

**EASTERN IDAHO REGIONAL
SEWER DISTRICT
SHELLEY, IDAHO
ANNUAL FINANCIAL STATEMENTS
and
OTHER SUPPLEMENTARY INFORMATION
with
INDEPENDENT AUDITOR'S REPORT
Year Ended September 30, 2024**

EASTERN IDAHO REGIONAL SEWER DISTRICT
ANNUAL FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Eastern Idaho Regional Sewer District
Shelley, Idaho**

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Eastern Idaho Regional Sewer District, Shelley, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Eastern Idaho Regional Sewer District, Shelley, Idaho, as of September 30, 2024, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Eastern Idaho Regional Sewer District, Shelley, Idaho, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and the 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 the Eastern Idaho Regional Sewer District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility

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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the

override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Eastern Idaho Regional Sewer District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Eastern Idaho Regional Sewer District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require supplementary information, such as management's discussion and analysis and other required supplementary information listed in the table of contents 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.

Eastern Idaho Regional Sewer District's management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform guidance), are presented for purposes of additional analysis and are not a required part of the basis financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Budget and Actual schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance thereon.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 18, 2025, on our consideration of the Eastern Idaho Regional Sewer District, Shelley, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Searle Hart + Associates PLLC

Idaho Falls, Idaho
February 18, 2025

FINANCIAL SECTION

EASTERN IDAHO REGIONAL SEWER DISTRICT
STATEMENT OF NET POSITION
September 30, 2024

	Business- type Activities	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,788,706	\$ 13,788,706
Restricted cash and equivalents	35,877,042	35,877,042
Assessments receivable	239,526	239,526
Intergovernmental receivable	-	-
Other receivables	-	-
Other assets	-	-
Inventory - Critical needs parts	165,286	165,286
Prepaid expenses	11,000	11,000
Total current assets	<u>50,081,560</u>	<u>50,081,560</u>
Noncurrent assets:		
Intergovernmental receivable - long-term	-	-
Capital assets		
Land and easements	2,216,399	2,216,399
Construction in progress	13,699,997	13,699,997
Building and grounds	12,961,718	12,961,718
Equipment	8,878,354	8,878,354
Infrastructure	31,916,973	31,916,973
Accumulated depreciation	<u>(23,397,214)</u>	<u>(23,397,214)</u>
Total capital assets	<u>46,276,227</u>	<u>46,276,227</u>
Total noncurrent assets	<u>46,276,227</u>	<u>46,276,227</u>
TOTAL ASSETS	<u>96,357,787</u>	<u>96,357,787</u>
DEFERRED OUTFLOWS		
Deferred outflows - Prepaid Connection	-	-
Deferred outflows - Pension	<u>67,135</u>	<u>67,135</u>
TOTAL DEFERRED OUTFLOWS	<u>67,135</u>	<u>67,135</u>

	Business- type Activities	Total
LIABILITIES		
Current liabilities:		
Accounts payable	912,653	912,653
Prepaid assessments	6,278	6,278
Accrued compensation	31,948	31,948
Accrued interest	192,587	192,587
Notes payable - current	-	-
Bonds payable - current	1,641,956	1,641,956
Total current liabilities	2,785,422	2,785,422
Noncurrent liabilities:		
Notes payable	494,581	494,581
Bonds payable	52,812,623	52,812,623
Net pension liability (Asset)	235,926	235,926
Total noncurrent liabilities	53,543,130	53,543,130
TOTAL LIABILITIES	56,328,552	56,328,552
DEFERRED INFLOWS		
Unamortized bond premium	1,386,590	1,386,590
Deferred inflows - Other	1,115,900	1,115,900
Deferred inflows - Pension	-	-
TOTAL DEFERRED INFLOWS	2,502,490	2,502,490
NET POSITION		
Net investment in capital assets	(8,672,933)	(8,672,933)
Restricted for:		
Capital improvements	-	-
Debt service	1,641,956	1,641,956
Other purposes	-	-
Unrestricted	44,624,857	44,624,857
TOTAL NET POSITION	\$ 37,593,880	\$ 37,593,880

