SOUTH FORK COEUR D'ALENE RIVER SEWER DISTRICT
1020 Polaris Avenue • P.O. Box 783 • Osburn, Idaho 83849 • (208) 753-8041 • www.southforksd.com

ADDENDUM NO. 1

TO THE REQUEST FOR PROPOSALS

PROFESSIONAL SERVICES FOR INDEPENDENT FINANCIAL STATEMENT AUDIT

Fiscal Year Ending November 30, 2026 (with Options for Subsequent Years)

Original RFP Issued: July 24, 2026

Proposal Due Date: August 26, 2026, at 2:00 p.m. local time (unchanged by this Addendum)

Date of this Addendum: July 29, 2026

1. PURPOSE

This Addendum No. 1 is issued to provide additional information to prospective proposers in response to the Request for Proposals for Professional Services for Independent Financial Statement Audit. This Addendum forms part of the RFP documents and shall be considered by all proposers in preparing their responses.

2. ADDITIONAL INFORMATION PROVIDED

A copy of the District's Financial Report for the fiscal year ended November 30, 2025 (the most recent completed independent audit) is provided with this Addendum as Attachment 1. This document is also available upon request from the District office or at www.southforksd.com/solicitations.

Proposers are encouraged to review the prior year audit report for background information regarding the District's financial statements, fund structure, and reporting practices. The prior year audit is provided for informational purposes only and does not modify the scope of work or requirements set forth in the RFP.

3. NO OTHER CHANGES

Except as expressly set forth in this Addendum No. 1, all terms, conditions, requirements, evaluation criteria, and submission instructions of the original Request for Proposals remain unchanged and in full force and effect. The proposal due date and time are unchanged.

4. ACKNOWLEDGMENT OF RECEIPT

Each proposer shall acknowledge receipt of this Addendum No. 1 in its proposal. Acknowledgment may be made by one of the following methods:

a. Completing and signing the acknowledgment section below and including it with the proposal; or

b. Clearly stating in the proposal transmittal letter or on the Proposal Summary Form (Attachment A) that Addendum No. 1 has been received and considered.

Failure to acknowledge receipt of this Addendum may result in the proposal being deemed non-responsive.

Issued by:

SOUTH FORK COEUR D'ALENE RIVER SEWER DISTRICT

____

Haley Gosline, Office Manager / District Clerk
Date: July 29, 2026

PROPOSER ACKNOWLEDGMENT OF ADDENDUM NO. 1

The undersigned acknowledges receipt of Addendum No. 1 to the Request for Proposals for Professional Services for Independent Financial Statement Audit and confirms that the information contained in this Addendum has been considered in the preparation of the proposal.

Firm Name: ____

Authorized Representative: ____

Title: ____

Signature: ____   Date: _______________

(This acknowledgment page may be detached and submitted with the proposal, or the acknowledgment may be stated in the proposal transmittal letter.)

South Fork Coeur d'Alene River Sewer District

Financial Report

November 30, 2025

South Fork Coeur d'Alene River Sewer District
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November 30, 2025

Independent Auditor's Report

Board of Directors
South Fork Coeur d'Alene River Sewer District
Osburn, Idaho

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of South Fork Coeur d'Alene River Sewer District ("the District"), as of and for the year ended November 30, 2025, 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 District, as of November 30, 2025, and the respective changes in financial position and cash flows thereof for the year then ended, in accordance 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 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 the 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 opinion.

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 the 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.

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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 opinion. 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 the 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 the 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

Accounting principles generally accepted in the United States of America require that, and the schedules of employer's share of the net pension liability and employer contributions on pages 22 and 23, respectively, 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 (GASB), which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that governmental 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 GASB, which 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying budgetary comparison schedule on page 25 and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, on page 29, are presented for purposes of additional analysis and are not a required part of the basic 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. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated March 17, 2026, on our consideration of the 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 sole 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 the District's internal control over financial reporting and compliance.

DeCoria & Company, PC

DeCoria & Company, PC
Evanston, Wyoming

March 17, 2026

Basic Financial Statements

South Fork Coeur d'Alene River Sewer District
Statement of Net Position - Enterprise Fund
November 30, 2025

