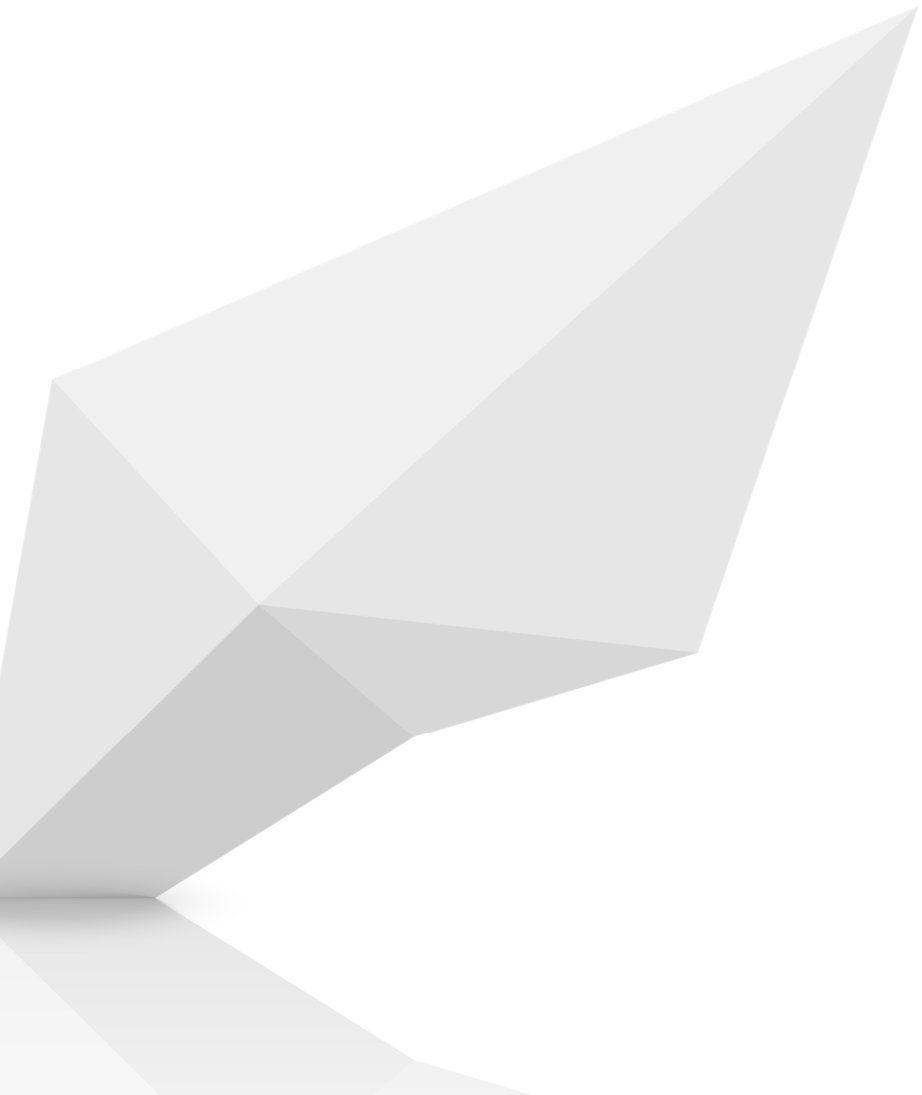
Jefferson Clark Ground Water District

Financial Statements and Supplemental Information

Year ended October 31, 2024



WIPFLI

Jefferson Clark Ground Water District

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Independent Auditor's Report

Board of Directors
Jefferson Clark Ground Water District
Hamer, Idaho

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Jefferson Clark Ground Water District (the "District"), as of and for the year ended October 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of of the Jefferson Clark Ground Water District as of October 31, 2024, and the changes in financial position and cash flows 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,* issued by the Comptroller General of the United States of America. 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 Jefferson Clark Ground Water 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 (GAAP), 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 Jefferson Clark Ground 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.

