

**WATER DISTRICT 37 & 37M**

**December 31, 1995**

**FINANCIAL STATEMENTS  
AND REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**Advisory Board  
Water District 37 & 37M  
Shoshone, Idaho**

We have audited the financial statements of Water Districts 37 & 37M, as of and for the year ended December 31, 1995 as listed in the table of contents. These financial statements are the responsibility of Water Districts 37 & 37M. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Water District 37 & 37M at December 31, 1995 and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

**Twin Falls, Idaho  
February 15, 1996**

*Ware, Nielson & Associates*

**Water Districts No. 37 & 37M**

**BALANCE SHEET**

**December 31, 1995**

**ASSETS**

<b>Current Assets</b>	
Cash and cash equivalents (Note B)	<b>\$ <u>46,245</u></b>
Property, Plant and Equipment (Note C)	<b><u>17,453</u></b>
<b>Total Assets</b>	<b><u>\$ <u>63,698</u></u></b>

**LIABILITIES AND EQUITY**

<b>Liabilities</b>	<b>\$ <u>0</u></b>
<b>Equity</b>	<b><u>63,698</u></b>
<b>Total liabilities and equity</b>	<b><u>\$ <u>63,698</u></u></b>

**The accompanying notes are an integral part of this statement.**

**Water District No. 37 & 37M**

**STATEMENT OF EARNINGS**

**Year Ended December 31, 1995**

<b>Operating Revenues</b>	
<b>Assessment 37</b>	<b>\$ 82,133</b>
<b>Assessment 37M</b>	<b><u>58,121</u></b>
<b>Total operating revenue</b>	<b><u>140,254</u></b>
<b>Operating Expenses</b>	
<b>Salaries &amp; related costs</b>	<b>84,882</b>
<b>Auto allowance</b>	<b>17,564</b>
<b>Rent</b>	<b>3,000</b>
<b>Field &amp; office expense</b>	<b>7,816</b>
<b>USGS Co-op</b>	<b>2,175</b>
<b>Aquifer study</b>	<b>5,000</b>
<b>Depreciation</b>	<b>4,760</b>
<b>Other</b>	<b><u>6,608</u></b>
<b>Total operating expenses</b>	<b><u>131,805</u></b>
<b>Operating income</b>	<b><u>8,449</u></b>
<b>Nonoperating income (expenses)</b>	
<b>Miscellaneous income</b>	<b>24</b>
<b>Interest income</b>	<b><u>3,952</u></b>
<b>Total nonoperating income</b>	<b><u>3,976</u></b>
<b>Net earnings</b>	<b><u><u>\$ 12,425</u></u></b>

**The accompanying notes are integral part of this statement.**

**Water District No. 37 & 37M**  
**STATEMENT OF DISTRICT EQUITY**  
**Year Ended December 31, 1995**

Contributed capital	\$ <u>11,951</u>
Retained earnings	
Balance at beginning of year	39,322
Net earnings	<u>12,425</u>
Balance at end of year	<u>51,747</u>
Total equity at year end	<u><u>\$ 63,698</u></u>

The accompanying notes are an integral part of this statement.

**Water District No. 37 & 37M**

**Statement of Cash Flows**

**Year ended December 31, 1995**

**Net Increase (Decrease) in Cash and  
Cash Equivalents**

**Cash flows from operating activities:**

Cash received from customers	\$ 140,254
Cash payments to vendors and suppliers	( 42,163)
Cash payments to and for employees	( 84,882)
Net cash provided (used) by operating activities	<u>13,209</u>

**Cash flows from noncapital financing activities:**

Miscellaneous income	<u>24</u>
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**Cash flows from capital and related financing activities:**

Purchase of property and equipment	0
Loan proceeds	0
Principal payments on contracts payable	<u>0</u>
Net cash used for capital and related financing activities	<u>0</u>

**Cash flows from investing activities:**

Interest on deposits	<u>3,952</u>
Net cash provided from investing activities	<u>3,952</u>

**Net Increase (decrease) in cash and  
cash equivalents**

**17,185**

**Cash and cash equivalents, January 1, 1995**

**29,060**

**Cash and cash equivalents, December 31, 1995**

**\$ 46,245**

**Reconciliation of Operating Profit to Net Cash  
Provided by Operating Activities:**

Operating profit (loss)	<u>\$ 8,449</u>
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**Adjustment to reconcile operating profit to  
net cash provided by operating activities:**

Depreciation	4,760
Change in accounts receivable	0
Change in accounts payable	<u>0</u>
Total adjustments	<u>4,760</u>

**Net cash provided by operating activities**

**\$ 13,209**

## **Water Districts 37 & 37M**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 1995**

#### **NOTE A - SUMMARY OF ACCOUNTING POLICIES**

The accounting policies of Water Districts No. 37 & 37M conform to generally accepted accounting principles as applicable to governments. A summary of the District's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

##### **1. Reporting Entity**

The general purpose financial statements included herein present the financial position, results of operations and changes in retained earnings, and cash flows of the Water Districts No. 37 & 37M. The scope of the reporting entity is intended to cover those funds under the direct jurisdiction of the Water Districts No. 37 & 37M.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only-criterion for including a potential component unit with the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationship, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no other boards, councils, or component units for which the Water District No. 37 & 37M exercises authority.