EASTERN IDAHO REGIONAL SEWER DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the Year Ended September 30, 2024

OPERATING REVENUES

O&M revenue	\$ 1,671,407
Capital replacement revenue	4,774,283
Connection fee revenue	3,187,480
Intergovernmental revenue	4,618,930
Other revenue	<u>203,761</u>

Total operating revenues	<u>14,455,861</u>
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OPERATING EXPENSES

Auto expense	15,597
Contract services	219,140
Depreciation expense	1,946,219
Facilities and equipment	-
Insurance	49,240
Office operations	68,881
Payroll expense	556,676
Plant operations	355,910
Repairs and operations	262,989
Travel and meetings	14,464
Utilities	268,817
Other expenses	<u>31,076</u>

Total operating expenses	<u>3,789,009</u>
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Income (loss) from operations	<u>10,666,852</u>
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NON-OPERATING REVENUES (EXPENSES)

Insurance claim proceeds	-
Interest income	679,252
Interest expense	(601,627)
Capital contributions	-
Bond issuance costs	(598,470)
Gain (loss) on sale of assets	<u>-</u>

Total nonoperating revenue (expenses)	<u>(520,845)</u>
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OTHER FINANCING SOURCES (USES)

Ammon conduit debt transfer	(15,928,126)
Shelley conduit debt transfer	<u>(3,598,470)</u>

Total other financing sources (uses)	<u>(19,526,596)</u>
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Change in net position	(9,380,589)
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NET POSITION, OCTOBER 1, 2023	<u>46,974,469</u>
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NET POSITION, SEPTEMBER 30, 2024	<u><u>\$ 37,593,880</u></u>
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EASTERN IDAHO REGIONAL SEWER DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 14,292,593
Cash payments for goods and services	(585,324)
Cash payments to employees	(520,781)
Other operating cash payments	<u>(31,076)</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>13,155,412</u>
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CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(11,043,289)
Bond Issuance proceeds (net)	36,863,120
Payments on long-term debt	<u>(1,612,447)</u>

NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>24,207,384</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	<u>679,252</u>
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NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>679,252</u>
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INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38,042,048
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CASH AND CASH EQUIVALENTS, OCTOBER 1, 2023	<u>11,623,700</u>
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CASH AND CASH EQUIVALENTS, SEPTEMBER 30, 2024	<u><u>\$ 49,665,748</u></u>
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RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income	\$ 10,666,852
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	1,946,219
Pension expense associated with net pension liability	37,156
(Increase) decrease in receivables	(151,213)
(increase) decrease in inventory	(53,389)
(Increase) decrease in prepaid expenses	22,958
Increase (decrease) in payables	700,145
Increase (decrease) in accrued expenses	(1,261)
Increase (decrease) in prepaid assessments	<u>(12,055)</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 13,155,412</u></u>
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EASTERN IDAHO REGIONAL SEWER DISTRICT
STATEMENT OF NON-CASH, CAPITAL, AND FINANCING ACTIVITIES
For the Year Ended September 30, 2024

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Reassigned City of Ammon DEQ debt	\$ 15,298,126
Reassigned City of Shelley DEQ debt	3,598,470
Redeemed prepaid connection fees	<u>-</u>
Total noncash investing, capital and financing activities	\$ <u><u>18,896,596</u></u>

NOTES TO THE FINANCIAL STATEMENTS

**EASTERN IDAHO REGIONAL SEWER DISTRICT
INDEX TO NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024**

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EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

1. SUMMARY OF ACCOUNTING POLICIES

The Eastern Idaho Regional Sewer District is organized through a joint powers agreement and operates under the provisions of the Idaho Constitution and the accounting policies and practices of the District conform to generally accepted accounting principles (GAAP) as applied to governments. A summary of the District's significant accounting principles applied in the preparation of the accompanying financial statements follows:

A. REPORTING ENTITY

The financial statements included herein present the financial position, results of operations, changes in net position and cash flows for the Eastern Idaho Regional Sewer District. The business and property of the District are managed by the Board of Directors who are empowered to sign contracts, documents, checks and other instruments for the payment of money. They also set the budget and establish all fees and assessment charges for the District.

