WEST BOISE SEWER DISTRICT

FINANCIAL STATEMENTS

November 30, 2024 and 2023

C O N T E N T S

Page

INDEPENDENT AUDITORS' REPORT ..... 1 – 3

MANAGEMENT'S DISCUSSION AND ANALYSIS ..... 4 – 7

BASIC FINANCIAL STATEMENTS
- Statements of net position 8
- Statements of revenues, expenses, and changes in net position 9
- Statements of cash flows 10
- Notes to financial statements ..... 11 – 18

SUPPLEMENTARY INFORMATION
- Schedule of operating expenses by department 19

INTERNAL CONTROL AND COMPLIANCE
- Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with G*overnment Auditing Standards* ..... 20 – 21

Pulliam & Associates, Chartered
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
West Boise Sewer District
Boise, Idaho

Qualified Opinions

We have audited the accompanying financial statements of the business-type activities of West Boise Sewer District, as of and for the years ended November 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, except as described in the following paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of West Boise Sewer District, as of November 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis of Qualified Opinion on Business-Type Activities

Management has omitted the net pension liability, related deferred inflows and outflows and change in net position representing its proportionate share and related disclosures as an employer participating in the Public Employee Retirement System of Idaho (PERSI), a multiple employer cost-sharing defined benefit retirement program. Under Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions*, which revised and established new financial reporting requirements for most governments that provide their employees with pension benefits, employers participating in the PERSI, such as the District, are required to record their proportionate share of PERSI's pension liability and related deferrals, as defined in Statement No. 68. The amount by which this departure would affect the deferral inflows, deferral outflows, liabilities and net position has not been determined.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 West Boise Sewer'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 will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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, 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 West Boise Sewer'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 West Boise Sewer'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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise West Boise Sewer District's financial statements as a whole. The accompanying schedule of operating expenses by department on page 19 is presented for the purpose of additional analysis and is not a required part of the financial statements.

Other Information (continued)

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2025, on our consideration of West Boise Sewer District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Boise Sewer District's internal control over financial reporting and compliance.

Pulliam & Associates, Chartered
Certified Public Accountants

Boise, Idaho
March 11, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Boise Sewer District

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Management's Discussion and Analysis

This section of the West Boise Sewer District's (the District) annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year ended November 30, 2024. This information should be read in conjunction with the District's financial statements following this section.

Financial Highlights

- At November 30, 2024, total assets of the District exceeded its liabilities by $18,362,949 (net position). Of this amount $10,654,955 was unrestricted and available to support the District's operations.

- For the year ended November 30, 2024 the District's net position increased $998,656 and for the year ended November 30, 2023 the District's net position increased $441,641. These were attributable to normal operations.

- Operating revenues were $5,884,613, an increase from fiscal year 2023 of $636,262 or 12.1%. Total operating revenues were under budget projections for 2024 by $170,085 or 2.8%

- Operating expenses increased $249,770 or 4.9% from fiscal year 2023. Total operating expenses were under budget projections for 2024 by $520,706 or 8.9%.

General

As management of the West Boise Sewer District (the District), we offer readers of the District's financial statements this narrative overview of the District and discussion analysis of our financial activities for the fiscal year ended November 30, 2024.

The District was established by a favorable vote of the electorate at a special election held for that purpose on July 29, 1975. The purpose of the District is to provide a sewage collection facility for a westerly portion of the City of Boise covering approximately 2,700 acres. The District contracts the processing of its sewage with the City of Boise (the City) subject to a 50-year contract entered into as of the 6th of August 1976.

A five-member Board of Directors (the Board) governs the District. Board members must live in the District and are elected to staggered six-year terms. The Board exercises all powers and duties in the operation of the District and is assisted by a full-time office manager and maintenance supervisor. The District entered into an agreement with the City, which allows the City, as an agent for the District, to perform all technical and administrative duties necessary to implement the Pretreatment Resolution. The District currently employs five full-time personnel and one part-time personnel.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: the basic financial statements, notes to the financial statements, and supplementary information.