ASSETS		
Current assets:		
Cash and cash equivalents (Notes 3 and 7)		$ 755,247
Investments (Notes 4 and 7)		8,686,580
Receivables (Note 5)		2,017,252
Prepaid expenses		70,080
	Total current assets	11,529,159
Noncurrent assets:		
Capital assets, net (Note 6)		33,767,392
	Total assets	45,296,551
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to the net pension liability (Note 11)		128,649
	Total deferred outflows of resources	128,649
LIABILITIES		
Current liabilities:		
Accounts payable		563,816
Accrued payroll and related liabilities		14,629
Accrued interest payable		296,689
Unearned revenue (Note 9)		198,053
Accrued compensated absences, due within one year (Note 10)		8,541
Bonds payable, due within one year (Note 10)		332,869
	Total current liabilities	1,414,597
Noncurrent liabilities:		
Accrued compensated absences, due after one year (Note 10)		8,541
Bonds payable, due after one year (Note 10)		15,657,288
Net pension liability (Note 11)		339,990
	Total noncurrent liabilities	16,005,819
	Total liabilities	17,420,416
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to the net pension liability (Note 11)		147,186
	Total deferred inflows of resources	147,186
Commitments and contingencies (Note 12)		
NET POSITION		
Net investment in capital assets		17,777,235
Restricted for debt service (Note 7)		1,345,320
Restricted for capital projects (Note 7)		1,424,080
Unrestricted		7,310,963
	Total net position	$ 27,857,598

South Fork Coeur d'Alene River Sewer District
Statement of Revenues, Expenses and Changes in Net Position - Enterprise Fund
Year Ended November 30, 2025

Operating revenues:		
Sewer service revenue		$ 2,934,943
Sewer hook-up revenue		196,119
Other income (Note 2)		89,016
	Total operating revenues	3,220,078
Operating expenses:		
Payroll and related:		
Salaries and wages		646,343
Employee benefits		225,724
Payroll taxes		88,590
Other operating expenses:		
Depreciation		1,104,080
Collector expenses		215,413
Page plant operating expenses		414,326
Office and general		144,479
Mullan plant operating expenses		79,005
Professional services		66,922
Insurance		62,128
	Total operating expenses	3,047,010
	Operating income	173,068
Non-operating revenues (expenses):		
Investment income, net		421,587
Interest expense		(340,539)
Grant revenue		6,021,573
	Total non-operating revenues (expenses), net	6,102,621
	Change in net position	6,275,689
Net position, beginning of year		21,581,909
	Net position, end of year	$ 27,857,598

The accompanying notes are an integral part of the basic financial statements.

South Fork Coeur d'Alene River Sewer District
Statement of Cash Flows - Enterprise Fund
Year Ended November 30, 2025

Cash flows from operating activities:	
Receipts from customers	$ 3,249,476
Payments to suppliers and contractors	(667,769)
Payments to and on behalf of employees	(972,078)
Other receipts and payments, net	89,016
Net cash provided by operating activities	1,698,645
Cash flows from financing activities:	
Proceeds from capital grants	4,818,183
Principal payments on bonds and interim financing payable	(325,942)
Interest payments on long-term debt, net of amount capitalized	(346,717)
Net cash provided by financing activities	4,145,524
Cash flows from investing activities:	
Net change in investments	433,949
Investment income, net	421,587
Purchases of capital assets	(6,396,549)
Net cash used by investing activities	(5,541,013)
Net increase in cash and cash equivalents	303,156
Cash and cash equivalents, beginning of year	452,091
Cash and cash equivalents, end of year	$ 755,247
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 173,068
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,104,080
Changes in:	
Accounts receivable	(13,318)
Prepaid expenses	(8,107)
Accounts payable	314,504
Accrued payroll and related liabilities	691
Unearned revenue	131,732
Accrued compensated absences	7,295
Net pension liability and related deferred outflows and inflows of resources	(11,300)
Net cash provided by operating activities	$ 1,698,645
Supplemental disclosures of cash flow information:	
Cash paid during the year for interest	$ 346,717

1. Organization

South Fork Coeur d'Alene River Sewer District ("the District") provides sewer services to residents and businesses in Shoshone County, Idaho. The District's financial statements are prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, as applicable to governmental units.

2. Summary of Significant Accounting Policies

Reporting Entity

The District's financial statements include the accounts of all District operations. 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.

Accounting Principles Generally Accepted in the United States of America

The financial statements 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 Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and standards. The District has adopted and applied all applicable GASB pronouncements, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Recent Accounting Pronouncements

During June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). The statement establishes a unified model for the recognition and measurement of all types of compensated absences. Under GASB 101, governments are required to recognize a liability for leave that has not been used if the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid or settled. Certain types of leave (e.g., parental, military, and jury duty leave) are excluded from recognition until the leave commences. The Statement also revises disclosure requirements, including allowing the presentation of only net changes in the liability for compensated absences and eliminating certain fund-level disclosure requirements. This Statement is effective for fiscal years beginning after December 15, 2023. Statement No. 101 became effective for the District on December 1, 2024.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in the notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. Statement No. 102 became effective for the District during 2025. Adoption did not have a significant impact on the District's financial statements.

2. Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncements, Continued

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement will revise and build upon the requirements in GASB Statement No. 34. Key changes in the new standard are summarized below.

