OUTLET BAY WATER & SEWER DISTRICT

AUDITED FINANICAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

INDEPENDENT AUDITOR'S REPORT

Outlet Bay Water and Sewer District

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September 30, 2024

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Board of Directors
Outlet Bay Water and Sewer District
149 Outlet Bay Road
Priest Lake, Idaho 83856

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Outlet Bay Water and Sewer District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Issued by the Comptroller General of the United States. Those standards require that we plan and preform the audit to obtain reasonable assurances about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of sufficient accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Qualified Opinion on Major Enterprise Funds

The District has not presented their major enterprise funds as separate combining financial statements.

Qualified Opinion

In our opinion, except for the matter described in the "Basis for Qualified Opinion on Major Enterprise Funds" paragraph, the financial statements referred to above present fairly, in all material aspects, the financial position of the enterprise funds of Outlet Bay Water and Sewer District as of September 30, 2024, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of each major fund, other than the Major Enterprise Funds of Outlet Bay Water and Sewer District as of September 30, 2024, and the respective changes in financial position, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 22, 2025, on our consideration of Outlet Bay Water and Sewer District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Outlet Bay Water and Sewer District's internal control over financial reports and compliance.

Alpine Summit CPA's

Alpine Summit CPA'S
Post Falls, Idaho
April 22, 2025

Outlet Bay Water and Sewer District

STATEMENT OF NET POSITION
For the Year Ended September 30, 2024

Assets:		
Current assets:		
Cash and cash equivalents	$	386,450
Customer accounts receivable		11,456
Tax roll receivable		14,474
Prepaid expenses		4,562
Total current assets		416,942
Noncurrent assets:		
Cash and cash equivalents - construction fund, restricted		585,521
Capital asset, net		3,283,897
Total noncurrent assets		3,869,418
Total assets		4,286,360
Liabilities:		
Current liabilities:		
Accounts payable		26,414
Payroll liabilities		5,649
Prepaid service fees		17,280
Total current liabilities		49,343
Total liabilities		49,343
NET POSITION		
Net investment in capital assets		3,283,897
Restricted for capital improvement		585,521
Unrestricted		213,716
Total net position	$	4,083,134

The accompanying "Notes to Financial Statements" are an integral part of this statement.

Outlet Bay Water and Sewer District

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended September 30, 2024

Operating Revenues:		
Sewer service income	$	446,889
Sewer hook-ups		17,200
Property tax levy income		157,894
Transfer fees		4,800
Late payment fees		6,422
Part sales		12,580
Total operating income		479,621
Operating expenses:		
Insurance		5,919
Workman's comp		1,562
License and permits		2,146
Office supplies		2,497
Depreciation		146,843
Subscriptions		1,500
Legal and accounting		18,735
Postage		1,980
Contingency		6,343
Telphone		4,672
Electricity		55,975
Dumpster		280
Mileage		915
Propane		654
Diesel for generator		389
Weed control		2,970
System Repair and maintenance		16,715
Lamb Creek line repair		19,088
Future repairs, testing and compliance		85,000
System inventory		25,396
System testing		800
System chemicals		3,321
Small tools		5,412
Vehicle repair and maintenance		200
Vehicle gas, diesel and oil		990
Employee medical		23,039

The accompanying "Notes to Financial Statements" are an integral part of this statement.

Outlet Bay Water and Sewer District

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended September 30, 2024
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Retirement	$	14,865
Payroll		121,870
Payroll taxes		13,469
Sludge removal fund		10,000
Total operating expense		593,545
Total operating income		(113,924)
Nonoperating revenues (expenses)		
Interest income		22,784
Total nonoperating revenues (expenses)		22,784
Change in net position		(91,135)
Net position - beginning of year		4,174,269
Net position - end of year	$	4,083,134

The accompanying "Notes to Financial Statements" are an integral part of this statement.

Outlet Bay Water and Sewer District

STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2024

Cash flows from operating activities:		
Receipts from customers	$	470,511
Payments to suppliers and constractors		(272,052)
Cash paid to employees		(173,243)
Net cash provided by operating activities		25,216
Cash flows from investing activities:		
Interest income		22,784
Investments		(115,648)
Net cash used by investing activities		(92,864)
Net decrease in cash and cash equivalents		(67,648)
Cash and equivalents, beginning of year		858,950
Cash and cash equivalents, end of year		791,302
Reconciliation of operating income to net cash provided by operating activies:		
Operating income (loss)		(91,135)
Adjustments to reconcile operating income to net cash provided by operating activites:		
Depreciation expense		146,843
Accounts receivable		(11,456)
Tax roll receivable		(14,474)
Prepaid expenses		(4,562)
Net cash provided by operating activies	$	25,216

The accompanying "Notes to Financial Statements" are an integral part of this statement.

OUTLET BAY WATER AND SEWER DISTRICT

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended September 30, 2024

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Outlet Bay Water and Sewer District (the "District") was organized under and pursuant to the laws of the State of Idaho for the purpose of constructing and operating a sewer system for the residents in the District.