B. BASIS OF ACCOUNTING

Eastern Idaho Regional Sewer District funds are accounted for on an accrual basis in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operation of the District are included in the Statement of Net Position.

C. BUDGETS AND BUDGETARY ACCOUNTING

The basic requirements for the budget process are as follows:

1. Formulation of subsequent year budget requirements by internal District officials and personnel.
2. Perusal of formulated budgets by District officials.
3. Presentation of preliminary and final budget requirements in formal news media of the District.
4. Open hearings to permit taxpayer input before such budgets are formally adopted.

Subsequent control of the budget following adoption is accomplished through a budget-expenditures control system with interim status accounting and reporting made available to officials and employees for management purposes. Budgets are adopted on the cash basis of accounting.

D. CAPITAL ASSETS

Capital assets include District owned land, buildings, improvements, and equipment used in the operation of the District. Depreciation is recognized by the District on assets on a straight-line basis with lives ranging from 3 to 50 years. The following limits for capitalization have been established by management: electrical equipment over \$4,000, mechanical equipment over \$20,000, other equipment over \$10,000, buildings, improvements, and land over \$50,000, infrastructure over \$250,000, or other significant assets as determined by management.

E. COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS

Accumulated unpaid vacation and other employee benefits are accrued when incurred in proprietary funds on the accrual basis of accounting. A liability for unpaid vacation and accrued wages of \$31,948 was recorded as of September 30, 2024.

**EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024**

1. SUMMARY OF ACCOUNTING POLICIES (Continued)

F. ENCUMBRANCE ACCOUNTING

Encumbrance accounting methods were not used in the preparation of the Eastern Idaho Regional Sewer District's financial statements. Uncommitted appropriations lapse at year-end and commitments are reappropriated in next year's budget.

G. CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, cash and cash equivalents are defined as bank demand deposit accounts, short term liquid certificates of deposit, and short-term investments.

H. REVENUES AND EXPENSES

In proprietary fund accounting, revenues are recognized when earned and expenses are recorded when the related liability is incurred.

The principal revenues of the District are assessment fees. Operating expenses for the District include the costs of maintaining the wastewater treatment system, administration, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

When an expenditure or expense is incurred for purposes for which both restricted and unrestricted resources are available, the District generally uses restricted resources first, then unrestricted resources.

I. DEFERRED OUTFLOWS/DEFERRED INFLOWS

On the Statement of Net Position, there is a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then.

In addition, there is also a separate financial statement section for deferred inflows. This financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized until that time.

J. 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 the 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.

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.

**EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024**

2. CASH AND INVESTMENTS

Cash deposits and investments by the District as of September 30, 2024, totaled \$49,665,748, of which \$49,665,748 represented demand deposits including cash on hand and \$9,299,293 represented investments.

Deposits

At year end, the carrying amount of the District's deposits in financial institutions was \$49,665,748 and the bank balance was \$49,055,871. The amount not covered by FDIC insurance was \$48,555,871.

Restricted Cash

Restricted cash includes \$35,859,866 held in separate accounts for plant construction, as well as \$1,503 for miscellaneous bond issuance fees.

The deposits by the District are not collateralized nor are they required to be by Idaho State statute. The District follows the requirements of the Idaho Public Depository Law (Idaho Code Section, Title 57-111), and applicable investment rights and restrictions cited by Idaho Code Section, Title 67, 67-1210, 67-1210A, and Idaho Code Section, Title 50, 50-1013.

The District has a written investment policy addressing credit risk, custodial credit risk, concentration of credit risk and interest risk. The District minimizes credit risk by limiting the investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers, and by diversifying the investment portfolio. The District minimizes custodial credit risk by limiting the investments to financial institutions and broker/dealers who have proof of National Association of Securities Dealers certification, State of Idaho proof of registration, and are willing to provide certification of having read and understood and agree to comply with the District's investment policy.

