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WATER RESOURCES
WESTERN REGION

TREASURER STATEMENT OF FINANCIAL AFFAIRS

TO: Idaho Department of Water Resources

FROM: Treasurer of Water District No. 63 Water District Name: Water District #63

It shall be the duty of the water district treasurer to prepare a statement of the financial affairs of the district at the end of each fiscal year and to file the statement with the director of the department of water resources. (§ 42-619, Idaho Code)

An audit of the financial affairs of the district shall be made as required in § 67-450B, Idaho Code. A certified copy of the audit shall be filed with the director of the department of water resources following the audit. (§ 42-619, Idaho Code)

I, Richard Durrant, appointed treasurer of Water District No. 63, hereby submit the attached statement(s) for the district. These statement(s) document and account for all water district assets and finances including accounts receivable, accounts received, and monies disbursed on behalf of the district.

Please check the appropriate box

- ☐ Attached is a Statement of Financial Affairs of the district.
- ☒ Attached is a Statement of Financial Affairs and certified copy of the audit as required by § 67-450B, Idaho Code

I hereby certify that the attachment(s) noted above are true and correct copies of the required statement(s) for Fiscal Year 2023.

Richard Durrant 1-15-2025
Treasurer signature Date

7593 South Ten mile Road Meridian ID 83642
Address

Telephone

208-941-3241

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Co.

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WATER RESOURCES
WESTERN REGION

Water District No. 63
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
Year Ended December 31, 2023

Gary Merkle, PLLC
CERTIFIED PUBLIC ACCOUNTANT



**Water District No. 63
Basic Financial Statements
For The Year Ended December 31, 2023**

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FINANCIAL SECTION

Sary Merkle, PLLC

CERTIFIED PUBLIC ACCOUNTANT

2627 W. IDAHO STREET BOISE, IDAHO 83702 (208) 375-4573 PHONE
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Independent Auditor's Report

Advisory Committee
Water District No. 63
Star, Idaho 83669

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the business-type activities of Water District No. 63 (the District) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Water District No. 63 as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Water District No. 63 and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Water District No. 63's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Water District No. 63'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 Responsibility for the Audit of the Financial Statements

My 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 my 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgement 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 Water District No. 63'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Water District No. 63's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Schedule of Employer's Net Pension Liability and the Schedule of Employer's Contributions to 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 Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about whether the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has not included management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by not including this information.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 23, 2024 on my consideration of Water District No. 63's internal control over financial reporting and my 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 my 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 Water District No. 63's internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Water District No. 63's internal control over financial reporting and compliance.

Gary Merkle, CPA PLLC

Boise, Idaho
October 23, 2024

BASIC FINANCIAL STATEMENTS

Water District No. 63
Statement Of Net Position
December 31, 2023

		<u>Business-Type Activities</u>
Assets and Deferred Outflows		
<i>Current Assets</i>		
Cash And Investments	\$309,193	
Accounts receivable	\$115	
	<u> </u>	
Total Current Assets	309,308	
<i>Noncurrent Assets</i>		
Capital Assets <i>Net of Depreciation</i>	41,817	
	<u> </u>	
Total Assets		351,125
Deferred Outflows - Pension		45,183
		<u> </u>
TOTAL ASSETS AND DEFERRED OUTFLOWS		\$396,308
		<u>=====</u>
Liabilities, Deferred Inflows and Net Position		
<i>Current Liabilities</i>		
Accounts Payable	6,707	
Accrued payroll taxes	1,404	
	<u> </u>	
Total current liabilities	8,111	
<i>Noncurrent Liabilities</i>		
Net pension liability	114,053	
	<u> </u>	
Total Liabilities		122,164
Deferred Inflows - Pension		0
Net Position		
Net invested In Capital Assets	41,817	
Unrestricted	232,327	
	<u> </u>	
Total Net Position		274,144
		<u> </u>
TOTAL LIABILITIES, DEFERRED		
INFLOWS AND NET POSITION		\$396,308
		<u>=====</u>

See accompanying notes to the financial statements

Water District No. 63
Statement Of Revenues, Expenditures and Changes in Net Position
Year Ended December 31, 2023

