RIVERSIDE WATER AND SEWER DISTRICT

FINANCIAL STATEMENTS

Years Ended November 30, 2024 and 2023

RIVERSIDE WATER AND SEWER DISTRICT

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PRESNELL GAGE, PLLC
ACCOUNTING AND CONSULTING

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Riverside Water and Sewer District
Orofino, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of the Riverside Water and Sewer District, as of and for the years ended November 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Riverside Water and Sewer 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 business-type activities and each major fund of the Riverside Water and Sewer District, as of November 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Riverside Water and Sewer 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.

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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 Riverside Water and Sewer 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 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 Riverside Water and Sewer 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 Riverside Water and Sewer District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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.

Accounting principles generally accepted in the United States of America require that the schedule of pension funding on page 22 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2025, on our consideration of the Riverside Water and Sewer 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 Riverside Water and Sewer 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 Riverside Water and Sewer District's internal control over financial reporting and compliance.

Presnell Gage, PLLC

July 24, 2025
Moscow, Idaho

RIVERSIDE WATER AND SEWER DISTRICT

STATEMENTS OF NET POSITION
November 30, 2024 and 2023

	Water 2024	Water 2023	**Sewer 2024**	Sewer 2023	**Total 2024**	Total 2023
ASSETS						
Current assets						
Cash	**$ 793,260**	$ 723,328	**$ 613,240**	$ 469,843	**$ 1,406,500**	$ 1,193,171
Investments	**228,351**	260,968			**228,351**	260,968
Accounts receivable, net	**69,757**	71,544	**44,994**	43,466	**114,751**	115,010
Intergovernmental receivable, net	**11,737**		**425,234**		**436,971**	
Judgment receivable, net	**3,877**	5,636	**3,878**	5,636	**7,755**	11,272
Prepaid expenses	**11,042**	8,151	**11,042**	8,151	**22,084**	16,302
Due from other fund	**28,909**	14,938			**28,909**	14,938
Total current assets	**1,146,933**	1,084,565	**1,098,388**	527,096	**2,245,321**	1,611,661
Non-current assets						
Restricted cash	**214,061**	214,061			**214,061**	214,061
Capital assets, net of accumulated depreciation	**5,608,589**	5,604,041	**2,153,551**	466,243	**7,762,140**	6,070,284
Total non-current assets	**5,822,650**	5,818,102	**2,153,551**	466,243	**7,976,201**	6,284,345
Total assets	**6,969,583**	6,902,667	**3,251,939**	993,339	**10,221,522**	7,896,006
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows	**28,645**	49,816	**27,220**	40,759	**55,865**	90,575
LIABILITIES						
Current liabilities						
Accounts payable	**23,336**	11,637	**451,063**	4,932	**474,399**	16,569
Payroll liabilities	**7,474**	3,346	**877**	979	**8,351**	4,325
Accrued payroll	**5,117**	5,117	**3,411**	3,411	**8,528**	8,528
Accrued interest payable	**62,239**	65,144			**62,239**	65,144
Due to other fund			**28,909**	14,938	**28,909**	14,938
Current portion of long-term debt	**125,298**	120,674			**125,298**	120,674
Total current liabilities	**223,464**	205,918	**484,260**	24,260	**707,724**	230,178
Non-current liabilities						
Compensated absences	**4,293**	4,293	**2,862**	2,862	**7,155**	7,155
Bonds payable, net of current portion	**2,450,951**	2,576,250			**2,450,951**	2,576,250
Net pension liability	**105,187**	136,748	**99,955**	111,884	**205,142**	248,632
Total non-current liabilities	**2,560,431**	2,717,291	**102,817**	114,746	**2,663,248**	2,832,037
Total liabilities	**2,783,895**	2,923,209	**587,077**	139,006	**3,370,972**	3,062,215
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows	**10,015**		**9,517**		**19,532**	
NET POSITION						
Invested in capital assets, net of related debt	**3,032,340**	2,907,117	**2,153,551**	466,243	**5,185,891**	3,373,360
Restricted for debt service	**214,061**	214,061			**214,061**	214,061
Unrestricted	**957,917**	908,096	**529,014**	428,849	**1,486,931**	1,336,945
Total net position	**$ 4,204,318**	$ 4,029,274	**$ 2,682,565**	$ 895,092	**$ 6,886,883**	$ 4,924,366