Concentration of credit risk is limited by diversifying its investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the total investment portfolio will be invested in a single security type or with a single financial institution. The District's investment policy reduces interest risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

3. CAPITAL ASSETS

The following assets included in buildings, equipment and infrastructure have been entered at historical cost from depreciation records. Changes in capital assets for the year ended September 30, 2024 are as follows:

	Balance 10-01-2023	Additions	Deletions	Balance 09-30-2024
Capital assets, not being depreciated				
Land	\$ 1,975,776	\$ 1,423	\$ -	\$ 1,977,199
Easements	239,200	-	-	239,200
Construction in progress	2,939,720	10,760,277	-	13,699,997
Total capital assets, not being depreciated	5,154,696	10,761,700	-	15,916,396
Capital assets, being depreciated				
Equipment	8,596,761	281,589	-	8,878,354
Buildings and improvements	12,961,718	-	-	12,961,718
Infrastructure	31,916,973	-	-	31,916,973
Total capital assets, being depreciated	53,475,456	281,589	-	53,757,045
Less accumulated depreciation for				
Equipment	(2,797,456)	(551,553)	-	(3,349,009)
Buildings and improvements	(7,127,648)	(518,469)	-	(7,646,117)
Infrastructure	(11,525,891)	(876,198)	-	(12,402,089)
Total accumulated depreciation	(21,450,995)	(1,946,219)	-	(23,397,214)
Total capital assets, being depreciated, net	32,024,461	(1,664,630)		30,359,831
Total capital assets, net	\$ 37,179,157	\$ 9,097,070	\$ -	\$ 46,276,227

Depreciation expense for the year ended September 30, 2024 was \$1,946,219.

4. PENSION PLAN

Plan Description

The District contributes to the Base Plan, which is a cost-sharing multiple-employer defined benefit pension 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 the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

**EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024**

4. PENSION PLAN (Continued)

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 or 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 of 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 a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2024, it was 6.71% for general employees and 9.83% for police and firefighters. The employer contribution rate of covered payroll is set by the Retirement Board and was 11.18% for general employees and 13.26% for police and firefighters. The District's contributions were \$34,556 for the year ended June 30, 2024.

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

At September 30, 2024, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the District's proportion was .00630710 percent.

EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

4. PENSION PLAN (Continued)

For the year ended September 30, 2024, the District recognized pension expense/(revenue) of \$73,287. At September 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,562	\$ -
Changes in assumptions or other inputs	9,3446	-
Net difference between projected and actual earnings on pension plan investments	(4,282)	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	16,209	-
District's contributions subsequent to the measurement date	8,300	-
	<hr/>	<hr/>
Total	\$ <u>67,135</u>	\$ <u>-</u>

\$8,300 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 September 30, 2024.

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, 2024, the beginning of the measurement period ended June 30, 2023 is 4.4 and 4.4 for the measurement period June 30, 2024.

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

Year ended June 30:

2025	\$ 11,644
2026	43,989
2027	(7,586)
2028	(5,422)

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 individual 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.

**EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024**

4. PENSION PLAN (Continued)

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

Inflation	2.30%
Salary increases	3.05%
Salary inflation	3.05%
Investment rate of return (net of investment expenses)	6.35%
Net Cost-of-living adjustments	1.00%

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries – Males Pub-2010 General Tables, increased 11%
 General Employees and All Beneficiaries – Females Pub-2010 General Tables, increased 21%
 Teachers – Males Pub-2010 Teacher Tables, increased 12%
 Teachers – Females Pub-2010 Teacher Tables, increased 21%
 Fire & Police – Males Pub-2010 Safety Tables, increased 21%
 Fire & Police – Females Pub-2010 Safety Tables, increased 26%
 Disabled Members – Males Pub-2010 Disable Tables, increased 38%
 Disabled Members – Females Pub-2010 Disable 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 including mortality. The total pension liability as of June 30, 2024 is based on the results of an actuarial valuation date of July 1, 2024.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on the 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 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 2024.

Asset Class	2024
Cash	0.00%
Fixed Income	30.00%
US/Global Equity	55.00%
International Equity	15.00%
Total	100.00%

EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

4. PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension 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%, 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%) or 1-percentage-point higher (7.35%) than the current rate:

	1% Decrease (5.35%)	Current Discount Rate (6.35%)	1% Increase (7.35%)
Employer’s proportionate share of the net pension liability (asset)	\$448,333	\$235,926	\$62,444

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERSI financial report.