	<u>Business-Type Activities</u>	
<i>Operating Revenues</i>		
Assessments	\$326,417	
Water Bank fees	381,253	
Boise River Automation reimbursed	115,750	
Drain Program	95,000	
Other items	800	

Total Operating Revenues		919,220
<i>Operating Expenditures</i>		
Auto fuel and repairs	13,874	
Boise River automation	143,135	
Depreciation	29,638	
Directors expense	2,137	
Drain program	171,910	
Education and training	8,306	
Gage Station	1,354	
Insurance <i>Health</i>	31,715	
Insurance <i>Auto</i>	2,030	
Insurance <i>Workers Comp</i>	2,244	
Intern program	3,000	
Miscellaneous items	344	
Office expense	5,933	
Office rent	3,900	
Payroll taxes	12,583	
Professional services	6,820	
Retirement <i>Idaho PERS</i>	15,055	
Telephone	1,709	
Upper basin administration	4,926	
Wages	123,947	
Water Bank fees	292,853	

Total Operating Expenditures		877,413

Net Income From Operations		41,807
Non-Operating Revenues (Expenses)		
Interest Income	2,744	
Pension revenue and expense	(1,135)	

Total Non-Operating Revenues (Expenses)		1,609

Change in Net Position		43,416
Net Position, beginning of year, restated		230,728

Net Position, end of year		\$274,144
		=====

See accompanying notes to the financial statements

Water District No. 63
Statement of Cash Flows
For The Year Ended December 31, 2023

	<u><i>Business-Type Activities</i></u>
<i>Cash flows provided by operating activities:</i>	
Received from water sales	\$868,307
Payments for water	(242,054)
Payments to suppliers for goods and services	(371,300)
Payments for personnel services	(187,577)

Net cash provided (used) by operating activities	67,376
 <i>Cash flows from investing activities:</i>	
Interest income	2,744

Net cash provided (used) by investing activities	2,744
Net increase (decrease) in cash	70,120
Cash at beginning of year	239,073

Cash at end of year	\$309,193
	=====
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Net income from operations	\$41,807
Depreciation	29,638
(Increase)/Decrease in accounts receivable	(115)
(Increase)/Decrease in deferred outflows	29,689
(Increase)/Decrease in pension rev/expense	(1,135)
Increase/(Decrease) in accounts payable	(3,954)
Increase/(Decrease) in net pension liability	(27,920)
Increase/(Decrease) in deferred inflows	(634)

Net cash provided (used) by operating activities	\$87,376
	=====

See accompanying notes to the financial statements

Water District No. 63
Notes To Financial Statements
Year Ended December 31, 2023

Note 1 Summary Of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with generally accepted accounting principles accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant accounting policies of the District are described as follows:

A. Reporting Entity

Water District No. 63 (the District) was created by order of the Director of Water Resources in the State of Idaho in 1909 under Volume 8, Title 42 of the Idaho Code and is governed by a twelve member advisory committee and a water master, all of whom are appointed annually by the Idaho Water Resources Board. The committee is responsible for approving the budget, establishing spending limitations, funding any deficits and borrowing funds. There are no other boards, councils or component units for which the District exercises authority.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial activities of the District are similar to those found in the private sector where determination of net income is necessary or useful for sound financial administration and, therefore, the District is considered to be a proprietary governmental unit.

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Operating income includes revenues and expenses related to the primary, continuing operations of the District. Principal operating revenues are charges to irrigation entities and land owners for water usage. Principal operating expenses are the cost of providing water to the irrigation entities and land owners and include administrative expenses, and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Pursuant to the Governmental Accounting Standards Board (GASB) Statement No. 20 "Accounting and Financial Reporting For Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting", the District follows GASB guidance as applicable to proprietary funds.

C. Deposits and Investments

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District has no deposit policy for custodial credit risk. At year end, the District had \$52,182 in excess of insured deposits.

Credit Risk: The District's policy is to comply with Idaho State statutes which authorize the District to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing districts in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Investment Pools.