The Statements of Net Position present all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position present the results of the business activities over the course of the fiscal year and information as to how net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the District's recovery of its costs.

Statement of Cash Flows provides information relating to the District's cash receipts and cash expenditures during the fiscal year. The statement reports cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the District's financial statements. The notes are included immediately following the financial statements.

Financial Highlights

Overall, the District's financial position continues to be stable. The condensed financial statements of the District are provided below with management's analysis.

Condensed Statement of Net Position

	2024	2023	Change	% Change	2022
Assets:					
Current and other assets	$11,746,685	$11,093,210	$653,475	5.9	$10,868,250
Capital assets, net	7,707,944	7,606,755	101,239	1.3	7,351,933
Total assets	19,454,679	18,699,965	754,714	4.0	18,220,183
Current liabilities	1,091,730	1,335,672	(243,942)	(18.3)	1,297,531
Net position:					
Net investment in capital assets	7,707,944	7,606,755	101,239	1.3	7,351,933
Unrestricted	10,654,955	9,757,538	897,417	9.2	9,570,719
Total net position	$18,362,949	$17,364,293	$ 998,656	5.8	$16,922,652

Change in assets

The increase in current and other assets was due to an increase in cash and cash equivalents, as well as accounts receivable. Cash and cash equivalents increased by approximately $291,000 and accounts receivable increased by approximately $316,000. Both increase were due to the current year residential and commercial rate increases.

In fiscal year 2024, there were major capital outlays of approximately $297,000 for the Overland Road Rehab Project, which was completed in December 2024. In addition, approximately $3,500 was expended on operating equipment, $36,000 to repave the parking lot and $18,000 for office equipment. These additions were offset by depreciation of approximately $249,000, which resulted in an increase in capital assets of approximately $105,000.

Change in liabilities and net position

Current liabilities decreased slightly primarily due to the timing of bills paid. Included in current liabilities are two cash in lieu of bond payments for sewer line extensions. One is a two year warranty bond in the amount of $153,873 for the Latitude 40 Apartments that is due to be returned in 2025 and the other is a performance bond for Joyful Sub in the amount of $76,188. The Joyful Sub sewer line has not been accepted yet. Overall net position increased as a result of operations as discussed further.

Condensed Statement of Changes in Net Position

	2024	2023	Change	% Change	2022
Operating revenues:					
Sewer service fees	$ 5,690,023	$ 5,075,949	$ 614,074	12.1	$ 6,543,734
Other operating revenue	194,590	172,402	22,188	12.9	233,427
Nonoperating revenues(expenses):					
City of Boise billing adjustment	-	(107,187)	107,187	100.0	292,128
Investment (loss) earnings	475,499	407,769	67,760	16.6	17,093
Other	(4,393)	-	(4,393)	(100.0)	-
Total revenues	6,355,718	5,548,933	806,785	14.5	7,086,382
Operating expenses	(5,357,062)	(5,107,292)	249,770	4.9	(6,069,480)
Change in net position	998,656	441,641	557,015	126.1	1,016,902
Net position, beginning of year	17,364,293	16,922,652	441,641	2.6	15,905,750
Net position, end of year	$18,362,949	$17,364,293	$ 998,656	5.8	$16,922,652

Change in operating revenues

The Board will review, analyze and discuss any known projected increases by the City for treatment or other anticipated operating cost that the District will incur. A Rate Analysis is prepared on these projected costs and available service revenues on an annual basis. This data is analyzed to determine if a rate increase is necessary. On December 1, 2023, based on the rate analysis performed in fiscal year 2023, both a residential and commercial rate increase was approved by the Board for fiscal year 2024.

The overall increase of $636,000 in operating revenues is due primarily to a rate increase in fiscal year 2024, as discussed above. Additionally, there was an increase in connection fees of $21,000, from new residential and commercial construction.

Change in operating expenses

Sewer connection fees are based on the number of connections made to the system throughout the year and will vary due to the change in the amount of new construction and type of construction occurring in any particular year. Approximately 98% of the connection fees included in operating revenues are passed through to the City as an expense to the District. Connection fee revenues increased in the current year by approximately $21,000 with a corresponding increase in connection fees of approximately $21,000.

