AVONDALE IRRIGATION DISTRICT

FINANCIAL STATEMENTS
DECEMBER 31, 2024

Avondale Irrigation District

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

MAGNUSON • McHUGH • DOUGHERTY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Avondale Irrigation District
Hayden Lake, Idaho 83835

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Avondale Irrigation District as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Avondale Irrigation District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Avondale Irrigation District, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 Avondale 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Avondale 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.

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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 GAAS [and GAS] 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 GAAS [and GAS], we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements 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 Avondale 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 Avondale 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 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 management's discussion and analysis and certain GASB No. 68 pension information, as listed in the table of contents, 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.

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Required Supplementary Information (Concluded)

Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on these 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 4, 2025, on our consideration of Avondale 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 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 Avondale Irrigation District's internal control over financial reporting and compliance.

Sincerely,

Magnuson, McHugh, Dougherty CPAs

Magnuson, McHugh, Dougherty CPAs

June 4, 2025

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FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

Avondale Irrigation District

STATEMENT OF NET POSITION
December 31, 2024

ASSETS	
Current assets:	
Cash and cash equivalents	$ 2,814,107
Assessment receivable	191,772
Accrued interest receivable	8,825
Miscellaneous receivable	1,250
Temporary investments	2,504,126
Prepaid expenses and other assets	137,986
Total current assets	5,658,066
Noncurrent assets:	
Right-of-use lease assets, net of accumulated amortization	645,073
Land	51,095
Construction in progress	5,416
Capital assets, net of accumulated depreciation	13,218,939
Total noncurrent assets	13,920,523
Total assets	19,578,589
DEFERRED OUTFLOWS OF RESOURCES	
Proportionate share of collective deferred outflows of resources	82,271
Total deferred outflows of resources	82,271
LIABILITIES	
Current liabilities:	
Accounts payable	58,211
Accrued payroll and payroll taxes	15,849
Accrued vacation	36,360
Lease liabilities, due within one year	121,530
Total current liabilities	231,950
Noncurrent liabilities:	
Net pension liability	303,701
Lease liabilities, due beyond one year	495,529
Total noncurrent liabilities	799,230
Total liabilities	1,031,180
DEFERRED INFLOWS OF RESOURCES	
Deferred assessment income	821,316
Proportionate share of collective deferred inflows of resources	8,059
Total deferred inflows of resources	829,375
NET POSITION	
Net investment in capital assets and leases	13,303,464
Unrestricted	4,496,841
Total net position	$ 17,800,305

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

Avondale Irrigation District

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended December 31, 2024

OPERATING REVENUES:	
Assessments	$ 1,203,664
Penalties and interest	13,078
Excess water	345,059
Water sales	4,529
Total operating revenues	1,566,330
OPERATING EXPENSES:	
Advertising	216
Electricity	212,775
Insurance	123,576
Legal and accounting	12,184
Office and travel	29,595
Repairs and maintenance	90,732
Salaries:	
Directors	11,250
Maintenance	269,019
Secretary	144,361
Telephone	14,885
Payroll taxes	34,174
Retirement	45,653
Supplies	23,700
Contract labor	34,608
Bank charges	38,230
EPA DEQ testing	17,035
Depreciation	375,257
Amortization	6,516
Conferences	1,521
Software, licenses and dues	32,908
Miscellaneous	5,300
Vehicle operating	21,680
Unallocated actual PERSI expense	(44,483)
Change in net pension liability	73,820
Total operating expenses	1,574,512
OPERATING INCOME (LOSS)	(8,182)
NONOPERATING REVENUES (EXPENSES):	
Hook-up fees	633,490
Contributed distribution lines	167,969
Interest income	79,602
Interest expense	(7,470)
Gain on sale of investments	984,460
Miscellaneous	127,689
Total nonoperating revenues (expenses)	1,985,740
CHANGE IN NET POSITION	1,977,558
NET POSITION, beginning of year	15,822,747
NET POSITION, end of year	$ 17,800,305

The accompanying "Notes to the Financial Statements" are an integral part of this statement.

