CABINET MOUNTAINS WATER DISTRICT
Bonners Ferry, Idaho
Financial Statements and
Independent Auditor's Report

November 30, 2024

CABINET MOUNTAINS WATER DISTRICT

BONNERS FERRY, IDAHO

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Cabinet Mountains Water District
Bonners Ferry, Idaho

Opinions

I have audited the accompanying financial statements of the business-type activities of the Cabinet Mountains Water District, (the District) as of and for the year ended November 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Cabinet Mountains Water District, as of November 30, 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

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

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 Cabinet Mountains Water 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

My 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 my 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*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cabinet Mountains Water 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cabinet Mountains Water District's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. My opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the pension supplementary information on page 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Cabinet Mountains Water District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 my opinion, the schedule of expenditures of federal awards is 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*, I have also issued my report dated May 27, 2025, on my consideration of the District's internal control over financial reporting and on my 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 my 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 Cabinet Mountains Water District's internal control over financial reporting and compliance.

Len Schulte
Leonard Schulte
Bonners Ferry, Idaho
May 27, 2025

CABINET MOUNTAINS WATER DISTRICT
STATEMENT OF NET POSITION
November 30, 2024

ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,020,920	
Restricted cash	549,561	
Accounts receivable - water users	75,078	
Prepaid expenses	12,702	
Total Current Assets		$ 1,658,261
Non-current Assets:		
Non-current accounts receivable	7,491	
Capital assets not being depreciated	5,316,649	
Property and equipment, net of accumulated depreciation of $5,768,282	2,919,825	
Total Non-current Assets		8,243,965
Total Assets		9,902,226
Deferred Outflows of Resources		50,356
LIABILITIES		
Current Liabilities:		
Accounts payable	23,943	
Deposits and paid in advance - water users	26,481	
Accrued interest payable	6,063	
Current portion of long-term debt	155,037	
Total Current Liabilities		211,524
Non-current Liabilities:		
Loan payable - Idaho Dept of Environmental Quality	2,597,291	
Bond payable, less current portion	330,000	
Net pension liability	197,114	
Total Non-Current Liabilities		3,124,405
Total Liabilities		3,335,929
Deferred Inflow of Resources		15,188
NET POSITION		
Invested in capital assets, net of related debt	5,138,958	
Restricted for debt service	184,281	
Restricted for capital improvements	365,280	
Unrestricted	912,946	
Total Net Position		$ 6,601,465

The accompanying notes are an integral part of this statement.

CABINET MOUNTAINS WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended November 30, 2024

OPERATING REVENUES:		
Charges for services	$ 917,211	
Hook up and other fees	10,525	
Total Operating Revenues		$ 927,736
OPERATING EXPENSES:		
Accounting, legal and professional fees	72,730	
Chemicals & water testing	1,270	
Depreciation	248,581	
Insurance, bonding & workmen's comp.	16,227	
Office supplies & postage	14,545	
Other	3,882	
Payroll taxes & benefits	48,149	
Permits and licenses	1,571	
Repairs & maintenance	84,198	
Salaries & wages	244,666	
Utilities & telephone	55,936	
Total Operating Expenses		791,755
OPERATING INCOME		135,981
NON OPERATING REVENUES (EXPENSES):		
Interest income	26,014	
Capital grant	1,912,436	
Gain (loss) on sale of assets	1,512	
Pension plan change in proportionate share	(29,072)	
Interest expense	(19,073)	
Total Non operating revenue (expense)		1,891,817
CHANGE IN NET POSITION		2,027,798
TOTAL NET POSITION - BEGINNING OF YEAR		4,573,667
TOTAL NET POSITION - END OF YEAR		$ 6,601,465

The accompanying notes are an integral part of this statement.