See accompanying notes

RIVERSIDE WATER AND SEWER DISTRICT

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended November 30, 2024 and 2023

	Water 2024	Water 2023	**Sewer 2024**	Sewer 2023	**Total 2024**	Total 2023
OPERATING REVENUES						
Charges for services	**$ 663,910**	$ 666,411	**$ 395,232**	$ 384,317	**$ 1,059,142**	$ 1,050,728
Late fees, penalties, and interest	**3,869**	4,850	**3,289**	3,963	**7,158**	8,813
System connection fees	**1,800**	2,915	**250**	1,400	**2,050**	4,315
Other operating revenues	**6,106**	3,036	**5,808**	3,780	**11,914**	6,816
Total operating revenues	**675,685**	677,212	**404,579**	393,460	**1,080,264**	1,070,672
OPERATING EXPENSES						
Personnel Expenses	**193,234**	204,655	**182,246**	194,669	**375,480**	399,324
Professional Services and Contracts	**6,109**	15,332	**26,481**	53,929	**32,590**	69,261
General Supplies and Materials	**9,825**	17,266	**7,563**	7,551	**17,388**	24,817
Repairs and Maintenance	**53,939**	23,727	**20,724**	16,336	**74,663**	40,063
Insurance	**7,913**	8,122	**7,913**	8,122	**15,826**	16,244
Utilities	**29,888**	27,299	**20,416**	30,675	**50,304**	57,974
Treatment Expenses	**58,217**	49,835	**3,957**	14,047	**62,174**	63,882
Other Operating Expense	**11,858**	15,547	**7,964**	7,969	**19,822**	23,516
Depreciation Expense	**243,949**	238,768	**37,288**	33,343	**281,237**	272,111
Total operating expenses	**614,932**	600,551	**314,552**	366,641	**929,484**	967,192
OPERATING INCOME	**60,753**	76,661	**90,027**	26,819	**150,780**	103,480
NON-OPERATING REVENUES (EXPENSES)						
Investment income	**8,252**	9,194	**400**	483	**8,652**	9,677
GASB 68 PERSI adjustment	**375**	(22,758)	**(11,127)**	(18,620)	**(10,752)**	(41,378)
Interest expense	**(100,518)**	(106,788)			**(100,518)**	(106,788)
Total non-operating expenses	**(91,891)**	(120,352)	**(10,727)**	(18,137)	**(102,618)**	(138,489)
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	**(31,138)**	(43,691)	**79,300**	8,682	**48,162**	(35,009)
CONTRIBUTIONS AND TRANSFERS						
Capital contributions	**206,182**	14,036	**1,708,173**	14,036	**1,914,355**	28,072
Total contributions and transfers	**206,182**	14,036	**1,708,173**	14,036	**1,914,355**	28,072
CHANGE IN NET POSITION	**175,044**	(29,655)	**1,787,473**	22,718	**1,962,517**	(6,937)
NET POSITION AT BEGINNING OF YEAR	**4,029,274**	4,058,929	**895,092**	872,374	**4,924,366**	4,931,303
NET POSITION AT END OF YEAR	**$ 4,204,318**	$ 4,029,274	**$ 2,682,565**	$ 895,092	**$ 6,886,883**	$ 4,924,366

