East Shoshone County
Water District

Financial Report
November 30, 2024

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DeCoria & Company PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
East Shoshone County Water District
Wallace, Idaho

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of East Shoshone County 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District, as of November 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended, in accordance with governmental accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Management's Responsibility 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 20 and the schedules of employer's share of the net pension liability (asset) and employer contributions on pages 22 and 23, respectively, 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 (GASB), which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the management's discussion and analysis that governmental 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 GASB, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 31, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Matter

The District's financial statements as of and for the year ended November 30, 2023 were audited by other auditors whose report, dated April 2, 2024, expressed an unmodified opinion on those financial statements.

DeCoria & Company, PC

DeCoria & Company, PC
Evanston, Wyoming

December 31, 2025

Basic Financial Statements

East Shoshone County Water District
Statement of Net Position - Enterprise Fund
November 30, 2024

ASSETS		
Current assets:		
Cash and cash equivalents (Note 3)	$	79,779
Investments (Notes 4 and 8)		653,523
Accounts receivable (Note 5)		72,884
Prepaid expenses		10,075
Total current assets		816,261
Noncurrent assets:		
Capital assets, net (Note 6)		6,076,900
Total assets		6,893,161
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions (Note 10)		46,601
Total deferred outflows of resources		46,601
LIABILITIES		
Current liabilities:		
Accounts payable		24,814
Accrued payroll and related expenses		7,948
Compensated absences, due within one year (Note 8)		16,000
Unearned revenue (Note 5)		20,084
Accrued interest payable (Note 9)		26,038
Bonds payable, due within one year (Note 9)		55,195
Total current liabilities		150,079
Noncurrent liabilities:		
Compensated absences, due after one year (Note 8)		25,094
Bonds payable, due after one year (Note 9)		1,292,346
Net pension liability (Note 10)		184,810
Total noncurrent liabilities		1,502,250
Total liabilities		1,652,329
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions (Note 10)		18,233
Total deferred inflows of resources		18,233
Commitments and contingencies (Note 11)		
NET POSITION		
Net investment in capital assets		4,729,359
Restricted for bond debt service (Notes 4 and 9)		175,455
Unrestricted		364,386
Total net position	$	5,269,200

The accompanying notes are an integral part of the basic financial statements.

East Shoshone County Water District
Statement of Revenues, Expenses and Changes in Net Position - Enterprise Fund
Year Ended November 30, 2024

OPERATING REVENUES		
Water service revenues	$	838,433
Other income		2,449
Total operating revenues		840,882
OPERATING EXPENSES		
Payroll and related:		
Salaries and wages		250,947
Employee benefits		155,727
Payroll taxes		23,882
Other operating expenses:		
Depreciation		361,237
Repairs and maintenance		60,022
Chemicals		49,082
Utilities		41,801
Office and general		35,756
Insurance		26,856
Legal and accounting		19,541
Rent		7,100
Assessments		5,307
Water testing		4,000
Permits and licensing		2,183
Total operating expenses		1,043,441
Operating loss		(202,559)
NONOPERATING REVENUES (EXPENSES)		
Capital grant revenue		622
Interest income		36,996
Interest expense		(39,405)
Total nonoperating revenues (expenses), net		(1,787)
Change in net position		(204,346)
Net position, beginning of year		5,473,546
Net position, end of year	$	5,269,200

East Shoshone County Water District
Statement of Cash Flows - Enterprise Fund
Year Ended November 30, 2024