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Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Jefferson Clark Ground 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jefferson Clark Ground Water 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

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

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Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of revenues, expenses, and changes in net position - budget to actual - operating fund but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2025 on our consideration of the 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 Jefferson Clark Ground Water District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Idaho Falls, Idaho
October 27, 2025

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Jefferson Clark Ground Water District

Statement of Net Position
Proprietary Fund
October 31, 2024

	Business-type Activities Enterprise Fund
	Operating Fund
ASSETS	
Cash and cash equivalents	$ 2,290,482
Assessments receivable	54
Capital assets	
Land and water rights	318,793
Total assets	2,609,329
LIABILITIES	
Accounts payable	193,618
Total Liabilities	193,618
NET POSITION	
Net investment in capital assets	318,793
Unrestricted	2,096,918
Total net position	$ 2,415,711

See accompanying notes to financial statements.

Jefferson Clark Ground Water District

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund

For the Year Ended October 31, 2024

	Business-type Activities Enterprise Fund
	Operating Fund
OPERATING REVENUES	
Assessments	
Legal & administrative	$ 175,895
Mitigation	1,063,135
Water measurement fee revenue	88,149
Other revenue	2,500
Total operating revenues	1,329,679
OPERATING EXPENSES	
Administrative	87,440
IGWA assesment	189,113
Mitigation expense	620,466
Legal fees	40,866
Recharge	289,375
Water district expenses	58,348
Total operating expenses	1,285,608
Income from operations	44,071
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	129,906
Total nonoperating revenues (expenses)	129,906
Change in net position	173,977
Net position at October 31, 2023	2,241,734
Net position at October 31, 2024	$ 2,415,711

See accompanying notes to financial statements.

Jefferson Clark Ground Water District

Statement of Cash Flows

Proprietary Fund

For the Year Ended October 31, 2024

	Business-type Activities Enterprise Fund Operating Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 1,329,625
Cash payments to suppliers for goods and services	(1,128,965)
Net cash flows from operating activities	200,660
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash received from interest on investments	129,906
Net cash flows from investing activities	129,906
CASH FLOWS FROM FINANCING ACTIVITIES	-
Net change in cash and cash equivalents	330,566
Cash and cash equivalents at beginning of year	1,959,916
Cash and cash equivalents at end of year	$ 2,290,482
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES	
Income from operations	$ 44,071
ADJUSTMENT TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES	
Decrease (increase) in accounts receivable	(54)
Increase (decrease) in accounts payable	156,643
Net cash flows from operating activities	$ 200,660

See accompanying notes to financial statements.

Note 1: Summary of Significant Accounting Policies

General

The following is a summary of significant accounting policies followed in the preparation of these financial statements.

1. General. The 1995 "Ground Water District Act" adopted by the Idaho Legislature enables ground water users to organize ground water districts in Idaho. Ground water districts are organized pursuant to Chapter 52, Title 42 of the Idaho Code. Ground water districts are very similar to irrigation districts in Idaho in terms of creation, organization, and operation. The Board of Directors of a ground water district have relatively broad powers and duties, including the ability to assess members or ground water users for district operations and programs, including but not limited to the following: representation of members in various water rights issues or litigation; implementation of plans to mitigate for injury that may be caused by junior priority ground water rights held by district members; implementation of programs to protect ground water diversions and ground water rights; and measurement and reporting of ground water diversions within the district.

Ground water districts have been created mainly for the purpose of organizing individual ground water users owning relatively junior priority ground water rights and more senior priority ground water rights. Over the past several years, ground water districts have either provided mitigation or negotiated settlements with holders of senior priority surface water rights in order to avoid curtailment of certain junior priority ground water rights within the Eastern Snake Plain Aquifer ("ESPA").

The total area of the District is over 831,000 acres. Nearly one-half of these lands are privately owned while almost one-third of the land is owned and managed by the United States Bureau of Land Management. The remaining portion of the land is owned by the State of Idaho and other Federal agencies. Approximately 175,000 acres in the District are irrigated with ground water, which represents about 13 percent of the total ground water irrigated land in the ESPA. The District only represents ground water rights within its boundry.

