

November 5, 2025

Board of Directors
Baker Water and Sewer General Improvement District
Ely, NV

We have audited the financial statements of Baker Water and Sewer General Improvement District for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 15, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Baker Water and Sewer General Improvement District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by the Board during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management recorded all proposed adjustments during the audit, which were all non-attest adjustments.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 5, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Schedule of Revenues, Expenses and Changes in Net Position, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of Baker Water and Sewer General Improvement District and is not intended to be, and should not be, used by anyone other than these specific parties.

Very truly yours,

Alpine Summit CPAs

Alpine Summit CPAs
Post Falls, Idaho

AUDIT ENGAGEMENT LETTER

November 30, 2025

To Board of Commissioners
Baker Water and Sewer General Improvement District
Baker, Nevada

We are pleased to confirm our understanding of the services we are to provide Baker Water and Sewer General Improvement District for the year ending June 30, 2025.

Audit Scope and Objectives

We will audit the financial statements of Baker Water and Sewer General Improvement District as of and for the year ending June 30, 2025. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Baker Water and Sewer General Improvement District's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Baker Water and Sewer District's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis

In connection with our audit of the basic financial statements, we will read the following other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

1. Statement of Revenues, Expenditures and Changes in Net Position – Budget & Actual

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objective also includes reporting on Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records of Baker Water and Sewer General Improvement District and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Management override of controls
- Revenue Recognition

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. 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, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Baker Water and Sewer General Improvement District 's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud

or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, or contracts or grant agreements that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Other Services

We will also assist in providing the following nonaudit services during the audit of your financial statements based on information provided by you:

- We will prepare a draft of your financial statements and related notes in conformity with U.S. generally accepted accounting principles based on information provided by you.
- Preparation of journal entries for miscellaneous accruals, as necessary, including prior year audit journal entries, based on information provided by you.

These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to Baker Water and Sewer General Improvement District; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Alpine Summit CPAs and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a regulator or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Alpine Summit CPAs personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by a regulator. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Brian Shull is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

Our fee for these services will be \$12,500. We will charge separately for any consulting services for the application of accounting principles for various transactions. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of Baker Water and Sewer General Improvement District's financial statements. Our reports will be addressed to the Board of Commissioners of Baker Water and Sewer General Improvement District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state (1) that the purpose of the report is solely to describe the scope of 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 on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our

audit we become aware that Baker Water and Sewer General Improvement District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to Baker Water and Sewer General Improvement District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy, and return it to us.

Sincerely,

Alpine Summit CPAs

Alpine Summit CPAs

RESPONSE:

This letter correctly sets forth the understanding of Baker Water and Sewer
General Improvement District.

Governance signature: _____

Title: _____

Date: _____

Management signature: _____

Title: _____

Date: _____

**BAKER WATER AND SEWER
GENERAL IMPROVEMENT DISTRICT**

AUDITED FINANCIAL STATEMENTS
& Additional Information

Year Ended June 30, 2024

Prepared By

ALPINE SUMMIT CPAs

TAX, ASSURANCE, ACCOUNTING, ADVISORY

TABLE OF CONTENTS

Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Net Position	11
Statement of Cash Flows	12
Notes to the Financial Statements	13
Other Information:	
Statements of Revenues, Expenditures, and Changes in Net Position – Budget & Actual	20
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board Members of
Baker Water and Sewer General Improvement District
Ely, Nevada

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Baker Water and Sewer General Improvement District ("District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Baker Water and Sewer General Improvement District as of June 30, 2024, 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 Baker Water and Sewer General Improvement 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Baker Water and Sewer General Improvement 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.

Auditors' Responsibility for the Audit of the Financial Statements

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

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Baker Water and Sewer General Improvement 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 Baker Water and Sewer General Improvement District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Other Information

Management is responsible for the other information included in the report. The other information comprises the budgetary comparison schedule but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2025, on our consideration of Baker Water and Sewer General Improvement 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Baker Water and Sewer General Improvement District's internal control over financial reporting and compliance.