See accompanying notes

RIVERSIDE WATER AND SEWER DISTRICT

STATEMENTS OF CASH FLOWS
Years Ended November 30, 2024 and 2023

	Water 2024	Water 2023	**Sewer 2024**	Sewer 2023	**Total 2024**	Total 2023
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	**$ 671,366**	$ 673,487	**$ 397,243**	$ 381,314	**$ 1,068,609**	$ 1,054,801
Payments to suppliers	**(168,941)**	(157,898)	**(92,880)**	(141,737)	**(261,821)**	(299,635)
Payments to employees	**(189,106)**	(201,973)	**(182,348)**	(194,419)	**(371,454)**	(396,392)
Other (payments) receipts	**6,106**	3,036	**5,808**	3,780	**11,914**	6,816
Net cash provided by operating activities	**319,425**	316,652	**127,823**	48,938	**447,248**	365,590
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES						
Net cash received (paid) to other fund	**(13,971)**	6,649	**13,971**	(6,649)		
Net cash provided (used) by noncapital financing activities	**(13,971)**	6,649	**13,971**	(6,649)		
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES						
Purchase and construction of capital assets	**(248,497)**	(66,473)	**(1,283,494)**	(163,768)	**(1,531,991)**	(230,241)
Capital grant proceeds	**194,445**	14,036	**1,282,939**	14,036	**1,477,384**	28,072
Repayment of long-term debt	**(120,675)**	(291,225)			**(120,675)**	(291,225)
Interest paid	**(103,423)**	(110,389)			**(103,423)**	(110,389)
Net cash provided (used) by financing activities	**(278,150)**	(454,051)	**(555)**	(149,732)	**(278,705)**	(603,783)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest income	**8,252**	9,194	**400**	483	**8,652**	9,677
Tax liens	**1,759**	1,659	**1,758**	1,659	**3,517**	3,318
Net cash provided by investing activities	**10,011**	10,853	**2,158**	2,142	**12,169**	12,995
Net change in cash	**37,315**	(119,897)	**143,397**	(105,301)	**180,712**	(225,198)
CASH AT BEGINNING OF YEAR	**1,198,357**	1,318,254	**469,843**	575,144	**1,668,200**	1,893,398
CASH AT END OF YEAR	**$ 1,235,672**	$ 1,198,357	**$ 613,240**	$ 469,843	**$ 1,848,912**	$ 1,668,200
CASH COMPONENTS						
Current assets, cash	**$ 793,260**	$ 723,328	**$ 613,240**	$ 469,843	**$ 1,406,500**	$ 1,193,171
Current assets, investments	**228,351**	260,968			**228,351**	260,968
Non-current assets, restricted cash	**214,061**	214,061			**214,061**	214,061
	$ 1,235,672	$ 1,198,357	**$ 613,240**	$ 469,843	**$ 1,848,912**	$ 1,668,200

See accompanying notes

RIVERSIDE WATER AND SEWER DISTRICT

STATEMENTS OF CASH FLOWS
Years Ended November 30, 2024 and 2023

	Water 2024	Water 2023	**Sewer 2024**	Sewer 2023	**Total 2024**	Total 2023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating income	**$ 60,753**	$ 76,661	**$ 90,027**	$ 26,819	**$ 150,780**	$ 103,480
Adjustment to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	**243,949**	238,768	**37,288**	33,343	**281,237**	272,111
Changes in assets and liabilities:						
Accounts receivable	**1,787**	(689)	**(1,528)**	(8,366)	**259**	(9,055)
Prepaid expenses	**(2,891)**	705	**(2,891)**	336	**(5,782)**	1,041
Accounts payable, excluding non operating payables	**11,699**	(1,475)	**5,029**	(3,444)	**16,728**	(4,919)
Payroll liabilities	**4,128**	2,394	**(102)**	58	**4,026**	2,452
Accrued payroll		649		432		1,081
Compensated absences		(361)		(240)		(601)
Net cash provided by operating activities	**$ 319,425**	$ 316,652	**$ 127,823**	$ 48,938	**$ 447,248**	$ 365,590

See accompanying notes

1. SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. On December 1, 2007, the Riverside Independent Water and the Riverside Sewer Districts merged, creating a single entity for reporting purposes. As part of the merger, the Riverside Water and Sewer District (the District) assumed all obligations and policies of the individual merging entities.