The District's treatment expense is directly tied to the City's rates charged for these services. The District's sewage treatment costs are based on ordinance rates for the City's wholesale customers. The City sets the ordinance rates each year during the City's budget process. The overall increase of $249,770 in operating expense is due primarily to an increase in the treatment expense, as well as contract services related to the implementation of the GIS system and Dragonfly, which is a sewer pipe evaluation program.

Change in non-operating revenue

The non-operating revenues increased mainly due to the City's year-end adjustment for fiscal year 2022. The City issued a year-end adjustment invoice in fiscal year 2023 of approximately $107,000 for fiscal year 2022. The District is now paying sewage treatment costs using the City's ordinance rates so no future adjustments are anticipated.

There was an increase of approximately $68,000 in interest income earned for the year mainly due to interest rate increases at financial institutions.

Significant Capital Assets and Long-Term Debt Activity

In fiscal year 2024, the WBSD Board budgeted $736,500 for capital improvement projects, office equipment, and operating equipment. The one major sewer line rehab project, Overland Road Rehab, was completed and placed in service in December 2023.

There is one major project planned for fiscal year 2025. This is the Allumbaugh Street sewer line replacement project. The WBSD Board has budgeted $490,000 for this project.

The District has no outstanding debt.

BASIC FINANCIAL STATEMENTS

WEST BOISE SEWER DISTRICT

STATEMENTS OF NET POSITION
November 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 5,709,296	$ 5,417,955
Receivables	1,223,038	906,438
Investments	3,545,027	3,521,710
Prepaid expenses	15,633	15,229
Total Current Assets	10,492,994	9,861,332
NONCURRENT ASSETS		
Investments	1,253,691	1,231,878
Property and equipment, net	7,707,994	7,606,755
Total Assets	19,454,679	18,699,965
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	859,087	1,103,029
Prepaid connection fees	1,085	1,085
Deposits	231,558	231,558
Total Current Liabilities	1,091,730	$ 1,335,672
NET POSITION		
Net investment in capital assets	7,707,994	7,606,755
Unrestricted	10,654,955	9,757,538
	$ 18,362,949	$ 17,364,293

The Notes to the Financial Statements are an integral part of these statements.

WEST BOISE SEWER DISTRICT

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

	2024	2023
OPERATING REVENUES		
Service charges to users	$ 5,690,023	$ 5,075,949
Connection fees	141,785	120,815
Sales tax and other operating revenue	52,805	51,587
Total Operating Revenues	5,884,613	5,248,351
OPERATING EXPENSES		
Personnel services	445,809	432,315
Contractual services	343,323	247,362
Depreciation	249,385	245,134
Insurance	18,331	16,767
Repairs and maintenance	65,421	31,644
Sewage treatment costs	4,044,676	3,967,884
Supplies and materials	40,318	36,747
Utilities	11,784	11,928
Connection fees paid to City of Boise	138,015	117,511
Total Operating Expense	5,357,062	5,107,292
OPERATING INCOME	527,551	141,059
NON-OPERATING REVENUES (EXPENSES)		
City of Boise water renewal billing adjustment (Note 1)	-	(107,187)
Loss on disposal of equipment	(4,394)	-
Investment earnings	475,499	407,769
Total Non-operating Revenues (Expenses)	471,105	300,582
CHANGE IN NET POSITION	998,656	441,641
NET POSITION, Beginning of year	17,364,293	16,922,652
NET POSITION, End of year	$ 18,362,949	$ 17,364,293

The Notes to the Financial Statements are an integral part of these statements.

