ARRITT ROBINS WATERS

CERTIFIED PUBLIC ACCOUNTANTS PLLC

January 17, 2025

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, 2024. 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 6, 2025. 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.

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Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 17, 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 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,
- **post the SVSW discount to reduce income and not to an expense or liability account**
- review adjustments to water rights closely,

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

Galena Ground Water District
Audited Financial Statements
December 31, 2024

Galena ground Water District
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For the Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management
Galena Ground Water District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Galena Ground Water District (the District) as of and for the year ended December 31, 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 the business-type activities of the District, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw your attention to note 7 in the financial statement, which describes a prior period adjustment.

Basis for Opinions

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 opinions.

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 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 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 the management's discussion and analysis 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. Management has omitted this information. Our audit report is not affected by this omitted information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025, 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 the District's internal control over financial reporting and compliance.

Arritt Robins Waters CPAs PLLC

Arritt Robins Waters CPAs PLLC

January 17, 2025

Galena Ground Water District
STATEMENT OF NET POSITION
For the Year Ended December 31, 2024

Assets		
Cash	$	721,557
Assessments Receivable (Net of Allowance)		23,895
Total Assets	$	745,452
		-
Liabilities and Net Position		
Liabilities		
Accounts Payable	$	9,732
Prepaid Assessments		107,741
Total Liabilities		117,473
Net Position		627,979
Total Liabilities and Net Position	$	745,452
		-

See accompanying notes

Galena Ground Water District
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2024

REVENUE		
Direct Assessments	$	187,774
County Assessments		124,920
Supplemental Assessments		70,163
Penalty / Other		3,254
Total Operating Revenue		386,111
EXPENSES		
Administration		35,466
Mitigation - Hydrologic/Legal Consulting		66,550
Total Expenses		102,016
OPERATING INCOME		284,095
NON-OPERATING REVENUE		
Interest Income		23,501
Change in Net Position		307,596
Net Position - Beginning as Previously Reported		300,379
Prior Year Adjustment (See Note 7)		20,004
Net Position - Beginning After Restatement		320,383
Net Position - Ending	$	627,979

See accompanying notes

Galena Ground Water District
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2024

Cash Flows From Operating Activities:		
Receipts From Members	$	375,407
Payments to Suppliers		(110,287)
Net Cash Provided By Operating Activities		265,120
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		23,501
Net Change in Cash		288,621
Cash and Cash Equivalents at Beginning of Fiscal Year		432,936
Cash and Cash Equivalents at End of Fiscal Year	$	721,557
		-

Reconciliation of Operating Income to Net Cash Provided By Operating Activities:		
Operating Income or (Loss)	$	284,095
Adjustments:		
Decrease (Increase) in: Receivables		19,367
Increase (Decrease) in: Accounts Payable		(8,271)
Prepaid O&M		(30,071)
Net Cash Provided by Operating Activities	$	265,120
		-

See accompanying notes

Galena Ground Water District
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

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 generally for irrigation water. When it is discovered that an assessment included non-irrigation water the owner may choose to participate of have the amount 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 $5,903.

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, 2024:

	Interest Rate	Bank Balance	Book Balance
Zions	-0-	159,982	159,604
LGIP	4.71%	561,953	561,953
Undeposited Funds	-0-	-	-
		721,935	721,557

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, 2024 the District has funds not insured of $561,953 that are currently held at the State Investment Pool.

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 17, 2025, the date that the financial statements were available to be issued.

Note 7: Prior Period Adjustment

For the year ended December 2023 a discount for municipal water use was entered as a reduction to income and as an expense. A few other billings were corrected. This had the effect of understating net income and accounts receivable by approximately $20,004.

Note 8: Subsequent Events

In 2025 the district will begin participating in the Wood River Resource Conservation and Development Council, incorporated. The cost to the district for the 2025 year is $129,015.

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 and 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 the Galena Ground Water District (the District), as of and for the year ended December 31, 2024, 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 17, 2025.

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