The District was established to provide water and sewer services in a manner which is conducive to the safety, health, and general welfare of the residents of the District. The District is supervised by an elected board of directors consisting of members who participate in the management and promote the efficiency of the District's operations.

Measurement Focus and Basis of Accounting. The District's financial statements are prepared in accordance with United States generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the District has chosen not to do so.

The District uses enterprise funds, a proprietary fund type, to account for its activities. The two funds are the Water Fund, which provides and distributes water primarily to residents, and the Sewer Fund, which provides for sewer collection and treatment services. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business. The District uses this fund type to account for the costs of providing its services to the general public on a continuing basis, which are financed through user charges. The District utilizes no governmental fund types or account groups in its accounting system. The following describes the basis of accounting in these financial statements:

Economic Resources Measurement Focus and Accrual Basis of Accounting
Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Use of Estimates. The District uses estimates and assumptions in preparing financial statements in accordance with United States generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that the District uses.

Cash and Investments. The District's cash accounts consist of checking, savings, and money market accounts in FDIC and NCUA insured accounts.

The District's investments consist of certificate of deposits at Lewis Clark Credit Union. Investments are carried at amortized cost.

Property Taxes. At the current time, the District has elected not to levy property taxes on the District's property owners.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory. The cost of inventories are recorded as expenditures when purchased rather than when consumed. No material amounts are held in inventory at November 30, 2024.

Capital Assets. Capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded in the enterprise fund and capitalized. The District records all capital assets at their original cost. Interest is capitalized on capital assets during the construction period.

The District capitalizes equipment with an original unit cost of $3,000 or more and an expected life of more than three years.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: water and sewer system - 40 years; buildings and improvements – 15-30 years; vehicles - 7 years; road equipment - 10 years; equipment and furniture - 7 years; computer equipment - 3 years.

Receivables and Payables. Receivables listed on the statements of net position include accounts receivables for water and sewer services, which are unpaid at year-end. The District has an allowance for uncollectible accounts of $4,544 and $4,544 at November 30, 2024 and 2023, respectively. Delinquent accounts are turned over to the Clearwater County Treasurer for collection on the registered owner's property tax roll.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Due from other fund" or "Due to other fund."

Pensions. For purposes of measuring the net pension liability, asset and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho (PERSI) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by PERSI. 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.

Compensated Absences. It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for accrued sick pay since the District does not pay out sick leave upon termination. All vacation pay is accrued when incurred in the District's financial statements.

Cash Flow Statement. The District considers all bank accounts, restricted and unrestricted cash to be cash for statement of cash flow purposes.

Revenues. Operating revenues are all revenues received through the sale of water and sewer services. This includes residential water and sewer revenues, late fees, reconnection, and hook-up fees. Non-operating revenues include interest revenues.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources reported in this year's financial statements include amounts related to the District's participation in PERSI.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources reported in this year's financial statements include amounts related to the District's participation in PERSI.

Net Position. Net position is divided into three components:

- Invested in capital assets, net of related debt - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position - consists of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted - all other net position is reported in this category.

Reclassifications. Certain amounts reported in prior periods have been reclassified to conform to the current presentation.

2. LEGAL COMPLIANCE – BUDGETS

The District has elected not to levy property taxes on the District's property owners. Therefore, a budget is not required to be adopted.

3. CASH AND INVESTMENTS

The District's deposits at year-end are covered by the National Credit Union Administration (NCUA) depository insurance for the first $250,000 per account custodian. The District's deposits, at times, may exceed the NCUA insured limits, which would expose the District to potential risk of loss. As of the year-end, the District deposits exceeded NCUA insurance by $1,370,367.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will reduce the value of the District's investments. The District does not have a policy regarding interest rate risk.

Custodial Risk. Custodial risk is the risk that, in the event of the failure of the investment custodian, the District will not be able to recover the value of its investments or collateral securities that are in the possession of the custodian. The District's demand deposits are insured up to Federal depository insurance limits.

Concentration of Credit Risk. The District has no policy on the amount they may invest in any one issuer.

4. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Beginning Balance 12/1/23	Additions	Deletions	Ending Balance 11/30/24
Capital assets not being depreciated:				
Land	$ 151,220			$ 151,220
Construction in progress	145,660	$ 1,808,542	$ (54,653)	1,899,549
	296,880	1,808,542	$ (54,653)	2,050,769
Depreciable assets				
Buildings and equipment	$ 888,719	$ 219,204		1,107,923
Water system	9,043,204			9,043,204
Sewer system	618,652			618,652
	$ 10,550,575	$ 219,204	$ 0	10,769,779
Accumulated depreciation				
Buildings and equipment	$ (635,777)	$ (50,877)		(686,654)
Water system	(3,685,333)	(222,097)		(3,907,430)
Sewer system	(456,061)	(8,263)		(464,324)
	$ (4,777,171)	$ (281,237)	$ 0	(5,058,408)
				$ 7,762,140

	Beginning Balance 12/1/22	Additions	Deletions	Ending Balance 11/30/23
Capital assets not being depreciated:				
Land	$ 79,928	$ 71,292		$ 151,220
Construction in progress		145,660		145,660
	79,928	216,952	$ 0	296,880
Depreciable assets				
Buildings and equipment	$ 875,431	$ 13,288		888,719
Water system	9,043,204			9,043,204
Sewer system	618,652			618,652
	$ 10,537,287	$ 13,288	$ 0	10,550,575
Accumulated depreciation				
Buildings and equipment	$ (596,691)	$ (39,086)		(635,777)
Water system	(3,460,608)	(224,725)		(3,685,333)
Sewer system	(447,761)	(8,300)		(456,061)
	$ (4,505,060)	$ (272,111)	$ 0	(4,777,171)
				$ 6,070,284

5. LONG-TERM OBLIGATIONS

Water Revenue Bonds. Water revenue bonds Series 2002 were issued January 1, 2002, in the sum of $800,000 for the purpose of acquiring and installing a new water storage tank, new chlorination facilities, related water distribution lines, related improvements, and to pay the costs associated with the issuance and sale of the bonds. The bonds were issued in accordance with the provisions of the constitution and laws of the State of Idaho and are special obligations of the District to be paid from the District's revenue. These bonds mature at varying dates through November 1, 2026. The interest rate for these bonds varies from 2.5 percent to 5.75 percent.

Water revenue bonds Series 2009 were issued February 2, 2009, in the sum of $2,045,000. The bonds were issued in accordance with the provisions of the constitution and laws of the State of Idaho and are special obligations of the District to be paid from the District's revenue. These bonds mature at varying dates through February 2039. The nominal annual rate for the bonds is 4.375 percent.

Water revenue bonds Series 2009B were issued August 6, 2010, in the sum of $1,905,000. The bonds were issued in accordance with the provisions of the constitution and laws of the State of Idaho and are special obligations of the District to be paid from the District's revenue. These bonds mature at varying dates through August 2040. The nominal annual rate for the bonds is 3.25 percent.

The following schedule shows the beginning and ending balances of the water revenue bonds as of November 30, 2024 and 2023:

	2024			
	Beginning Balance	Additions	Principal Payments	Ending Balance
Series 2009	1,402,061		(62,383)	$ 1,339,678
Series 2009B	1,294,863		(58,292)	1,236,571
	$ 2,696,924	$ 0	$ (120,675)	$ 2,576,249

	2023			
	Beginning Balance	Additions	Principal Payments	Ending Balance
Series 2002	$ 175,000		$ (175,000)	
Series 2009	1,461,829		(59,768)	$ 1,402,061
Series 2009B	1,351,320		(56,457)	1,294,863
	$ 2,988,149	$ 0	$ (291,225)	$ 2,696,924

5. LONG-TERM OBLIGATIONS (CONTINUED)

Water Revenue Bonds (Continued). Water revenue bonds Series 2009, and Series 2009B debt service requirements to maturity are as follows:

Years Ending November 30	Series 2009 Principal Amount	Series 2009 Interest Amount	Series 2009B Principal Amount	Series 2009B Interest Amount
2025	65,112	58,611	60,186	40,189
2026	67,961	55,762	62,142	38,233
2027	70,934	52,789	64,162	36,213
2028	74,037	49,686	66,247	34,128
2029	77,277	46,446	68,400	31,975
2030-2034	440,152	178,463	376,828	125,047
2035-2039	544,205	74,410	442,175	59,700
2040			96,431	3,944
	1,339,678	$ 516,167	1,236,571	$ 369,429
Less amount due in one year	(65,112)		(60,186)	
	$ 1,274,566		$ 1,176,385	

6. RISK MANAGEMENT

The District is a member of the Idaho County Reciprocal Management Program (ICRMP). ICRMP is an all-lines aggregate insurance program providing liability, property, and casualty insurance coverage to Idaho's counties and other political subdivisions on a voluntary participation basis. ICRMP assumes or reinsures all risk for covered claims. Participants are charged an annual insurance premium with no additional assessments for losses.

The general insurance limits are as follows:

General liability	$3,000,000 per covered occurrence
Property damage	Up to $10,000,000 per covered occurrence
Automobile liability	Up to $3,000,000 per covered occurrence
Errors and omissions liability	$3,000,000 per covered claim

7. DEFINED BENEFIT PENSION PLAN

Plan Description. The District contributes to the Base Plan, which is a cost-sharing, multiple-employer-defined benefit pension plan administered by the Public Employee Retirement System of Idaho (PERSI) that covers substantially all employees of the State of Idaho, its agencies, and various participating political subdivisions. The cost to administer the Plan is financed through the contributions and investment earnings of the Plan.

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

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members, who are Idaho citizens, not be members of the Base Plan except by reason of having served on the Board.

Pension Benefits. The Base Plan provides for retirement, disability, death, and survivor benefits of eligible members or beneficiaries. Benefits are based upon 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 classifications. The annual service retirement allowance for each month of credited service is 2.0 percent of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1.0 percent minimum cost of living increase per year provided the *Consumer Price Index* increases 1.0 percent or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the *Consumer Price Index* movement or 6.0 percent, whichever is less; however, any amount above the 1.0 percent minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions. Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60 percent of the employer rate for general employees. At June 30, 2024, it was 6.71 percent for general employees. The employer contribution rate, as a percent of covered payroll, is set by the Retirement Board and was 11.18 percent for general employees.

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liabilities, Assets, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At November 30, 2024, the District reported a liability of $205,142 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the District's proportion was 0.0054841 percent.

For the year ended November 30, 2024, the District recognized a net pension gain (expense) of $(10,752). 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
Employer contributions made subsequent to the measurement date	$ 13,000	
Differences between expected and actual experience	$ 32,660	
Changes in the District's proportion and differences between the District's contributions and the District's proportionate contributions	$ 2,078	$ 15,808
Changes in assumptions or other inputs	$ 8,127	
Net difference between projected and actual earnings on pension plan investments		$ 3,724

Contributions made subsequent to the measurement date in the table above, will be recognized as a decrease of the net pension liability in the subsequent fiscal year.

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

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

2025	$ 6,679
2026	34,773
2027	(10,934)
2028	(7,185)

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions. Valuations are based upon 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. PERSI amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period permitted under Section 59-1322, *Idaho Code,* is 25 years.

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

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return	6.35%, net of pension plan investment expense
Cost of Living Adjustments (COLA)	1.00%

Several different sets of mortality rates are used in the valuation for contributing members, service retirement members, and beneficiaries. These rates were adopted for the valuation dated July 1, 2024.

Contributing Members, Service Retirement Members, and Beneficiaries.