The Department of Water Resources created Water District 110 in April 2006. The District is comprised of almost all water rights within Water District 110 and ground water rights within Water District 31. The water district includes all of the area and most of the ground water rights included in the Jefferson-Clark Ground Water District. Water District No. 110 was created to provide for the election of a Watermaster to provide the following duties:

- Administer and enforce water rights in priority;
- Measure, record, and report ground water use;
- Curtail unauthorized or excessive diversions;
- Curtail out-of-priority diversions determined by the Director to be causing injury to senior priority rights if not covered by a mitigation plan or stipulated agreement approved by the Director;
- Enforce the provisions of any stipulated agreement or mitigation plan approved by the Director.

Note 1: Summary of Significant Accounting Policies (Continued)

General (Continued)

The Jefferson Clark Ground Water District works with Water District No. 110 and pays a portion of their assessments to that district for the purposes of supporting their user's voice within the water district, including the use of their Watermaster as needed. However, the Jefferson Clark Ground Water District maintains its own elected Board of Directors to oversee the needs specific to the Jefferson Clark Ground Water District users.

Jefferson Clark Ground Water District (the District or JGCWD) is governed by the Director of the Idaho Department of Water Resources (IDWR). During the annual meeting members adopt various resolutions governing the activities of the District and elect the local advisory committee members known as directors for the five divisions within the District.

Jefferson Clark Ground Water District is responsible to the Director of the Department of Water Resources and water right holders of the District to make proper distribution of available water supplies within the District as appropriated.

Financial Reporting

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District's basic financial statements include fund financial statements that categorize its primary activities as business-type. This fund is a set of self-balancing accounts which comprise its assets, liabilities, net position, revenues, and expenses.

Measurement Focus / Basis of Accounting, and Financial Statement Presentation

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 1: Summary of Significant Accounting Policies (Continued)

Budgets

The District adopts a budget for the Operating Fund at the annual meeting. The budget is prepared on a basis generally consistent with generally accepted accounting principles, except that expenses for capital acquisitions are budgeted. The reported operating expense amounts exclude actual capital acquisitions since they are capitalized and depreciated.

Cash and Investments

Cash and cash equivalents are identified as cash and short-term, highly liquid investments. Cash and cash equivalents for the District include cash in checking and savings accounts, and investments in the Idaho State Treasurer's Pool on the statement of net position and statement of cash flows.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has no investments or other assets subject to fair value measurements.

Capital Assets

Capital assets, which include property and equipment, are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful life of the asset, which is five to fifteen years for assets of the District. Depreciation of fixed assets is charged as an expense against operations. Capital assets are reported net of accumulated depreciation on the statement of net position. When an asset is disposed of, cost and related accumulated depreciation are removed from the Districts financial statements, and any gain or loss arising from the asset's disposal is credited or charged to operations. Capital assets are defined by the District as assets with an initial, individual cost of more than $1,000 and an initial useful life of one year or greater. The cost of normal maintenance and repairs that do not add to the value of the asset or materiality extend the asset's life are not capitalized. Donated capital assets are recorded at their acquisition value at the date of donation.

Equipment assets are depreciated using the straight-line depreciation method over the following estimated useful lives:

Assets	Years
Furniture and Equipment	5-15

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Adoption of GASB Pronouncements

During the fiscal year ended October 31, 2024, the District implemented the following GASB Pronouncements:

GASB Statement No. 100, Accounting Changes and Error Corrections, enhances accounting and financial reporting for accounting changes in error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. There was no impact on the District's financial statements as a result of the adoption of this Standard.

The following GASB pronouncements have been issued, but are effective in the future:

GASB Statement No. 101, Compensated Absences, better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The District has not determined the effect of this Statement.

GASB Statement No. 102, Certain Risk Disclosures: Issued December 2023, the objective of this statement is to provide financial statement users with essential information about risks related to government's vulnerabilities due to certain concentrations or constraints. This statement is effective for the fiscal years beginning after June 15, 2024.

