Baker Water & Sewer GID Audited Financial Statements

BAKER WATER AND SEWER GENERAL IMPROVEMENT DISTRICT

AUDITED FINANCIAL STATEMENTS
& Additional Information

Year Ended June 30, 2025

Prepared By

ALPINE SUMMIT CPAs

TAX, ASSURANCE, ACCOUNTING, ADVISORY

TABLE OF CONTENTS

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, 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 respective financial position of Baker Water and Sewer General Improvement District as of June 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 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

ALPINE SUMMIT CPAs
office (208) 777-1099 fax (208) 773-5108
1810 E Schneidmiller Ave #310
Post Falls, ID 83854

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 compromises 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 August 28, 2026, 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
August 28, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

BAKER WATER AND SEWER GID
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

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, 2025. 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, 2025 by $1,413,666, representing the net position. Of this amount, $79,305 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.

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 $1,413,666 at the close of the most recent fiscal year.

The largest part of the Baker Water & Sewer GID's net position, 94 percent, is invested in capital assets, which consist of capital assets less accumulated depreciation totaling $1,470,460, less related debt of $136,099, for net investment in capital assets of $1,334,361. The Baker Water & Sewer GID has been investing in new infrastructure over the years. The unrestricted net position totaling $79,305, 5.6 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 $130,644, which is less than prior years due to the prior year 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, 2025

Current Assets	$ 151,475
Capital Assets, Net	1,470,460
Tota Assets	1,621,935
Current Liabilities	84,224
Non Current Liabilities	124,045
	208,269
Net Position	
Net Investment in Capital Assets	1,334,361
Unrestricted	79,305
Total Net Position	$ 1,413,666

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, 2025

Revenues	
Operating Revenue	
Water and Sewer	$ 67,553
Total Program Revenue	67,553
Expenses	
Contract Labor	22,263
Depreciation	59,191
General Expense	9,638
Insurance	9,965
Legal and Professional	17,623
Miscellaneous	1,472
Office supplies	2,159
Repairs and Maintenance	4,803
Utilities	3,530
	130,644
Nonoperating Revenues (Expenses)	
Grant Revenue	372,695
Interest Income	664
Interest Expense	(7,473)
	365,886
Change in Net Position	302,795
Net Position, beginning	1,110,871
Net Position, ending	$ 1,413,666

Budgetary Highlights – Fiscal Year ended June 30, 2025

The budget statements reflect a comparison of budgeted revenues and expenditures to actual for the year ended June 30, 2025. The budget statements were prepared from the adopted and final budget as filed with the Nevada Department of Taxation.

Total revenues were $1,947 below the budgeted amount of $69,500, operating expenses were $142,974 lower than the budgeted amount of $273,618, and actual nonoperating revenues were $373,209 higher than the budgeted amount, resulting in a favorable variance from the budgeted amounts of $514,236. Additional budget information can be found on pages in the Other Information of this report.

Capital Assets

The Baker Water & Sewer GID's investment in capital assets as of June 30, 2025, amounts to $1,470,460, 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 2026, 2027 and 2028. 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, 2025

ASSETS	
Current Assets:	
Cash & Cash Equivalents	$ 136,395
Receivables:	
User Fees	2,490
Grants Receivable	12,590
Total Receivables	15,080
Total Current Assets	151,475
Non-current Assets:	
Capital Assets:	
Capital Assets Not Being Depreciated	498,352
Capital Assets, Net of Accumulated Depreciation	972,108
Total Capital Assets	1,470,460
Total Assets	1,621,935
LIABILITIES	
Current Liabilities:	
Accounts Payable	20,105
Vendor Deposit	52,065
Bonds Payable, Current Portion	12,054
Total Current Liabilities	84,224
Non-current Liabilities:	
Bonds Payable	124,045
Total Non-current Liabilities	124,045
Total Liabilities	208,269
NET POSITION	
Net Investment in Capital Assets	1,334,361
Unrestricted Net Assets	79,305
Total Net Position	$ 1,413,666

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, 2025

Operating Revenues:	
Water and Sewer	$ 67,553
Total Operating Revenues	67,553
Operating Expenses:	
Contract Labor	22,263
Depreciation	59,191
General Expense	9,638
Insurance	9,965
Legal and Professional	17,623
Miscellaneous	1,472
Office supplies	2,159
Repairs and Maintenance	4,803
Utilities	3,530
Total Operating Expenses	130,644
Operating Income (loss)	(63,091)
Nonoperating Revenues (Expenses):	
Grant Revenue	372,695
Interest Income	664
Interest Expense	(7,473)
Total Nonoperating Revenues (Expenses)	365,886
Change in Net Position	302,795
Net Position - Beginning	1,110,871
Net Position - Ending	$ 1,413,666