CABINET MOUNTAINS WATER DISTRICT
STATEMENT OF CASH FLOWS
For the year ended November 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from water users	$ 944,807	
Payments for supplies and goods or services	(332,254)	
Payments for employees	(299,851)	
Net Cash Provided by Operating Activities		$ 312,702
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(3,268,859)	
Proceeds of long-term debt	1,382,538	
Proceeds from sale of capital assets	1,512	
Principal retired on long-term debt	(149,963)	
Receipt of capital grant	1,912,436	
Interest paid	(29,895)	
Net Cash Used by Capital and Related Financing Activities		(152,231)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	26,014	
Net Cash Provided by Investing Activities		26,014
NET INCREASE (DECREASE) IN CASH		186,485
BEGINNING CASH AND CASH EQUIVALENTS		1,383,996
ENDING CASH AND CASH EQUIVALENTS		$ 1,570,481
RECONCILIATION OF CASH TO STATEMENT OF NET POSITION:		
Cash	$ 1,020,920	
Restricted cash	549,561	
Total Cash		$ 1,570,481
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (Loss)		$ 135,981
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation and amortization		248,581
(Increase) / decrease in accounts receivable		17,071
(Increase) / decrease in prepaid expenses		(4,074)
Increase / (decrease) in accrued expenses		(84,857)
Net Cash Provided by Operating Activities		$ 312,702

The accompanying notes are an integral part of this statement.

Cabinet Mountains Water District (the District) is a municipal corporation organized and operated under the Constitution and laws of the State of Idaho. The District was formed to provide consistent and reliable water to residents within the District's boundaries, encompassing a large portion of southern Boundary County, Idaho.

The financial statements of the District are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case GASB prevails. The following notes are an integral part of the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying criteria set forth in GAAP. The basic, but not the only criteria for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. Based upon these criteria, there are no component units that should be included in the District's financial statements.

Basic Financial Statements

The District is engaged in only a single business-type activity and therefore presents the basic financial statements for an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District has no fiduciary type activity.

Basis of Accounting and Revenue Recognition

Basis of accounting refers to the point at which revenues and expenditures / expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the "timing" of the measurement, regardless of the measurement focus applied.

Business-type activities are presented on the accrual basis of accounting. Water revenue is based on usage and recognized at the time of use. Customers are billed on a monthly cyclical basis. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized in the accounting period when the exchange takes place. Exchange transactions are those in which each party receives and gives up essentially equal values.

Cash and Cash Equivalents

The District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased. Idaho Code Section 67, Chapter 12, provides authorization for the investment of funds as well as what constitutes an allowable investment. District policy is consistent with the State Code.

The Code limits investments to the following general types:

- Certain revenue bonds, general obligation bonds, local improvement district bonds and registered warrants of state and local governmental entities.
- Time deposit accounts, tax anticipation and interest-bearing notes.
- Bonds, treasury bills, debentures, or similar obligations of the United States Government, and United States Government Agencies.
- Repurchase agreements secured by the above.

Receivables
The District extends credit to customers in the normal course of operations. Management has evaluated the accounts and believes they are all collectible. Management evaluates all accounts receivable and delinquent accounts, if any, are collected through the property tax rolls of Boundary County.

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

Deferred Outflows/Inflows of Resources
The statement of net position will sometimes report a separate section, following total assets, for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until that time. In the entity-wide statements deferred outflows relate to the accounting for the net pension obligation in accordance with GASB 68, Accounting and Financial Reporting for Pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to future periods and will not be recognized as revenue until that time. In the entity-wide statements deferred inflows relate to the accounting for the net pension obligation in accordance with GASB 68 Accounting and Financial Reporting for Pensions.

The unamortized amount of bond issuance premium is reflected as the deferred inflows of resources under the guidance of GASB No. 63. See note 5.

Subsequent Events
In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through May 27, 2025, the date that the financial statements were available to be issued.

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

Net Position
Net position represents the difference between assets and liabilities. Net position comprises the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position is classified in the following components.

Invested in capital assets, net of related debt – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position – This component of net position consists of amounts subject to constraints imposed by creditors (such as through debt covenants), grants, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net position that does not meet the definition of "invested in capital assets, net of related debt" or "restricted net position."