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

Payables to the pension plan

At September 30, 2024, the District reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024

5. LONG-TERM DEBT

Melaleuca, Inc. paid for some of the infrastructure development of the Northern Interceptor section of the District's infrastructure. The District entered into an agreement with Melaleuca, Inc. to reimburse them for \$745,000 of the costs. This is a noninterest bearing agreement. These payments are to be collected from 50% of all connection fees the District collects for new connections to the Northern Interceptor section of the infrastructure. As of September 30, 2024, there is a remaining liability balance of \$494,581 payable to Melaleuca, Inc. of which, \$0 is due within the next fiscal year.

During the 2024 fiscal year, the original sewer system debt that was being paid directly by the City of Ammon and the City of Shelley was reassigned to the District with the same terms and conditions as existed under the other entities. Agreements with the cities have been put in place to ensure that sufficient funds are collected from the rate payers and remitted to the District for debt payments. Payments are made directly to the Department of Environmental Quality who originally issued the debt. The City of Ammon transferred \$15,928,126 with a remaining 18.5 years at an interest rate of 2.25%. The City of Shelley transferred \$3,598,470 with a remaining 8 years at an interest rate of 2.00%.

During the 2024 fiscal year, the District issued the Sewer Revenue Bond Series 2024 for \$36,075,000. The proceeds will be used for plant expansion to handle increased growth within the service area. The bonds will be paid redeemed over the next 30 years with an interest rate at 5.00% reducing to 4.00% in 2041. The final maturity date is September 15, 2054. The bond financing included a net bond premium of \$1,386,590 which will be amortized over the life of the bond at approximately \$46,220 per year starting in fiscal year 2025.

During the year ended September 30, 2024, the following changes occurred in long-term debt:

	Balance 10/1/2023	Additions	Reductions	Balance 9/30/2024	Amounts due within one year
Compensated absences	\$ 33,209	\$ -	\$ 1,261	\$ 31,948	\$ 31,948
Accrued interest	-	192,587	-	192,587	192,587
Melaleuca not payable	550,971	-	56,390	494,581	
Ammon DEQ bonds	-	15,928,126	717,190	15,210,936	694,346
Shelley DEQ bonds	-	3,598,470	429,827	3,168,643	422,610
Series 2024 bonds	-	36,075,000	-	36,075,000	525,000
Net pension liability	232,289	3,637	-	235,926	-
Total	\$ 816,469	\$ 55,797,820	\$ 1,204,668	\$ 55,409,621	\$ 1,866,491

**EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024**

5. LONG-TERM DEBT (Continued)

Debt service requirements:

Ammon - DEQ			Shelley - DEQ		
Year	Principal	Interest	Year	Principal	Interest
2025	\$ 694,346	\$ 374,177	2025	\$ 422,610	\$ 64,740
2026	746,089	322,434	2026	434,612	52,738
2027	762,971	305,552	2027	443,347	44,003
2028	779,423	289,100	2028	452,155	35,195
2029	797,870	270,653	2029	461,347	26,003
2030-2034	4,267,816	1,074,798	2030-2031	954,572	24,001
2035-2039	4,773,217	569,397		\$ 3,168,643	\$ 246,680
2040-2042	2,389,204	76,777			
	\$ 15,210,936	\$ 3,282,888			

Revenue Bonds 2024		
Year	Principal	Interest
2025	\$ 525,000	\$ 1,646,932
2026	620,000	1,550,600
2027	645,000	1,519,600
2028	675,000	1,487,350
2029	705,000	1,453,600
2030-2034	4,040,000	6,705,500
2035-2039	5,030,000	5,600,750
2040-2044	6,275,000	4,298,850
2045-2049	7,820,000	2,913,800
2050-2054	9,740,000	1,203,200
	\$ 36,075,000	\$ 28,380,182

6. RELATED PARTY TRANSACTIONS

The District has not been directly involved in related party transactions that would violate the Idaho Code or Federal Regulations.

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of this report.