GASB Statement No. 103, Financial Reporting Model Improvements, improves key components of the financial reporting model to enhance it effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for the fiscal years beginning after June 15, 2025. The District has not determined the effect of this Statement.

Note 1: Summary of Significant Accounting Policies (Continued)

Adoption of GASB Pronouncements (Continued)

GASB Statement No. 104, Disclosures in Certain Capital Assets, mandates the disclosure of specific types of capital assets, including lease, intangible, subscription, and assets held for sale, in the capital asset note disclosures. This aims to enhance consistency and comparability in financial reporting among governments. The requirements of this Statement are effective for the fiscal years beginning after June 15, 2025. The District has not determined the effect of this Statement.

Subsequent Events

Subsequent events have been evaluated through October 27, 2025, which was the date the financial statements were available to be issued.

Note 2: Cash and Investments

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has no deposit policy for custodial credit risk due to being uninsured and uncollateralized. As of October 31, 2024, $0 of the District's deposits were exposed to custodial credit risk because they were uninsured and uncollateralized. The District's bank balance was $790,497.

Investments: Custodial credit risk, in the case of investments, is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

At year end, the District held the following cash and cash equivalents:

	Cost	Weight Average Maturity
Idaho State Local Government Investment Pool	$ 572,015	121 days
Adjusted cash balance	1,718,467	
Total	$ 2,290,482	

The Idaho State Investment Pool investments are unrated external investment pools sponsored by the Idaho State Treasurer's Office. They are classified as "Investments in an External Investment Pool" and are exempt from custodial credit risk and concentration of credit risk reporting. Interest rate risk is summarized as follows: asset-backed securities are reported using weighted average life to more accurately reflect the projected term of the security, considering interest rates and repayment factors.

Note 2: Cash and Investments (Continued)

The elected Idaho State Treasurer, following Idaho Code, Section 67-2328, is authorized to sponsor an investment pool in which the District voluntarily participates. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body – oversight is with the State Treasurer, and Idaho Code defines allowable investments. All investments are entirely insured or collateralized with securities held by the Pool or by its agent in the Pool's name. Information necessary to determine the level of collateralization for the Local Government Investment Pool was unavailable. The Local Government Investment Pool is audited annually and the related financial statements and note disclosures are included in the State of Idaho's Comprehensive Annual Financial Report, a copy of which can be downloaded from www.sco.idaho.gov.

Credit Risk: The District's policy is to comply with Idaho State statutes which authorize the District to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligation of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool.

Note 3: Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. Depreciation will be provided over the estimated useful lives using the straight line method when applicable. No depreciation has been taken for the year ended October 31, 2024. A summary of changes in capital assets is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities				
Land and Water Rights	$ 318,793	$ -	$ -	$ 318,793
Net book value	$ 318,793	$ -	$ -	$ 318,793

Note 4: Long - Term Liabilities

The District had no long-term liabilities as of October 31, 2024.

Note 5: Risk Management / Insurance Coverage

The District is subject to various risks of loss related to tort claims; theft, damage to and destruction of assets; errors and omissions; and natural disasters. The Treasurer is bonded for errors and omissions. As an instrumentality of the State of Idaho, other risks of loss are covered by the State's liability insurance policy. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There has not been a significant reduction in insurance coverage in the past fiscal year.

Note 6: Litigation, Contingent Liabilities, And Commitments

The 2024 Stipulated Mitigation Plan was approved on November 15, 2024 by the Surface Water Coalition (SWC) and various ground water districts, including the Jefferson Clark Groud Water District. This stipulated mitigation plan has also been approved by the Idaho Department of Water Resources and is in force. All applied for mitigation plans were withdrawn and all but one pending legal case was dismissed with prejudice, the remaining action by Idaho Ground Water Appropriators, Inc (IGWA) is stayed for the term of the agreement. Currently the District has no pending legal actions.