Cash flows from operating activities:		
Receipts from customers	$	835,643
Payments to suppliers and contractors		(241,060)
Payments to and on behalf of employees		(418,226)
Other receipts and payments, net		2,449
Net cash provided by operating activities		178,806
Cash flows from capital financing activities:		
Receipts from capital grants		622
Principal payments on bonds payable		(53,197)
Interest payments on bonds payable		(40,279)
Net cash used by capital financing activities		(92,854)
Cash flows from investing activities:		
Change in investments, net		(73,852)
Purchases of capital assets		(133,651)
Interest received on investments		36,996
Net cash used by investing activities		(170,507)
Net decrease in cash and cash equivalents		(84,555)
Cash and cash equivalents, beginning of year		164,334
Cash and cash equivalents, end of year	$	79,779
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$	(202,559)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense		361,237
Changes in:		
Accounts receivable		(2,790)
Prepaid expenses		(3,359)
Accounts payable		13,947
Accrued payroll and related expenses		(713)
Compensated absences		(8,355)
Net pension liability and related deferred outflows (inflows) of resources		21,398
Net cash provided by operating activities	$	178,806
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$	(40,279)

East Shoshone County Water District
Notes to Financial Statements
November 30, 2024

1. Organization

East Shoshone County Water District ("the District") provides water service to residents and businesses in eastern Shoshone County, Idaho. The District's financial statements are prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, as applicable to governmental units.

2. Summary of Significant Accounting Policies

Reporting Entity

The District's financial statements include the accounts of all District operations. The District meets the criteria established by the Governmental Accounting Standards Board (GASB) to be considered a primary governmental entity for financial reporting purposes. Component units are legally separate organizations that are financially accountable to the primary government. The District has no component units and is not a component unit of any other governmental unit, based on the criteria established by the GASB.

Accounting Principles Generally Accepted in the United States of America

The financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and standards. The District has adopted and applied all applicable GASB pronouncements, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Recently Adopted Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* (GASB 101). This statement establishes a unified model for the recognition and measurement of all types of compensated absences. Under GASB 101 governments are required to recognize a liability for leave that has not been used if the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled. Certain types of leave (e.g., parental, military, and jury duty leave) are excluded from recognition until the leave commences. The statement also revises disclosure requirements, including allowing the presentation of only net changes in the liability for compensated absences and eliminating certain fund-level disclosure requirements. This statement is effective for fiscal years beginning after December 15, 2023. The District adopted this guidance during the year beginning December 1, 2023.

Basis of Presentation

To ensure observance of limitations and restrictions placed on the use of resources available to the District, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. The assets, liabilities and net position of the District are reported in one self-balancing fund. This fund is a proprietary fund and is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs of providing services to the general public, on a continuing basis, be financed or recovered primarily through user charges. The District's Enterprise Fund consists of all operations required to provide water services within the District's service area.

2. Summary of Significant Accounting Policies, Continued

Measurement Focus, Basis of Accounting

The District's financial statements are reported using the accrual basis of accounting. Revenues are recognized and recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been met and satisfied.

Cash and Cash Equivalents

The District considers all short-term deposits and highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Investments

Investments include accounts with the Idaho State Treasurer's Local Government Investment Pool (LGIP). Investments are authorized by Board policy as permitted by Idaho Code, section 67-1210. Deposits in the LGIP are stated at fair market value, which approximates cost, and consist of local certificates of deposit, repurchase agreements and U.S. government securities.

Receivables

Accounts receivable consist of amounts due from customers for water service. Because delinquent water bills can be turned over to the County Treasurer for collection through property taxes, the District's management believes that an allowance for doubtful accounts is unnecessary.

Grants receivable, if any, consist of revenues earned by the District from various state or federal grants that had not been received by the District as of November 30, 2024.

Capital Assets

Capital assets are reported at historical cost, less accumulated depreciation. If historical cost is unknown, estimated historical cost is used. Donated capital assets are recorded at estimated fair market value at the date of donation, less accumulated depreciation. Major improvements and betterments are capitalized. The District uses a capitalization threshold of $500. Expenditures for repairs and maintenance are charged to expense in the period incurred. When capital assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is included in the Statement of Revenues, Expenses and Changes in Net Position – Enterprise Fund.

