# GROVELAND WATER AND SEWER DISTRICT

## BASIC FINANCIAL STATEMENTS

NOVEMBER 30, 2024

**GROVELAND WATER AND SEWER DISTRICT**

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2024
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# FINANCIAL SECTION

Poulsen VanLeuven & Catmull PA

Certified Public Accountants

Members of the American Institute of CPA's
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Groveland Water and Sewer District
Blackfoot, Idaho

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Groveland Water and Sewer 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 respective financial position of the governmental activities, the business-type activities, and each major fund the District, as of November 30, 2024, and the respective changes in financial position and budgetary comparison for the General Fund, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards an *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 Information**

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our 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 our report dated June 30, 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

*Poulsen VanLeuven & Catmull*

Poulsen VanLeuven & Catmull P.A.

Burley, Idaho
June 30, 2025

## GROVELAND WATER AND SEWER DISTRICT

### STATEMENT OF NET POSITION
### NOVEMBER 30, 2024

| | Governmental Activities | Business-type Activities | Total Primary Government |
|---|---|---|---|
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | $ 104,621 | $ 765,324 | $ 869,945 |
| Utility accounts receivable | - | 12,059 | 12,059 |
| Prepaid expenses | - | 2,607 | 2,607 |
| Non-current assets: | | | |
| Land | - | 18,053 | 18,053 |
| Fixed assets, net of depreciation | - | 443,166 | 443,166 |
| Water rights | - | 500 | 500 |
| Total Assets | 104,621 | 1,241,709 | 1,346,330 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | - | 50,042 | 50,042 |
| Utilities accounts prepaid | - | 12,455 | 12,455 |
| Utility deposits | - | 55 | 55 |
| Total Liabilities | - | 62,552 | 62,552 |
| NET POSITION | | | |
| Net investment in capital assets | - | 461,719 | 461,719 |
| Unrestricted | 104,621 | 717,438 | 822,059 |
| Total Net Position | $ 104,621 | $ 1,179,157 | $ 1,283,778 |

See accompanying notes to the financial statements

## GROVELAND WATER AND SEWER DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED NOVEMBER 30, 2024

| | | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets | | |
|---|---|---|---|---|---|---|
| | | | | Primary Government | | |
| Primary Government | Expenses | Charges for Services | Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental Activities | | | | | | |
| General government | $ - | $ 4,533 | $ - | $ 4,533 | | $ 4,533 |
| Total Governmental Activities | - | 4,533 | - | 4,533 | | 4,533 |
| Business-type Activities | | | | | | |
| Water | 57,362 | 101,565 | - | | 44,203 | 44,203 |
| Sewer | 670,544 | 597,856 | - | | (72,688) | (72,688) |
| Total Business-type Activities | 727,906 | 699,421 | - | | (28,485) | (28,485) |
| Total Primary Government | $ 727,906 | $ 703,954 | $ - | | | $ (23,952) |
| General Revenues | | | | | | |
| Investment earnings | | | | 8,540 | | 8,540 |
| Bilboard lease | | | | 1,500 | | 1,500 |
| Reimbursement: Pony Express Car Wash | | | | | 85,187 | 85,187 |
| Bad debt recovery | | | | | 1,346 | 1,346 |
| Total General Revenues | | | | 10,040 | 86,533 | 96,573 |
| Change in Net Position | | | | 14,573 | 58,048 | 72,621 |
| Net Position Beginning of Year | | | | 90,048 | 1,121,109 | 1,211,157 |
| Net Position End of Year | | | | $ 104,621 | $ 1,179,157 | $ 1,283,778 |

See accompanying notes to the financial statements

## GROVELAND WATER AND SEWER DISTRICT

BALANCE SHEET ,
GOVERNMENTAL FUNDS
NOVEMBER 30, 2024

| | General Fund |
|---|---|
| ASSETS | |
| Current assets: | |
| Cash | $ 104,621 |
| Prepaid expenses | - |
| Total Assets | 104,621 |
| LIABILITIES | |
| Accounts payable | - |
| Total Liabilities | - |
| FUND BALANCES | |
| Fund balance - unrestricted | 104,621 |
| Total Fund Balances | 104,621 |
| Total Liabilities and Fund Balances | $ 104,621 |