Water District No. 63
Notes To Financial Statements
Year Ended December 31, 2023

Fair Value of Investments: The District measures and records its investments using the fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered value hierarchy as follows:

- Level 1 - Quoted prices for identical investments in active markets
- Level 2 - Observable inputs other than quoted market prices
- Level 3 - Unobservable inputs

At year end, the District held no investments required to be stated at fair value.

D. Restricted Cash

The District has no restricted cash at year end.

E. Inventory

The District has no inventory at year end.

F. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the statement of net position. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is removed, and any gain or loss arising from its disposal is credited or charged to operations. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations in the statement of revenues, expenditures and changes in net position. Capital assets are reported net of accumulated depreciation in the statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows.

Equipment	5-10 years
Vehicles	3 years

G. Long Term Liabilities

The District has no long term liabilities at year end.

H. Budgets and Budgetary Accounting

Formal budgetary accounting is not employed as a management control by the District. An annual 'totals only' operating budget is adopted each fiscal year through passage of an annual operating budget. This budget uses the same basis of accounting that is used to reflect actual revenues and expenditures recognized on a generally accepted accounting principles basis.

I. Net Position Classifications

Net position of the District is classified into three components as follows:

Net investment in capital assets - This classification consists of capital assets net of accumulated

Water District No. 63
Notes To Financial Statements
Year Ended December 31, 2023

depreciation and reduced by the outstanding balances of any bond, mortgages, note or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This classification consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted - This classification includes all other net position that does not meet the definition of restricted or net investment in capital assets.

J. Encumbrances

Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is not considered necessary at present to assure effective budgetary control or to facilitate effective cash planning and control.

K. Use of Estimates

The preparation of financial statements in conformity with 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.

L. Application of Restricted or Unrestricted Resources

The District's policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 2 Capital Assets Business-type activities

Changes to fixed assets are summarized as follows:

	<i>Dec 31, 2022</i>	<i>Added</i>	<i>Deleted</i>	<i>Dec 31, 2023</i>
Office And Field Equipment	\$ 4,563	\$ 0	\$ 0	\$ 4,563
Vehicle	88,915	0	0	88,915
	<hr/>	<hr/>	<hr/>	<hr/>
	93,478	0	0	93,478
Accumulated Depreciation	(22,023)	(29,638)		(51,661)
	<hr/>			<hr/>
Capital assets, net of accumulated depreciation	\$ 71,455			\$ 41,817

Water District No. 63
Notes To Financial Statements
Year Ended December 31, 2023

Note 3 Litigation, Contingent Liabilities and Commitments

The District is not aware of any pending litigation against the District. The District is involved in several legal proceedings before the Idaho Department of Water Resources relative to water claims and priorities and protecting the District's interests.

Note 4 Risk Management and Insurance Coverage

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has transferred most of its risk by the purchase of commercial insurance through the Idaho Counties Risk Management Program (ICRMP).

Note 5 Water Assessments and Rental Pool

Assessments are set forth in Idaho Code Title 42 Chapter 6. Water users are assessed each year based on the previous year's diversions from each canal, head gate or pump within the administrative boundaries of the District. The water users in the District include irrigation districts, ditch companies, municipalities and private individuals. Assessments are levied on the water users in January of each year and all assessments are paid in full by April of that year.

The assessments for the current year ended December 31, 2023 were computed at .440 cents @ cubic feet of flow per second (CFS). The total flow assessed was 721,399 CFS. This flow levied at .440 cents @ CFS equals \$317,416. The District levies a minimum assessment of \$150. If a user formulated levy is less than \$150 the user is levied the minimum \$150. The current year assessments levied totaled \$317,416 plus \$9,001 in minimum levies for total assessments levied of \$326,417.

Rental Pool fees for the current year ended December 31, 2023 were levied at \$23 @ acre foot of water stored. Water users could thereby purchase stored water at \$23 @ acre foot. Total rental pool activity was 13,864.1 acre feet for a total of \$318,874. The Bureau of Reclamation paid an additional \$62,379 to augment the flow for the benefit of anadromous fish listed under the Endangered Species Act of 1973. Total rental pool funds received were therefore \$381,253.