The Districts are combined on this report because they have the same Advisory Board. Both Districts are governed by the State of Idaho.

##### **2. Fund Accounting**

The accounts of the Districts are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate.



**Water Districts 37 & 37M**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 1995**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED**

**PROPRIETARY FUNDS**

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Enterprise Funds - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises when the intent of the government body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovery primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**3. Budgets and Budgetary Accounting**

The Water District No. 37 & 37M adheres to county budget requirements in Title 42, Chapter 32 of the Idaho Code.

The provisions of this chapter include the following procedures to establish to budgetary data which is reflected in these financial statements. The board shall adopt a budget and shall cause a public hearing to be held.

**4. Depreciation**

Depreciation of all exhaustible fixed assets are charged as an expense against their operations. Depreciation has been provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line basis.

**5. Accumulated Unpaid Vacation, Sick Pay and Other Employee Benefit Amounts**

Accumulated sick pay and employee benefits other than unpaid vacation amounts have not been accrued when incurred as such amounts do not exceed normal year's accumulations and are not material.

**6. Encumbrances**

Encumbrances accounting methods have not been used in the preparation of these financial statements.

**Water Districts 37 & 37M**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 1995**

**NOTE B - CASH AND CASH EQUIVALENTS**

The Districts have three cash accounts which make up its cash pool. All cash accounts are in the custody of the Districts' Secretary, Treasurer.

**1. Bank Deposits**

The book value of the District's deposits was \$46,195 and the bank balance was \$48,546. The difference was outstanding checks. All of the bank balances were covered by Federal depository insurance.

Statutes authorize the Board to invest in obligation of the United States, obligations of the State or any taxing district in the State, obligation issued by the Farm Credit Systems, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or any taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Pool. The Board had no investments at year end.

**2. Cash and Cash Equivalents**

Cash and cash equivalents are carried at cost.

General checking	\$	256
State Treasurer's Pool		45,939
Petty Cash		<u>50</u>
	\$	<u>46,245</u>

**NOTE C- PROPERTY, PLANT AND EQUIPMENT**

A summary of changes in property, plant and equipment at cost follows:

	<u>Balance</u> <u>01-01-95</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-95</u>
Equipment	\$ <u>46,886</u>	\$ <u>0</u>	\$ <u>0</u>	\$ 46,886
Accumulated Depreciation				\$ <u>29,433</u>
				\$ <u>17,453</u>

## Water Districts 37 & 37M

### NOTES TO FINANCIAL STATEMENTS

December 31, 1995

#### NOTE D - RETIREMENT

**Pension Plan** - Substantially all full-time employees, and certain part-time employees of the Water District 37 & 37M are members in the Public Employee Retirement System of Idaho (the System), a cost sharing, multiple-employer plan established by the Legislature of the State of Idaho. The District's total payroll for all employees for the year ended December 31, 1995 was \$84,882 of which \$58,931 was covered payroll for employee members in the System. The System is a defined benefit plan requiring both member and employee contribution.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification or a combination of age plus service. For each year of credited service, the annual service retirement allowance is 1.7 percent or 2 percent (depending upon employee classification) of the average monthly salary for the highest consecutive sixty months. Effective October 1, 1994 the annual service retirement allowance rate were changed to 1.833 percent or 2.150 percent depending upon employee classification. The eligibility and amount of allowance may differ for early retirement, service retirement, vested retirement, and disability retirement.

The System's funding policy provides for monthly employer contributions at accurately determined rates, expressed as percentages of annual covered payroll, to accumulate sufficient assets to pay benefits when due. The employer and employee contribution rates as a percentage of salary are as follows:

<u>Employee Group</u>	<u>Contribution Rates Effective October 1, 1994</u>	
	<u>Employer</u>	<u>Employee</u>
General	11.61%	6.97%
Police	10.87%	7.82%
Fire (hired after October 1, 1980)	33.09%	7.82%
Fire (hired before October 1, 1980)	35.90%	11.45%
Certain employees of Higher Education	3.03%	

**Water Districts 37 & 37M**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 1995**

**NOTE D - RETIREMENT - CONTINUED**

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date.

The System's pension benefit obligation was determined as part of an actuarial valuation at June 30, 1994. As of that date, the System's unfunded pension benefit obligation was as follows (In millions):

Total pension benefit obligation	\$ 3,445.7
Net assets available for benefits, at cost	<u>2,500.8</u>
Unfunded pension benefit obligation	<u>\$ 944.9</u>

Ten year historical trend data designed to provide additional information is in the financial statements of the System for the year ended June 30, 1994. This additional data provides information about progress made by the system in accumulating sufficient assets to pay benefits when due.