Depreciation on capital assets is calculated using the straight-line method over the estimated useful lives of those assets, as follows:

	Years
Water infrastructure	10 to 50
Furniture and equipment	3 to 15
Vehicles	5

2. Summary of Significant Accounting Policies, Continued

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy for those assets and liabilities measured at fair value, that distinguishes between assumptions based on market data (observable inputs) and the District's own assumptions (unobservable inputs). The hierarchy consists of: Level 1 – quoted market prices in active markets for identical instruments; Level 2 – inputs other than Level 1 inputs that are observable; and Level 3 – unobservable inputs developed using estimates and assumptions determined by the District.

At November 30, 2024, the assets or liabilities of the District that were measured at fair value on a recurring basis are summarized as follows:

	Level 1	Level 2	Level 3	Total
Investments in the LGIP	$ 653,523	$ --	$ --	$ 653,523

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). The District had no assets or liabilities measured at fair value on a nonrecurring basis during 2024.

Pensions

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

Grant Revenue

The District occasionally receives financial assistance from governmental agencies in the form of grants. Revenue is deemed earned and thus recognized when applicable program expenditures are recorded. Funds received but not earned at November 30, 2024, if any, are recorded as unearned revenue.

Operating Revenues and Expenses

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 District's Enterprise Fund are charges to customers for water services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. Summary of Significant Accounting Policies, Continued

Donated Services

Donated services are recognized as contributions if the services either create or enhance non-financial assets or require specialized skills, which are performed by people with those skills, and would otherwise be purchased by the District. Some members of the Board and the community have donated significant amounts of their time in furthering the District's programs and objectives. No amounts have been included in the financial statements for donated services since they do not meet the criteria for recognition under governmental accounting standards.

Net Position

Net position represents the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources. Net position is comprised of the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions.

Net position is classified in one or more of the following three components.

Net investment in capital assets: 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), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The District had $175,455 of net position restricted for debt service at November 30, 2024.

Unrestricted net position: This component of net position consists of amounts that do not meet the definition of "net investment in capital assets" or "restricted net position."

Use of Restricted Resources

When expenditures qualify to be paid out of both restricted and unrestricted resources, it is the policy of the District to use restricted resources first, then unrestricted resources as they are needed.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management of the District to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates and affect the amounts reported in the financial statements.

2. Summary of Significant Accounting Policies, Continued

Subsequent Events

The District has evaluated subsequent events through December 31, 2025, the date these financial statements were available to be issued. No material subsequent events have occurred since November 30, 2024 that required recognition or disclosure in these financial statements.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and deposits held in a checking account with a local bank. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At November 30, 2024, the District's deposits at the bank were insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000.

The carrying amount of cash and cash equivalents on the District's books at November 30, 2024 was $79,779 and bank balances totaled $84,947. The difference between the carrying amount of cash and cash equivalents on the District's books and the bank balances consisted of outstanding checks and deposits not processed by the bank as of November 30, 2024. All amounts deposited at the local bank were fully insured as of November 30, 2024.

4. Investments

At November 30, 2024, the District had the following investments, including $175,455 in investments restricted for debt service:

Investment	Maturities	Interest Rate	Fair Value
LGIP	84 days average	n/a	$653,523

The District has not adopted a formal investment policy. The LGIP is overseen and managed by the State of Idaho Treasurer's Office.

The District's investments are subject to the following types of risk:

Interest Rate Risk The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk State law limits investments to obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and State of Idaho investment pools and funds. The District has no investment policy that would further limit its investment choices. At November 30, 2024, the District's investments in the Idaho State LGIP are not rated.

Concentration of Credit Risk The District places no limit on the amount the District may invest in any one issuer. More than five percent of the District's investments are in the Idaho State LGIP (100% of total investments).

5. Accounts Receivable

Accounts receivable at November 30, 2024 are as follows:

Customer accounts receivable	$ 70,303
Accrued interest receivable	2,581
	$ 72,884

Customer accounts receivable consist of amounts due from customers for water service, including approximately $6,437 of past due amounts that have been turned over to the County Treasurer for collection through property tax liens. In addition, customer payments for water service received in advance, totaling $20,084, are reported as unearned revenue in the Statement of Net Position – Enterprise Fund. Customer prepayments are removed from unearned revenue and applied to the customer's account during the period the water service is earned by the District.