WEST BOISE SEWER DISTRICT

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

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 5,515,208	$ 5,491,635
Payments to suppliers	(4,916,617)	(4,488,425)
Payments to employees	(435,406)	(438,080)
Collections of tax revenues	52,805	51,587
Net cash provided by operating activities	215,990	616,717
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property and equipment	(355,017)	(499,956)
Net cash used by capital financing activities	(355,017)	(499,956)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale and maturities of investments	3,589,813	32,374
Purchase of investments	(3,612,877)	(3,216,836)
Net investment earnings	453,432	407,769
Net cash provided by (used in) investing activities	430,368	(2,776,693)
Net increase (decrease) in cash and cash equivalents	290,341	(2,659,932)
Cash and cash equivalents, beginning of year	5,417,955	8,077,887
Cash and cash equivalents, end of year	$ 5,709,296	$ 5,417,955
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income (loss)	$ 527,551	$ 141,059
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense	249,385	245,134
City of Boise water renewal billing adjustment	-	(107,187)
Changes in net position and liabilities		
Accounts receivable and other assets	(317,004)	295,000
Accounts payable and other liabilities	(243,942)	38,141
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 215,990	$ 612,147

NONCASH ACTIVITIES

Fair market value of investments increased by $11,021 as of November 30, 2024 and decreased by $1,569 as of November 30, 2023.

The Notes to the Financial Statements are an integral part of these statements.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements for West Boise Sewer District (the District) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for governmental accounting and financial reporting principles.

The District applies all current GASB pronouncements as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Reporting entity

The District was established by a favorable vote of the electorate at a special election held for that purpose on July 29, 1975. The purpose of the District is to provide a sewage collection facility for a westerly portion of the City of Boise (the City).

Financial statement presentation, measurement focus and basis of accounting

The District maintains its records as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business activities where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred, regardless of the timing of cash flows.

Revenues and expenses are divided into operating and non-operating items. Operating revenues generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are user service charges and connection fees for wastewater collection services. Operating expenses include the costs associated with the conveyance and collection of wastewater, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses except as noted below.

Effective May 2023, the District entered into an amended contract with the City of Boise to change the rates used to calculate and pay sewage treatment costs. The District moved to paying sewage treatment costs to the City based on ordinance rates for the City's wholesale customers. Prior to the amendment, the District paid sewage treatment costs to the City based on rates calculated by the City of Boise. At the end of each fiscal period there was an expenditure review and the City determined if there were any adjustments. These adjustments were recorded when paid by the District or credited to the District as the amounts were unable to be estimated by management and were determined significantly after year end. For the period ending November 30, 2022 the District received a debit adjustment of $107,187 that was included in non-operating revenue and expenses in the fiscal year ended November 30, 2023. There was no adjustment for the period ending November 30, 2023 as the amendment was considered to be in effect for the entire fiscal period. No future adjustments are anticipated.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net position presents the District's assets and liabilities, with the difference reported as net position. Net position is displayed in the following three categories:

Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by outstanding related debt. As of November 30, 2024 and 2023, there was no outstanding related debt.

Restricted consists of constraints placed on net position use through external constraints imposed by third party creditors, grantors, contributors, or through constitutional provisions or enabling legislation. The District does not have a policy regarding the preferred first usage of unrestricted or restricted net position. As of November 30, 2024 and 2023, there were no restrictions of net position.

Unrestricted net position represents the remaining components of net position that do not meet the definition of the two preceding categories. Unrestricted net position may have constraints or designations placed upon them by management, but they can be unilaterally removed.

Cash and cash equivalents
For the purposes of the statements of cash flows, the District considers its cash and cash equivalents to consist of cash deposits, money market accounts, external cash investment pools, and short-term investments with an original maturity of 90 days or less.

Receivables
Receivables consist of sewer service fees and represent all revenues earned at year-end and not yet received. The District does not accrue an allowance for doubtful accounts on sewer service fees as any delinquent accounts are written off and transferred to Ada County's property tax roll for collection.

Investments
District funds may be invested as described in Idaho Code Section 67-1210. The District currently invests available funds in the Idaho State Local Government Pool, Idaho Diversified Bond Fund, money market accounts, and certificates of deposit. Investment pools and money market accounts are carried at fair market value. Certificates of deposit are carried at face value plus accrued interest, which approximates fair value. Management's intent is to hold all investments to maturity.