Note 6 Pension Plan

Pensions

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

Water District No. 63
Notes To Financial Statements
Year Ended December 31, 2023

Note 6 Pension Plan

Plan Description

The District contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit plan administered by Public Employee Retirement System of Idaho (PERSI or system) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and 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 members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members of beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) 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% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as 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 a percentage 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% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2023 it was 7.16% for general employees and 9.13% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% of covered compensation and 12.28% for police and firefighters. The District's contributions were \$15,055 for the year ended December 31, 2023.

Water District No. 63
Notes To Financial Statements
Year Ended December 31, 2023

Note 6 Pension Plan

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

At December 31, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023, the District's portion was .000028580 percent.

For the year ended December 31, 2023, the District recognized pension expense (revenue) of \$30,574. At December 31, 2022, the District reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	\$ 10,706	- 0 -
Changes in assumptions or other inputs	11,294	- 0 -
Net difference between projected and actual earnings on pension plan investments	19,550	- 0 -
Employer contributions subsequent to the measurement date	3,633	
	<u>\$ 45,183</u>	<u>\$ - 0 -</u>

\$3,633 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023.

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, 2022 the beginning of the measurement period ended June 30, 2023 is 4.6 and 4.6 for the measurement period June 30, 2023.

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

Year ended December 31:

2024	\$ 14,776
2025	\$ 6,944
2026	\$ 21,600
2027	(\$1,770)

Water District No. 63
Notes To Financial Statements
Year Ended December 31, 2023

Note 6 Pension Plan

Actuarial Assumptions

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

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary Increases	3.05%
Salary inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1%

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males Pub-210 General Tables, increased 11%
General Employees and All Beneficiaries - Females Pub-210 General Tables, increased 21%
Teachers - Males Pub-210 Teacher Tables, increased 12%
Teachers - Females Pub-210 Teacher Tables, increased 21%
Fire & Police - Males Pub 210 Safety Tables, increased 21%
Fire & Police - Females Pub 210 Safety Tables, increased 26%
Disabled Members - Males Pub 210 Disabled Tables, increased 38%
Disabled Members - Females Pub 210 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, 2023 is based on the results of an actuarial valuation date of July 1, 2023.

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 development for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Water District No. 63
Notes To Financial Statements
Year Ended December 31, 2023

Note 6 Pension Plan

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2023.

2023

Asset Class	DB Plans	Sick Leave
Fixed Income	30.0%	50.0%
US/Global Equity	55.0%	39.3%
International Equity	15.0%	10.7%
Cash	100.0%	100.0%

Discount Rate

The discount rate used to measure the total pension liability was 7.05 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 the assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Employer'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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	(5.35%)	(6.35%)	(7.35%)
Employer's proportionate share of net pension liability (asset)	\$ 205,130	\$ 114,053	\$ 39,615

Water District No. 63
Notes To Financial Statements
Year Ended December 31, 2023

Note 6 Pension Plan

Pension plan fiduciary net position

Detailed information about the pension's plan 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.

Note 7 Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

Water District No. 63

Schedule of Employer's Share of Net Pension Liability

PERSI Base Plan

Last 10 - Fiscal Years *

PERSI Base Plan					
Fiscal Year	Employer's portion of net pension liability	Employer's share of the net pension liability	Employer's covered employee payroll	Employer's Proportional share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.000022050	\$28,977	\$61,781	46.9%	91.38%
2016	0.002143900	\$43,460	\$62,699	69.3%	87.26%
2017	0.000020438	\$32,125	\$64,423	46.8%	90.68%
2018	0.000020073	\$29,608	\$64,580	45.9%	91.69%
2019	0.000025386	\$28,977	\$116,518	24.9%	93.79%
2020	0.000033086	\$76,830	\$119,245	64.4%	88.22%
2021	0.000032847	(\$2,594)	\$137,189	-0.2%	100.36%
2022	0.000036045	\$141,973	\$127,789	110.9%	83.09%
2023	0.000028580	\$114,053	\$123,947	108.4%	83.83%

* GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of June 30th.