Accrued interest receivable represents amounts earned on the LGIP investments during the month of November 2024 that had not yet been added to the account balance.

6. Capital Assets

Capital asset activity for the year ended November 30, 2024 is as follows:

	Balance November 30, 2023	Additions	Transfers	Disposals	Balance November 30, 2024
Water infrastructure	$ 12,598,637	$ 130,969	$ 149,866	$ --	$ 12,879,472
Furniture and equipment	187,486	2,682	--	--	190,168
Vehicles	120,555	--	--	--	120,555
Accumulated depreciation	(6,791,087)	(361,237)	--	--	(7,152,324)
	6,115,591	(227,586)	149,866	--	6,037,871
Construction in progress	149,866	--	(149,866)	--	--
Land	39,029	--	--	--	39,029
	$ 6,304,486	$ (227,586)	$ --	$ --	$ 6,076,900

Depreciation expense for 2024 was $361,237.

7. Short-Term Borrowings

The District had no short-term borrowings at November 30, 2024, nor were there any short-term borrowings or repayments for the year then ended.

8. Compensated Absences

A summary of changes in compensated absences for the year ended September 30, 2024 is as follows:

Beginning compensated absences	$ 49,449
Net change	(8,355)
Ending compensated absences	41,094
Less amounts due within one year	(16,000)
Amounts due after one year	$ 25,094

9. Long-Term Obligations

Water Revenue Bonds Payable

A summary of bonds payable at November 30, 2024 is as follows:

Bond payable, due in annual installments of $58,572, including interest at 2.75%, maturing in March 2058;	$ 1,282,746
Bond payable, due in annual installments of $34,814, including interest at 4.50%, maturing in August 2026.	64,795
	1,347,541
Less amounts due within one year	(55,195)
Amounts due after one year	$ 1,292,346

Payments on the bonds payable are due as follows:

Year ending November 30,	Principal	Interest	Total
2025	$ 55,195	$ 38,191	$ 93,386
2026	56,834	36,552	93,386
2027	24,595	33,977	58,572
2028	25,272	33,300	58,572
2029	25,967	32,605	58,572
2030-2034	140,946	151,914	292,860
2035-2039	161,422	131,438	292,860
2040-2044	184,872	107,988	292,860
2045-2049	211,729	81,131	292,860
2050-2054	242,488	50,372	292,860
2055-2058	218,221	15,170	233,391
Total	$ 1,347,541	$ 712,638	$ 2,060,179

9. Long-Term Obligations, Continued

Water Revenue Bonds Payable, Continued

A summary of changes in long-term obligations of the District, excluding compensated absences discussed in Note 8 and changes in the net pension liability discussed in Note 10, for the year ended November 30, 2024, is as follows:

	Long-Term Obligations November 30, 2023	Long-Term Obligations Incurred	Long-Term Obligations Paid	Long-Term Obligations November 30, 2024	Due Within One Year
Bonds payable	$ 1,400,738	$ --	$ (53,197)	$ 1,347,541	$ 55,195
Accrued interest payable	26,912	26,038	(26,912)	26,038	26,038
	$ 1,477,099	$ 47,415	$ (354,543)	$ 1,477,099	$ 129,559

10. Public Employee Retirement System of Idaho Base Plan

Plan Description

The 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 the 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. Detailed information about the Base Plan's fiduciary net position is also included in the separately issued PERSI financial report. 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 PERSI Board, which is 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 be Idaho citizens who are 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 for eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (five 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% of the average monthly salary for the highest consecutive 42 months.

