



GREENFERRY WATER AND SEWER DISTRICT

Post Falls, Idaho



Audited Financial Statements
For the Year Ended
November 30, 2021

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

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant



accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Greenferry Water and Sewer District, as of November 30, 2021, 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.

Other Matters

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 August 3, 2022, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greenferry Water and Sewer District's internal control over financial reporting and compliance.

Hayden Ross, PLLC

Moscow, Idaho
August 3, 2022



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, 2021, 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 August 3, 2022.

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 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 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 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greenferry Water and Sewer District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 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.

Hayden Ross, PLLC

Moscow, Idaho
August 3, 2022

FINANCIAL STATEMENTS



GREENFERRY WATER AND SEWER DISTRICT

Post Falls, Idaho

STATEMENT OF NET POSITION

November 30, 2021

ASSETS

Current assets:

Cash	12,826
Accounts receivable, net of advanced payments	16,703
Due from other governments	70
Grant receivable	25,000
Other receivable	3,997
Prepaid expenses	2,774

Total current assets 61,370

Noncurrent assets:

Restricted assets:

Cash 488,703

Capital assets:

Construction in progress 388,795

Land 12,000

Infrastructure 1,359,230

Buildings 370,887

Services 7,541

Equipment 49,384

Accumulated depreciation (1,161,758)

Total noncurrent assets 1,514,782

Total assets 1,576,152

DEFERRED OUTFLOWS OF RESOURCES -

LIABILITIES

Current liabilities:

Accounts payable 81,374

Total liabilities 81,374

DEFERRED INFLOWS OF RESOURCES -

NET POSITION

Net investment in capital assets 1,026,079

Restricted for:

Capital reserve 488,703

Unrestricted (20,004)

Total net position \$ 1,494,778

GREENFERRY WATER AND SEWER DISTRICT
Post Falls, Idaho

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended November 30, 2021

Operating revenues

Charges for services 224,860

Total operating revenues 224,860

Operating expenses

Professional fees 83,601

Depreciation 44,208

Repairs and maintenance 58,189

Contract services 42,063

Utilities 24,583

Director fees 11,800

Telephone 4,601

Insurance 3,405

Office supplies 6,486

DEQ fees 1,400

Lab fees and testing 575

Total operating expenses 280,911

Operating income (loss) (56,051)

Non-operating income (expenses)

Donated asset 109,700

Interest income 328

Capital reserve fee 68,063

Connection fees 101,200

Total non-operating income (expenses) 279,291

Change in net position 223,240

Net position - beginning 1,271,538

Net position - ending \$ 1,494,778

GREENFERRY WATER AND SEWER DISTRICT
Post Falls, Idaho

STATEMENT OF CASH FLOWS
For the Year Ended November 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	236,602	
Cash payments to suppliers for goods and services	<u>(217,359)</u>	
Net cash flows provided by operating activities		<u>19,243</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Earnings on idle cash and investments		<u>328</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Cash paid for acquisition of capital assets		<u>(145,824)</u>
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CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash received for capital reserve and connection fees		<u>169,263</u>
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Net change in cash and cash equivalents 43,010

Cash and cash equivalents - beginning 458,519

Cash and cash equivalents - ending \$ 501,529

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

Operating income (loss)	(56,051)	
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	44,208	
(Increase) decrease in assets:		
Accounts receivable	11,167	
Due from other governments	575	
Other receivable	2,660	
Prepaid expenses	5,814	
Increase (decrease) in liabilities:		
Accounts payable	<u>10,870</u>	

Net cash provided by operating activities \$ 19,243

Cash and Cash Equivalents Reconciliation

Restricted cash and cash equivalents	488,703	
Unrestricted cash and cash equivalents	<u>12,826</u>	
		<u><u>\$ 501,529</u></u>

GREENFERRY WATER AND SEWER DISTRICT
Post Falls, Idaho

NOTES TO THE FINANCIAL STATEMENTS
November 30, 2021

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 including 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 replacement, 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.

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.

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, 2021. It is the District's policy to present accounts receivable net of prepaid user fees. The prepaid user fees were \$14,578 as of November 30, 2021.

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 different 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. The District's restricted net position is related to their capital project reserve.

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".

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. Except as discussed in Note 5 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>\$501,529</u>	<u>\$505,947</u>

NOTE 2 Cash and Cash Equivalents (Continued)

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. \$228,115 was over the FDIC amount.

Restricted cash – The District has restricted cash balances for the following purposes:

Capital Project Reserve - Beginning in July 2016, the District began collecting a monthly fee for future capital projects. This fee, plus fees collected as one-time connection fees for new customers, are maintained in the District's checking account. At November 30, 2021, \$488,703 was considered restricted cash.

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, 2021, 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

A summary of capital assets follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	12,000	-	-	12,000
Construction in progress	<u>283,660</u>	<u>284,034</u>	<u>(178,899)</u>	<u>388,795</u>
Total capital assets not being depreciated	<u>295,660</u>	<u>284,034</u>	<u>(178,899)</u>	<u>400,795</u>
Capital assets being depreciated:				
Infrastructure	1,159,194	21,137	178,899	1,359,230
Buildings	370,887	-	-	370,887
Services	7,541	-	-	7,541
Equipment	<u>49,384</u>	<u>-</u>	<u>-</u>	<u>49,384</u>
Subtotal	<u>1,581,076</u>	<u>21,137</u>	<u>178,899</u>	<u>1,787,042</u>
Less accumulated depreciation	<u>(1,117,550)</u>	<u>(44,208)</u>	<u>-</u>	<u>(1,161,758)</u>
Net capital assets being depreciated	<u>469,456</u>	<u>(23,071)</u>	<u>178,899</u>	<u>625,284</u>
Net capital assets	<u>\$765,116</u>	<u>\$260,963</u>	<u>\$ -</u>	<u>\$1,026,079</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 Bond Approval

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. On April 12, 2022, the District has received Technical Draft approval from DEQ related to the Water Facility Plan. The District is currently in the process of meeting the requirements for final facility plan approval from DEQ.

NOTE 6 COVID-19

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. There have been mandates from governing authorities requiring forced closures of schools, businesses, and other facilities and organizations. While the disruption is expected to be temporary, the current circumstances are evolving and dynamic. The full extent and duration of the impact of COVID-19 on the District's operations and financial performance is currently unknown, and depends on future developments that are uncertain and unpredictable. Because of this, it may have a materially adverse impact on the District's business, results of operations, financial position, and cash flows.