Alpine Summit CPAs

Alpine Summit CPAs
Post Falls, Idaho
November 5, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

**BAKER WATER AND SEWER GID
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024**

As management of the District, we offer readers of the Baker Water & Sewer GID's financial statements this narrative overview and analysis of the financial activities of the Baker Water & Sewer GID for the fiscal year ended June 30, 2024. Management's Discussion and Analysis (MDA) is supplementary information required by the Governmental Accounting Standards Board Statement #34 which is intended to provide a readable analysis of the District's financial activities. The MDA is required before each basic financial statement and provides an analysis of the District's overall financial position to the user in assessing the District's financial position compared with prior year's activity.

FINANCIAL HIGHLIGHTS

The assets of the Baker Water & Sewer GID exceeded liabilities at June 30, 2024 by \$1,110,871, representing the net position. Of this amount, \$64,211 was unrestricted and may be used to meet ongoing obligations to citizens and creditors.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of basic financial statements and notes to the financial statements. Additionally, other information to the financial statements is contained in this report, presenting the budget and actual comparison for the district.

Basic Financial Statements

The Statement of Net Position presents information on all assets and liabilities for the Baker Water & Sewer GID. The difference between the total assets and total liabilities is reported as "net position". Over time increases and decreases in net position may serve as an indicator of improvement or deterioration of financial condition.

The Statement of Revenues, Expenses and Changes in Net Position reflects the changes that have occurred during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as uncollected assessments.

Governmental activities which are supported primarily by taxes and intergovernmental revenues are distinguished from activities which are intended to recover all or a significant portion of costs through user fees and charges for water and sewer services, as is the case with business-type functions, in the financial statements.

The Baker Water & Sewer GID maintains one general fund that makes up the proprietary fund category. Fund financial statements include a Statement of Net Position and a Statement of Revenues, Expenses, and Changes in Net Position. A budget is prepared annually for the general fund reflecting anticipated resources and uses of the collected resources. A budgetary comparison statement has been provided in the financial statements to demonstrate compliance with the budget.

Notes to Financial Statements

Notes to financial statements are included to provide information that is crucial to the full and complete understanding of the data provided in the financial statements.

**BAKER WATER AND SEWER GID
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024**

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Baker Water & Sewer GID, assets exceeded liabilities by \$1,110,871 at the close of the most recent fiscal year.

The largest part of the Baker Water & Sewer GID's net position, 94.22 percent, is invested in capital assets, which consist of capital assets less accumulated depreciation totaling \$1,046,660. The Baker Water & Sewer GID has been investing in new infrastructure over the years. The unrestricted net position totaling \$64,211, 5.78 percent of net position, may be used to meet the Baker Water & Sewer GID's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Baker Water & Sewer GID is able to report positive balances in all categories of net position.

Actual expenses for the current fiscal year were \$368,934, which is higher than prior years due to an emergency Saddle-tap replacement project. The district received grant revenue from the Nevada Division of Environmental Protection to assist in funding the major repair.

The table below illustrates the net position of the District. The comparison of assets to liabilities should provide an indication of the District's ability to meet current and long term demands.

**Baker Water & Sewer GID
Statement of Net Position
June 30, 2024**

Current Assets	\$ 103,162
Capital Assets, Net	<u>1,194,198</u>
Total Assets	1,297,360
Current Liabilities	50,390
Non Current Liabilities	<u>136,099</u>
	186,489
Net Position	
Net Investment in Capital Assets	1,046,660
Unrestricted	<u>64,211</u>
Total Net Position	<u><u>\$ 1,110,871</u></u>

**BAKER WATER AND SEWER GID
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024**

The table below shows the Changes in Net Position which reflect the change in net position during the year.

**Baker Water & Sewer GID
Changes in Net Position
Year Ended June 30, 2024**

Revenues	
Operating Revenue	
Water and Sewer	\$ 88,100
Total Program Revenue	88,100
 Expenses	
Contract Labor	23,909
Depreciation	59,195
General Expense	9,100
Insurance	200
Legal and Professional	7,364
Miscellaneous	1,102
Office supplies	1,724
Repairs and Maintenance	263,323
Utilities	3,017
	368,934
 Nonoperating Revenues (Expenses)	
Grant Revenue	260,809
Interest Income	1,503
Interest Expense	(8,057)
	254,255
 Change in Net Position	
	(26,579)
Net Position, beginning	1,137,450
Net Position, ending	\$ 1,110,871

Budgetary Highlights – Fiscal Year ended June 30, 2024

The budget statements reflect a comparison of budgeted revenues and expenditures to actual for the year ended June 30, 2024. The budget statements were prepared from the adopted and final budget as filed with the Nevada Department of Taxation.