NOTE 2 - CASH AND EQUIVALENTS

On November 30, 2024, the District's undeposited funds was $22,509. The carrying amount of cash and deposits including restricted funds was $1,570,481 and the bank balance was $1,573,651. The difference represents deposits in transit and outstanding checks. The District considered all assets in highly liquid bank accounts including restricted assets with maturity of three months or less when purchased to be cash equivalents. All bank accounts are maintained at Mountain West Bank in Bonners Ferry.

On November 30, 2024, the District had uncollateralized and uninsured deposits of $119,780.

Through a "Cash Management Sweep Account and Automatic Daily Repurchase Agreement", the District invests idle cash in uninsured repurchase agreements. The repurchase agreement is fully collateralized with an undivided, fractional interest in obligations of, or obligations that are fully guaranteed by the United States government, its agencies or instrumentalities. Titles to the securities are vested in the bank. The bank repurchases the undivided, fractional interest from the District on the next banking day.

The District's deposits on November 30, 2024, consisted of the following:

Unrestricted Cash and Cash Equivalents	$1,020,920	
Restricted Cash and Cash Equivalents	549,561	
Carrying Value of Cash & Cash Equivalents		$1,570,481
Uninsured and Uncollateralized Deposits	$119,780	
Uninsured Deposits Collateralized with Securities		
Held by the Pledging Financial Institution	1,181,363	
FDIC Insured and collateralized deposits	272,508	
Bank Value of Deposits		$1,573,651

Custodial Credit Risk

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

Credit Risk

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

Concentration of Credit Risk

The District places no investment policy limit on the amount it may invest in any one issuer.

Interest Rate Risk

The District's investment policy is not limited to specific duration, but is structured to meet the anticipated cash flows and spending rate.

NOTE 3 – RESTRICTED CASH

A separate reserve bank account is maintained and, under the terms of Revenue Bond, a reserve for debt service account has been established in the amount of $184,.281. It is the policy of the District to first apply restricted assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

A bank account is maintained to hold unexpended loan proceeds in the amount of $365,280. Use of the cash is limited to ongoing construction and facility improvements.

NOTE 4 - CAPITAL ASSETS - PROPERTY, PLANT, AND EQUIPMENT

All enterprise funds are accounted for on a cost of service or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Capital assets purchased or acquired are reported at historical cost including infrastructure assets. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The District does not have a dollar threshold to distinguish between capital outlay and repairs.

Depreciation in the amount of $248,581 has been provided using the straight-line method over an estimated useful life of 40 years for the water system and 7 years for tools and equipment for the year ended November 30, 2024.

	Balance 11/30/2023	Additions	Deletions	Balance 11/30/2024
Capital Assets not being depreciated:				
Land & Easements	$170,124	$11,543		$181,667
Wells	77,925			77,925
Improvements in progress	1,857,175	3,199,882		5,057,057
	$2,105,224	$3,211,425	$0	$5,316,649
Capital assets being depreciated:				
Water System	$7,505,687			$7,505,687
Buildings	724,934			724,934
Equipment & Other	427,799	57,434	(27,747)	457,486
	8,658,420	57,434	(27,747)	8,688,107
Accumulated Depreciation:				
Water System	4,769,325	187,563		4,956,888
Buildings	483,656	18,101		501,757
Equipment & Other	294,467	42,917	(27,747)	309,637
	5,547,448	248,581	(27,747)	5,768,282
Property and Equipment, net	$3,110,972	($191,147)	$0	$2,919,825

NOTE 5 - LONG-TERM DEBT

Long-term debt activities for the year ended November 30, 2024, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-Type Activities:					
Water Revenue Bond 2012 A	$635,000	$0	($150,000)	$485,000	$155,000
Interim Loan - Idaho Dept. of Environmental Quality	$1,214,753	$1,382,538	$0	$2,597,291	$0

Water Revenue Bond Series 2012A

On January 19, 2012, Cabinet Mountains Water District adopted a resolution approving issuance of a Revenue Refunding Bond Series 2012A in the amount of $2,095,000 with the Idaho Bond Bank Authority. The purpose of the refunding was to repay prior bonds consisting of Water Revenue Bond Series A dated October 3, 1996, Water Revenue Bond Series B dated September 2, 1997, and Water Revenue Bond Series C dated October 14, 1997 which originally financed all or a portion of the costs of design and construction of improvements, for the water system of the Cabinet Mountains Water District, Boundary County, Idaho. On February 9, 2012, the prior bonds were paid in full. The economic gain resulting from the refunding transaction was $449,000.

