



GREENFERRY WATER AND SEWER DISTRICT

Post Falls, Idaho



Audited Financial Statements
For the Year Ended
November 30, 2022

GREENFERRY WATER AND SEWER DISTRICT
Post Falls, Idaho

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FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

Board of Directors
Greenferry Water and Sewer District
Post Falls, Idaho 83854

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Greenferry Water and Sewer District as of and for the year ended November 30, 2022, and the related notes to the financial statements, which collectively comprise Greenferry Water and Sewer District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Greenferry Water and Sewer District, as of November 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greenferry Water and Sewer District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



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 Greenferry Water and Sewer District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Greenferry Water and Sewer District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Greenferry Water and Sewer District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2023, on our consideration of Greenferry Water and Sewer District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greenferry Water and Sewer District's internal control over financial reporting and compliance.

Hayden Ross, PLLC

Moscow, Idaho
May 29, 2023



**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**

Board of Directors
Greenferry Water and Sewer District
Post Falls, Idaho 83854

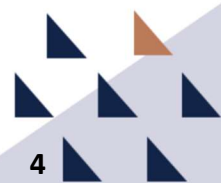
We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Greenferry Water and Sewer District as of and for the year ended November 30, 2022, and the related notes to the financial statements, which collectively comprise Greenferry Water and Sewer District basic financial statements, and have issued our report thereon dated May 29, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Greenferry Water and Sewer District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greenferry Water and Sewer District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Greenferry Water and Sewer District’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.



Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Hayden Ross, PLLC

Moscow, Idaho
May 29, 2023

FINANCIAL STATEMENTS



GREENFERRY WATER AND SEWER DISTRICT

Post Falls, Idaho

STATEMENT OF NET POSITION

November 30, 2022

ASSETS

Current assets:

Cash	138,273	
Accounts receivable, net of advanced payments	18,935	
Due from other governments	1,301	
Grant receivable	25,000	
Other receivable	6,917	
Prepaid expenses	2,932	
Total current assets		193,358

Noncurrent assets:

Restricted assets:

Cash - bond	180,975	
Cash - connection fee	116,633	
Cash - capital reserve	416,213	

Capital assets:

Construction in progress	2,920,446	
Land	12,000	
Infrastructure	1,359,230	
Buildings	370,887	
Services	7,541	
Equipment	49,384	
Accumulated depreciation	(1,209,727)	

Total noncurrent assets 4,223,582Total assets 4,416,940**DEFERRED OUTFLOWS OF RESOURCES**-**LIABILITIES**

Current liabilities:

Accounts payable	209,431	
Accrued interest payable	3,604	
Bonds payable, due within one year	83,733	
Total current liabilities		296,768

Noncurrent liabilities

Notes payable, due after one year		<u>1,716,089</u>
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Total liabilities 2,012,857**DEFERRED INFLOWS OF RESOURCES**-**NET POSITION**

Net investment in capital assets		1,709,939
Restricted for:		
Bond		180,975
Connection fees		116,633
Capital reserve		416,213
Unrestricted		<u>(19,677)</u>
Total net position		<u>\$ 2,404,083</u>

GREENFERRY WATER AND SEWER DISTRICT
Post Falls, Idaho

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended November 30, 2022

Operating revenues		
Charges for services	194,948	
Miscellaneous income	5,015	
		<u>199,963</u>
Total operating revenues		<u>199,963</u>
Operating expenses		
Professional fees	89,650	
Depreciation	47,969	
Repairs and maintenance	25,801	
Contract services	41,889	
Utilities	22,418	
Director fees	11,900	
Telephone	1,569	
Insurance	3,760	
Office supplies	6,458	
DEQ fees	1,400	
Lab fees and testing	2,400	
Bank charges	90	
		<u>255,304</u>
Total operating expenses		<u>255,304</u>
Operating income (loss)		<u>(55,341)</u>
Non-operating income (expenses)		
Donated asset	903,900	
Interest income	722	
Interest expense	(17,751)	
Bond issue costs	(7,100)	
Capital reserve fee	75,675	
Connection fees	9,200	
		<u>964,646</u>
Total non-operating income (expenses)		<u>964,646</u>
Change in net position		909,305
Net position - beginning		<u>1,494,778</u>
Net position - ending		<u><u>\$ 2,404,083</u></u>

