

**Galena Ground Water District  
Audited Financial Statements  
December 31, 2022**

**Galena ground Water District**  
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For the Year Ended December 31, 2022

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**INDEPENDENT AUDITOR'S REPORT**

To Board of Directors and Management  
Galena Ground Water District

**Opinion**

We have audited the accompanying financial statements of Galena Ground Water District, as of and for the year ended December 31, 2022, and the related notes to the financial statements of the business type activities, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of December 31, 2022, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the district's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the district's ability to continue as a going concern for a reasonable period of time.

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that Schedule of Employer's Share of Net Pension Liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023, on our consideration of the district's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the district's 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 district's internal control over financial reporting and compliance.

January 31, 2023

Arritt Robins Waters CPAs PLLC

*Arritt Robins Waters CPAs PLLC*

**Galena Ground Water District**  
**STATEMENT OF NET POSITION**  
For the Year Ended December 31, 2022

<b>Assets</b>		
Cash	\$	258,303
Assessments Receivable		<u>6,259</u>
<b>Total Assets</b>	<b>\$</b>	<b><u>264,562</u></b>
		-
<b>Liabilities and Net Position</b>		
<b>Liabilities</b>		
Accounts Payable	\$	8,009
Prepaid Assessments		<u>190,680</u>
<b>Total Liabilities</b>		198,689
<b>Net Position</b>		<u>65,873</u>
<b>Total Liabilities and Net Position</b>	<b>\$</b>	<b><u>264,562</u></b>
		-

**Galena Ground Water District**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For the Year Ended December 31, 2022

Revenue	
Direct Assessments	\$ 135,779
County Assessments	80,760
Supplemental Assessments	47,265
Penalty / Other	<u>645</u>
 Total Operating Revenue	 264,449
 EXPENSES	
Administration	13,687
Mitigation - Hydrologic/Legal Consulting	<u>183,893</u>
 Total Expenses	 197,580
 Change in Net Position	 66,869
 Net Position - Beginning	 (996)
 Net Position - Ending	 <u>\$ 65,873</u>

**Galena Ground Water District**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2022

Cash Flows From Operating Activities:	
Receipts From Members	\$ 349,248
Payments to Suppliers	(195,079)
Net Cash Provided By Operating Activities	154,169
Cash Flows From Capital and Related Financing Activities:	
Net Cash Used by Capital and Related Financing Activities	-
Cash Flows From Investing Activities:	
Net Cash Used by Investing Activities	-
Net Cash Used by Investing Activities	-
Net Change in Cash	154,169
Cash and Cash Equivalents at Beginning of Fiscal Year	104,134
Cash and Cash Equivalents at End of Fiscal Year	\$ 258,303
-	
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:	
Operating Income or (Loss)	\$ 66,869
Adjustments:	
Decrease (Increase) in: Receivables	2,286
Increase (Decrease) in: Accounts Payable	2,501
Prepaid O&M	82,513
Net Cash Provided by Operating Activities	\$ 154,169
-	

**Galena Ground Water District**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2022

**Note 1: Reporting Entity**

Galena Ground Water District is a political subdivision of the State of Idaho. The District was established September 8, 2015 and encompasses 280 square miles in Blaine County from Galena Summit to the Glendale road area south of Bellevue. The District is governed by a three member board.

**Note 2: Summary of Significant Accounting Policies**

*Basis of Accounting*

The accounting principles of the District conform to accounting principles generally accepted in the United States of America applicable to enterprise funds. Accordingly, the statement of net position and the statements of revenues, expenses and changes in net position and statement of cash flows have been prepared using the economic resources measurement focus and the accrual basis of accounting.

The District applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, the Accounting Principles Board (APB) opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

*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. These estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Assessments and Refund*

Assessments are for irrigation water. When it is discovered that an assessment included non-irrigation water it is refunded.

*Receivables*

The District has developed a methodology for reviewing the collectability of accounts receivable. Accounts Receivable is shown on the balance sheet net of an allowance of doubtful accounts of \$6,081.

*Cash and Cash Equivalents*

The District considers money market funds, Certificates of Deposit and investments in the state investment pool to be cash and cash equivalents.

**Note 3: Cash and Cash Equivalents**

The District had the following cash and cash equivalents at December 31, 2022:

	Interest <u>Rate</u>	Bank <u>Balance</u>	Book <u>Balance</u>
Zions	-0-	258,702	258,303
Undeposited Funds	-0-	-	-
		258,702	258,303



**Note 4: Contingencies and Risk***Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the District's deposit may not be returned to it. The District does not have a deposit policy for custodial credit risk. Accounts at financial institutions are insured by Federal Deposit Insurance Corporation for up to \$ 250,000. As of December 31, 2022 the District exceeded this insurance limit by \$8,702.

*Water Litigation*

There are several ongoing developments in many areas affecting water law. The effect of these has not been determined. However, unfavorable outcomes of one or more of these could have a detrimental effect on the District's financial condition.

*Economic Risk*

The District's only customers are land owners in the District. The District is dependent upon the land owners' ability to pay their assessments and the availability of water.

**Note 5: Budget**

The budget is set by the Board.

**Note 6: Date of Managements Review:**

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through January 31, 2023, the date that the financial statements were available to be issued.

**Note 7: Subsequent Events:**

The spread of COVID-19 has severely impacted many local economies. Businesses are being forced to cease or limit operations for long to indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closure of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility.

The District has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations for the year end have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of operations in future periods.

As part of the larger agreement just approved, GGWD has committed to following some acres.



**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 of Directors of Management  
Galena ground Water District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities, of Galena Groundwater District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 31, 2023 .

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District 's internal control over financial reporting (internal control) 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 the District 's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

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

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Arritt Robins Waters CPAs PLLC

*Arritt Robins Waters CPAs PLLC*

January 31, 2023

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January 31, 2023

To the Board of Directors  
Galena Ground Water District

We have audited the financial statements of Galena Ground Water District (the District) for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), 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 January 9, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the notes to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during year. We noted no transactions entered into by the governmental unit 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 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 has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material either individually or in the aggregate, the financial statements taken as a whole. The prior period adjustment was corrected by and discussed with management.

Management is in the process of adopting a methodology for reviewing the collectability of accounts receivable, accordingly, has not provided an allowance for uncollectible amounts. Accounting principles generally accepted in the United States of America require that an adequate allowance be provided for uncollectible receivables, which would decrease the assets and fund balance and change the revenues. The amount by which this departure would affect the assets, fund balance, and revenues has not been determined.

*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 January 31, 2023.

*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 governmental unit'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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Our audit cannot be part of the District's internal controls. As part of internal controls to prevent fraud and misstatements, the Board of Directors and management should do the following:

- review a detail of assessments and expenses.
- require two signatures for checks over a certain dollar amount,
- review supporting documentation for the checks,
- compare actual amounts with the prior year and budget,
- have a copy of the bank statements sent directly to a board member,

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

Very truly yours,

Arritt Robins Waters CPAs PLLC

*Arritt Robins Waters CPAs PLLC*