Payments on the Bond Series 2012A are secured by a pledge of System Net Revenues. Repayment installments are due from September 15, 2012, through September 15, 2027 and bear interest at rates of 2.00% to 5.00% per annum.

Under the terms of the Bond, the District is required to establish a reserve account to secure payment of debt service on the loan. As of November 30, 2024, the District was in compliance with the reserve account requirement.

The Series 2012A bond was issued at a premium of $213,891. The premium is being amortized over the life of the loan using the proportionate to stated-interest requirements method. For the year ended November 30, 2024, the amortization was $9,323 and reduced interest expense. Debt issue costs were recognized as expense.

Required Payments to Maturity

The annual requirements to retire Water Revenue Bond Series 2012A are as follows:

Requirement	Principal	Total Payment
November 30, 2025	$155,037	$180,250
November 30, 2026	160,000	176,500
November 30, 2027	170,000	178,500
	$485,037	$535,250

Loan – Idaho Dept. of Environmental Quality

The District entered into a loan agreement with the Idaho Department of Environmental Quality to provide funding for improvements to water tanks, booster stations, a well facility, and transmission and distribution upgrades. The loan was approved in an amount up to $7,914,000. The District draws on the loan as approved project costs are submitted. As of November 30, 2024, the District had drawn $2,612,698. No payments are required until project completion.

Subsequently, the District and the Idaho Department of Environmental Quality amended the agreement as a result of notification that the USDA approved a loan of $5,000,000 and a grant of $2,900,000 to refinance the project costs upon completion. At project completion this loan will be evidenced and secured by a bond payable from the net revenues of the water system on a subordinate basis to the 2012 Water Revenue Bond. Interest accrues on the loan at 1.75%.

NOTE 6 - COMPENSATED ABSENCES

Full time employees accrue vacation each year. The liability for compensated absences has not been accrued because the amount has not been reasonably estimated.

NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS

GASB No. 72 requires governmental entities to measure investments and certain other items at fair value. The objective is to enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The District does not have any assets or other items that require recognition at fair value.

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 is a member in the Idaho Counties Risk Management Program (ICRMP). ICRMP was created to provide risk management and insurance services to public entities in Idaho. ICRMP itself is a public entity. The District pays an annual premium for all risks of physical loss or damage to real and personal property, general liability, board legal liability and employee dishonesty. A deductible applies to each type of coverage. The District has had no significant reduction in insurance coverage from prior years. The District has had no settlements exceed insurance coverage for the past five years.

NOTE 9 - PENSION PLAN

Plan Description

Cabinet Mountains Water 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 the 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 percentage 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) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% (of the employer rate for general employees and 74% for public safety. As of June 30, 2024, it was 6.71% for general employees and 9.83% for public safety. The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for public safety. The District's contributions were $31,675 for the year ended November 30, 2024.

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

At November 30, 2024, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan relative to the total contributions of all participating PERSI Base Plan employers. On June 30, 2024, the District's proportion was .0000526949 percent.

For the year ended November 30, 2024, the District recognized pension expense of $60,747. As of November 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$31,382	$0
Changes in assumptions or other inputs	7,809	0
Net difference between projected and actual earnings on pension plan investments	(3,578)	0
District's contributions subsequent to the measurement date	14,743	0
TOTAL	$50,356	$0

The $14,743 reported as deferred outflows of resources related to pensions resulting from employer contributions made subsequent to the measurement date will be recognized as an addition to the plan pension expense or reduction of the plan pension revenue in the year ending June 30, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2022, the beginning of the measurement period ended June 30, 2023 is 4.6 years and 4.4 for the measurement period June 30, 2024.