See accompanying notes to the financial statements

## GROVELAND WATER AND SEWER DISTRICT

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
NOVEMBER 30, 2024

| | | |
|---|---|---|
| Total Governmental Fund Balances | $ | 104,621 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | - |
| Long-term liabilities, including accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds. | | |
| Accrued interest payable | | - |
| Net Position of Governmental Activities | $ | 104,621 |

See accompanying notes to the financial statements

**GROVELAND WATER AND SEWER DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2024

| | General Fund |
|---|---|
| REVENUES | |
| Billboard advertising lease | $ 1,500 |
| Service charges & late fee charges | 4,533 |
| Total Revenues | 6,033 |
| EXPENDITURES | |
| General government | - |
| Total Expenditures | - |
| EXCESS REVENUES (EXPENDITURES) | 6,033 |
| OTHER FINANCING SOURCES (USES) | |
| Investment income | 8,540 |
| NET CHANGE IN FUND BALANCES | 14,573 |
| FUND BALANCE - BEGINNING | 90,048 |
| FUND BALANCE - ENDING | $ 104,621 |

See accompanying notes to the financial statements

## GROVELAND WATER AND SEWER DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED NOVEMBER 30, 2024

| | | |
|---|---|---|
| Net Change in Fund Balances - Total Governmental Funds | | $ 14,573 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay less depreciation expense in the current period: | | |
| Capital Outlay | - | |
| Depreciation expense | - | |
| | | - |
| Because governmental funds report capital outlays as expenditures, when capital assets are sold the proceeds are recorded as revenue. In the statement of activities, a gain or loss on the sale of the asset is reported based on net proceeds and adjusted basis of the asset. | | |
| Difference in gain or loss on sale or disposal of capital assets | | - |
| The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. | | |
| Repayment of loan principal | | - |
| Issuance of new debt | | - |
| In the statement of activities, interest is accrued on outstanding debt, whereas in government funds, interest is expensed when due. | | - |
| Change in Net Position of Governmental Activities | | $ 14,573 |

See accompanying notes to the financial statements

## GROVELAND WATER AND SEWER DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED NOVEMBER 30, 2024

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|---|
| Revenues | $ 5,000 | $ 5,000 | $ 14,573 | $ 9,573 |
| Expenditures | - | - | - | - |
| Excess Revenues (Expenditures) | 5,000 | 5,000 | 14,573 | 9,573 |
| Fund Balance - Beginning | 90,048 | 90,048 | 90,048 | - |
| Fund Balance - Ending | $ 95,048 | $ 95,048 | $ 104,621 | $ 9,573 |

See accompanying notes to the financial statements

## GROVELAND WATER AND SEWER DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
NOVEMBER 30, 2024

| | Water Fund | Sewer Fund | Totals |
|---|---|---|---|
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | $ 322,385 | $ 442,939 | $ 765,324 |
| Utility accounts receivable | 1,693 | 10,366 | 12,059 |
| Prepaid expenses | 261 | 2,346 | 2,607 |
| Non-current assets: | | | |
| Land | 4,278 | 13,775 | 18,053 |
| Fixed assets, net of depreciation | 304,690 | 138,476 | 443,166 |
| Water rights | 500 | - | 500 |
| Total Assets | 633,807 | 607,902 | 1,241,709 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | 2,238 | 47,804 | 50,042 |
| Utilities accounts prepaid | 1,749 | 10,706 | 12,455 |
| Utility deposits | 20 | 35 | 55 |
| Total Liabilities | 4,007 | 58,545 | 62,552 |
| NET POSITION | | | |
| Net investment in capital assets | 309,468 | 152,251 | 461,719 |
| Unrestricted | 320,332 | 397,106 | 717,438 |
| Total Net Position | $ 629,800 | $ 549,357 | $ 1,179,157 |