Total revenues were \$20,000 above the budgeted amount of \$68,100, operating expenses were \$89,154 higher than the budgeted amount of \$279,780, and actual nonoperating revenues were \$262,162 higher than the budgeted amount, resulting in a favorable variance from the budgeted amounts of \$193,008. Additional budget information can be found on pages in the Other Information of this report.

**BAKER WATER AND SEWER GID
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2024**

Capital Assets

The Baker Water & Sewer GID's investment in capital assets as of June 30, 2024, amounts to \$1,194,198, respectively (net of accumulated depreciation). This investment in capital assets includes buildings, equipment, and infrastructure.

Additional information on the Baker Water & Sewer GID's capital assets can be found in Note 4 of this report.

Next Year's Budgets and Rates

The board anticipates major expenditures related to the Lehman Creek Residential Area project that will provide safe drinking water system to an area where no infrastructure currently exists. The board anticipates increased expenditures related to the project for 2025, 2026 and 2027. They have applied for a grant to assist with funding the project.

Requests for Information

This financial report is designed to provide a general overview of the Baker Water & Sewer GID's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Baker Water & Sewer GID, PO Box 165, Baker, Nevada 89311.

BASIC FINANCIAL STATEMENTS

BAKER WATER AND SEWER GID
STATEMENT OF NET POSITION
June 30, 2024

ASSETS

Current Assets:

Cash & Cash Equivalents	\$	90,396
Receivables:		
User Fees		5,866
Grants Receivable		6,900
Total Receivables		12,766
Total Current Assets		103,162

Non-current Assets:

Capital Assets:

Capital Assets Not Being Depreciated		162,899
Capital Assets, Net of Accumulated Depreciation		1,031,299
Total Capital Assets		1,194,198
Total Assets		1,297,360

LIABILITIES

Current Liabilities:

Accounts Payable		38,951
Bonds Payable, Current Portion		11,439
Total Current Liabilities		50,390

Non-current Liabilities:

Bonds Payable		136,099
Total Non-current Liabilities		136,099
Total Liabilities		186,489

NET POSITION

Net Investment in Capital Assets		1,046,660
Unrestricted Net Assets		64,211
Total Net Position	\$	1,110,871

See accompanying notes to the financial statements and independent auditors' report.

BAKER WATER AND SEWER GID
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2024

Operating Revenues:

Water and Sewer	\$ 88,100
Total Operating Revenues	88,100

Operating Expenses:

Contract Labor	23,909
Depreciation	59,195
General Expense	9,100
Insurance	200
Legal and Professional	7,364
Miscellaneous	1,102
Office supplies	1,724
Repairs and Maintenance	263,323
Utilities	3,017
Total Operating Expenses	368,934

Operating Income (loss)	(280,834)
-------------------------	-----------

Nonoperating Revenues (Expenses):

Grant Revenue	260,809
Interest Income	1,503
Interest Expense	(8,057)
Total Nonoperating Revenues (Expenses)	254,255

Change in Net Position	(26,579)
------------------------	----------

Net Position - Beginning	1,137,450
Net Position - Ending	\$ 1,110,871

See accompanying notes to the financial statements and independent auditors' report.

**BAKER WATER AND SEWER GID
STATEMENT OF CASH FLOWS
Year Ended June 30, 2024**

Cash Flows From Operating Activities	
Receipts from Customers	\$ 85,689
Payments to Suppliers	<u>(271,299)</u>
Net Cash From Operating Activities	<u>(185,610)</u>
 Cash Flows From Capital and Related Financing Activities	
Purchases of Capital Assets	(56,425)
Interest Expense	<u>(8,057)</u>
Net Cash From Capital and Related Financing Activities	<u>(64,482)</u>
 Cash Flows From Investing Activities	
Payment on Bonds	(10,855)
Interest Received	<u>1,503</u>
Net Cash From Investing Activities	<u>(9,352)</u>
 Cash Flows Noncapital Financing Activities	
Grant Income	<u>253,909</u>
Net Cash From Investing Activities	<u>253,909</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(5,535)
Cash and Cash Equivalents, Beginning of Year	<u>95,931</u>
Cash and Cash Equivalents, End of Year	<u>\$ 90,396</u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	<u>\$ (280,834)</u>
 Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation Expense	59,195
Change in assets and liabilities:	
User Fees Receivable	(2,411)
Accounts Payable	<u>38,440</u>
Total Adjustments	<u>95,224</u>
Net Cash Provided by Operating Activities	<u>\$ (185,610)</u>