General Employees and All Beneficiaries – Male	Pub-2010 General Tables, increased 11%
General Employees and All Beneficiaries – Female	Pub-2010 General Tables, increased 21%
Teachers – Male	Pub-2010 Teacher Tables, increased 12%
Teachers – Female	Pub-2010 Teacher Tables, increased 21%
Fire & Police – Male	Pub-2010 Safety Tables, increased 21%
Fire & Police – Female	Pub-2010 Safety Tables, increased 26%
Disabled Members – Male	Pub-2010 Disabled Tables, increased 38%
Disabled Members – Female	Pub-2010 Disabled Tables, increased 36%

An experience study was performed for the period July 1, 2015 through June 30, 2020, which reviewed all economic and demographic assumptions 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributing Members, Service Retirement Members, and Beneficiaries (Continued).

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.

CAPITAL MARKET ASSUMPTIONS

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Core Fixed Income	0%	0.00%
Large Cap	18%	4.50%
Small/Mid Cap	11%	4.70%
International Equity	15%	4.50%
Emerging Markets Equity	10%	4.90%
Domestic Fixed	20%	(0.25%)
TIPS	10%	(0.30%)
Real Estate	8%	3.75%
Private Equity	8%	6.00%

Discount Rate. The discount rate used to measure the total pension liability was 6.35 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.35 percent) or 1-percentage-point higher (7.35 percent) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
District's proportionate share of the net pension liability (asset)	$ 389,833	$ 205,142	$ 54,296

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

8. COMMITMENTS AND CONTINGENCIES

The District has been named as a party in various lawsuits. District management and the District's attorneys do not consider the outcome of these lawsuits to be presently determinable.

9. SUBSEQUENT EVENTS

Subsequent events were evaluated through July 24, 2025, the date the financial statements were available to be issued. Management concluded that no other subsequent events have occurred that would require the recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Riverside Water and Sewer District

SCHEDULE OF PENSION FUNDING

SCHEDULE OF THE DISTRICT'S SHARE OF NET PENSION ASSET AND LIABILITY - PERSI BASE PLAN
Data reported is measured as of June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of the net pension (asset) liability	0.0054841%	0.0062300%	0.0062630%	0.0058430%	0.0060470%	0.0063379%	0.0065461%	0.0056271%	0.0079367%	0.0086617%
Employer's proportionate share of the net pension (asset) liability	$ 205,142	$ 248,632	$ 246,675	$ (4,615)	$ 140,000	$ 72,000	$ 97,000	$ 89,000	$ 114,000	$ 104,500
Employer's covered payroll	268,757	263,878	246,968	149,849	140,561	150,115	149,655	193,781	165,592	192,968
Employer's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	76%	94%	100%	-3%	100%	48%	65%	46%	69%	54%
Plan fiduciary net position as a percentage of the total pension liability	86%	84%	83%	100%	88%	94%	92%	91%	87%	91%

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO PENSION PLANS - PERSI BASE PLAN
Data reported is measured as of November 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 30,780	$ 31,507	$ 29,488	$ 17,892	$ 16,783	$ 16,993	$ 16,941	$ 21,936	$ 18,745	$ 21,844
Contributions in relation to the statutorily required contribution	30,780	31,507	29,488	17,892	16,783	16,993	16,941	21,936	18,745	21,844
Contribution (deficiency) excess	0	0	0	0	0	0	0	0	0	0
Employer's covered payroll	265,017	264,908	246,968	149,849	140,561	150,115	149,655	193,781	165,592	192,968
Contributions as a percentage of covered payroll	11.61%	11.89%	11.94%	11.94%	11.94%	11.32%	11.32%	11.32%	11.32%	11.32%

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT – *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Riverside Water and Sewer District
Orofino, 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 business-type activities of the Riverside 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 Riverside Water and Sewer District's basic financial statements, and have issued our report thereon dated July 24, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Riverside Water and Sewer 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Riverside Water and Sewer District's internal control. Accordingly, we do not express an opinion on the effectiveness of Riverside Water and Sewer 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 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, item #2024-001, that we consider to be a significant deficiency.