8. MATERIAL VIOLATION OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

There are no known violations of direct finance-related legal and contractual provisions.

**EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended September 30, 2024**

9. RISK MANAGEMENT

The District is exposed to various risks related to torts: theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty, and liability coverage through commercial insurance carriers.

10. LITIGATION AND CONTINGENT LIABILITIES

There are no claims against the District at September 30, 2024 that would expose the District beyond amounts covered by insurance.

11. INVENTORY

Inventory is stated on a cost basis determined by the first-in-first-out (FIFO) method.

12. CREATION OF SEWER DISTRICT

On May 17, 2022, a ballot measure was approved to create a new sewer district to take over and replace the existing Eastern Idaho Regional Sewer District (EIRWWA) entity. EIRWWA was organized through a joint powers agreement between the City of Ammon, the City of Shelley, Bingham County, and Bonneville County.

The new sewer district was officially organized with a new board put in place on August 16, 2022. The financial information will be transferred from EIRWWA to the new district, Eastern Idaho Regional Sewer District (EIRSD) along with all assets and liabilities. The new district will have the authority to bond and will transfer and be responsible for the existing debt now held by the cities of Ammon and Shelley. Operations will continue as in the past. Financial records were for the most part kept under EIRWWA through the current fiscal year. The decision was made to audit and report the financial information as EIRWWA up to the end of September 30, 2024, at which time all assets and liabilities will be transferred to the new entity for financial reporting purposes. This decision allows continuity of reporting for trend analysis and future comparison as the operations are ongoing without substantial changes.

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REQUIRED SUPPLEMENTARY INFORMATION

EASTERN IDAHO REGIONAL SEWER DISTRICT
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
PERSI - BASE PLAN
Last 10 Fiscal Years*

PERSI BASE PLAN					
<u>Fiscal Year</u>	<u>Employer's portion of net pension liability</u>	<u>Employer's proportionate share of the net pension liability</u>	<u>Employer's covered employee payroll</u>	<u>Employer's proportional share of the net pension liability as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2015	0.00604140%	79,555	169,219	47.01%	91.38%
2016	0.00601100%	121,852	175,799	69.31%	87.26%
2017	0.00577400%	90,757	179,335	50.61%	90.68%
2018	0.00549570%	81,063	176,816	45.85%	91.69%
2019	0.00529660%	60,459	179,894	33.61%	93.79%
2020	0.00520310%	120,823	185,641	65.08%	88.22%
2021	0.00524704%	(4,144)	195,812	-2.12%	100.36%
2022	0.00516962%	203,619	203,865	99.88%	83.09%
2023	0.00582081%	232,289	257,547	90.19%	83.83%
2024	0.00630710%	235,926	308,488	76.48%	85.54%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full trend is compiled, the Authority will present information for those years for which information is available.

Data reported is measured as of June 30.

EASTERN IDAHO REGIONAL SEWER DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
PERSI - BASE PLAN
Last 10 Fiscal Years*

PERSI BASE PLAN						
<u>Fiscal Year</u>	<u>Statutorily Required Contribution</u>	<u>Contribution in Relation to the Statutorily Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a % of Covered Payroll</u>	
2015	\$ 19,393	\$ 19,393	\$ -	\$ 171,311	11.32%	
2016	\$ 20,684	\$ 20,684	\$ -	\$ 182,716	11.32%	
2017	\$ 20,138	\$ 20,138	\$ -	\$ 177,900	11.32%	
2018	\$ 20,150	\$ 20,150	\$ -	\$ 178,005	11.32%	
2019	\$ 20,759	\$ 20,759	\$ -	\$ 181,117	11.46%	
2020	\$ 22,720	\$ 22,720	\$ -	\$ 190,282	11.94%	
2021	\$ 23,185	\$ 23,185	\$ -	\$ 194,183	11.94%	
2022	\$ 25,273	\$ 25,273	\$ -	\$ 211,665	11.94%	
2023	\$ 30,403	\$ 30,403	\$ -	\$ 257,770	11.79%	
2024	\$ 36,141	\$ 36,141	\$ -	\$ 319,188	11.32%	

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full trend is compiled, the Authority will present information for those years for which information is available.

