SOUTH VALLEY GROUND WATER DISTRICT
AUDITED FINANCIAL STATEMENTS
October 31, 2024

SOUTH VALLEY GROUND WATER DISTRICT
Bellevue, Idaho
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Valley Ground Water District
Bellevue, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the South Valley Ground Water District, as of and for the year ended October 31, 2024, and the related notes to the financial statements, which collectively comprise the South Valley Ground Water 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 South Valley Ground Water District, as of October 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.

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 South Valley Ground Water 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 South Valley Ground Water 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 South Valley Ground Water 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 South Valley Ground Water 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 and budgetary comparison information 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. The District has elected not to present this information. Our audit report is not affected by the omission of this information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2025, on our consideration of the South Valley Ground Water 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 South Valley Ground Water 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 South Valley Ground Water District's internal control over financial reporting and compliance.

Arritt Robins Waters CPAs PLLC

Arritt Robins Waters CPAs PLLC
Burley, ID
January 3, 2025

SOUTH VALLEY GROUND WATER DISTRICT
STATEMENT OF NET POSITION
at October 31, 2024

Assets	
Current Assets:	
Unrestricted cash and cash equivalents	$ 291,820
Assessments receivable	13,080
Prepaid Insurance	1,086
Total Current Assets	305,985
Fixed Assets	
Equipment	14,273
Accumulated depreciation	(10,772)
Total Fixed Assets	3,502
Total Assets	309,487
Current Liabilities:	
Accounts payable	13,924
Prepaid assessments	0
Loan Payable - IWRB - Current Portion	0
Total Current Liabilities	13,924
Non-Current Liabilities:	
Loan Payable - IWRB	63,880
Total Liabilities	77,804
Net Position	
Net investment in capital assets	3,502
Unrestricted net position	228,181
Restricted net position	0
Total Net Position	231,683
Total Liabilities and Net Position	$ 309,487

See accompanying notes to the financial statements.

SOUTH VALLEY GROUND WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For year ended October 31, 2024

Operating Revenues:		
Water assessments	$	371,889
Operating Expenses:		
Advertising		67
Assessment fees		5,359
Bookkeeeping		531
Depreciation		1,367
Insurance		2,226
Interest Expense		7,563
Legal & Professional		3,500
Mitigation-legal		78,691
Mitigation-testing		56,435
Mitigation-water		51,653
Office expense		129
Payroll expenses		585
Total Operating Expenditures		208,103
Net Income (Loss)		163,785
Beginning Net Position		67,897
Ending Net Position	$	231,683

See accompanying notes to the financial statements.

SOUTH VALLEY GROUND WATER DISTRICT
STATEMENT OF CASH FLOWS
For year ended October 31, 2024

Cash Flows From Operating Activities:		
Receipts from assessments to members	$	360,181
Payments for goods and services		(218,252)
Net Cash Provided by Operating Activities		141,929
Cash Flows From Investing Activities:		
Purchase of Equipment		0
Net Cash Provided by Investing Activities		0
Cash Flows From Financing Activities:		
(Decrease) Increase in:		
Loan Payable - IWRB		(58,546)
Net Cash Provided by Financing Activities		(58,546)
Net change in cash and cash equivalents		83,384
Cash and cash equivalents beginning of the year		208,436
Cash and cash equivalents end of the year	$	291,820

Reconciliation of Income from Operations to Net Cash Provided by Operating Activities

Cash Flows From Operating Activities:		
Income from operations	$	163,785
Depreciation		1,367
Adjustments to reconcile net revenue over expenditures provided from operating activities:		
(Increase) Decrease in:		
Accounts receivable		(11,527)
Prepaid Insurance		(181)
(Decrease) Increase in:		
Accounts payable		(11,516)
Prepaid assessments		0
Net Cash Provided by Operating Activities	$	141,929

See accompanying notes to the financial statements.

SOUTH VALLEY GROUND WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
October 31, 2024

Note 1: Business Activity

The District was organized for the purpose of providing mitigation/litigation to protect individual water rights of the members of the district.

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 balance sheets and the statements of revenues, expenses and changes in net assets 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all funds in the checking account to be cash and cash equivalents.

Receivables

Water users are subject to liens against their lands for delinquent assessments. Therefore, no allowance for uncollectible assessments receivable has been established.

Related Party Transactions

The members of the Board of Directors are also patrons of the District. These individuals are treated the same as any other land owner in the District.

Fixed Assets

Fixed assets include office equipment and testing equipment. Fixed assets are depreciated over their estimated usefule life. Purchased assets are recorded at cost. The equipment is depreciated over a useful life of 7 years using the straight line method of depreciation. Depreciation of $1,367 was recorded during the fiscal year.

Income Taxes

The District is a governmental entity, and as such is not required to pay federal or state income taxes.
Therefore, no provision for income taxes is reflected on the accompanying financial statements.

Note 3: Cash and Cash Equivalents

The District's cash and cash equivalents position at October 31, 2024 is $291,820. $41,820 of that amount is exposed to custodial credit risk as it is over the $250,000 federal deposit insurance corporation amount.

Note 4: Assessments Receivable

This account represents un-remitted assessments revenues levied by the District.

Assessments are levied on or before the first day of December of each year and recognized as revenue when the assessment notices are printed. These assessment notices indicate the time for collections and are payable in full or half by December 20 and the 2nd half on or before June 20 of the following year. If unpaid on the due date a penalty is charged to the property and is classified as past due subject to interest.

Note 5: Fixed Assets

	Balance 10/31/2023	Additions	Deletions	Balance 10/31/2024
Equipment	$14,273	-	-	$14,273
Less: Accumulated Depreciation	($9,405)	($1,367)	-	($10,772)
Total Fixed Assets	$4,869	($1,367)		$3,502

Note 6: Long Term Debt

The District signed an Idaho Water Resource Board Revolving Development Account loan contract agreement on October 28, 2021. The amount of the loan contract is $150,000. Loan proceeds were issued to the District on this note in the current year.

	Interest Rate	Balance 2023	Additions	Deletions	Balance 2024	Current Portion
Note Payable - IWRB	3.5%	122,426	-	(52,546)	69,880	-

Schedule of Five Year Maturities of Long-Term Debt:

Year	Principal	Interest	Total
2025	-	-	-
2026	30,818.47	2,235.81	$33,054.28
2027	33,061.71	1,157.16	$34,218.87
Total	63,880.18	3,392.97	67,273.15

Note 7: Contingencies and Risk

Water Litigation

There are several ongoing developments in many areas affecting water law. These include, but are not limited to, objections to the District's water rights claims, the Snake River Basin Adjudication, and several claims and suits involving the endangered species act. 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 Districts only customers are land owner's in the district. The district is dependent upon the land owner's ability to pay their assessments.

Concentration of Credit Risk

The District places no limit on the amount of funds invested in any one issuer.

Custodial Credit Risk

Custodial credit risk is the risk that in the case of a bank failure the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. The District maintains cash balances at one financial institution. The account at this institution is insured by the Federal Deposit Insurance Corporation for up to $250,000. As of October 31, 2024 the District has $41,820 exposed to custodial credit risk.

Note 8: Date of Management Review-Subsequent Events

Management has evaluated subsequent events through January 3, 2025, the date on which the financial statements were available to be issued.

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
South Valley 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 South Valley Ground Water District, as of and for the year ended October 31, 2024, and the related notes to the financial statements, which collectively comprise South Valley Ground Water District's basic financial statements, and have issued our report thereon dated January 3, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Valley Ground Water 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 South Valley Ground Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of South Valley Ground Water 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 South Valley Ground Water 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 3, 2025

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