*See accompanying notes to the financial statements
and independent auditors' report.*

BAKER WATER AND SEWER GID
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Baker Water and Sewer General Improvement District (the “District”) an Enterprise Fund, was created under the provisions of Nevada Revised Statutes. The District is governed by an elected board of six members which possess final decision-making authority and is primarily accountable for those decisions. The District was organized for the purpose of constructing and operating a water and sewer system for residents within specified boundaries.

The board of trustees is responsible for approving the budget, establishing spending limitations, funding any deficits, and borrowing funds and/or issuing bonds to finance the District system operations and construction.

The District was created pursuant to and operated under Chapter 318 of the Nevada Revised Statutes. The District is fiscally independent of all other governmental entities and has no component units nor is it a component unit of another entity.

Measurement Focus and Basis of Accounting

The District’s basis financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The accounts of the District are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with separate set of self-balancing accounts that comprise the District’s assets, liabilities, deferred inflows of resources, net position, revenues, and expenses.

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statements of net position. Net position (i.e., total assets net of total liabilities) is segregated into net investment in capital assets and unrestricted.

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

Cash, Cash Equivalents, and Investments

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk in changes of value. The District’s funds are invested by the District administration as permitted by law. Investments are recorded at fair value.

State statutes authorize the District to invest in obligations of the U.S. Treasury; certain farm loan boards; certain securities issued by Nevada local governments and other state and local governments; certain obligations of an Agency of the United States or a corporation sponsored by the government; certain repurchase agreements; certain bankers acceptances; certain commercial paper; and certain negotiable certificates of deposits and money market mutual funds.

See accompanying independent auditors’ report.

**BAKER WATER AND SEWER GID
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Investments (Continued)

The following investments are allowed but must not exceed 20% of the total portfolio at the purchase date and 25% of such investments may not be in notes, bonds or unconditional obligations issued by any one corporation:

- Certain notes, bonds and other unconditional obligations for the payment of money issued by corporations organized and operating in the United States.
- Collateralized mortgage obligations “AAA” rated.
- Asset-backed securities “AAA” rated.

Receivables

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts was \$-0- at June 30, 2024 and 2023, respectively.

Operating vs. Nonoperating

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund’s principal ongoing operation. For the District, these include such items as fee revenue from customers and the costs associated with operating the water and sewer systems. Nonoperating revenues and expenses generally result from activities that do not relate to the proprietary fund’s principal ongoing operations. For the District, these include grant revenues primarily for repairs and maintenance purposes and interest income and expense.

Capital Assets

Capital assets are stated at cost when purchased or constructed or where historical records are available and at an estimated cost where no historical records exist. The District’s capitalization policy is based on an estimated useful life of greater than one year. The District capitalizes all assets with a cost of at least \$5,000 and a useful life greater than one year. Gifts or contributions of capital assets are recorded at fair market value at the time received. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred.

Depreciation has been provided over estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Water and Sewer systems	25-40 years
Service Connections	5-15 years
Other	5-15 years

See accompanying independent auditors’ report.

BAKER WATER AND SEWER GID
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenues of the District are recognized when earned, as the services are provided to customers.

Net Position

Net position is classified as follows:

Net Investment in Capital Assets

Consists of capital assets, net of accumulated depreciation and related debt.

Unrestricted Net Position

Unrestricted net position represent resources derived from water and sewer fees charged. These resources are used for transactions related to the general operation of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through November 5, 2025, which is the date the financial statements were available to be issued.