GREENFERRY WATER AND SEWER DISTRICT
Post Falls, Idaho

STATEMENT OF CASH FLOWS
For the Year Ended November 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	196,500	
Cash payments to suppliers for goods and services	(223,846)	
Net cash flows provided by (used in) operating activities		<u>(27,346)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Earnings on idle cash and investments		<u>722</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Cash paid for acquisition of capital assets	(1,486,261)	
Cash received from proceeds of long term debt	1,800,000	
Cash paid for principal on long term debt	(178)	
Cash paid for bond issuance	(7,100)	
Cash paid for interest on long term debt	(14,147)	
Net cash flows provided by (used in) capital and related financing activities		<u>292,314</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash received for capital reserve and connection fees		<u>84,875</u>
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Net change in cash and cash equivalents

350,565

Cash and cash equivalents - beginning

501,529

Cash and cash equivalents - ending

\$ 852,094

**RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

Operating income (loss)	(55,341)	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	47,969	
(Increase) decrease in assets:		
Accounts receivable	(2,232)	
Due from other governments	(1,231)	
Other receivable	(2,920)	
Prepaid expenses	(158)	
Increase (decrease) in liabilities:		
Accounts payable	(13,433)	
Net cash provided by (used in) operating activities		<u><u>\$ (27,346)</u></u>

Cash and Cash Equivalents Reconciliation

Restricted cash and cash equivalents	713,821	
Unrestricted cash and cash equivalents	138,273	
Total cash and cash equivalents		<u><u>\$ 852,094</u></u>

GREENFERRY WATER AND SEWER DISTRICT
Post Falls, Idaho

NOTES TO THE FINANCIAL STATEMENTS
November 30, 2022

NOTE 1 Organization and Significant Accounting Policies

Organization

Greenferry Water and Sewer District was incorporated in the state of Idaho in 1969. The District is governed by a Board of Directors and provides water services to its area site holders. Only a water system is operated by the District at this time, and there are no plans to operate a sewer system.

Summary of Significant Accounting Policies

The basic financial statements of the business-type activities of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and standards. The District follows GASB No. 62 for proprietary funds, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and Post-November 30, 1989 pronouncements that do not conflict with or contradict GASB pronouncements.

The District's more significant accounting policies are described below:

Reporting Entity

The District's basic financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The District meets the criteria established by the Governmental Accounting Standards Board (GASB) to be considered a primary governmental entity for financial reporting purposes. Component units are legally separate organizations that are financially accountable to the primary government. The District has no component units and is not a component unit of any other governmental unit based on the criteria established by the GASB.

Measurement focus, basis of accounting, and financial statement presentation

The District's proprietary funds are reported using the 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. Net position (i.e., total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources) are segregated into net investment in capital assets, net of related debt, restricted for capital reserve, and unrestricted components. The proprietary fund financial statements are reported using the accrual basis of accounting.

NOTE 1 Organization and Significant Accounting Policies (Continued)

The Statement of Net Position and the Statement of Revenues, Expenses, and Change in Net Position include all the financial transactions of the District in a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability of other purposes.

The proprietary fund distinguishes operating revenues and expenses generally resulting from provision of services in connection with the operation of water services. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenues result from nonexchange transactions or ancillary activities. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the Statement of Net Position date, and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts (if any), and certain claims and judgment liabilities, among other accounts. Actual results may differ from those estimates.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

For purposes of reporting cash flows, all highly liquid investments (including restricted cash and certificates of deposit) with an original maturity of three months or less are considered cash equivalents.

Restricted cash represents the amount that the District has restricted for future capital projects as well as unspent bond proceeds.

Investments

Special districts within the State of Idaho can pool their funds for investment purposes in the Idaho State Treasurer's Local Government Investment Pool.