JCGWD and the other ground water districts are reviewing the final storage water purchases before they are assigned over to SWC. JCGWD has purchased, as part of its contract for the remaining 2025 year, 11,130 acre feet as its part of a storage water requirement. This amount will be assigned over to the SWC since the full 75,000 acre feet is required this year. The agreement requires up to 75,000 acre feet of storage water for 2025 and 2026 and up to 82,500 acre feet for the 2027 year. The final amount to be determined each year by the reasonable carryover amount calculated by IDWR. The JCGWD purchase agreement for storage water ended in 2025 and the District is pursuing a new agreement for the future. For 2025, the amount of storage water required of JCGWD was 11,130 acre feet but this amount may change in future years depending on additional water users joining the agreement. If that happens the amount of storage water required of JCGWD will decrease.

The second major part of the agreement is pumping restrictions. JCGWD is allowed to pump up to 1,569,037 acre feet during the first compliance period (2024-2027). This amount may be augmented by recharge performed in accordance with the 2024 Stipulated Mitigation Plan and additionally may be changed with the addition of new patrons. This pumping allocation has been assigned out to individuals. Non compliance by an individual or group of individuals will not put the District at risk of non compliance as individuals can be removed from the plan if necessary. Additionally, compliance with pumping allocations and storage water allocations is a district by district responsibility. Non compliance by a district will not affect any other district's level of compliance.

With the expiration of the recharge contract with Fremont Madison Irrigation District, JCGWD has not entered into any other long term contract for recharge. The District has and will continue to purchase recharge as it comes available and is needed but at this time it has no long term contract for recharge. All previous supposed breaches have been remedied.

Costs associated with the storage water component of the agreement are hard to estimate at this time and will not be determined until long-term contracts for storage water are renegotiated. There is not a dollar value associated with the District's potential requirements, and no liability has been added to the District's financial statements.

Note 7: Recharge

The District leased 10,300 acre feet of water during the year ended October 31, 2024, at an average cost of $28.10 per acre foot to assist in meeting the requirements of the surface water coalition agreement. All storage water leases were short-term. The District charges users that did not meet their reduction requirements to pay for the recharge water.

Other Information

Jefferson Clark Ground Water District

Statement of Revenues, Expenses, and Changes in Net Position
-Budget to Actual-
Operating Fund

For the Year Ended October 31, 2024

	Operating Fund		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Assessments			
Legal & Administrative	$ 175,185	$ 175,895	$ 710
Mitigation	1,054,117	1,063,135	9,018
Water Measurement Fee Revenue	81,694	88,149	6,455
Other revenue	0	2,500	2,500
Total operating revenues	1,310,996	1,329,679	18,683
OPERATING EXPENSES			
Administrative	100,000	87,440	12,560
IGWA Assesment	150,000	189,113	(39,113)
Mitigation Expense	696,792	620,466	76,326
Legal fees	0	40,866	(40,866)
Conservation Reserve Enhancement Program Expense	10,000	0	10,000
Recharge	0	289,375	(289,375)
Water District Expenses	79,655	58,348	21,307
Total Operating Expenses	1,036,447	1,285,608	(249,161)
Income (Loss) from operations	274,549	44,071	(230,478)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	0	129,906	129,906
Total nonoperating revenues (expenses)	0	129,906	129,906
Change in net position	$ 274,549	173,977	$ (100,572)
Net position at October 31, 2023		2,241,734	
Net position at October 31, 2024		$ 2,415,711	

See Independent Auditor's Report.

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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
Jefferson Clark Ground Water District
Hamer, Idaho

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, the financial statements of Jefferson Clark Ground Water District, as of and for the year ended October 31, 2024 and the related notes to the financial statements, which collectively comprise the Jefferson Clark Ground Water District's basic financial statements, and have issued our report thereon dated October 27, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Jefferson Clark Ground Water District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jefferson Clark Ground Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jefferson Clark Ground Water 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 reasonable possibility that a material misstatement of the Jefferson Clark Ground Water District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Jefferson Clark Ground Water District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Wipfli LLP

Wipfli LLP

Idaho Falls, Idaho
October 27, 2025

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