Avondale Irrigation District

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating revenues	$ 1,535,322
Payments to employees and benefits	(552,118)
Payments to vendors	(692,246)
Net cash provided (used) by operating activities	290,958
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Repayment of lease liabilities	(34,530)
Hook-up fees	633,490
Purchase of capital assets and construction in progress	(669,564)
Net cash provided (used) by capital and related financing activities	(70,604)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds on sale of assets	1,199,603
Interest on investments	79,602
Interest expense	(7,470)
Other revenue	127,689
Net cash provided (used) by investing activities	1,399,424
CHANGE IN CASH	1,619,778
CASH, beginning of year	1,194,329
CASH, end of year	$ 2,814,107
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$ (8,182)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	375,257
Amortization expense	6,516
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(47,405)
Interest receivable	(5,450)
Prepaid expense	(9,766)
Increase (decrease) in:	
Deferred income	21,847
Net change in pension liability	29,337
Accrued expenses	(2,008)
Accounts payable	(69,188)
Net cash provided (used) by operating activities	$ 290,958
NONCASH INVESTING AND FINANCING ACTIVITIES:	
Contributed capital	$ 167,969

The accompanying "Notes to the Financial Statements"
are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – These statements include the maintenance and operation fund accounting transactions of Avondale Irrigation District ("the District"). The District provides domestic and irrigation water to the residents of the District. The District is located in the Hayden Lake area of North Idaho.

The accounting methods and procedures adopted by Avondale 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 below.

Financial Statement Presentation – In June 1999, the GASB issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. The financial statement presentation required by GASB No. 34 provides a comprehensive, entity-wide perspective of Avondale Irrigation District's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses, changes in net position, and cash flows, and replaces the fund-group perspective previously required.

Estimates – Management uses estimates and assumptions in preparing 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 expenses.

Basis of Accounting – 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 accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Net Position – The District's net position is classified as follows:

Net investment in capital investments – This represents the District's total investment in capital and intangible assets; net of outstanding debt and lease obligations related to those capital and intangible assets, to the extent debt or leases have been incurred but not yet expended for capital or intangible assets.

Restricted net position – Restricted expendable net assets include resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net position – Unrestricted net assets represent resources derived from water sales and fees charged. These resources are used for transactions related to the general operation of the District and may be used at the discretion of the governing board to meet current expenses for any purpose.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Revenues – The District has classified its revenue as either operating or nonoperating according to the following criteria:

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as water sales, net of refunds.

Nonoperating Revenues – Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as hook-up fees and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 34, such as investment income.

Receivables – Assessments receivable consist of billings of fees that have not yet been collected. No allowance for uncollectible amounts has been estimated, the District has the authority to have delinquent accounts added to the Kootenai County tax rolls.

Statement of Cash Flows – For the purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less and its certificates of deposit to be cash and cash equivalents.

Capital and Intangible Assets – Property and equipment are stated at cost when purchased or constructed or where historical records are available and at an estimated cost where no historical records exist. Donated assets are recorded at estimated fair market value as of the date of the donation. The District's capitalization policy is based on an estimated useful life of greater than one year. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred.

Depreciation is being recorded over estimated useful lives ranging from 10 to 50 years using the straight-line method.

Intangible right-of-use lease assets are recorded at net present value, and the lease liabilities are amortized using the straight-line method over the life of the lease.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial 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 on the government-wide statement of net position, in accordance with GASB 68, Accounting and Financial Reporting for Pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, 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.

(Continued)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Deferred Outflows/Inflows of Resources (Concluded) – The District has one type of item which arises under full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred inflows of resources, is reported only on the government-wide statement of net position. The government-wide statement of net position reports deferred inflows of resources from two sources: deferred assessment income and the proportionate share of collective deferred inflows of resources accounting for the net pension obligation, in accordance with GASB 68, Accounting and Financial Reporting for Pensions.

Prepaid Expenses and Other Assets – Prepaid expenses and other assets are supplies on hand for repair jobs and insurance premiums applicable to future periods. The supplies inventory is stated at the lower of cost (determined on a first-in, first-out basis) or market.