**SUPPLEMENTARY INFORMATION**

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**  
**ON SUPPLEMENTARY INFORMATION**

**Advisory Board  
Water District 37 & 37M  
Shoshone, Idaho**

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole of Water District No. 37 & 37M, for the year ended December 31, 1995. The supplementary information presented hereinafter is presented for purposes of additional analysis and is not a required part of the financial statements of the Water District No. 37 & 37M. Such information has been subjected to the auditing procedures applied in the examination of the financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Ware, Nielson & Associates*

**Twin Falls, Idaho  
February 15, 1996**

**Water District No. 37 & 37M**

**STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN RETAINED EARNINGS BUDGET AND ACTUAL**

**Year Ended December 31, 1995**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable ( Unfavorable )</u>
<b>Water District 37</b>			
Operating revenues			
Assessment	\$ 82,308	\$ 82,133	(\$ 175)
Operating expenses			
Wages	38,915	38,935	( 20)
Social security	2,977	2,987	( 10)
Auto allowance	9,017	9,017	0
State retirement	4,518	4,510	8
Workman's comp.	1,990	1,755	235
SUTA	1,600	1,373	227
Medical insurance full time	2,327	2,197	130
Medical insurance part time	360	360	0
Rent	2,000	2,000	0
Field & office expense	5,000	5,160	( 160)
Heat & lights	550	394	156
Water	212	215	( 3)
Auto expense	2,000	1,595	405
Radio system	1,100	503	597
Contingency	500	0	500
USGS Co-op	2,075	2,175	( 100)
Northside canal	549	549	0
District canal	150	150	0
Baseline canal	150	150	0
Big Wood canal	850	850	0
Idaho waterusers	135	211	( 76)
Extra labor	2,000	0	2,000
Aquifer study	3,333	3,333	0
Depreciation	0	3,177	( 3,177)
	<u>82,308</u>	<u>81,596</u>	<u>712</u>
Operating income	<u>0</u>	<u>537</u>	<u>537</u>
Nonoperating revenues (expenses)			
Miscellaneous income	0	15	15
Interest income	0	2,623	2,623
Total nonoperating income	<u>0</u>	<u>2,638</u>	<u>2,638</u>
Net earnings Water District 37	<u>\$ 0</u>	<u>\$ 3,175</u>	<u>\$ 3,175</u>

**Water District No. 37 & 37M**

**STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN RETAINED EARNINGS BUDGET AND ACTUAL**

**Year Ended December 31, 1995**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable ( Unfavorable )
<b>Water District 37M</b>			
Operating revenues			
Assessment	\$ 50,385	\$ 58,121	\$ 7,736
Operating expenses			
Wages	24,431	24,411	20
Social security	1,869	1,868	1
Auto allowance	8,547	8,547	0
State retirement	2,837	2,837	0
Workman's comp.	1,000	1,306	( 306)
SUTA	1,000	885	115
Medical Insurance full time	1,164	1,098	66
Medical insurance part time	360	360	0
Rent	1,000	1,000	0
Field & office expense	2,500	2,656	( 156)
Heat & lights	300	197	103
Water	110	107	3
Auto expense	1,000	797	203
Radio system	500	252	248
Contingency	500	0	500
Big Wood canal	510	510	0
Idaho waterusers	90	128	( 38)
Extra labor	1,000	0	1,000
Aquifer study	1,667	1,667	0
Depreciation	0	1,583	( 1,583)
	<u>50,385</u>	<u>50,209</u>	<u>176</u>
Operating income	<u>0</u>	<u>7,912</u>	<u>7,912</u>
Nonoperating revenues (expenses)			
Miscellaneous income	0	9	9
Interest income	0	1,329	1,329
Total nonoperating income	<u>0</u>	<u>1,338</u>	<u>1,338</u>
Net earnings Water District 37M	<u>\$ 0</u>	<u>\$ 9,250</u>	<u>\$ 9,250</u>



**Water District No. 37 & 37M**

**STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN RETAINED EARNINGS BUDGET AND ACTUAL**

**Year Ended December 31, 1995**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable ( Unfavorable )
Net earnings all departments	\$ 0	\$ 12,425	\$ 12,425
Fund balance January 1, 1995	<u>0</u>	<u>39,322</u>	<u>39,322</u>
Fund balance December 31, 1995	<u>\$ 0</u>	<u>\$ 51,747</u>	<u>\$ 51,747</u>
<b>Adjustments to modified accrual budgetary basis</b>			
<b>Water District 37</b>			
Net earnings	\$ 0	\$ 3,175	\$ 3,175
Nonbudgeted items	0	0	0
Depreciation	<u>0</u>	<u>3,177</u>	<u>3,177</u>
Budgetary basis net income	<u>\$ 0</u>	<u>\$ 6,352</u>	<u>\$ 6,352</u>
<b>Water District 37M</b>			
Net earnings	\$ 0	\$ 9,250	\$ 9,250
Nonbudgeting items	0	0	0
Depreciation	<u>0</u>	<u>1,583</u>	<u>1,583</u>
Budgetary basis net income	<u>\$ 0</u>	<u>\$ 10,833</u>	<u>\$ 10,833</u>