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

BAKER WATER AND SEWER GID
STATEMENT OF CASH FLOWS
Year Ended June 30, 2025

Cash Flows From Operating Activities		
Receipts from Customers	$	70,929
Payments to Suppliers		(38,234)
Net Cash From Operating Activities		32,695
Cash Flows From Capital and Related Financing Activities		
Purchases of Capital Assets		(335,453)
Capital Grant income		329,763
Payment on Bonds		(11,439)
Interest Expense		(7,473)
Net Cash From Capital and Related Financing Activities		(24,602)
Cash Flows From Investing Activities		
Interest Received		664
Net Cash From Investing Activities		664
Cash Flows Noncapital Financing Activities		
Noncapital Grant Income		37,242
Net Cash From Noncapital Financing Activities		37,242
Net Increase/(Decrease) in Cash and Cash Equivalents		45,999
Cash and Cash Equivalents, Beginning of Year		90,396
Cash and Cash Equivalents, End of Year	$	136,395
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	$	(63,091)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation Expense		59,191
Change in assets and liabilities:		
User Fees Receivable		3,376
Accounts Payable		(18,846)
Other Liabilities		52,065
Total Adjustments		95,786
Net Cash Provided by Operating Activities	$	32,695

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

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.

NOTE 1 – <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)</u>

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, 2025.

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.

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 August 28, 2026, which is the date the financial statements were available to be issued.

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 no aware of any noncompliance with significant statutes, code and covenants that governed its financial operations during the year ended June 30, 2025.

Appropriations

The District did not expend any money in excess of amounts appropriated for the year ended June 30, 2025, 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 Statures (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.

NOTE 3 – CASH AND INVESTMENTS

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

Deposits without exposure to custodial credit risk:		
Amount insured by FDIC or other agencies	$	155,091
Deposits with exposure to custodial credit risk:		
Amount collateralized with securities held in trust, but not in the District's name		12,683
Amount uninsured or uncollaterized		-
Total bank balance (deposits)	$	167,774

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.

The carrying amount is displayed as follows in the financial statements:		
Statement of net position		
Cash and cash equivalents	$	136,395
Investments		-
	$	136,395
Cash and Cash equivalents at June 30 consist of the following:		
Deposits with financial institutions	$	123,712
Funds held by the County		6,049
Nevada Local Government Investment Pool		6,634
	$	136,395

See accompanying independent auditors’ report.

NOTE 4 – CAPITAL ASSETS

Changes in the Capital Assets for fiscal year 2025 are as follows:

	June 30, 2024	Additions	Disposals	June 30, 2025
Capital assets not being depreciated:				
Construction in Progress	$ 162,899	$ 335,453	$ -	$ 498,352
Total capital assets not being depreciated	162,899	335,453	-	498,352
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	2,481,099	-	-	2,481,099
Less: Accumulated Depreciation	1,449,800	59,191	-	1,508,991
Total capital assets, net	$ 1,194,198	$ 276,262	$ -	$ 1,470,460

Depreciation for the year ended June 30, 2025, was $59,191.

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, 2025, was as follows:

	Beginning Balance	Debt Payments	Ending Balance	Due Within One Year
Sewer Bond	$ 94,597	$ 7,476	$ 87,121	$ 7,878
Water Bond	52,941	3,963	48,978	4,176
Total	$ 147,538	$ 11,439	$ 136,099	$ 12,054

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

Year ended June 30	Principal	Interest	Total
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	14,864	4,048	18,912
2031-2035	68,988	7,780	76,768
	$ 136,099	$ 35,229	$ 171,328

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, 2025

	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Budget Variance Positive/(Negative)
Operating Revenues:			
Water and Sewer	$ 69,500	$ 67,553	$ (1,947)
Total Operating Revenues	69,500	67,553	(1,947)
Operating Expenses:			
Contract Labor	23,280	22,263	1,017
Depreciation	222,438	59,191	163,247
General Expense	-	9,638	(9,638)
Insurance	200	9,965	(9,765)
Legal and Professional	-	17,623	(17,623)
Miscellaneous	23,800	1,472	22,328
Office supplies	-	2,159	(2,159)
Repairs and Maintenance	-	4,803	(4,803)
Utilities	3,900	3,530	370
Other	-	-	-
Total Operating Expenses	273,618	130,644	142,974
Operating (Loss) Income	(204,118)	(63,091)	141,027
Nonoperating Revenues (Expenses):			
Grant Revenue	-	372,695	372,695
Interest Income	150	664	514
Interest Expense	(7,473)	(7,473)	-
Total Nonoperating Revenues (Expenses)	(7,323)	365,886	373,209
Change in Net Position	(211,441)	302,795	514,236
Total Net Position - Beginning	1,110,871	1,110,871	-
Net Position - Ending	$ 899,430	$ 1,413,666	$ 514,236

REPORT REQUIRED BY GAO

ALPINE SUMMIT CPAs

TAX, ASSURANCE, ACCOUNTING, ADVISORY

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, 2025, 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 August 28, 2026.

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*.

ALPINE SUMMIT CPAs
office (208) 777-1099 fax (208) 773-5108
1810 E Schneidmiller Ave #310
Post Falls, ID 83854

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
August 28, 2026