Vacation and Sick Leave Policy – District employees are entitled to vacation and sick leave days based on their length of employment. This time is accumulated and is recorded as a liability at year end. All unused sick leave will be forfeited without compensation upon separation from employment.

Under GASB 101, a liability must be recognized for either 1) leave that has not been used or 2) leave that has been used but not yet paid in cash or settled through non-cash means. It applies to leave policies like vacation, sick leave and other similar types of leave. Sick leave is non-vesting and is not paid out upon termination.

Liabilities for certain types of leave like parental, military, and jury duty leave, may not be recognized until the leave commences. The liability is measured, typically using the employee's pay rate as of the financial statement date. Any salary-related payments that are directly and incrementally associated with leave payments should be included in the liability calculation. The leave must meet the following criteria: 1) the leave is attributable to services already rendered, 2) the leave accumulates, and 3) the leave is more likely than not to be used or settled through cash and or non-cash means. The District estimates the amount of leave that is more likely than not to be used, considering factors like historical trends and employment policies. For used leave, the liability should reflect the amount of the cash payment or non-cash settlement required.

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

Recently Issued Accounting Standards – In June 2022, the Governmental Accounting Standards Board (GASB) issued Summary of Statement Number 101 Compensated Absences (GASB 101), which is required to be adopted for entities with fiscal years beginning after December 15, 2023. The objective of GASB 101 is to better meet the needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The District has considered the effect that GASB 101 will have on the financial statements and has adopted and implemented the requirements of GASB 101 for the year ended December 31, 2024.

(Continued)

NOTE 2: CASH AND INVESTMENTS

General:

State statutes authorize the District's deposits and investments. 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.

In the general fund, cash received by the District is pooled for investment purposes and is presented as "Cash and Cash Equivalents" on the financial statements.

During the year ended December 31, 2024, investments were limited to the Idaho State Investment Pool and Temporary Investments.

For purposes of reporting cash flows, cash (unrestricted as well as restricted cash) and cash equivalents included: cash on hand, amount due from banks, and investments with maturities of less than 90 days. If maturity is greater than 90 days, the certificates of deposit are classified as temporary investments since they are part of the District's cash management activity, short-term and readily convertible to known amounts of cash. Temporary investments are stated at cost, which approximates market. Investments on hand at December 31, 2024 meet the guidelines as set by regulations of the State of Idaho.

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.

The balance that the District has in the Idaho State Investment Pool is carried at cost which approximates fair market value.

Credit risk:

The Idaho State Investment Pool does not have an established credit rating but invests in entities with credit ratings as stipulated by Idaho code. The District does not have a formal policy for credit risk. Financial information on the Idaho State Investment Pool can be obtained by contacting the Idaho State Treasurer.

(Continued)

NOTE 2: CASH AND INVESTMENTS (CONCLUDED)

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. As of December 31, 2024, the District's deposits and investments were exposed to custodial credit risk as follows:

Deposits with custodial credit risk:

Amounts insured by the FDIC or other agencies collateralized with securities held by the agency in the District's name	$ 2,786,288
Funds held in the District's name by the Idaho State Investment Pool	2,451,946
Amounts in excess of FDIC insurance	71,564
Total deposits	$ 5,309,798

Cash and investments at December 31, 2024 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and cash equivalents	$ 2,814,107
Temporary investments	2,504,126
	$ 5,318,233

Cash and investments at December 31, 2024 consist of the following:

Deposits institutions	$ 328,675
Petty cash	1,324
Certificates of deposit	2,536,288
Local government investment pool	2,451,946
	$ 5,318,233

(Continued)