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

Year ended	
2025	$9,729
2026	36,752
2026	(6,338)
2028	(4,530)
2029	0
Thereafter	0
TOTAL	$35,613

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	6.35%, net of investment expenses
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries

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

General Employees and All Beneficiaries – 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 asset as of June 30, 2024, is based on the results of an actuarial valuation date July 1, 2024.

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

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the Systems 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.

Capital Market Assumptions

Capital Market Assumptions

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

Discount Rate

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

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

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

	1% Decrease (5.35%)	**Current Disc. Rate (6.35%)**	**1% Increase (7.35%)**
Employer's proportionate share of the net pension liability (asset)	$374,577	$197,113	$52,171

Pension plan fiduciary net position

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

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

Payables to the pension plan

On November 30, 2024, the District did not have any payable to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 10 – BUDGET

Cabinet Mountains Water District adopts a budget on the cash basis of accounting. The budget is summarized as follows:

Cash Operating Income	$845,713
Cash Operating Expenses	(558,062)
Net Cash Operating Income	287,651
Other Cash Receipts	22,200
Grants	2,342,950
Loan Proceeds	3,380,961
Debt service	(178,475)
Capital Additions	(5,723,911)
Excess - (Deficit)	$131,376

NOTE 11 - POST EMPLOYMENT BENEFITS

Cabinet Mountains Water District has no post-employment benefits other than the Public Employee Retirement Plan, which is explained in the pension plan note.

NOTE 12 – AMERICAN RESCUE PLAN ACT GRANT

Cabinet Mountains Water District has been approved for construction funding through a Federal Grant of $2,000,000 in connection with the facility improvement projects loan administered by the Idaho Department of Environmental Quality. The District had expended, and been reimbursed, $2,000,000 through November 30, 2024.

NOTE 13 – CONTINGENCIES

In the normal course of operations, the District receives grant funds from Federal agencies. Grant funds are subject to audit by the agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. There is then a possibility of potential liability as determined by a sponsoring organization audit, if such an audit would occur.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent to year end the District received and expended additional loan proceeds from the Idaho Dept. of Environmental Quality in the amount of $1,722,281, see Note 3.

CABINET MOUNTAINS WATER DISTRICT

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's portion of the net pension liability	0.000025898	0.000015241	0.000026517	0.000030470	0.000360380	0.000041042	0.000035432	0.000044709	0.000050827	0.000052695
District's proportionate share of the net pension liability (asset)	$34,103	$30,896	$41,680	$44,944	$41,136	$95,305	($2,798)	$176,097	$202,835	$197,133
District's covered-employee payroll	$72,544	$44,576	$82,358	$98,032	$122,403	$146,147	$132,228	$176,306	$216,114	$251,263
District's proportional share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.01%	69.31%	50.61%	45.85%	33.61%	65.21%	-2.11%	99.88%	93.86%	93.86%
Plan fiduciary net position as a percentage of the total pension liability	91.38%	87.26%	90.68%	91.69%	93.79%	88.22%	100.36%	83.09%	83.83%	77.53%

***** 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 (measurement date)

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily required contribution	$6,924	$6,813	$9,855	$12,054	$15,132	$17,772	$16,401	$23,405	$27,507	$31,675
Contributions in relation to the statutorily required contribution	$6,924	$6,813	$9,855	$12,054	$15,132	$17,772	$16,401	$23,405	$27,507	$31,675
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
District's covered-employee payroll	$61,166	$60,188	$87,060	$106,492	$131,649	$148,842	$137,364	$196,023	236,608	274,939
Contributions as a percentage of covered-employee payroll	11.32%	11.32%	11.32%	11.32%	11.49%	11.94%	11.94%	11.94%	11.63%	11.52%

***** 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 is reported as of November 30 (measurement date).

Leonard S. Schulte

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

Board of Directors
Cabinet Mountains Water District
Bonners Ferry, Idaho 83805

I 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 Cabinet Mountains Water District, as of and for the year ended November 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon dated May 27, 2025.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

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

My 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 and therefore, material weaknesses or

significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that I consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Cabinet Mountains Water District's response to the findings identified in the audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Len Schulte

Leonard Schulte
Bonners Ferry, Idaho
May 27, 2025

Leonard S. Schulte

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

Board of Directors
Cabinet Mountains Water District
Bonners Ferry, Idaho 83805

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Cabinet Mountains Water District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Cabinet Mountains Water District's major federal programs for the year ended November 30, 2024. Cabinet Mountains Water District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Cabinet Mountains Water District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended November 30, 2024.