Data reported is measured as of September 30.

EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
PERSI-BASE PLAN
For the Year Ended September 30, 2024

Methods and Assumptions Used in Calculations of Actuarily Determined Contributions

The actuarially determined contribution rates in the employer's contributions are calculated as of June 30, 2024. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

	PERSI
	Base Plan
Valuation date	June 30, 2024
Actuarial cost method	Entry age normal
Amortization method	Level percentage of projected payroll open
Remaining amortization period	10.8 years
Asset valuation method	Fair Market value
<u>Actuarial assumptions:</u>	
Investment Rate of Return *	6.35%
Projected salary increases including inflation	3.05%
Postretirement benefit increase	1.00%
Implied price inflation rate	2.30%
Discount Rate – Actuarial Accrued Liability	6.35%

* net of investment expenses

OTHER SUPPLEMENTARY INFORMATION

EASTERN IDAHO REGIONAL SEWER DISTRICT
BUDGET AND ACTUAL (WITH BUDGET TO GAAP DIFFERENCES)
For the Year Ended September 30, 2024

	BUDGETED AMOUNTS		BUDGETARY
	ORIGINAL	FINAL	BASIS
REVENUES			
O&M revenue	\$ 1,553,255	\$ 1,553,255	\$ 1,671,407
Capital replacement revenue	-	-	4,774,283
Connection fee revenue	151,920	151,920	3,193,119
Intergovernmental revenue	-	-	4,618,930
Investment earnings	-	-	677,226
Other revenue	200,000	200,000	203,807
TOTAL REVENUE	1,905,175	1,905,175	15,138,772
EXPENDITURES			
Current:			
Auto expenses	12,100	12,100	15,597
Contract services	218,600	218,600	219,140
Depreciation expense	-	-	-
Insurance	45,000	45,000	39,928
Office operations	16,800	16,800	68,881
Payroll expenses	535,460	535,460	585,956
Plant operations	456,100	456,100	637,499
Repair and maintenance	249,546	249,546	245,260
Travel and meetings	10,000	10,000	14,464
Utilities	323,225	323,225	268,817
Other expenses	38,344	38,344	31,076
Debt service:			
Principal	-	-	1,174,566
Interest and other charges	-	-	979,961
Capital outlay	25,000,000	25,000,000	10,761,700
TOTAL EXPENDITURES	26,905,175	26,905,175	15,042,845
Excess (deficiency) of revenues over expenditures	(25,000,000)	(25,000,000)	95,927
Grant revenue (capital contributions)	-	-	-
Gain (Loss) on sale of assets	-	-	-
Other financing sources (uses)	-	-	(19,526,596)
Net change in fund balances	(25,000,000)	(25,000,000)	(19,430,669)
Net Position, October 1, 2023	46,974,469	46,974,469	46,974,469
NET POSITION, SEPTEMBER 30, 2024	\$ 21,974,469	\$ 21,974,469	\$ 27,543,800

GAAP DIFFERENCES		GAAP BASIS	
\$	-	\$	1,671,407
	-		4,774,283
	(5,639)		3,187,480
	-		4,618,930
	2,026		679,252
	(46)		203,761
	<u>(3,659)</u>		<u>15,135,113</u>
	-		15,597
	-		219,140
	1,946,219		1,946,219
	9,312		49,240
	-		68,881
	(29,280)		556,676
	(281,589)		355,910
	17,729		262,989
	-		14,464
	-		268,817
	-		31,076
	(1,174,566)		-
	220,136		1,200,097
	<u>(10,761,700)</u>		<u>-</u>
	<u>(10,053,739)</u>		<u>4,989,106</u>
	10,050,080		10,146,007
	-		-
	-		-
	<u>-</u>		<u>(19,526,596)</u>
	10,050,080		(9,380,589)
	<u>-</u>		<u>46,974,469</u>
\$	<u>10,050,080</u>	\$	<u>37,593,880</u>

EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION
For the Year Ended September 30, 2024

1. The budget was adopted on the modified cash basis of accounting
2. Higher operating expenses may be reflected on the GAAP basis if equipment was purchased at year-end with a partial payment budgeted in the current year and an account payable booked to reflect the final payment in the subsequent year's budget.