See accompanying notes to the financial statements

## GROVELAND WATER AND SEWER DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED NOVEMBER 30, 2024

| | Water Fund | Sewer Fund | Totals |
|---|---|---|---|
| REVENUES | | | |
| Fees | $ 94,565 | $ 573,256 | $ 667,821 |
| Hookup charge | 7,000 | 24,600 | 31,600 |
| Total Revenue | 101,565 | 597,856 | 699,421 |
| EXPENSES | | | |
| Administration | 2,844 | 17,408 | 20,252 |
| City hookup fees | - | 14,000 | 14,000 |
| Depreciation | 15,619 | 34,652 | 50,271 |
| Engineering | 6,998 | 62,977 | 69,975 |
| Insurance | 130 | 1,173 | 1,303 |
| Legal & accounting | 3,611 | 28,569 | 32,180 |
| Miscellaneous | 121 | 3,629 | 3,750 |
| Office supplies | 276 | 2,449 | 2,725 |
| Operation | 5,614 | - | 5,614 |
| Payroll taxes | 310 | 1,358 | 1,668 |
| Meter reading | 273 | - | 273 |
| Repairs | 197 | 3,453 | 3,650 |
| Telephone | 126 | 1,039 | 1,165 |
| Testing | 2,670 | - | 2,670 |
| Testing wage | 974 | - | 974 |
| Utilities | 17,599 | 499,837 | 517,436 |
| Water meters | - | - | - |
| Total Expenses | 57,362 | 670,544 | 727,906 |
| OPERATING INCOME (LOSS) | 44,203 | (72,688) | (28,485) |
| OTHER FINANCING SOURCES (USES) | | | |
| Reimbursement: Pony Express Car Wash | 85,187 | - | 85,187 |
| Bad debt recovery | - | 1,346 | 1,346 |
| CHANGE IN NET POSITION | 129,390 | (71,342) | 58,048 |
| NET POSITION - BEGINNING | 500,410 | 620,699 | 1,121,109 |
| NET POSITION - ENDING | $ 629,800 | $ 549,357 | $ 1,179,157 |

See accompanying notes to the financial statements

## GROVELAND WATER AND SEWER DISTRICT

### STATEMENT OF CASH FLOWS
### FOR THE YEAR ENDED NOVEMBER 30, 2024

| | Water Fund | Sewer Fund | Total |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from patrons | $ 100,989 | $ 589,114 | $ 690,103 |
| Payments for District administration | (3,818) | (17,408) | (21,226) |
| Payments to City for sewer & hookup charges | - | (14,000) | (14,000) |
| Payments to other suppliers | (36,684) | (563,818) | (600,502) |
| Net Cash Provided by Operating Activities | 60,487 | (6,112) | 54,375 |
| CASH FLOWS FROM NON-CAPITAL & FINANCING ACTIVITIES | | | |
| Investment income | - | - | - |
| Reimbursments | 85,187 | - | 85,187 |
| Bad debt recovery | - | 1,346 | 1,346 |
| Net Cash Provided by Non-capital & Financing Activities | 85,187 | 1,346 | 86,533 |
| CASH FLOWS FROM CAPITAL & FINANCING ACTIVITIES | | | |
| Acquisition of new assets | (126,357) | (10,600) | (136,957) |
| Net Cash Provided by Non-capital & Financing Activities | (126,357) | (10,600) | (136,957) |
| NET INCREASE (DECREASE) IN CASH | 19,317 | (15,366) | 3,951 |
| CASH AT BEGINNING OF YEAR | 303,068 | 458,305 | 761,373 |
| CASH AT END OF YEAR | $ 322,385 | $ 442,939 | $ 765,324 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET INCOME | | | |
| Net income (loss) | $ 129,390 | $ (71,342) | $ 58,048 |
| Depreciation | 15,619 | 34,652 | 50,271 |
| Reimbursemets/Bad debt recovery | (85,187) | (1,346) | (86,533) |
| (Increase) decrease in accounts receivable | (1,693) | (10,366) | (12,059) |
| (Increase) decrease in prepaid expenses | (261) | (2,346) | (2,607) |
| Increase (decrease) in payables | 1,502 | 43,012 | 44,514 |
| Increase (decrease) in utility prepaids/deposits | 1,117 | 1,624 | 2,741 |
| Net Cash Provided by Operating Activities | $ 60,487 | $ (6,112) | $ 54,375 |