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board's (GASB) Condition of Government Accounting and Financial Reporting Standards, including whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- There is fiscal dependency by the organization on the District

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Based on the aforementioned criteria, Outlet Bay Water and Sewer District has no component units.

The district has oversight responsibility and control over all activities related to the District's functions. The District is not included in any other governmental reporting entity as defined in GASB pronouncements, since the public elects the District Board members.

The accounting methods and procedures adopted by the Outlet Bay Water and Sewer District conform to generally accepted accounting principles as applied to special-purpose governments engaged only in business-type activities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The notes to the financial statements are an integral p art of the District's basic financial statements.

Basis of Presentation

The District's basic financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The District has elected under GASB Statement No. 20 Auditing and Financial Reporting for proprietary Fund and Other Governmental Activities That Use Proprietary Fund Accounting, to apply applicable GASB pronouncements, as well as any applicable pronouncements for the Financial Accounting Standards Board, the Accounting Principles Board, and any Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of the fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, net assets, revenues and expenses.
Enterprise Funds account for activities: (i) that are finances with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees or charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establishes fees and charges designed to recover costs, including capital costs (such as depreciation or debt service).

Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to the District is determined by the applicable measurement focus and basis of accounting. Measurement focus of accounting indicates the timing of transactions or events for recognition in the financial statements.

The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included with the statements of net position. Net position is segregated into net investment in capital assets, restricted and unrestricted components. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Outlet Bay Water and Sewer District reports the following proprietary fund Enterprise Fund. The only fund kept by the District is the Enterprise Fund that accounts for the District's activities concerning sewer fees and assessments.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Sewer fees and hook up fees generate the principal operating revenues reported by the District. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from non-exchange transactions or ancillary activities, such as gains and losses from CD redemptions.

Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. It also includes certificates of deposit with a maturity beyond three months as the entity is able to access the funds at any time with minimal penalty.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. There are no amounts considered uncollectible as of September 30, 2024.

Capital Assets

Capital assets, which include property, plant and equipment, with an original cost of $5,000 or more are capitalized at historical cost or estimated historical costs when historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation and repairs are expensed as occurred. Replacements that improve or extend the life of capital assets are capitalized.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Upon disposal of capital assets, the historical cost or estimated historical cost is removed from the balance sheet and proceeds from any sales are generally recorded as proceeds from sale of assets.

Depreciation has been provided over estimated useful lives of the assets using the straight-line method.

Asset Class	Estimated Useful Lives
Sewer System	5-50 years
Automotive	5 years
Office Equipment	5-8 years
Office Building and Improvements	20 years

Net Position

Net position comprises the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Net Investment of Capital Assets – This consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgagers, notes or other borrowings that are attributable to the accusation, construction or improvements of these assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributed to the unspent proceeds is not included in the calculation of "net investment of capital assets". Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted Net Position – This consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This consists of net position that does not meet the definition of "restricted" or "investment in capital assets".

Estimates

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

NOTE 2 – CASH AND CASH EQUIVALENTS

State statutes authorize the District's cash and investments. The Outlet Bay Water and Sewer District is authorized to invest in demand deposits, savings accounts, U.S. Government obligations and its agencies, obligations of Idaho and its agencies, fully collateralized repurchased agreements, prime domestic commercial paper, prime domestic bankers acceptances, bonds debentures or notes of any corporation organized, controlled and operating with the U.S., which have at their purchase an "A" rating or higher, governmental pool and money market funds consisting of any of these securities listed. No violations of these categories have occurred during the year ending September 30, 2024.

NOTE 3– RISK MANAGEMENT

The District may be liable for certain claims for damage of property, which may arise, in the ordinary course of operations.

Insurance is maintained through Idaho Counties Risk Management Program (ICRMP). ICRMP is an insurance pool, which serves most public entities in Idaho through provision of property, general liability, auto liability and physical damages, and public officials' insurance. ICRMP provides loss prevention training to enable the subscribers to minimize their exposure to loss though implementation of property policies and procedures.

NOTE 4 – CAPITAL ASSETS

The following schedule represents the detail of changes in capital asset balances for the fiscal year ending September 30, 2024:

	Balance September 31, 2023	Additions	Deletions	Balance September 31, 2024
Buildings and infrastructure	4,248,583	66,404		4,314,987
Accumulated depreciation	(1,414,838)	233,600		(1,648,438)
Land	619,994		(2,646)	617,348
	3,453,739	233,600	(2,624)	3,283,897

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

To the Board of Directors
OUTLET BAY WATER AND SEWER DISTRICT
149 Outlet Bay Road
Priest Lake, Idaho 83856

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 of the United States, the financial statements of the business-type activities of the Outlet Bay Water and Sewer District, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Outlet Bay Water and Sewer District's basic financial statements, and have issued our report thereto, dated April 22, 2025. Our report was qualified because the District did not present their major enterprise funds as separate combining financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Outlet Bay 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 opinion on the effectiveness of the Outlet Bay Water and Sewer District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Outlet Bay Water and Sewer District's internal control.

A deficiency of internal control exists when the design of 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. Given those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance with Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entities 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 purposes.

Alpine Summit CPA's

Alpine Summit CPA'S
Post Falls, Idaho
April 22, 2025