10. Public Employee Retirement System of Idaho Base Plan, Continued

Pension Benefits, Continued

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, up to a maximum of the Consumer Price Index increase 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, which are expressed as percentages of annual covered payroll, if current rates are actuarially determined to be inadequate or in excess of the rates needed to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate. As of June 30, 2024, the required contribution rate as a percentage of covered payroll for members was 7.16%. The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.94%. Beginning July 1, 2023, the member and employer rates decreased to 6.71% and 11.18%, respectively. The District's employer contributions required and paid were $30,607 for the year ended November 30, 2024.

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

At November 30, 2024, the District reported a liability (asset) of $184,810 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the Base Plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the District's proportionate allocation was 0.0000494059.

For the year ended November 30, 2024, the District recognized net pension expense (expense offset) of $21,398. At 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
Contributions made subsequent to the measurement date	$ 9,856	$ --
Change in proportionate share	--	14,878
Differences between expected and actual experience	29,424	--
Changes in assumptions or other inputs	7,321	--
Net difference between projected and actual earnings on investments	--	3,355
Total	$ 46,601	$ 18,233

10. Public Employee Retirement System of Idaho Base Plan, Continued

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

The amount reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date, in the amount of $9,856, will be recognized as a reduction of the net pension liability for the year ending November 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (expense offset) as follows:

Year ending November 30,	
2025	$ 4,202
2026	29,264
2027	(9,345)
2028	(5,609)
	$ 18,512

The amortization of the net difference between projected and actual earnings on investments is amortized over a closed 5-year period, beginning in the current fiscal year. The amortization period for changes in assumptions or other inputs and differences between expected and actual experience is based on the average expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees). The amortization period, which was determined at July 1, 2023, the beginning of the measurement period ended June 30, 2024, is 4.4 years.

Actuarial Assumptions

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

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

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return, net of investment expenses	6.35%
Cost-of-living adjustments	1.00%

10. Public Employee Retirement System of Idaho Base Plan, Continued

Actuarial Assumptions, Continued

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service and beneficiaries. These rates were adopted for the valuation dated July 1, 2021.

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%. 5% of Fire & Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2021.
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 from July 1, 2015 through June 30, 2020 which reviewed all economic and demographic assumptions other than mortality. The Total Pension Liability as of June 30, 2024 is based on the results of an actuarial valuation date of July 1, 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers, and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of the System's assets. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

The following are the Board's adopted asset allocation policies for the Pension Trust Funds (DB Plans, adopted November 2019), as of June 30, 2024:

Asset Class	DB Plans
Fixed Income	30.00%
US/Global Equity	55.00%
International Equity	15.00%
Cash	0.00%
Total	100.00%

10. Public Employee Retirement System of Idaho Base Plan, Continued

Actuarial Assumptions, Continued

The following capital market assumptions are as of 2022.

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)%
Treasury Inflation-Protected Securities (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 Base Plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense, but without reduction for pension plan administrative expense.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability (Asset)

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

	1% Decrease (5.35%)	Current Rate (6.35%)	1% Increase (7.35%)
Employer's proportionate share of net pension liability	$ 351,196	$ 184,810	$ 48,915

Payables to the Pension Plan

At November 30, 2024, the District reported $3,694 in payables to the defined benefit pension plan for legally required employer contributions or employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

11. Commitments and Contingencies

Grant Programs

The District occasionally receives federal and state grants for specific purposes that are governed by various rules and regulations of the grantor agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the District's independent auditors and other governmental auditors. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management of the District believes such disallowances, if any, would be immaterial.

Environmental Liabilities

The District is required to comply with the provisions of permits and regulations issued by the U.S. Environmental Protection Agency and the Idaho Department of Environmental Quality. If the District fails to meet the requirements of the permits and regulations, it could be subject to fines or other censures. If the District determines that it is probable that a liability has been incurred and the amount can be reasonably estimated, the District will record a liability in the Statement of Net Position – Enterprise Fund.

Risk Pool

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 participates in the Idaho Counties Risk Management Pool (ICRMP) to provide general liability and property insurance. The District, along with other participating entities, contributes annual amounts determined by the ICRMP management. As claims arise, they are submitted to and paid by the ICRMP. If necessary, the ICRMP may assess members additional amounts to cover losses. No such additional assessments were made during 2024, or in any of the previous three years.