See accompanying notes to the financial statements

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Groveland Water and Sewer District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for established governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

### A. FINANCIAL REPORTING ENTITY

For financial reporting purposes, management has considered potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in generally accepted accounting principles. The basic criterion for including a potential component unit within the reporting entity is the governing body's responsibility for financial accountability. Financial accountability is defined as the level of accountability that exists if a primary government appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. The District has no component units.

### B. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

#### Government-wide Financial Statements

The Statement of Net Position and the Statement of Changes in Net Position display information about the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities are included in the accompanying Statement of Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized when the liability is incurred. Program service revenues include charges for services.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to inter-fund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses for non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. The principal operating revenues of the Water and Sewer Funds are charges to District residents.

Operating expenses 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 non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, the District's policy is to use restricted resources first and then unrestricted resources, as they are needed.

**Governmental Fund Financial Statements**

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. When there are differences, an accompanying schedule is presented to reconcile and explain the differences in governmental fund equity as presented in these statements to the net position presented in the Government-wide Financial Statements.

Governmental funds are accounted for on a spending or "current financial resources" measurement focus and on the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases and decreases in net current assets. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available as net current assets. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenue sources susceptible to accrual include property taxes and inter-governmental revenues. Expenditures are recognized when the related fund liability is incurred. Exceptions to this general rule include

**Proprietary Fund Financial Statements**

Proprietary Funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties or other departments or agencies within the District.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities are included on the Statement of Net Position. Revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

The District reports the following major governmental funds:

The **General Fund** accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The District reports the following major proprietary funds:

The **Water Fund** accounts for income and expenses associated with providing water service to District patrons.

The **Sewer Fund** accounts for income and expenses associated with providing sewer service to District patrons.

## C. BUDGETING

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, and debt service funds. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all capital project funds.

## D. ENCUMBRANCES

Encumbrances are not liabilities and they are not recorded as expenditures until receipt of material or services. For budgetary purposes, appropriations lapse at year-end and are re-budgeted the following year. The District does not reserve fund balance for outstanding encumbrances at year-end.

## E. CASH AND INVESTMENTS

The District pools idle cash from all funds for the purpose of increasing income through investment activities. The District considers investments with an original maturity of three months or less to be cash equivalent.

The District invests idle cash in FDIC and FSLIC insured local banks and credit unions. The deposits are stated at cash which approximates market.

Under Idaho Code Section 67-1210, the District is authorized to invest surplus or idle monies in investments subject to the following standards, guidelines and restrictions:

a. District monies shall not be made in any depository of a financial institution in an amount which exceeds ten per cent (10%) of said entity's capital and surplus. Any investment to be made above Federal Deposit Insurance requires the depository to have a current "Moody's Bank Credit Report Service" rating of "A" or better.

b. No demand deposits or investment in time deposits or certificates of deposit shall be made in financial institutions insured in whole or in part by the Federal Savings and Loan Insurance Corporation or in any State or Federal credit unions' insurance programs in an amount in excess of the insurance available.