- Revises the requirements for management's discussion and analysis (MD&A) with the goal of making it more readable and understandable
- Combines extraordinary items and special items into one category of "unusual or infrequent items"
- Defines operating and nonoperating revenues, specifically by defining nonoperating revenues and classifying all other revenues as operating
- Includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses, and changes in fund net position
- Requires the presentation of proprietary funds' statement of revenues, expenses, and changes in fund net position in the statistical section of the report to include the same categories of revenues and expenses as the face of the financial statements
- Removes the option to disclose major component units in a condensed form in the notes to the financial statements and requires them to be shown individually or in combining financial statements following the fund financial statements
- Requires budgetary comparisons to be presented as RSI and adds new columns for variances between original-to-final budget and final budget-to-actual results

Statement No. 103 is effective for fiscal years beginning after June 15, 2025. The District is currently evaluating the financial statement impact of adopting this statement.

Basis of Presentation

To ensure observance of limitations and restrictions placed on the use of resources available to the District, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. The assets, liabilities and net position of the District are reported in one self-balancing fund. This fund is an enterprise fund and is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs of providing services to the general public, on a continuing basis, be financed or recovered primarily through user charges. The District's Enterprise Fund consists of all operations required to provide sewer services within the District's service area.

Measurement Focus, Basis of Accounting

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized and recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements stipulated by the provider have been met and satisfied.

2. Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

The District considers all short-term deposits and highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Restricted cash and cash equivalents consist of amounts required to be segregated pursuant to debt covenants and are included in restricted for debt service in the Statement of Net Position – Enterprise Fund.

Investments

The District invests in the State of Idaho Treasurer's Diversified Bond Fund (DBF), the Local Government Investment Pool (LGIP), and Multi-Bank Securities, Inc. (MBS). Investments are authorized by Board policy as permitted by Idaho Code, section 67-1210. Deposits in the DBF and the LGIP are stated at fair market value, which approximates cost, and consist of local certificates of deposit, repurchase agreements and U.S. government securities. Investments with MBS are stated at fair value and consist of U.S. government securities and certificates of deposit.

Accounts Receivable

Accounts receivable primarily consist of amounts due from customers for sewer service. Because delinquent sewer bills can be turned over to the County Treasurer for collection through property tax liens, the District's management has determined that an allowance for doubtful accounts is unnecessary.

Prepaid Expenses

Prepaid expenses represent amounts paid in the current period for goods or services that will benefit future periods. Prepaid expenses are accounted for using the consumption method.

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. The District uses 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, if any, is included in the Statement of Revenues, Expenses and Changes in Net Position – Enterprise Fund.

Depreciation is calculated on capital assets using the straight-line method over the estimated useful lives of those assets, as follows:

Sewer infrastructure	10 to 50 years
Buildings	40 years
Equipment and vehicles	5 to 10 years

2. Summary of Significant Accounting Policies, Continued

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy for those assets and liabilities measured at fair value, that distinguishes between assumptions based on market data (observable inputs) and the District's own assumptions (unobservable inputs). The hierarchy consists of: Level 1 – quoted market prices in active markets for identical instruments; Level 2 – inputs other than Level 1 inputs that are observable; and Level 3 – unobservable inputs developed using estimates and assumptions determined by the District.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAV's, if any, are not included in Level 1, 2 or 3, but are separately reported. At November 30, 2025, the assets and liabilities of the District that were measured at fair value on a recurring basis are summarized as follows:

	Level 1	Level 2	Level 3	Total
Investments in the DBF	$ 1,803,260	$ --	$ --	$ 1,803,260
Investments in the LGIP	1,882,630	--	--	1,882,630
Investments in the MBS	5,000,690	--	--	5,000,690

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). The District had no assets or liabilities measured at fair value on a nonrecurring basis during 2025.

Accrued Compensated Absences

The District reports accrued compensated absences in accordance with the provisions of GASB 101. Accrued compensated absences consist of accumulated sick and vacation leave balances that are unpaid by the financial statement date.

Pensions

For purposes of measuring the net pension liability (asset) and pension expense (expense offset), information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan), and additions to, or 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.

Encumbrances

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

2. Summary of Significant Accounting Policies, Continued

Net Position

Net position represents the difference between assets plus deferred outflows, and liabilities plus deferred inflows. Net position is comprised of the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in one or more of 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 amounts 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 had $1,345,320 of net position restricted for debt service at November 30, 2025; and

Unrestricted net position – This component of net position consists of amounts that do not meet the definition of "net investment in capital assets" or "restricted net position."

Use of Restricted Resources

When expenditures qualify to be paid out of both restricted and unrestricted resources, it is the policy of the District to use restricted resources first, then unrestricted resources as they are needed.

Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sewer services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Grant Revenue

The District occasionally receives financial assistance from governmental agencies in the form of grants. Revenue is deemed earned and thus recognized when applicable program expenditures are recorded. Funds received but not earned at November 30, 2025 are recorded as unearned revenue.