Litigation

The District is occasionally named as a defendant in lawsuits arising principally in the normal course of operations. The District's management is unaware of any pending litigation or unasserted claims as of November 30, 2024 or through the date of the audit report. In the opinion of the District's management, the outcome of any lawsuits would not have a material adverse effect on the accompanying financial statements and, accordingly, no provision for loss has been recorded.

Required Supplementary Information

East Shoshone County Water District
Budgetary Comparison Schedule - Enterprise Fund
Year Ended November 30, 2024

	Budgeted Amounts		Actual Non-GAAP Basis	Variances Positive/(Negative)	
	Original	Final		Original to Final	Final to Actual
OPERATING REVENUES					
Water service revenues	$ 808,076	$ 808,076	$ 838,433	$ -	$ 30,357
Other income	26,400	26,400	2,449	-	(23,951)
Total operating revenues	834,476	834,476	840,882	-	6,406
OPERATING EXPENSES					
Payroll and related:					
Salaries and wages	251,500	251,500	250,947	-	553
Employee benefits	121,600	121,600	155,727	-	(34,127)
Payroll taxes	20,120	20,120	23,882	-	(3,762)
Other operating expenses:					
Repairs and maintenance	24,000	24,000	60,022	-	(36,022)
Utilities	38,000	38,000	49,082	-	(11,082)
Chemicals	38,000	38,000	41,801	-	(3,801)
Insurance	24,800	24,800	35,756	-	(10,956)
Office and general	27,060	27,060	26,856	-	204
Legal and accounting	24,000	24,000	19,541	-	4,459
Water testing	3,300	3,300	7,100	-	(3,800)
Rent	6,900	6,900	5,307	-	1,593
Assessments	6,000	6,000	4,000	-	2,000
Permits and licensing	1,000	1,000	2,183	-	(1,183)
Contract operator	1,800	1,800	-	-	1,800
Travel	500	500	-	-	500
Total operating expenses	588,580	588,580	682,204	-	(93,624)
Operating income	245,896	245,896	158,678	-	(87,218)
NONOPERATING REVENUES (EXPENSES)					
Interest income	-	-	36,996	-	36,996
Debt service	(93,386)	(93,386)	(92,602)	-	784
Capital outlay	(121,752)	(121,752)	(133,651)	-	(11,899)
Total nonoperating revenues (expenses), net	(215,138)	(215,138)	(188,635)	-	26,503
Change in net position	30,758	30,758	(29,957)	-	(60,715)
Reconciliation to GAAP basis:					
Principal on debt service	53,198	53,198	53,197	-	(1)
Capital outlay	121,752	121,752	133,651	-	11,899
Depreciation	(250,000)	(250,000)	(361,237)	-	(111,237)
Net position, beginning of year	5,473,546	5,473,546	5,473,546	-	-
Net position, end of year	$ 5,429,254	$ 5,429,254	$ 5,269,200	$ -	$ (160,054)

See Independent Auditor's Report and Notes to Budgetary Comparison Schedule.

East Shoshone County Water District
Notes to Budgetary Comparison Schedule
November 30, 2024

1. Basis of Presentation

The budgetary comparison schedule has been prepared on the accrual basis of accounting, excluding debt service principal payments, capital outlay and depreciation expense.

2. Expenditures in Excess of Budgeted Amounts

As disclosed in Note 1 above, with the exception of debt service principal payments, capital outlay and depreciation expense, the budgetary comparison schedule has been prepared in conformance with the presentation used in the preparation of the Enterprise Fund financial statements. This presentation differs from the account groupings required by Idaho Statutes for Board of Directors' budgetary control at the functional level. As a result, the budgetary comparison schedule for the Enterprise Fund at page 20 discloses several instances in which actual expenditures exceeded budgeted expenditures.

