,154
Equipment and tools	**33,903**	32,243
Repairs and maintenance	**121,818**	87,941
Office	**75,871**	71,590
Utilities	**19,053**	20,658
Insurance	**106,676**	91,835
Permits, fees, and publications	**51,344**	37,154
Bank fees	**490**	11,841
Depreciation	**1,755,569**	1,724,640
Miscellaneous expenses	**29,232**	29,036
	7,369,552	6,925,624
Capitalized materials	**(468,414)**	(422,652)
Capitalized vehicle and wage expenses	**(474,635)**	(528,297)
Total operating expenses	**$ 6,426,503**	$ 5,974,675