Use of Estimates

The preparation of 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.

2. Summary of Significant Accounting Policies, Continued

Subsequent Events

The District has evaluated subsequent events through March 17, 2026, the date these financial statements were available to be issued. No material subsequent events have occurred since November 30, 2025 that required recognition or disclosure in these financial statements.

3. Cash and Cash Equivalents

Cash and cash equivalents, including restricted cash, consist of deposits held in checking, savings and money market accounts with local banks and an investment company. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 at each bank. The District also has cash and cash equivalents with MBS protected by Securities Investor Protection Corporation (SIPC) up to $250,000.

The combined carrying amount of cash and cash equivalents on the District's books at November 30, 2025 was $755,247 and bank balances totaled $907,988. The difference between the carrying amount of cash and cash equivalents on the District's books and the bank balances consisted of outstanding checks and deposits not processed by the banks as of November 30, 2025.

A summary of the total insured and collateralized bank balances at November 30, 2025 is as follows:

Portion insured by the FDIC at local banks	$ 356,489
Portion insured by the SIPC	126,393
Collateralized by a financial institution in the name of the District	425,106
Total bank deposits	$ 907,988

4. Investments

The District's investments, including restricted investments (see Note 7), at November 30, 2025 are summarized as follows:

Investment	Maturities	Interest Rate	Fair Value
DBF	2.67 years average	n/a	$ 1,803,260
LGIP	84 days average	n/a	1,882,630
U.S Treasury Securities with MBS	12/31/25 – 10/31/26	1.125 – 2.625%	2,260,415
U.S. Government Bonds with MBS	2/18/25 – 10/4/28	1.050 – 4.570%	1,834,870
Certificate of deposit with MBS	1/20/26 – 11/23/26	4.050 – 5.200%	905,405
Total investments			$ 8,686,580

4. Investments, Continued

The District has not adopted a formal investment policy. The District's investments are subject to the following types of risk:

Interest Rate Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and State of Idaho investment pools and funds. The District has no investment policy that would further limit its investment choices. At November 30, 2025, the District's investments in the Idaho State DBF and LGIP are not rated.

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer. More than five percent of the District's investments are in the DBF (20.76%), LGIP (21.67%), and MBS (57.57%).

The Idaho State's Diversified Bond Fund and the State Local Government Investment Pool are overseen and managed by the State of Idaho Treasurer's Office.

5. Receivables

Receivables consist of amounts due from customers for sewer services totaling $561,812, of which approximately $313,509 relates to past due amounts that have been turned over to the County Treasurer for collection through property tax liens, and $1,455,440 of amounts due from grantors. Customer payments for sewer service received in advance, totaling $76,022 (Note 9), are reported as unearned revenue in the Statement of Net Position – Enterprise Fund. Customer prepayments are removed from unearned revenue and applied to the customer's account during the period the sewer service is earned by the District.

6. Capital Assets

Capital asset activity for the year ended November 30, 2025 is as follows:

	Balance November 30, 2024	Additions	Transfers	Disposals	Balance November 30, 2025
Sewer infrastructure	$ 41,711,068	$ --	$ 146,735	$ --	$ 41,857,803
Buildings	243,293	--	--	--	243,293
Equipment and vehicles	1,293,496	73,030	--	--	1,366,526
Accumulated depreciation	(17,872,546)	(1,104,080)	--	--	(18,976,626)
	25,375,311	(1,031,050)	146,735	--	24,490,996
Construction in progress	3,099,612	6,323,519	(146,735)	--	9,276,396
	$ 28,474,923	$ 5,292,469	$ --	$ --	$ 33,767,392

Depreciation expense for the year ended November 30, 2025 is $1,104,080.

7. Restricted Assets

Certain proceeds and resources are set aside and classified as restricted assets on the Statement of Net Position – Enterprise Fund because their use is limited by ordinance. The bond reserve account is used to report resources set aside to be used for the payment of principal and interest on the bond issued through the Idaho Bond Bank Authority, as well as amounts received from monthly billings for the future payment of principal and interest on bonds to be issued through the United States Department of Agriculture, Rural Utilities Service (see Note 10). The restricted assets are tracked by the District and are held with other funds in investment accounts with the State of Idaho Treasurer's Office.

8. Short-Term Borrowings

The District had no short-term borrowings at November 30, 2025, nor were there any short-term borrowings or repayments for the year then ended.