Investments allowable under "Idaho Code Section 67-1210" are:

a. Bonds, Treasury bills, interest bearing notes, or other obligations of the United States or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
b. General obligation or revenue bonds of this State or those for which the faith and credit of this State are pledged for payment of principal and interest.
c. General obligation or revenue bonds of any county, city, metropolitan water district, municipal utility district, school district or other taxing district of this State.
d. Notes, bonds, debentures, or other similar obligations issued by the Farm Credit System or institutions forming a part thereof under the Farm Credit Act of 1971.
e. Bonds, notes, or other similar obligations issued by public corporations of the State of Idaho including, but not limited to, the Idaho State Building Authority, the Idaho Housing Authority, and the Idaho Water Resource Board.
f. Repurchase agreements covered by any legal investment for the State of Idaho.
g. Tax anticipation notes and registered warrants of the State of Idaho.
h. Tax anticipation bonds or notes and income and revenue anticipation bonds or notes of taxing districts of the State of Idaho.
i. Time deposits and savings accounts in State depositories including, but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transactions accounts.
j. Time deposit accounts and savings accounts of Federal savings and loan associations located within the geographical boundaries of the State in amounts not to exceed the insurance provided by the Federal Savings and Loan Insurance Corporation including, but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transaction accounts.
k. Revenue bonds of institutions of higher education of the State of Idaho.
l. Share, savings, and deposit accounts of State and Federal credit unions located within the geographical boundaries of the State in amounts not to exceed the insurance provided by the National Credit Union Share Insurance Fund and/or any other authorized deposit guaranty corporation, including but not limited to, accounts on which interest or dividends are paid and upon which negotiable orders of withdrawal may be drawn, and similar transaction accounts.
m. Money market funds whose portfolios consist of any allowed investment as specified in this section. The securities held in money market portfolios must be dollar-denominated, meaning that all principal and interest on such a security are payable to security holders in United States dollars.

## F. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## G. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure (roadways), are defined by the District as any asset with an individual cost of more than $2,500 and an estimated useful life of at least one year. The District's assets are capitalized at historical cost or estimated historical cost. Gifts or contributions of assets are recorded at fair market value when received. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets as follows: Buildings: 20-40 years, Equipment: 5-10 years, and Infrastructure: 40 years.

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, which requires the inclusion of infrastructure in local government's basic financial statements. Infrastructure includes the water purification and distribution system, the sewer collection and treatment system, and all land and buildings used by the District.

The District has elected to use the basic approach as defined by Statement No. 34 for asset reporting. Historical cost records do not exist for all of the District's assets dating back to when the District began operations. For those assets where actual costs records could not be located, the District estimated costs using standard unit costs appropriate for acquisition date. Accumulated depreciation was computed based on the life of the assets. Book value is computed by deducting the accumulated depreciation from the original cost.

## H. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so it will not be recognized as an outflow of resources (expenditure) until then. The District does not have items that qualify for reporting in this category.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have items that qualify for reporting in this category.

## I. FUND EQUITY

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Non-spendable fund balances are required to be maintained intact. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action of the District Board of Directors. Assigned portions represent amounts set aside for specific purposes. Remaining fund balances are reported as unassigned.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those restricted fund balance classifications can be used.

### J. FUND BALANCE FLOW ASSUMPTIONS

Sometimes, the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements; a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### K. NET POSITION FLOW ASSUMPTIONS

Net position represents the difference between assets and liabilities. Net investment in capital assets net of related debt consists of capital assets net of accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations, or other governments.

## NOTE 2: CASH AND INVESTMENTS

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in their fair values due to changes in interest rates. The District manages its exposure to declines in fair value by limiting the weighted average of its investment portfolio.

Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District would not be able to recover its deposits. The District does not have an investment policy for custodial risk. Note that the amount of money at Key Bank and at WaFd Bank exceeds the $250,000 FDIC insurance limit.

Credit risk is the risk that an insurer of debt securities or another counterparty to an investment will not fulfill its obligation. The District's investment policy requires investments to be in conformity with Idaho Statute Title 50, Chapter 10, Section 13.

Concentration of credit risk occurs when investments are concentrated in one issuer. The District has no investment policy limiting the amount it may invest in any one issuer. Note that the amount of money at Key Bank and at WaFd Bank exceeds the $250,000 FDIC insurance limit.

## NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable consist of water and sewer user fees unpaid at November 30, 2024. Unpaid accounts are turned over to the County and a tax levy is assessed against the property.