Water District No. 63

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years *

PERSI Base Plan					
Fiscal Year	Contribution In Relation To				
	Statutorily Required Contribution	The Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a percentage of Covered Payroll
2015	\$7,080	\$7,080	\$0	61,781	11.46%
2016	\$7,097	\$7,097	\$0	62,699	11.32%
2017	\$7,293	\$7,293	\$0	64,423	11.32%
2018	\$7,311	\$7,311	\$0	64,580	11.32%
2019	\$13,551	\$13,551	\$0	116,518	11.63%
2020	\$14,386	\$14,386	\$0	119,245	12.07%
2021	\$14,903	\$14,903	\$0	137,289	10.86%
2022	\$15,417	\$15,417	\$0	127,789	12.06%
2023	\$15,055	\$15,055	\$0	123,947	12.15%

* GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of September 30

OTHER REPORTS

Gary Merkle, PLLC

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**Independent Auditor's Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of Financial Statements Performed In
Accordance With Government Auditing Standards**

Advisory Committee
Water District No. 63
Star, Idaho 83669

I 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 major fund of Water District No. 63 (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon dated October 23, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies. See 2023-1.

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Water District No. 63's Response to Finding

The District's response to the finding identified in my audit is described in the accompanying schedule of findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of This Report

This purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gary Merkle, CPA PLLC

Boise, Idaho
October 23, 2024

**Water District No. 63
Schedule Of Findings And Responses
Year Ended December 31, 2023**

SECTION I - Summary Of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal Control over financial reporting:	
Material weakness identified	No
Significant Deficiencies	Yes
Noncompliance material to financial statements noted	No

SECTION II - Financial Statement Audit Findings

2023-01

Condition

Although implementing various checks and balances in internal control to the degree possible, the District lacks a proper segregation of duties over assets due to limited size and staff.

Criteria

A proper system of internal control of assets would entail a complete segregation of duties.

Cause

This situation is common to small Idaho municipalities and is a direct result of the cost/benefit of staffing.

Effect

This lack of control may increase the risk that a loss of assets would not be detected and prevented in a timely manner during the normal course of business operations.

Recommendation

The District should re-examine the cost/benefit of implementing internal controls over a more complete segregation of duties.

Response And Action Plan Of Management

The District agrees that having an internal control system which includes a complete segregation of duties is an important part of the overall internal control process. The District has concluded that resources are not presently available to implant the necessary changes at this time. The District will work toward implementation in the future.

Water District 63

Profit and Loss

January - December 2023

	TOTAL
Income	
401 ASSESSMENT	326,416.63
405 RENTAL POOL	381,252.60
410 INTEREST INCOME-MONEY MARKET	273.25
411 INTEREST INCOME-STATE POOL	2,469.60
412 Interest checking	1.54
440 Boise River Automation Reimb	115,750.58
450 Drain Program Income	95,000.00
460 Other Income	800.00
Total Income	\$921,964.20
GROSS PROFIT	\$921,964.20
Expenses	
501 WAGES	123,947.71
502 DIRECTORS' EXPENSE	2,137.50
505 PAYROLL TAXES-EMPLOYER	12,583.78
506 PERSI-EMPLOYER	15,054.73
510 RENT	3,900.00
512 TELEPHONE	1,709.56
513 OFFICE EXPENSE	5,933.47
514 PROFESSIONAL SERVICES	6,820.00
515 INSURANCE-HEALTH	31,715.46
517 INSURANCE-AUTO	2,030.50
518 INSURANCE-WORKER COMP	2,244.00
519 AUTO EXPENSES	13,873.61
520 BUSINESS EXPENSE	0.00
521 GAGING STATION EXPENSE	1,354.03
522 SEMINARS & EDUCATION	8,306.38
523 INTERN PROGRAM	3,000.00
526 RENTAL POOL FEES	292,852.95
530 MISCELLANEOUS	344.18
535 DEPRECIATION	29,638.33
540 Boise River Automation	143,134.92
541 UPPER BASIN ADMIN.	4,926.73
542 Drain Program	171,905.80
Total Expenses	\$877,413.64
NET OPERATING INCOME	\$44,550.56
NET INCOME	\$44,550.56