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2024 consisted of the following:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Real estate	$ 51,095	$ -	$ -	$ -	$ 51,095
Construction in progress	3,208,840	220,131	-	(3,423,555)	5,416
Total capital assets not being depreciated	3,259,935	220,131	-	(3,423,555)	56,511
Capital assets, being depreciated:					
Irrigation system	12,713,747	280,679	(183,474)	3,423,555	16,234,507
Buildings and improvements	905,790	265,919	(296,943)	-	874,766
Water tower	350,963	-	-	-	350,963
Equipment	571,075	70,803	(1,684)	-	640,194
Total capital assets being depreciated	14,541,575	617,401	(482,101)	3,423,555	18,100,430
Less accumulated depreciation:					
Irrigation system	3,574,477	260,206	(97,851)	-	3,736,832
Buildings and improvements	531,543	61,418	(167,424)	-	425,537
Water tower	237,188	7,019	-	-	244,207
Equipment	429,986	46,613	(1,684)	-	474,915
Total accumulated depreciation	4,773,194	375,256	(266,959)	-	4,881,491
Total capital assets being depreciated, net	9,768,381	242,145	(215,142)	3,423,555	13,218,939
Capital assets, net	$13,028,316	$ 462,276	$ (215,142)	$ -	$13,275,450

NOTE 4: DEFERRED ASSESSMENT INCOME

The District bills the majority of its customers in advance. Customers are billed in October for the following calendar year's assessments. Deferred income represents amounts collected prior to year-end from the October 2024 billing of 2025 assessments.

Assessments for the year 2025 billed in October and collected prior to December 31, 2024, are as follows:

Deferred income:	
Domestic	$ 592,821
Maintenance	132,940
Tract fee	95,555
	$ 821,316

(Continued)

NOTE 5: LEASES

On September 3, 2024, the District signed a lease agreement with the option to purchase property located at 11600 N. Warren Street in Hayden, Idaho. The purchase price of the real estate will be $2,800,000 with said option not to become effective or executed any sooner than January 1, 2026 or later. The term of this lease shall be for a period of five years, with a commencement date of September 15, 2024. The tenant shall pay the Landlord rent in the sum of $12,000 per month payable monthly in advance commencing on September 15, 2024.

The right-of-use lease assets are listed as follows:

Business type activities:	Balance	Additions	Deletions	Balance
Right-of-use lease assets:				
Building	$ -	$ 651,589	$ -	$ 651,589
Total right-of-use lease assets	-	651,589	-	651,589
Less accumulated amortization for:				
Building	-	6,516	-	6,516
Total accumulated amortization	-	6,516	-	6,516
Total amortized right-of-use lease assets, net	$ -	$ 645,073	$ -	$ 645,073

Future minimum lease payments are as follows:

	Building		
For the year ended,	Principal	Interest	Total
2025	$ 121,530	$ 22,470	$ 144,000
2026	126,481	17,519	144,000
2027	131,634	12,366	144,000
2028	136,997	7,003	144,000
2029	100,418	1,602	102,019
	$ 617,059	$ 60,960	$ 678,019

NOTE 6: CHANGES IN LONG-TERM DEBT AND LEASES

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	$ 33,473	$ 2,887	$ -	$ 36,360	$ -
Lease liabilities	-	651,589	34,530	617,059	121,530
Long-term liabilities	$ 33,473	$ 654,476	$ 34,530	$ 653,419	$ 121,530

(Continued)

NOTE 7: DEFINED BENEFIT PENSION PLAN

Plan Description

The Avondale 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.

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% general employees and 13.26% for police and firefighters. The Avondale Irrigation District's contributions were $45,653 for the year ended December 31, 2024.

(Continued)

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At December 31, 2024, the Avondale Irrigation 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 Avondale Irrigation District's proportion of the net pension liability was based on the Avondale Irrigation 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 Avondale Irrigation District's proportion was 0.0081190 percent.

For the year ended December 31, 2024, the Avondale Irrigation District recognized pension expense (revenue) of $73,820. At December 31, 2024 the Avondale Irrigation 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	$ -	$ (5,513)
Changes of assumptions	12,031	-
Net difference between projected and actual earnings on pension plan investments	48,352	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	13,572
Avondale Irrigation District's contributions subsequent to the measurement	21,888	-
Total	$ 82,271	$ 8,059

$21,888 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 December 31, 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 4.4 for the measurement period June 30, 2024.