In accordance with GASB Codification Section 2450, *Cash Flows Statement*, investments reflected in the statement of net position and statement of cash flows include certificates of deposit. All other investments are classified as cash equivalents due to their readily convertible, highly liquid nature.

Property and equipment
Acquisitions of property and equipment in excess of $1,000 are capitalized and recorded at cost, or if contributed property, at estimated fair value at the time of contribution. Repairs and maintenance are recorded as expenses.

Estimated useful lives are as follows:

Buildings and improvements	10 - 40 years
Sewer mains, laterals, and connections	15 - 75 years
Equipment	5 - 10 years
Vehicles	5 - 7 years

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences
The District employees are entitled to certain compensated absences based on their length of employment. Vested or accumulated leave that is expected to be liquidated with expendable available resources is reported as an expenditure and a liability of the District.

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

Reclassifications
Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported change in net position.

Accounting pronouncements
In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement no. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date.* The implementation of these standards requires governments to calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The District has elected not to adopt these standards. The amount by which this departure would affect deferred outflows of resources, net pension liability, deferred inflows of resources, net pension expense, and net position has not been determined.

Note 2. CASH AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as follows as of November 30:

	2024	2023
Cash and cash equivalents	$ 5,709,296	$ 5,417,955
Investments – Certificates of Deposit	3,117,647	3,117,435
Investments – Other	1,681,071	1,636,153
Total cash and investments	$ 10,508,014	$ 10,171,543

Consistent with GASB 3, *Deposits with Financial Institutions, Investments, and Reverse Purchase Agreements*, cash and investments reflected above are classified as follows as for the following disclosures as of November 30:

	2024	2023
Cash deposits	$ 284,488	$ 219,121
Investments – Certificates of Deposit	3,117,647	3,117,435
Investments – Other	7,105,879	6,834,987
Total cash and investments	$ 10,508,014	$ 10,171,543

Note 3. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The District maintains cash deposits in local financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per financial institution. The cash deposits exceeding FDIC limits as of November 30, 2024 and 2023, were $0 and $67,933, respectively.

The District maintains money market accounts with Wells Fargo Financial as a custodian. These accounts are covered by the Securities Investor Protection Corporation (SIPC) up to $500,000 per account. At November 30, 2024 and 2023, the balance of these accounts totaled $63,621 and $46,228, respectively, all of which was covered by SIPC.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The District has no specific limitations with respect to this metric.

Interest rate risk was as follows as of November 30, 2024:

			Investment Maturities		
Investment Type	Fair Value	Weighted Average	Less than 1	1 – 5	More than 5
US Treasury Notes	$ 576,689	0.45	$ 525,857	$ 50,833	$ -
Idaho Municipal Obligations	676,927	1.65	429,588	196,796	50,544
Idaho Diversified Bond Fund	427,380	.-	427,380	-	-
Idaho Local Government Investment Pool	5,424,883	.-	5,424,883	-	-
	$ 7,105,879		$ 6,807,708	$ 247,629	$ 50,544

Interest rate risk was as follows as of November 30, 2023:

			Investment Maturities		
Investment Type	Fair Value	Weighted Average	Less than 1	1 – 5	More than 5
US Treasury Notes	$ 167,044	1.67	$ -	$ 167,044	$ -
Idaho Municipal Obligations	1,064,834	1.92	429,786	584,533	50,515
Idaho Diversified Bond Fund	404,275	.-	404,275	-	-
Idaho Local Government Investment Pool	5,198,834	.-	5,198,834	-	-
	$ 6,834,987		$ 6,032,895	$ 751,577	$ 50,515

Note 3. CASH AND INVESTMENTS (Continued)

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization such as Moody's, Standard and Poor's, and Fitch's. Presented below is the actual rating as of fiscal year end for each investment type based on the Moodys scale:

Credit risk was as follows as of November 30:

		Ratings as of 2024			
Investment Type	Fair Value	Aaa	Aa	A	Not Rated
US Treasury Notes	$ 576,689	$ 576,689	$ -	$ -	$ -
Idaho Municipal Obligations	676,927	220,668	354,552	50,782	50,924
Idaho Diversified Bond Fund	404,275	-	-	-	427,380
Idaho Local Government Investment Pool	5,424,883	-	-	-	5,424,883
Total Investments	$ 7,105,879	$ 797,357	$ 354,552	$ 50,782	$5,903,187

