

October 24, 2024

Board of Directors  
Gore Hill County Water District  
Great Falls, Montana

Dear Board of Directors:

We have audited the financial statements of the Gore Hill County Water District (the "District") for the year ended June 30, 2023. Professional standards require that we provide you with the following information related to the audit:

**Our Responsibility Under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards*, and the Uniform Guidance**

As stated in our engagement letter dated October 26, 2023, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Gore Hill County Water District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether Gore Hill County Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with the Uniform Guidance, we examined, on a test basis, evidence about Gore Hill County Water District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to its major federal program for the purpose of expressing an opinion on Gore Hill County Water District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Gore Hill County Water District's compliance with those requirements.

**Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope, timing, and with respect to significant risks identified by us, all of which were previously communicated to your representative, communicated in our letter dated March 7, 2024, in addition to our engagement letter dated October 26, 2023, accepted by management.

## 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 the Gore Hill County Water District are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, Gore Hill County Water District adopted Statement of Governmental Accounting Standards (GASB Statement) No. 96, *Subscription-Based Information Technology Arrangements*, in year 2023. However, the adoption did not have an effect on the financial statements. We noted no transactions entered into by the District 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. The most sensitive estimate affecting the financial statements was depreciation expense.

Management's estimate of depreciation expense is based on useful lives of assets. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

### *Difficulties Encountered in Performing the Audit*

The completion of our audit was delayed because not all information was provided by the agreed upon audit fieldwork dates. Also, not all accounts were properly reconciled.

### *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. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit. Also, the attached material misstatements detected as a result of the audit procedures were corrected by management.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as 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 October 22, 2024, a copy of which accompanies this letter.

*Management Consultations with Other 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**

*Supplementary Information Accompanying Audited Financial Statements*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This communication is intended solely for the information and use of Board of Directors and, if appropriate, management of Gore Hill County Water District, and , and is not intended to be, and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to Gore Hill County Water District.

Sincerely,



Wipfli LLP

Enc.

October 22, 2024

Wipfli LLP  
614 Park Drive South  
Great Falls, MT 59405

This representation letter is provided in connection with your audit of the financial statements of the Gore Hill County Water District (the "District") as of June 30, 2023 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (GAAP).

This representation letter is also provided in connection with your audit of the federal award programs of the District as of and for the year ended June 30, 2023, which was performed in accordance with auditing standards generally accepted in the United States and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We understand that the purpose of your testing of transactions and records from the District's federal programs was to obtain reasonable assurance that the District had complied, in all material respects, with the compliance requirements that could have a direct and material effect on each of its major programs.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, 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. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 22, 2024, the following representations made to you during your audit.

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 26, 2023.
2. The financial statements referred to above are fairly presented in conformity with GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
3. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
5. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
6. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

7. There are no known related-party relationships or transactions which need to be accounted for or disclosed in accordance with GAAP.
8. All events subsequent to the date of the financial statements and for which GAAP requires adjustment or disclosure have been adjusted or disclosed.
9. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to this letter. In addition, you have proposed adjusting journal entries that have been posted to our accounts. We are in agreement with those entries.
10. Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed in accordance with GAAP.

**Information Provided**

11. We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the District and involves:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
16. We have no knowledge of instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
  - a. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GAAP or which would affect federal programs, and we have not consulted a lawyer concerning litigation, claims, or assessments.

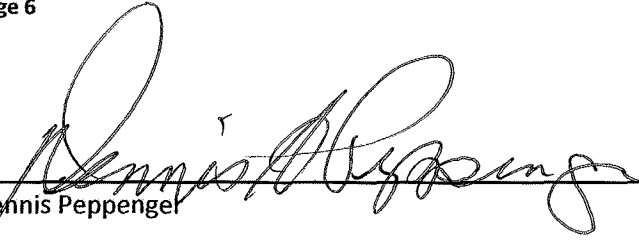
**Government—specific**

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have no knowledge of instances of fraud, noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse that you have reported to us.
20. We have a process to track the status of audit findings and recommendations.
21. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
22. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
23. The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
24. We are responsible for compliance with the laws, regulations, and provisions of contract and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
25. We have no knowledge of instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
26. We have no knowledge of instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
27. We have no knowledge of instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
28. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contract and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
29. We have implemented the new accounting standard, GASB 96 *Subscription-Based Information Technology Arrangements*, during the audit period. We have sufficient and appropriate documentation supporting all estimates and judgments underlying the amounts recorded and disclosed in the financial statements.
30. The methods we used in developing accounting estimates are applied consistently, data is accurate and complete, and the assumptions are reasonable.
31. We accept responsibility for and have designated an individual with suitable skill, knowledge, or experience to oversee the following nonattest services:
  - ◆ Financial statement preparation
  - ◆ Data collection form preparation
  - ◆ Assistance with fixed asset records/depreciation schedules

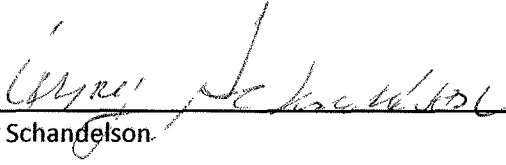
32. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
33. The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
34. The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
35. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
36. Components of net position (net investment in capital assets; restricted; and unrestricted are properly classified and, if applicable, approved.
37. Provisions for uncollectible receivables have been properly identified and recorded.
38. Deposits are properly classified as to risk and are properly disclosed.
39. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
40. We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
41. **With respect to federal award programs:**
  - a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, including requirements relating to preparation of the schedule of expenditures of federal awards.
  - b. We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program.
  - c. We are responsible for establishing, designing, implementing, and maintaining, and have established, designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
  - d. We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to federal programs and related activities.
  - e. We have received no requests from a federal agency to audit one or more specific programs as a major program.

- f. We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- g. We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- h. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- i. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2CFR Part 200, Subpart E).
- j. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- k. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- l. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- m. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- n. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- o. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- p. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- q. We have charged costs to federal awards in accordance with applicable cost principles.
- r. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- s. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- t. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.



  
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Dennis Peppenger

  
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Arny Schandelson.