NOTE 1 Organization and Significant Accounting Policies (Continued)

Deposits in the State Treasurer's Local Government Investment Pool are stated at cost, which approximates market. All funds are invested in accordance with Section 67-1210 and 67-1210A of the Idaho Code. The primary objectives of the investment pool, in order of priority, are safety, liquidity and yield.

Interest income is defined as non-operating revenue.

Accounts Receivable

Accounts receivable consist of amounts due from customers for water and sewer services and are reported at their gross value less the estimated portion that is expected to be uncollectible. No allowance was deemed necessary as of November 30, 2022. It is the District's policy to present accounts receivable net of prepaid user fees. The prepaid user fees were \$12,321 as of November 30, 2022.

Capital Assets

Capital assets are reported at historical cost, less accumulated depreciation. If historical cost is unknown, estimated historical cost is used. Major improvements and betterments are capitalized. Donated capital assets are recorded at estimated fair market value at the date of donation, less accumulated depreciation. The District has established a capitalization threshold of \$5,000. Expenditures for repairs and maintenance are charged to expense in the period incurred. When capital assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is included in the Statement of Revenues, Expenses and Changes in Net Position.

Depreciation is calculated on capital assets using the straight-line method over the estimated useful lives of those assets from 7 to 30 years.

Budget

The District annually adopts a budget. The budget is on the same basis consistent with generally accepted accounting principles. All budget appropriations lapse at year end.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

NOTE 1 Organization and Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources, liabilities and deferred inflows of resources. Net position is comprised of the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position is classified in the following components:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - This component of net position consists of net position subject to constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position consists of net position that do not meet the definition of “net investment in capital assets” or “restricted net position”.

Restricted balances are as follows:

- Bond – The restricted balance accounts for the unspent bond proceeds that can be used for the acquisition, construction, and installation of certain improvements, additions and betterments to the District’s water system per resolution 2018-01.
- Connection Fees – The restricted balance accounts for the fee collected for the initial connection to the District’s system. The funds can be used for the repair and replacement of existing infrastructure.
- Capital Reserve – The restricted balance accounts for the monthly fee collected from users (began in fiscal year 2016) to be set aside to service the \$1,800,000 bond issued in fiscal year 2022. The capital reserve fees can also be used for repair and replacement of infrastructure if all connection fees have been exhausted.

Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management of the District to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates and affect the amounts reported in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date of the auditor’s report. This is the date the financial statements were available to be issued. The District has concluded that no material subsequent events have occurred.

NOTE 2 Cash and Cash Equivalents

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Checking and Savings Accounts	<u>\$852,094</u>	<u>\$869,266</u>

Deposits were with Mountain West Bank of which \$250,000 of interest bearing accounts and non-interest bearing accounts were covered by Federal Deposit Insurance. \$568,732 was over the FDIC amount.

The State Treasurer's Local Government Investment Pool is managed by the State of Idaho Treasurer's office. All funds are invested in accordance with Section 67-1210 and 67-1210A of the Idaho Code. Authorized investments include bonds, treasury bills, interest-bearing notes, and other obligations of the U.S. Government, general obligation or revenue bonds of the State of Idaho or other local governments within the State of Idaho, bonds, debentures, or other similar obligations issued by the farm credit system or by public corporation so the State of Idaho, repurchase agreements covered by any legal investment for the State of Idaho, tax anticipation bonds or notes and income and revenue anticipation bonds or notes of taxing districts of the State of Idaho, revenue bonds of institutions of higher education of the State of Idaho, and time deposits and savings accounts in amounts not to exceed applicable insurance limits. The primary objectives of the investment pool, in order of priority, are safety, liquidity, and yield.

The State Treasurer's investment policy and the Local Government Investment Pool issues its own financial statements can be obtained by writing P.O. Box 83720, Boise, ID 83720-0091.

Participants have overnight availability to their funds, up to \$10 million. Withdrawals of \$10 million or more require three business days' notification.

As of November 30, 2022, the District does not have any funds invested in the State Treasurer's Local Government Investment Pool.

Custodial Credit Risk for deposits is the risk that, in the event of the failure of the depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in [possession of an outside party (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District does not have a policy restricting the amount of deposits and investments subject to custodial credit risk.