Credit risk was as follows as of November 30:

		Ratings as of 2023			
Investment Type	Fair Value	Aaa	Aa	A	Not Rated
US Treasury Notes	$ 167,044	$ 167,044	$ -	$ -	$ -
Idaho Municipal Obligations	1,064,834	100,832	735,794	228,208	-
Idaho Diversified Bond Fund	404,275	-	-	-	404,275
Idaho Local Government Investment Pool	5,175,751	-	-	-	5,175,751
Total Investments	$ 6,811,904	$ 267,876	$ 735,794	$ 228,208	$5,580,026

Investments authorized by the State of Idaho and the District's Investment Policy

Investment types that are authorized for the District by the Idaho Code and the District's investment policy are as follows:

Investment Type	Maximum Maturity	Maximum Percentage Allowed
Local and state agency bonds	No maximum	No limit
U.S. agency bonds	No maximum	No limit
U.S. agency securities	No maximum	No limit
Certificates of deposit	No maximum	No limit

Note 3. CASH AND INVESTMENTS (Continued)

Investment in State Investment Pools

The District is a voluntary participant in the State of Idaho Local Government Investment Pool (LGIP) and Idaho Diversified Bond Fund (IDBF) which are regulated by State of Idaho Code under the oversight of the Treasurer of the State of Idaho. The fair value of the District's investment pools are reported in the accompanying financial statements at amounts based on the District's pro-rata shares of fair market value provided by the funds for the entire portfolios. The LGIP and IDBF are not rated by a nationally recognized statistical rating organization.

The LGIP and IDBF are managed by the State of Idaho's Treasurer's office. The funds of the pools are invested in certificates of deposit, repurchase agreements, and U.S. governmental securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank. Interest income earned on pooled investments is allocated to the funds of the District in proportion to the fund's respective investment balances.

Investment in Certificates of Deposit

Investments consist of certificates of deposit with an original maturity greater than three months. Certificates of deposit included in investments at November 30:

	2024	2023
Short-term investments:		
Certificates of deposit	$ 3,117,647	$ 3,117,435
Long-term investments:		
Certificates of deposit	$ -	$ -

Subsequent to November 30, 2024, the certificates of deposit above matured. Management elected not to repurchase certificates of deposit similar to those held at November 30, 2024 and transferred the funds into the Idaho Local Government Investment Pool.

Note 4. RECEIVABLES

Receivables consisted of the following amounts at November 30:

	2024	2023
Billed service charges and other receivables	$ 655,045	$ 321,557
Capacity rental pass-through	500	14,108
Unbilled service charges	567,493	570,774
	$ 1,223,038	$ 906,439

Note 4. RECEIVABLES (continued)

Any service charges that are uncollected via normal billing procedures are certified to the tax rolls through Ada County each year. Management considers all receivables to be fully collectible as of November 30, 2024 and 2023. No allowance for doubtful accounts has been established.

The Districts also acts as an intermediary between the City of Boise and a commercial entity that uses more capacity in the water and sewer system than purchased for a certain property. The District receives a billing from the City of Boise but does not consider this activity of the District and therefore a receivable for the same amount is recorded by the District. No revenue or expenditures are recorded by the District.

Note 5. PROPERTY AND EQUIPMENT

Property and equipment consistent of the following as of November 30:

	2023	Increases	Decreases	2024
Not depreciated:				
Land	$ 27,641	$ -	$ -	$ 27,641
Construction in process	483,628	297,255	(780,475)	408
	511,269	297,255	(780,475)	28,049
Depreciated:				
Buildings and improvements	443,144	35,842	(4,700)	474,286
Sewer mains and connections	14,237,980	780,475	-	15,018,455
Office equipment	113,896	18,358	(339)	131,915
Other equipment	268,851	3,562	(4,787)	267,626
Vehicles	299,109	-	-	299,109
Less accumulated depreciation	(8,267,494)	(249,385)	5,433	(8,510,446)
	7,095,486	588,852	(4,393)	7,680,945
Property and equipment, net	$ 7,606,755	$ 886,107	$ (784,868)	$ 7,707,994