9. Unearned Revenue

Unearned revenue consists of the following at November 30, 2025:

Customer prepayments (Note 5)	$ 76,022
Prepaid connection fees	122,031
Total bank deposits	$ 198,053

During 2025, the District's Board of Directors approved an increase to the District's connection fees to be effective December 1, 2025. The new rates were $6,945 for residents of Mullan, Wallace, Osburn, and Kellogg, Idaho and $11,020 for customers outside of those cities. To avoid paying the increased rates, many individuals paid the connection fees prior to the effective date of the increases. During 2025, the District collected total connection fees of $318,150. Of this amount, $196,119 was recognized as revenue during 2025 because the customers connected to the District's system. At November 30, 2025, the District had collected $122,031 of connection fees from individuals who had not connected to the system as of year-end.

10. Long-Term Obligations

Accrued Compensated Absences

A summary of changes in compensated absences for the year ended November 30, 2025 is as follows:

Beginning compensated absences	$ 9,786
Net change	7,296
Ending compensated absences	17,082
Less amounts due within one year	(8,541)
Amounts due after one year	$ 8,541

10. Long-Term Obligations, Continued

Bonds Payable

To ensure the health, safety, comfort, and welfare of the residents of the District, the District's Board of Directors and management, assisted by the District's engineering firm, developed a project plan to acquire, install, and construct improvements to the District's System ("the Project"). The Project primarily consisted of making various capital improvements to the System at its Page and Mullan wastewater treatment plants to meet current Environmental Protection Agency National Permit Discharge Elimination System permit limits and to replace aging equipment.

At an election held on November 4, 2014, the District's voters approved the Project, and the issuance of sewer revenue bonds ("the Bonds") in a principal amount not to exceed $18,200,000 to finance the Project. The United States Department of Agriculture, Rural Utilities Service committed to a loan, to be secured by the Bonds, in a principal amount not to exceed $18,200,000, under the terms and conditions of a Letter of Conditions. The balance of the project will be financed through the revenue of the System, grant funds, and other legally available sources.

During 2018 and 2019, the District issued sewer revenue bonds in the principal amounts of $9,500,000 and $8,500,000, respectively. The bonds call for annual installments of $355,015 and $317,645, respectively, including interest at 2.125% per annum, over a 40-year period beginning one year following the date of issuance. The District's revenue from its sewer system is pledged as security for payment of the bonds. The bonds payable are summarized as follows at November 30, 2025:

Bond payable, due in annual installments, including interest at 2.125%, maturing in December 2057	$ 8,357,209
Bond payable, due in annual installments, including interest at 2.125%, maturing in December 2059	7,632,948
	15,990,157
Less amounts due within one year	(332,869)
Amounts due after one year	$ 15,657,288

Payments on the bonds payable are due as follows:

Year ending November 30,	Principal	Interest	Total
2026	$ 332,869	$ 339,791	$ 672,660
2027	339,943	332,717	672,660
2028	347,166	325,494	672,660
2029	354,544	318,116	672,660
2030	362,078	310,582	672,660
2031 – 2035	1,929,124	1,434,176	3,363,300
2036 – 2040	2,142,991	1,220,309	3,363,300
2041 – 2045	2,380,569	982,731	3,363,300
2046 – 2050	2,644,485	718,815	3,363,300
2051 – 2055	2,937,660	425,640	3,363,300
2056 – 2059	2,218,728	107,805	2,326,533
	$ 15,990,157	$ 6,516,176	$ 22,506,333

10. Long-Term Obligations, Continued

Bonds Payable, Continued

A summary of changes on the bonds payable for the year ended November 30, 2025:

Beginning bonds payable	$ 16,316,099
Obligations incurred	--
Obligations paid	(325,942)
Ending bonds payable	15,990,157
Less amount due with one year	(332,869)
Due within one year	$ 15,657,288

11. Public Employee Retirement System of Idaho Base 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 the 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. Detailed information about the Base Plan's fiduciary net position is also included in the separately issued PERSI financial report. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the PERSI Board, which is 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 be Idaho citizens who are 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 for 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 (five 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% 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, up to a maximum of the Consumer Price Index increase or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

11. Public Employee Retirement System of Idaho Base Plan, Continued

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percentage of covered compensation and earnings from investments. 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, which are expressed as percentages of annual covered payroll, if current rates are actuarially determined to be inadequate or in excess of the rates needed to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate. As of June 30, 2025, the required contribution rate as a percentage of covered payroll for members was 7.18%. The employer contribution rate as a percentage of covered payroll is set by the Retirement Board and was 11.96%. The District's employer contributions required and paid were $92,894, $72,553, and $69,016 for the years ended November 30, 2025, 2024 and 2023, respectively.

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

At November 30, 2025, the District reported a liability (asset) of $339,990 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the Base Plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2025, the District's proportionate allocation was 0.000140598.

For the year ended November 30, 2025, the District recognized net pension expense (expense offset) of $(11,300). At November 30, 2025, 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
Contributions made subsequent to the measurement date	$ 37,517	$ --
Change in proportionate share	27,063	--
Differences between expected and actual experience	64,069	--
Changes in assumptions or other inputs	--	59,786
Net difference between projected and actual earnings on investments	--	87,400
Total	$ 128,649	$ 147,186

The amount reported as deferred outflows of resources related to pensions resulting from the District's contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending November 30, 2026.