Credit Risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by the nationally recognized statistical rating organization such as Moody's or Standard and Poor's. The investments of the District at year-end are not required to be rated. The District does not have a policy regarding credit risk.

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Investments that are fixed for longer periods are likely to experience greater variability in the fair values due to future changes in interest rate. The District does not have a policy regarding interest rate risk.

NOTE 2 Cash and Cash Equivalents (Continued)

Concentration of credit risk is the risk that concentration of investments with one issuer represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principal that governments should provide note disclosure when five percent of the total investments of the entity are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. Government, mutual funds, and other pooled investments are exempt from disclosure. The District does not have a policy limiting the amount it may invest in any one issuer.

NOTE 3 Capital Assets

Capital asset activity for the year ended November 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	12,000	-	-	12,000
Construction in progress	388,795	2,531,651	-	2,920,446
Total capital assets not being depreciated	<u>400,795</u>	<u>2,531,651</u>	<u>-</u>	<u>2,932,446</u>
Capital assets being depreciated:				
Infrastructure	1,359,230	-	-	1,359,230
Buildings	370,887	-	-	370,887
Services	7,541	-	-	7,541
Equipment	49,384	-	-	49,384
Subtotal	<u>1,787,042</u>	<u>-</u>	<u>-</u>	<u>1,787,042</u>
Less accumulated depreciation	<u>(1,161,758)</u>	<u>(47,969)</u>	<u>-</u>	<u>(1,209,727)</u>
Net capital assets being depreciated	<u>625,284</u>	<u>(47,969)</u>	<u>-</u>	<u>577,315</u>
Net capital assets	<u>\$ 1,026,079</u>	<u>\$ 2,483,682</u>	<u>\$ -</u>	<u>\$ 3,509,761</u>

NOTE 4 Risk Management

The District is exposed to various risks of loss relating to torts, property damage or theft, and natural disasters, for which the District carries commercial insurance. The District is at risk for losses, if any, that would exceed coverage limits.

The District minimizes losses that could arise from the first two risks by purchasing commercial insurance through the Idaho Counties Risk Management Program (ICRMP), a public entity risk pool in which ICRMP acts as an underwriter and collector of premiums paid by the pool's participants.

Settlements have not exceeded insurance coverage for each of the past three years.

NOTE 5 Long-term Debt

The District approved a bond issuance up to \$1.8 million in May 2018. The bond was approved to upgrade existing infrastructure, including a larger water line, resulting in 500 hookups available for the District. The bonds were sold on February 23 and July 18, 2022 and the sale closed on July 18, 2022. The bond has an interest rate of 2.57% for the 20 year and 9 month fully amortized life of the bond. The following is a summary of bond transactions for the year ended November 30, 2022.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Banner Bank Bond	\$ -	\$ 1,800,000	\$ 178	\$ 1,799,822	\$ 83,733

Bonds payable at November 30, 2022 consisted of the following issue(s):

<u>Year Ending November 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2023	83,733	46,159	129,892
2024	71,685	44,369	116,054
2025	73,689	42,365	116,054
2026	75,621	40,433	116,054
2027	77,605	38,449	116,054
2028	79,538	36,516	116,054
2029	81,726	34,328	116,054
2030	83,870	32,184	116,054
2031	86,070	29,984	116,054
2032	88,248	27,806	116,054
2033	90,641	25,413	116,054
2034	93,018	23,036	116,054
2035	95,458	20,596	116,054
2036	97,910	18,145	116,055
2037	100,530	15,525	116,055
2038	103,166	12,888	116,054
2039	105,872	10,182	116,054
2040	108,626	7,429	116,055
2041	111,497	4,557	116,054
2042	91,319	1,633	92,952
	<u>\$ 1,799,822</u>	<u>\$ 511,997</u>	<u>\$ 2,311,819</u>

The following covenant is required to be maintained by the District related to the bond:

Rate Covenant: The District is required to maintain a rate covenant of net revenue equal to 115% of the annual debt service payment. The District was out of compliance with this covenant as of November 30, 2022.