East Shoshone County Water District
Schedule of Employer's Share of the Net Pension Liability (Asset) - PERSI Base Plan
Last 10 Plan Years

Plan Year	Employer's Portion of NPL	Employer's Proportionate Share of NPL (a)	Employer's Covered Employee Payroll (b)	Employer's NPL as a Percentage of Covered Payroll (a / b)	Plan Net Position as a Percentage of Total Pension Liability
2015	0.000066918	$ 88,120	$ 190,971	46.14%	91.38%
2016	0.000065468	132,714	194,206	68.34%	87.26%
2017	0.000064060	100,691	197,800	50.91%	90.68%
2018	0.000063714	93,979	204,990	45.85%	91.69%
2019	0.000060756	69,352	206,352	33.61%	93.79%
2020	0.000059501	138,169	211,880	65.21%	88.22%
2021	0.000058640	(4,631)	218,834	-2.12%	100.36%
2022	0.000058157	229,066	229,338	99.88%	83.09%
2023	0.000055309	220,718	235,171	93.85%	83.83%
2024	0.000049406	184,810	245,417	75.30%	83.83%

Data reported is measured as of June 30 of each respective plan year.

East Shoshone County Water District
Schedule of Employer Contributions - PERSI Base Plan
Last 10 Fiscal Years

Fiscal Year	Statutorily Required Contribution (a)	Actual Employer Contribution (b)	Contribution Excess (Deficiency) (b - a)	Employer's Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b / c)
2015	$ 21,460	$ 21,460	$ -	$ 189,579	11.32%
2016	21,889	21,900	11	193,367	11.33%
2017	22,985	22,985	-	203,051	11.32%
2018	23,133	23,133	-	204,356	11.32%
2019	24,168	24,168	-	208,726	11.58%
2020	25,523	25,523	-	213,757	11.94%
2021	26,639	26,639	-	223,110	11.94%
2022	27,625	27,625	-	231,369	11.94%
2023	27,555	27,555	-	236,628	11.64%
2024	30,607	30,607	-	252,443	12.12%

Data reported is measured as of November 30 of each respective fiscal year.

East Shoshone County Water District
Notes to PERSI Base Plan Schedules
November 30, 2024

1. Changes in Benefit Terms

There were no changes in benefit terms during the Plan year ended June 30, 2024.

2. Changes in Composition of the Population

There were no changes in the composition of the population during the Plan year ended June 30, 2024.

3. Changes in Assumptions

There were no significant changes in actuarial assumptions during the Plan year ended June 30, 2024.

Compliance Report

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
East Shoshone County Water District
Wallace, 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 the business-type activities of East Shoshone County 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 and have issued our report thereon, dated December 31, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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 over financial reporting 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify two deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as Findings 2024-001 and 2024-002, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

District's Responses to the Findings

Government Auditing Standards require the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The sole purpose of this report is to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DeCoria & Company, PC

DeCoria & Company, PC
Evanston, Wyoming

December 31, 2025

East Shoshone County Water District
Schedule of Findings and Responses
Year Ended November 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

The independent auditor's report expressed an unmodified opinion on the basic financial statements of East Shoshone County Water District, which have been prepared in accordance with GAAP.

The audit of the financial statements of East Shoshone County Water District disclosed two significant deficiencies in internal control over financial reporting.

The audit of the financial statements of East Shoshone County Water District disclosed no material weaknesses in internal control over financial reporting.

The audit disclosed no compliance findings material to the financial statements of East Shoshone County Water District.