Basis for Opinion on Each Major Federal Program

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

I am required to be independent of Cabinet Mountains Water District and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Cabinet Mountains Water District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cabinet Mountains Water District's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cabinet Mountains Water District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Cabinet Mountains Water District's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.

- Obtain an understanding of Cabinet Mountains Water District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Cabinet Mountains Water District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant

deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that Ire not identified.

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

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

Len Schulte

Leonard Schulte
Bonners Ferry, Idaho
May 27, 2025

CABINBET MOUNTAINS WATER DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended November 30, 20204

FEDERAL GRANTOR/ PROGRAM TITLE	Federal CFDA Number	Pass-through Grantors Number	Receipts/ Revenue	Passed Through to Subrecipients	Disbursements/ Expenditures
U.S. Environmental Protection Agency					
Passed through the State of Idaho:					
Capitalzation Grants for Clean Water State Revolving Funds	66.458	DW2008AP	1,912,436	-	1,912,436
Total Federal Financial Assistance			$ 1,912,436	$ -	$ 1,912,436

CABINET MOUNTAINS WATER DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
NOVEMBER 30, 2024

SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of Federal Awards includes all federal financial assistance received and expended by the Cabinet Mountains Water District including direct assistance and assistance passed through the State of Idaho.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Cabinet Mountains Water District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operation of Cabinet Mountains Water Association, it is not intended to and does not present the financial position, changes in net position, or cash flows of Cabinet Mountains Water District.

2. Major Programs

For purposes of distinguishing between Type A and Type B programs, the dollar threshold used was $750,000.

3. Programs Tested

In accordance with Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Cabinet Mountains Water District did not meet the criteria of a low-risk auditee

U.S. Environmental Protection Agency:
Assistance provided through the State of Idaho
Capitalization Grants for Clean Water State Revolving Funds CFDA # 66.458

4. Amount Provided to Sub-recipient

No amounts of the major federal program were provided to sub-recipients.

5. Indirect Cost

Cabinet Mountains Water District did not elect to use the 10% de minimis indirect cost rate.

CABINET MOUNTAINS WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended November 30, 2024

Section I Summary of Auditors Results

Financial Statements

Type of auditor's report issued:	Unmodified.
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Non-compliance material to the financial statements noted?	No

Federal Awards

Internal control over compliance in major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs?	Unmodified
Any audit findings disclosed that are required to be reported in Accordance with the Uniform Guidance Title 2 CFR 200.516?	No
Identification of major programs included U.S. Environmental Protection Agency Capitalization Grant for Clean Water State Revolving Funds	CFDA # 66.458
Dollar threshold used to distinguish between Type A and Type B programs?	$750,000
Auditee qualified as low-risk auditee?	No

CABINET MOUNTAINS WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended November 30, 2024

Section II - Financial Statement Findings

Reportable Condition in Internal Control:
Finding 2024 - 001

Condition: The size of the District's staff is not large enough to permit segregation of recordkeeping duties from reconciliation duties.

Criteria: An effective system of internal control requires that closely related duties be segregated.

Effect: The existing system does not reduce the risk of error to a low level.

Cause: The District's staff is too small to allow adequate segregation of these duties.

Recommendation: Segregate the functions to the extent economically feasible. District officials need to be aware the condition exists.

District Response: Management and the Board of Directors are aware of this condition and will consider the economic feasibility of adding office staff to further segregate duties and responsibility.

Section III – Major Federal Award Programs Findings and Questioned Costs

None noted

SUMMARY SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

Prior Year Reportable Condition in Internal Control
Finding 2023-001

Condition: The size of the District's staff was not large enough to permit segregation of recordkeeping duties from reconciliation duties.

Status: This condition continues to exist on November 30, 2024. See Finding 2024-001.