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Grangeville Office: 109 South Mill Street, Grangeville, Idaho 83530, (208) 983-1254
Orofino Office: P.O. Box 632, 216 Johnson Avenue, Orofino, Idaho 83544, (208) 476-3012
Pullman Office: 1230 SE Bishop Blvd., Pullman, Washington 99163, (509) 332-6541
Eagle Office: 1159 E Iron Eagle Drive, Suite 100, Eagle, Idaho 83616, (208) 319-2929

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Riverside Water and Sewer 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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Riverside Water and Sewer District's Response to Findings

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

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.



July 24, 2025
Moscow, Idaho

INDEPENDENT AUDITOR'S REPORT – *UNIFORM GUIDANCE*

Board of Directors
Riverside Water and Sewer District
Orofino, Idaho

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion of Each Major Federal Program

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

We are required to be independent of the Riverside Water and Sewer District, and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Riverside Water and Sewer District's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Riverside Water and Sewer District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Riverside Water and Sewer District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the Riverside Water and Sewer District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist, that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as finding #2024-001, to be considered a significant deficiency.

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

Government Auditing Standards require the auditor to perform limited procedures on the Riverside Water and Sewer District's response to the internal control over compliance findings identified in our compliance audit, described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Presnell Gage, PLLC

July 24, 2025
Moscow, Idaho

RIVERSIDE WATER AND SEWER DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended November 30, 2024

	Federal Financial Assistance Listing Number	Pass Through Entity Identifying Number	Passed Through To Subrecipients	Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through Clearwater County, Idaho				
Community Development Block Grants	14.228	ICDBG-23-II-03-PF	None	$ 382,410
ENVIRONMENTAL PROTECTION AGENCY				
Passed through the State of Idaho - Department of Environmental Quality				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N23002	None	1,277,446
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 1,659,856

NOTE 1: BASIS OF PRESENTATION

The schedule includes federal award activity of the District under programs of the federal government for the year ended November 30, 2024. The information in this schedule is presented in compliance with the requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* Awards *(Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: DE MINIMIS INDIRECT COST RATE

The District did not elect to use the 10 percent de minimis cost rate.

RIVERSIDE WATER AND SEWER DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended November 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
* Material weakness(es) identified	___ yes	_X_ no
* Significant deficiency(s) identified that are not considered to be material weaknesses?	_X_ yes	___ no
Noncompliance material to financial statements noted?	___ yes	_X_ no

Federal Awards

Internal control over major programs:		
* Material weakness(es) identified	___ yes	_X_ no
* Significant deficiency(s) identified that are not considered to be material weaknesses?	_X_ yes	___ no
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with OMB's *Uniform Guidance*?	___ yes	_X_ no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	____ yes	_X_ no

Section II – Financial Statement Findings

SIGNIFICANT DEFICIENCY

Finding #2024-001

Criteria: Internal control systems generally attempt to divide up accounting tasks among multiple individuals (segregation of duties) to improve the ability of the organization to identify errors within the accounting system.

Condition: The District has concentrated many accounting duties to one individual such that the desired segregation is not always possible.

Effect: Many accounting duties are performed by a single individual with limited oversight available within the Board of Directors.

Response: The District's management and Board of Directors believe that the cost of hiring additional accounting staff outweighs the benefits that segregation of duties would provide. The District will continue to use its existing staff to the segregate duties whenever possible.

Recommendation: We concur with the District's response.

Section III – Federal Award Findings and Questioned Costs

SIGNIFICANT DEFICIENCY

Finding #2024-001

Criteria: Internal control systems generally attempt to divide up accounting tasks among multiple individuals (segregation of duties) to improve the ability of the organization to identify errors within the accounting system.

Condition: The District has concentrated many accounting duties to one individual such that the desired segregation is not always possible.

Effect: Many accounting duties are performed by a single individual with limited oversight available within the Board of Directors.

Response: The District's management and Board of Directors believe that the cost of hiring additional accounting staff outweighs the benefits that segregation of duties would provide. The District will continue to use its existing staff to the segregate duties whenever possible.

Recommendation: We concur with the District's response.