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of non-compliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Finding 2024-001

Condition	The overall size and experience of the District's accounting staff make it difficult to provide a complete segregation of duties for an effective system of internal control over financial reporting. The District has a limited number of individuals with sufficient understanding of the applicable accounting principles to provide adequate oversight and review of the various financial reporting requirements in accordance with accounting principles generally accepted in the United States of America.
Criteria	An effective system of internal control over financial reporting requires that closely related duties be segregated, including duties outside of the day-to-day operations. These additional functions specifically relate to the various reporting requirements in accordance with accounting principles generally accepted in the United States of America; general journal entries; nonroutine or unusual transactions; recording of restrictions of fund balances and net position classifications; and the accrual basis of accounting for financial reporting purposes. In addition, an effective system of internal control over financial reporting requires adequate oversight and review procedures.
Effect	The concentration of closely related duties and responsibilities by a small staff makes it difficult to establish a complete system of automatic internal checks on the accuracy and reliability of the accounting records. In addition, transactions outside of the day-to-day operations generally contain a higher degree of complexity and, therefore, result in a greater risk that a material misstatement of these transactions would not be detected and corrected on a timely basis.

Finding 2024-001, Continued

Cause	The District's staff is too small to allow a complete segregation of duties and lacks understanding of certain accounting principles generally accepted in the United States of America that are critical to the District's various financial reporting requirements.
Recommendation	The District's staff is not large enough to permit a complete segregation of duties for an effective system of internal control over financial reporting, specifically related to duties outside the day-to-day operations. Although the District utilizes the assistance of an external CPA to provide review and expertise on generally accepted accounting principles, we recommend that officials be aware that the condition does still exist and continue to evaluate for potential opportunities for improvement.
Management's Response	The District's management and Board of Directors are aware of this condition. Management believes that the District has minimized the risk to the degree possible, given the size of the District, the limited number of office staff and associated costs or other considerations. However, the Board and management will continue to evaluate future opportunities to further improve segregation of duties, as well as oversight and review, as they present themselves.

Section II – Financial Statement Findings, Continued

Finding 2024-002

Condition	Due in part to the District's size and limited resources, month-end and year-end closing procedures are not fully formalized and documented for certain accounts. Additionally, the procedures that do exist are not consistently performed in a timely manner for certain accounts. In addition, minimal oversight and monitoring activities were observed.
Criteria	An effective system of internal control over financial reporting includes periodically reconciling each general ledger account and adjusting the recorded balances if necessary. In addition, adequate oversight and monitoring procedures should be incorporated.
Effect	In connection with performing our audit testing, we proposed several audit adjustments to correct account balances. Clarified Statements on Auditing Standards Section 265, *Communicating Internal Control Related Matters Identified in an Audit* (AU-C 265), indicates that identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control over financial reporting should at least be regarded as a significant deficiency and should be considered as a strong indicator of a material weakness in internal control over financial reporting.
Cause	The oversight and monitoring procedures that have been put in place to identify and ensure adherence to formalized, documented procedures are not consistently performed.
Recommendation	We recommend that the formalized month-end and year-end closing procedures continue to be further refined and documented. In addition, we recommend that the District appoint individuals with the responsibility of providing oversight and monitoring procedures to ensure adherence to these formalized internal control procedures. The individuals should possess sufficient skill, knowledge, or experience in understanding the financial reporting requirements in accordance with generally accepted accounting principles (GAAP).
Management's Response	The District has hired an accounting firm to assist in developing and implementing documented procedures for reconciling and adjusting balances for each general ledger account. The District will continue to improve the documented procedures for reconciling and adjusting balances for each general ledger account in an effort to eliminate audit adjustments.

East Shoshone County Water District
Status of Prior Year Findings
Year Ended November 30, 2024

Finding 2023-001

Condition: The overall size and experience of the District's accounting department make it difficult to provide a complete segregation of duties for an effective system of internal control over financial reporting. The District has a limited number of individuals with sufficient understanding of the applicable accounting principles to provide adequate oversight and review of the various financial reporting requirements in accordance with accounting principles generally accepted in the United States of America.

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

Finding 2023-002

Condition: Due in part to the District's size and limited resources, month-end and year-end closing procedures are not fully formalized and documented for certain accounts. Additionally, the procedures that do exist are not consistently performed in a timely manner for certain accounts. In addition, minimal oversight and monitoring activities were observed.

Status: This condition continues to be improved at November 30, 2024. See Finding 2024-002.