11. Public Employee Retirement System of Idaho Base Plan, Continued

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

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

Year ending November 30,	
2026	$ 60,378
2027	(50,841)
2028	(39,515)
2029	(26,076)
	$ 56,054

The amortization of the net difference between projected and actual earnings on investments is amortized over a closed 5-year period, beginning in the current fiscal year. The amortization period for changes in assumptions or other inputs and differences between expected and actual experience is based on the average expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees). The amortization period, which was determined at July 1, 2024, the beginning of the measurement period ended June 30, 2025, is 4.4 years.

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.

The total pension liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

11. Public Employee Retirement System of Idaho Base Plan, Continued

<u>Actuarial Assumptions, Continued</u>

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service and beneficiaries. These rates were adopted effective July 1, 2021.

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%.
	5% of Fire & Police active member deaths are assumed to be duty related. This assumption was adopted July 1, 2021.
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%.
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%.

An experience study was performed for the period from July 1, 2020, through June 30, 2024, which reviewed all economic and demographic assumptions other than mortality. The Total Pension Liability as of June 30, 2025 is based on the results of an actuarial valuation date of July 1, 2025.

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 weighting 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 an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers, and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of the System's assets. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

11. Public Employee Retirement System of Idaho Base Plan, Continued

Actuarial Assumptions, Continued

The following are the Board's adopted asset allocation policies for the Pension Trust Funds (DB Plans, adopted November 2019), as of June 30, 2025:

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

The target allocation and best estimates of real rates of return for each major asset as of July 1, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0.00%	0.00%
Large Cap	22.00%	4.75%
Small/Mid Cap	10.00%	4.95%
International Equity	11.00%	4.75%
Emerging Markets Equity	11.00%	4.95%
Domestic Fixed	20.00%	2.25%
Treasury Inflation-Protected Securities (TIPS)	10.00%	2.05%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

Discount Rate

The discount rate used to measure the total pension liability was 6.55%. 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 Base Plan's 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

The following presents the Employer's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.55%, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or higher than the current rate:

	1% Decrease (5.55%)	Current Rate (6.55%)	1% Increase (7.55%)
Employer's proportionate share of the net pension liability (asset)	$ 818,017	$ 339,990	$ 50,537

11. Public Employee Retirement System of Idaho Base Plan, Continued

Payables to the Pension Plan

At November 30, 2025, the District had no liability for the defined benefit pension plan for legally required employer contributions or employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

12. Commitments and Contingencies

Grant Programs

The District occasionally receives federal and state grants for specific purposes that are governed by various rules and regulations of the grantor agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the District's independent auditors and other governmental auditors. Such audits could lead to a request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management of the District believes such disallowances, if any, would be immaterial.

Risk Pool

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in the Idaho Counties Risk Management Pool (ICRMP) to provide general liability and property insurance. The District, along with other participating entities, contributes annual amounts determined by the ICRMP management. As claims arise, they are submitted to and paid by the ICRMP. If necessary, the ICRMP may assess members additional amounts to cover losses. No such additional assessments were made during 2025, or in any of the previous three years.

Litigation

The District is occasionally named as a defendant in lawsuits arising principally in the normal course of operations. In the opinion of the District's management, the outcome of these lawsuits will not have a materially adverse effect on the accompanying financial statements and, accordingly, no provision for loss has been recorded.

Environmental Liabilities

The District is required to comply with the provisions of permits and regulations issued by the U.S. Environmental Protection Agency and the Idaho Bond Bank Authority. If the District fails to meet the requirements of the permits and regulations, it could be subject to fines or other censures. If the District determines that it is probable that a liability has been incurred and the amount can be reasonably estimated, the District will record a liability in the Statement of Net Position – Enterprise Fund.

Required Supplementary Information

South Fork Coeur d'Alene River Sewer District
Schedule of Employer's Share of the Net Pension Liability (Asset) - PERSI Base Plan
Last 10 Fiscal Years

Fiscal Year	Employer's Portion of NPL	Employer's Proportionate Share of NPL (a)	Employer's Covered Employee Payroll (b)	Employer's NPL as a Percentage of Covered Payroll (a / b)	Plan Net Position as a Percentage of Total Pension Liability
2016	0.000103535	$ 209,881	$ 303,520	69.15%	87.26%
2017	0.000100401	157,813	311,838	50.61%	90.68%
2018	0.000107287	158,250	346,302	45.70%	91.69%
2019	0.000113683	129,766	386,114	33.61%	93.79%
2020	0.000119846	278,298	426,761	65.21%	88.22%
2021	0.000130752	(10,327)	487,947	-2.12%	100.36%
2022	0.000140124	551,915	552,569	99.88%	83.09%
2023	0.000132661	529,405	564,358	93.81%	83.83%
2024	0.000117737	440,413	592,553	74.32%	85.54%
2025	0.000140598	339,990	733,640	46.34%	90.89%

Data reported is measured as of June 30 of each respective fiscal year.