Note 6. DEFINED BENEFIT PENSION PLAN

The District participates in the Public Employee Retirement System of Idaho (PERSI) - The PERSI Base Plan, a cost sharing multiple-employer public retirement system administered by the State of Idaho. It is a defined benefit plan requiring contributions from the covered member and the employer. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2% of the average monthly salary for the highest consecutive 42 months.

Note 6. DEFINED BENEFIT PENSION PLAN (continued)

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.

The actuarial determined requirements of West Boise Sewer District and its employees are established and may be amended by the PERSI Board of Trustees. The required contribution rate as a percentage of covered payrolls for members is 7.18% for general members and the employer rate as a percentage of covered payroll is 11.96% for general members. The District's employer contributions required and paid were $31,444 and $33,622 for the years ended November 30, 2024 and 2023, respectively.

Note 7. INSURANCE/RISK MANAGEMENT

The District is exposed to various risks of loss related to tort claims; theft of, damage to and destruction of assets; errors and omissions by employees and natural disasters for which the District carries insurance.

The District is covered through the State Insurance Fund for workers' compensation.

Note 8. FAIR VALUE MEASURMENTS

GASB 72, *Fair Value Measurement and Application*, effective for periods beginning after June 15, 2015, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs, other than quoted prices for identical assets; Level 3 inputs are significant unobservable inputs.

Fair values for investments are determined by reference to observable data such as contractual terms and other relevant information generated by market transactions. Fair value for certificates of deposit is valued at amortized cost, which approximates fair value.

West Boise Sewer has the following recurring fair value measurements, as of November 30, 2024:

	Fair Value	Level 1	Level 2	Level 3
Investments by fair value level				
US Treasury Notes	$ 576,689	$ 576,689	$ -	$ -
Idaho Municipal Obligations	676,927	676,927	-	-
Idaho Diversified Bond Fund	427,380	-	427,380	-
	$ 1,680,996	$ 1,253,616	$ 427,380	$ -

Fair value measurements as of November 30, 2023:

	Fair Value	Level 1	Level 2	Level 3
Investments by fair value level				
US Treasury Notes	$ 167,044	$ 167,044	$ -	$ -
Idaho Municipal Obligations	1,064,834	1,064,834	-	-
Idaho Diversified Bond Fund	404,275	-	404,275	-
	$ 1,636,153	$ 1,231,878	$ 404,275	$ -

SUPPLEMENTARY INFORMATION

WEST BOISE SEWER DISTRICT

SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
For the Years Ended November 30, 2024 and 2023

	2024	2023
OPERATIONS		
Personnel services	$ 217,735	$ 225,083
Contractual services	269,393	158,927
Depreciation	237,375	233,367
Insurance	9,166	8,383
Repairs and maintenance	59,105	22,968
Sewage treatment costs	4,044,676	3,967,884
Supplies and materials	8,042	9,237
Utilities	3,036	3,653
Connection fees paid to City of Boise	138,015	117,511
	4,986,543	4,747,013
ADMINISTRATION		
Personnel services	228,074	207,231
Contractual services	73,930	88,435
Depreciation	12,010	11,767
Insurance	9,165	8,383
Repairs and maintenance	6,316	8,676
Supplies and materials	32,276	27,512
Utilities	8,748	8,275
	370,519	360,279
Total Operating Expenses	$ 5,357,062	$ 5,107,292

The Notes to the Financial Statements are an integral part of these statements.

INTERNAL CONTROL AND COMPLIANCE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
West Boise Sewer District
Boise, 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 West Boise Sewer District (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 District's basic financial statements, and have issued our report thereon dated March 11, 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) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

7235 W. Emerald, Boise, Idaho 83704 Telephone (208) 322-8525

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.

Pulliam & Associates, Chartered

Boise, Idaho
March 11, 2025