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

INDEPENDENT AUDITOR'S REPORT

**The Honorable Board of Directors
Eastern Idaho Regional Sewer District – State of Idaho
Shelley, Idaho**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Eastern Idaho Regional Sewer District, Shelley, Idaho, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents, and have issued our report thereon dated February 18, 2025.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Eastern Idaho Regional Sewer District, Shelley, Idaho's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Eastern Idaho Regional Sewer District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control, as defined above, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Eastern Idaho Regional Sewer District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Searle Hart + Associates PLLC

Idaho Falls, Idaho
February 18, 2025

SINGLE AUDIT SECTION

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

**The Honorable Board of Directors
Eastern Idaho Regional Sewer District – State of Idaho
Shelley, Idaho**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Eastern Idaho Regional Sewer District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Eastern Idaho Regional Sewer District's major federal programs for the year ended September 30, 2024. Eastern Idaho Regional Sewer District's major federal programs are identified in the summary of auditor's results section of accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Eastern Idaho Regional Sewer District, Idaho and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Eastern Idaho Regional Sewer District, Idaho's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain a reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Eastern Idaho Regional Sewer District, Idaho's compliance based on our audit. Reasonable assurance is a high level of assurance

but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Eastern Idaho Regional Sewer District, Idaho's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

Searle Hart + Associates PLLC

Idaho Falls, Idaho

February 18, 2025

EASTERN IDAHO REGIONAL SEWER DISTRICT
SCHEDULE OF FEDERAL AWARDS
MODIFIED CASH BASIS
For the Year Ended September 30, 2024

FEDERAL GRANTOR PASS THROUGH STATE OF IDAHO PROGRAM TITLE	FEDERAL ASSISTANCE LISTING NUMBER	PASS THROUGH ENTITY ID #	PASSED THROUGH TO SUBRECEPIENTS	TOTAL FEDERAL EXPENDITURES
INDIRECT GRANTS				
<i>U.S. DEPARTMENT OF ENVIRONMENTAL QUALITY</i>				
Passed through Idaho State Department of Environmental Quality Cononavirus State and Local Fiscal Recovery	21.027		\$ -	\$ 4,618,930
Total - U.S. Department of Environmental Quality			-	4,618,930
<i>DEPARTMENT OF TREASURY</i>				
Passed through the City of Ammon - State of Idaho Cononavirus State and Local Fiscal Recovery	21.027		-	1,600,000
Passed through the City of Shelley - State of Idaho Cononavirus State and Local Fiscal Recovery	21.027		-	368,000
Total - U. S. Department of Treasury			-	1,968,000
TOTAL FEDERAL AWARDS			\$ -	\$ 6,586,930

EASTERN IDAHO REGIONAL SEWER DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS - MODIFIED CASH BASIS
For the Year Ended September 30, 2024

NOTE 1- BASIS OF PRESENTATION

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

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is presented using the modified cash basis of accounting as described in Note 1 to the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3- DE MINIMIS INDIRECT COST RATE

Eastern Idaho Regional Sewer District, Idaho has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**EASTERN IDAHO REGIONAL SEWER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2024**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal Control Over Financial Reporting:

Material weaknesses identified	<u> </u> Yes	<u> X </u> No
Significant deficiency identified	<u> </u> Yes	<u> X </u> No
Noncompliance material to financial statements noted	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:

Material weakness identified	<u> </u> Yes	<u> X </u> No
Significant deficiency identified	<u> </u> Yes	<u> X </u> None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Audit findings required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u> </u> Yes	<u> X </u> No
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Identification of Major Programs:

21.027	Coronavirus State and Local Fiscal Recovery	\$	9,605,860
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Dollar threshold used to distinguish Type A and Type B programs:	\$	750,000
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Auditee qualified as low-risk auditee	<u> </u> Yes	<u> X </u> No
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SECTION II - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**EASTERN IDAHO REGIONAL SEWER DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2024**

PRIOR YEAR FEDERAL AWARD QUESTIONED COSTS

None

FINDINGS

None