South Fork Coeur d'Alene River Sewer District
Schedule of Employer Contributions - PERSI Base Plan
Last 10 Fiscal Years

Fiscal Year	Statutorily Required Contribution (a)	Actual Employer Contribution (b)	Contributions Excess (Deficiency) (b - a)	Employer's Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b / c)
2016	$ 33,453	$ 33,444	$ (9)	$ 295,520	11.32%
2017	36,928	36,928	-	326,217	11.32%
2018	41,272	41,272	-	364,596	11.32%
2019	46,638	46,638	-	402,714	11.58%
2020	52,252	52,252	-	437,624	11.94%
2021	63,979	63,979	-	535,836	11.94%
2022	63,010	63,010	-	527,723	11.94%
2023	69,016	69,016	-	592,244	11.65%
2024	72,553	72,553	-	629,710	11.52%
2025	92,894	92,894	-	776,705	11.96%

Data reported is measured as of November 30 of each respective fiscal year.

South Fork Coeur d'Alene River Sewer District
Notes to PERSI Base Plan Schedules
November 30, 2025

1. Changes in Benefit Terms

There were no changes in benefit terms during the Plan year ended June 30, 2025.

2. Changes in Composition of the Population

There were no changes in the composition of the population during the Plan year ended June 30, 2025.

3. Changes in Assumptions

The discount rate was increased from 6.35% to 6.55% effective July 1, 2024. There were no other significant changes in actuarial assumptions during the Plan year ended June 30, 2025.

Other Supplementary Information

South Fork Coeur d'Alene River Sewer District
Budgetary Comparison Schedule - Enterprise Fund
Year Ended November 30, 2025

	Budgeted Amounts		Actual	Variances Positive/(Negative)	
	Original	Final	Budgetary Basis	Original to Final	Final to Actual
Operating revenues:					
Sewer service revenue	$ 2,640,000	$ 2,640,000	$ 2,934,943	$ -	$ 294,943
Sewer hook-up revenue	-	-	196,119	-	196,119
Other income	40,000	40,000	89,016	-	49,016
Total operating revenues	2,680,000	2,680,000	3,220,078	-	540,078
Operating expenses:					
Payroll and related:					
Salaries and wages	735,628	735,628	646,343	-	89,285
Employee benefits	203,321	203,321	225,724	-	(22,403)
Payroll taxes	93,594	93,594	88,590	-	5,004
Other operating expenses:					
Collector expenses	303,920	303,920	215,413	-	88,507
Page plant operating expenses	641,535	641,535	414,326	-	227,209
Office and general	189,400	189,400	144,479	-	44,921
Mullan plant operating expenses	146,675	146,675	79,005	-	67,670
Professional services	75,530	75,530	66,922	-	8,608
Insurance	62,000	62,000	62,128	-	(128)
	2,451,603	2,451,603	1,942,930	-	508,673
Budgetary operating income	228,397	228,397	1,277,148	-	1,048,751
Nonoperating revenues (expenses):					
Investment income (loss), net	100,000	100,000	421,587	-	321,587
Grant revenue	10,000,000	10,000,000	6,021,573	-	(3,978,427)
Capital outlay	(11,617,000)	(11,617,000)	(6,396,549)	-	5,220,451
Debt service	(672,660)	(672,660)	(672,660)	-	-
Total nonoperating revenues (expenses), net	(2,189,660)	(2,189,660)	(626,049)	-	1,563,611
Change in budgetary net position	(1,961,263)	(1,961,263)	651,099	-	2,612,362
Reconciliation to GAAP basis:					
Capital outlay	-	-	6,396,549	-	6,396,549
Depreciation	-	-	(1,104,080)	-	(1,104,080)
Principal on debt service	-	-	325,942	-	325,942
Difference in cash vs. accrual interest	-	-	6,179	-	6,179
Net position, beginning of year	21,581,909	21,581,909	21,581,909	-	-
Net position, end of year	$ 19,620,646	$ 19,620,646	$ 27,857,598	$ -	$ 8,236,952

South Fork Coeur d'Alene River Sewer District
Notes to Budgetary Comparison Schedule
November 30, 2025

1. Basis of Presentation

With the exception of capital outlay, depreciation and debt service, the budgetary comparison schedule has been prepared on the accrual basis of accounting, which is the same basis of accounting used in the Enterprise Fund financial statements.