## NOTE 4: CAPITAL ASSETS

A summary of capital asset activity is as follows:

| Water Fund | Balance 11/30/2023 | Addition | Deletion | Balance 11/30/2024 |
|---|---|---|---|---|
| **Historical Cost:** | | | | |
| Buildings & Equipment | $ 3,996 | $ - | $ - | $ 3,996 |
| Distribution System | 427,715 | 126,357 | - | 554,072 |
| Land | 4,278 | - | - | 4,278 |
| | 435,989 | 126,357 | - | 562,346 |
| **Accumulated Depreciation:** | | | | |
| Buildings & Equipment | 3,996 | - | - | 3,996 |
| Distribution System | 233,763 | 15,619 | - | 249,382 |
| | 237,759 | 15,619 | - | 253,378 |
| **Net Book Value:** | | | | |
| Buildings & Equipment | - | - | - | - |
| Distribution System | 193,952 | 110,738 | - | 304,690 |
| Land | 4,278 | - | - | 4,278 |
| | $ 198,230 | $ 110,738 | $ - | $ 308,968 |

| Sewer Fund | Balance 11/30/2023 | Addition | Deletion | Balance 11/30/2024 |
|---|---|---|---|---|
| **Historical Cost:** | | | | |
| Buildings & Equipment | $ 89,165 | $ - | $ - | $ 89,165 |
| Distribution System | 1,583,023 | - | - | 1,583,023 |
| Land | 3,175 | 10,600 | - | 13,775 |
| | 1,675,363 | 10,600 | - | 1,685,963 |
| **Accumulated Depreciation:** | | | | |
| Buildings & Equipment | 77,613 | 2,167 | - | 79,780 |
| Distribution System | 1,421,447 | 32,485 | - | 1,453,932 |
| | 1,499,060 | 34,652 | - | 1,533,712 |
| **Net Book Value:** | | | | |
| Buildings & Equipment | 11,552 | (2,167) | - | 9,385 |
| Distribution System | 161,576 | (32,485) | - | 129,091 |
| Land | 3,175 | 10,600 | - | 13,775 |
| | $ 176,303 | $ (24,052) | $ - | $ 152,251 |

## NOTE 5: RISK MANAGEMENT

The District is exposed to various risks of loss, related to torts; theft of, damage to, or destruction of assets; errors and omissions; employee health and injuries; and natural disasters. All risks are insured by commercial insurance.

## NOTE 6: CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

## NOTE 7: SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Poulsen VanLeuven & Catmull PA
Certified Public Accountants

Members of the American Institute of CPA's
and the Idaho Society of CPA's
Jeffrey D. Poulsen, CPA
Darren B. VanLeuven, CPA
Jacob H. Catmull, CPA

# 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*

To the Board of Directors
Groveland Water and Sewer District
Blackfoot, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Groveland Water & Sewer 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 June 30, 2025.

## Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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, we identified certain deficiencies in internal control over financial reporting, described in 2024-1 of the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

### Groveland Water and Sewer District's Response to Findings

Groveland Water and Sewer District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of This Report

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

*Poulsen VanLeuven & Catmull*

Poulsen VanLeuven & Catmull P.A.

Burley, Idaho
June 30, 2025

**Finding 2024-1: Lack of segregation of duties**

Condition: A limited number of employees in the District's business office results in an inadequate separation of financial duties.

Criteria: Good internal control requires that the same person cannot perform two or more of the following accounting functions: 1) authorize transactions, 2) have custody of assets, 3) record transactions, and 4) reconcile accounts.

Effect: The lack of ideal segregation of duties may increase the risk that loss of assets would not be detected and prevented in a timely manner in the normal course of operations.

Recommendation: The District could hire additional accounting personnel.

Response: District management believes that the cost of hiring additional staff outweighs the benefit to be derived. Mitigating controls are in place. The Board reviews disbursements, and sets and monitors budgets. The majority of revenue is confirmed to outside sources.