(Continued)

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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 ended December 31:	
2025	$ 14,989
2026	$ 56,626
2027	$ (9,765)
2028	$ (6,980)

Actuarial Assumptions

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

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return-net of investment fees	6.35%
Cost-of-living (COLA) 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 Tables, increased 12%.
- Teachers – Females Pub-2010 Teacher Tables, increased 21%.
- Fire & Police – Males Pub-2010 Safety Tables, increased 21%.
- Fire & Police – Females Pub-2010 Safety Tables, increased 26%.
- Disabled Members – Males Pub-2010 Disabled Tables, increased 38%.
- Disabled Members – Females Pub-2010 Disabled Tables, increased 36%.

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

(Continued)

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Concluded)

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

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

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

	2024	
Asset Class	DB Plans	Sick Leave
Fixed Income	30.0%	50.0%
US/Global Equity	55.0%	39.3%
International Equity	15.0%	10.7%
Cash	0.0%	0.0%
Total	100%	100%

Discount Rate

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

(Continued)

NOTE 7: DEFINED BENEFIT PENSION PLAN (CONCLUDED)

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension 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 net pension liability (asset)	$ 577,127	$ 303,701	$ 80,382

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 December 31, 2024, the Avondale Irrigation District reported no payables to the defined benefit pension plan for legally required employer contributions and no payables for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 8: RISK MANAGEMENT

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

NOTE 9: SUBSEQUENT EVENT

Management has evaluated subsequent events through June 4, 2025, the date the financial statements were available to be issued.

(Concluded)

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

Avondale Irrigation District

GASB 68 Required Supplementary Information
For the Year Ended December 31, 2024

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

	2024	2023	2022
Employer's portion of the net pension liability	0.0081190%	0.0088113%	0.0087134%
Employer's proportionate share of the net pension liability	$ 303,701	$ 351,630	$ 343,201
Employer's covered-employee payroll	$ 399,285	$ 378,656	$ 351,378
Employer's proportional share of the net pension liability as a percentage of its covered employee payroll	76.06%	92.86%	97.67%
Plan fiduciary net position as a percentage of the total pension liability	85.54%	83.83%	83.09%

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

Data reported is measured as of June 30, 2024.

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

	2024	2023	2022
Statutorily required contribution	$ 45,653	$ 45,067	$ 41,928
Contributions in relation to the statutorily required contribution	45,653	45,067	41,928
Contribution deficiency (excess)	$ -	$ -	$ -
Employer's covered-employee payroll of its covered employee payroll	$ 399,285	$ 378,656	$ 351,378
Contributions as a percentage of covered-employee payroll	11.43%	11.90%	11.93%

* 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 reported as of December 31, 2024.

2021	2020	2019	2018	2017	2016
0.0086540%	0.0082499%	0.0090213%	0.0090103%	0.0088702%	0.0086871%
$ (6,835)	$ 191,574	$ 102,976	$ 132,903	$ 139,424	$ 176,101
$ 331,800	$ 305,243	$ 319,594	$ 298,693	$ 284,505	$ 268,658
-2.06%	62.76%	32.22%	44.49%	49.01%	65.55%
100.36%	88.22%	93.79%	91.69%	90.68%	87.26%

2021	2020	2019	2018	2017	2016
$ 39,617	$ 36,446	$ 37,009	$ 33,812	$ 32,206	$ 30,412
39,617	36,446	37,009	33,812	32,206	30,412
$ -	$ -	$ -	$ -	$ -	$ -
$ 331,800	$ 305,243	$ 319,594	$ 298,693	$ 284,505	$ 268,658
11.94%	11.94%	11.58%	11.32%	11.32%	11.32%

REPORT REQUIRED BY GAO

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 Directors
Avondale Irrigation District
Hayden, Idaho 83835

We have audited, 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 (*Government Auditing Standards*), the financial statements of the business-type activities of Avondale Irrigation District as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Avondale Irrigation District's basic financial statements, and have issued our report thereon dated June 4, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Avondale Irrigation District's internal control over financial reporting (internal control) as a basis for designing 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 Avondale Irrigation District's internal control. Accordingly, we do not express an opinion on the effectiveness of Avondale 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 were not identified.

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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)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Avondale 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 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 Avondale Irrigation District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Avondale Irrigation District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

Magnuson, McHugh, Dougherty CPAs

Magnuson, McHugh, Dougherty CPAs

June 4, 2025

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