2. Expenditures in Excess of Budgeted Amounts

As disclosed in Note 1 above, with the exception of capital outlay, depreciation and debt service, the budgetary comparison schedule has been prepared in conformance with the presentation used in the preparation of the Enterprise Fund financial statements. This presentation differs from the account groupings required by Idaho Statutes for Board of Directors' budgetary control at the function level. As a result, the budgetary comparison schedule for the Enterprise Fund at page 21 may disclose instances in which actual expenses exceeded budgeted expenses at the functional levels required by Idaho Statutes. In fact, there were no instances in which Enterprise Fund expenses exceeded budgeted expenses at the functional levels required by Idaho Statutes.

Compliance Reports

DeCoria & Company PC
CERTIFIED PUBLIC ACCOUNTANTS

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
South Fork Coeur d'Alene River Sewer District
Osburn, 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 South Fork Coeur d'Alene River Sewer District ("the District"), as of and for the year ended November 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon, dated March 17, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2025-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

The District's Response to the Finding

Government Auditing Standards require the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DeCoria & Company, PC

DeCoria & Company, PC
Evanston, Wyoming

March 17, 2026

South Fork Coeur d'Alene River Sewer District
Schedule of Expenditures of Federal Awards
Year Ended November 30, 2025

Federal Grantor/ Pass-Through Grantor Program Title	Federal Assistance Listing (AL) Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Treasury			
Passed Through Idaho Department of Enviormental Quality:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	S7800	$ 5,992,224
Passed Through Idaho Department of Enviormental Quality:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	W442	7,996
Passed Through Shoshone County:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	2,747
Total U.S. Department of Treasury			6,002,967
Total Federal Financial Assistance			$ 6,002,967

See accompanying Notes to Schedule of Expenditures of Federal Awards.

South Fork Coeur d'Alene River Sewer District
Notes to Schedule of Expenditures of Federal Awards
Year Ended November 30, 2025

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of South Fork Coeur d'Alene River Sewer District and is presented on the modified accrual basis of accounting. 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).

2. Federal De Minimis Indirect Rate

The District did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

DeCoria & Company PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
South Fork Coeur d'Alene River Sewer District
Osburn, Idaho

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited South Fork Coeur d'Alene River Sewer District's ("the District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended November 30, 2025. The District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended November 30, 2025.

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; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit 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). 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 the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibility 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 the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain 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 the District'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 generally accepted auditing standards, *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 the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the 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 the District'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 the District'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 the District'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 a 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 internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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.

DeCoria & Company, PC

DeCoria & Company, PC
Evanston, Wyoming

March 17, 2026

South Fork Coeur d'Alene River Sewer District
Schedule of Findings and Questioned Costs
Year Ended November 30, 2025

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP (Note 2):		Unmodified
• Internal control over financial reporting:		
• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified?	☒ Yes	☐ None reported
Noncompliance material to financial statements noted?	☐ Yes	☒ No

Federal Awards

Type of report the auditor issued on compliance for major programs:		Unmodified
Internal control over major programs:		
• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified?	☐ Yes	☒ None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.5166(a):	☐ Yes	☒ No

Identification of Major Programs:

Assistance Listing Number	Name of Federal Program
21.027	Capitalization Grants for American Rescue Plan Act

The dollar threshold used to distinguish type A and B programs was $750,000.

The auditee qualified as a low-risk auditee?	☒ Yes	☐ No

South Fork Coeur d'Alene River Sewer District
Schedule of Findings and Questioned Costs
Year Ended November 30, 2025

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of non-compliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

<u>Finding 2025-001</u>

Condition	The size of the District's staff is not large enough to permit a complete segregation of duties for an effective system of internal control over financial reporting.
Criteria	An effective system of internal control over financial reporting requires that closely related duties be segregated.
Effect	The concentration of closely related duties and responsibilities by a small staff makes it difficult to establish a complete system of automatic internal checks on the accuracy and reliability of the accounting records.
Cause	The District's staff is too small to allow a complete segregation of duties.
Recommendation	Although District's staff is not large enough to permit a complete segregation of duties for an effective system of internal control over financial reporting, we recommend that officials be aware that the condition does exist.
Management's Response	Management and the Board of Directors are aware of this condition and have made a conscious decision to accept the resulting degree of risk because of cost or other considerations.

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings (significant deficiencies, material weaknesses, and instances of non-compliance, including questioned costs) related to federal awards that are required to be reported in accordance with the Uniform Guidance.

There were no findings in the current year.

South Fork Coeur d'Alene River Sewer District
Status of Prior Year Findings
Year Ended November 30, 2025

Finding 2024-001

Condition	The size of the District's staff is not large enough to permit an adequate segregation of duties for an effective system of internal control over financial reporting.
Status	This condition continues to exist at November 30, 2025. See Finding 2025-001.