**BAKER WATER AND SEWER GID
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2024**

NOTE 2 – COMPLIANCE WITH STATUTES, ADMINISTRATIVE CODES, AND BOND COVENANTS

Budgets and Budgetary Accounting

- 1) The District adheres to the Local Government Budget Act incorporated within state statutes, which includes the following major procedures to establish the budgetary data, which is reflected in these financial statements.
- 2) On or before April 15, the Baker Water and Sewer GID Board of Trustees files a tentative budget with the Nevada Department of Taxation.
- 3) Public hearings on the tentative budget are held on the third Thursday in May.
- 4) On or before June 1, at a public hearing, the trustees indicate changes, if any, to be made to the tentative budget and adopt a final budget by favorable vote of a majority of the Trustees.
- 5) The final budget must then be forwarded to the Nevada Department of Taxation for review and approval.
- 6) Formal budgetary integration in the financial records is employed to enhance management control during the year.
- 7) The budget is adopted on a basis consistent with accounting principles generally accepted in the United States. All appropriates lapse at year-end.
- 8) Budget amounts may be transferred if amounts do not exceed the original budget. Such transfers must be approved by the treasurer and/or trustees depending on established criteria. Budget augmentations in excess of original budgetary amounts may be implemented by including the augmentation in the next quarterly report by the Department of Taxation. Budget augmentation must be approved by the board of trustees.
- 9) In accordance with state statute, the sum of operating and nonoperating expenses may not exceed the sum of budgeted operating and nonoperating revenues. The above dates may be modified as necessary during years when the Nevada Legislature is in session.
- 10) Other than noted below, the District is not aware of any noncompliance with significant statutes, code and covenants that governed its financial operations during the year ended June 30, 2024.

Appropriations

The District did not expend any money in excess of amounts appropriated for the year ended June 30, 2024, which meets the requirements set forth in the Nevada Revised Statute 354.626.

Compliance

Except as described in the following paragraph, the District is not aware of any noncompliance with requirements identified in the State of Nevada Revised Statutes (NRS) including, but not limited to, NRS sections 354.624 and 354.6241 and has no funds to be reported pursuant to NRS 354.5989.

The District lost its appeal to waive the audit requirement, therefore it did not submit its audit within 5 months of the close of the fiscal year, as required by NRS section 354.624.

See accompanying independent auditors' report.

**BAKER WATER AND SEWER GID
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2024**

NOTE 3 – CASH AND INVESTMENTS

Cash and investments consisted of the following as of June 30:

Deposits with financial institutions	\$ 78,055
Funds held by the County	5,707
Nevada Local Government Investment Pool	6,634
	\$ 90,396

As defined in Note 1, Nevada Revised Statutes set forth acceptable investments for Nevada local governments. The District has not adopted a formal investment policy that would further limit its investments choices nor further limit its exposure to certain risk categories set forth below.

Interest Rate Risk – Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. As noted above, 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 beyond those specified in the state statutes.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality rating of its investment. Nevada State law limits investments in commercial paper and corporate bonds. Corporate or depository institution commercial paper purchased from a registered dealer must have a credit rating of A-1, P-1, or better. Investments in money market funds that invest in federal securities must have a credit rating of “AAA” and investments in obligations of state and local governments must rate A or higher.

Custodial Credit Risk – The risk that in the event of a bank failure, the District’s deposits may not be returned. The District’s bank deposits are covered by Federal Deposit Insurance Corporation (FDIC) and are collateralized by the office of the State Treasurer/Nevada Collateral Pool. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of outside parties.

Deposits without exposure to custodial credit risk:

Amount insured by FDIC or other agencies	\$ 78,055
--	-----------

Deposits with exposure to custodial credit risk:

Amount collateralized with securities held in trust, but not in the District's name	12,341
Amount uninsured or uncollateralized	-
Total bank balance (deposits)	\$ 90,396

See accompanying independent auditors’ report.

**BAKER WATER AND SEWER GID
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2024**

NOTE 4 – CAPITAL ASSETS

Changes in the Capital Assets for fiscal year 2024 are as follows:

	June 30, 2023	Additions	Disposals	June 30, 2024
Capital assets not being depreciated:				
Construction in Progress	\$ 106,474	\$ 56,425	\$ -	\$ 162,899
Total capital assets not being depreciated	<u>106,474</u>	<u>56,425</u>	<u>-</u>	<u>162,899</u>
Capital assets being depreciated:				
Water & Sewer Systems	\$ 2,341,148	\$ -	\$ -	\$ 2,341,148
Service Connections	\$ 123,337			123,337
Other Capital Assets	16,614	-	-	16,614
Total capital assets being depreciated	<u>2,481,099</u>	<u>-</u>	<u>-</u>	<u>2,481,099</u>
Less: Accumulated Depreciation	1,390,605	59,195	-	1,449,800
Total capital assets, net	<u>\$ 1,196,968</u>	<u>\$ (2,770)</u>	<u>\$ -</u>	<u>\$ 1,194,198</u>

Depreciation for the year ended June 30, 2024, was \$59,195.

NOTE 5 – LONG-TERM OBLIGATIONS

Revenue Bonds

The District financed water and sewer systems with revenue bonds through the State of Nevada. The Sewer bond is payable in monthly installments of \$1,022, with interest at 5.25% and matures in 2034. The Water bond is payable in monthly installments of \$554, with interest at 5.25% and matures in 2035.

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Debt Payments	Ending Balance	Due Within One Year
Sewer Bond	\$ 101,691	\$ (7,094)	\$ 94,597	\$ 7,476
Water Bond	56,702	(3,761)	\$ 52,941	3,963
DEQ Loan	<u>\$ 158,393</u>	<u>\$ (10,855)</u>	<u>\$ 147,538</u>	<u>\$ 11,439</u>

Presented below is a schedule of debt service payments by years:

Year ended November 30	Principal	Interest	Total
2025	\$ 11,439	\$ 7,473	\$ 18,912
2026	12,054	6,858	18,912
2027	12,702	6,210	18,912
2028	13,386	5,526	18,912
2029	14,105	4,807	18,912
2030-2034	81,646	11,804	93,450
2035	2,206	24	2,230
	<u>\$ 147,538</u>	<u>\$ 42,702</u>	<u>\$ 190,240</u>

See accompanying independent auditors' report.

OTHER INFORMATION

BAKER WATER AND SEWER GID
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
Year Ended June 30, 2024

	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Budget Variance Positive/(Negative)
Operating Revenues:			
Water and Sewer	\$ 68,100	\$ 88,100	\$ 20,000
Total Operating Revenues	<u>68,100</u>	<u>88,100</u>	<u>20,000</u>
Operating Expenses:			
Contract Labor	17,500	23,909	(6,409)
Depreciation	221,000	59,195	161,805
General Expense	-	9,100	(9,100)
Insurance	200	200	-
Legal and Professional	-	7,364	(7,364)
Miscellaneous	-	1,102	(1,102)
Office supplies	-	1,724	(1,724)
Repairs and Maintenance	-	263,323	(263,323)
Utilities	2,900	3,017	(117)
Other	38,180	-	38,180
Total Operating Expenses	<u>279,780</u>	<u>368,934</u>	<u>(89,154)</u>
Operating (Loss) Income	<u>(211,680)</u>	<u>(280,834)</u>	<u>(69,154)</u>
Nonoperating Revenues (Expenses):			
Grant Revenue	-	260,809	260,809
Interest Income	150	1,503	1,353
Interest Expense	(8,057)	(8,057)	-
Total Nonoperating Revenues (Expenses)	<u>(7,907)</u>	<u>254,255</u>	<u>262,162</u>
Change in Net Position	(219,587)	(26,579)	193,008
Total Net Position - Beginning	1,137,450	1,137,450	-
Net Position - Ending	<u>\$ 917,863</u>	<u>\$ 1,110,871</u>	<u>\$ 193,008</u>

REPORT REQUIRED BY GAO

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

To the Board Members of
Baker Water and Sewer General Improvement District
Ely, Nevada

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 Baker Water and Sewer General Improvement District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Baker Water and Sewer General Improvement District's basic financial statements, and have issued our report thereon dated November 5, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Baker Water and Sewer General Improvement 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 Baker Water and Sewer General Improvement District's internal control. Accordingly, we do not express an opinion on the effectiveness of Baker Water and Sewer General Improvement District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Baker Water and Sewer General Improvement 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

This 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.

Alpine Summit CPAs

Alpine Summit CPAs
Post Falls, Idaho
November 5, 2025