

Water District 140 Advisory Committee Meeting Minutes

Feb. 1, 2018

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DEPT OF WATER RESOURCES
SOUTHERN REGION

Present: Mike Cranney, Earl Warthen, Brian Higgs, Jaxon Higgs, Adam McCoy, Bill Parsons, Don Gunderson, Noland Critchfield, Brian Reiter, Randy Brown, Craig Searle, Russell Patterson, Brent Stoker, Don Pickett

Mike Cranney Called the meeting to order.

Jaxon Higgs Presented Assessment numbers. There was one delinquent assessment from 2016. Committee agreed to waive assessment based on users payment of 2017 assessment. A year to date summary of costs, field work, and flowmeter compliance reviewed. Randy Brown asked if there are any grants available for installation of flowmeter. Jaxon replied that there are grants but they are somewhat expensive to file for, and the majority of the district already has flowmeters.

Mike Cranney motioned to approve the advisory committee members subject to the change of Steve Hepworth in the Oakley Canal Company position. All in favor.

Mike asked for a motion to accept the proposed budget for presentation to general membership. Russell Patterson motion, Randy Brown second, passed unanimously.

Mike Cranney proposed Water Well Consultants be presented as committee choice of watermaster. All in favor.

Jaxon explained IDWR's interest in splitting up WD140 surface water sub-districts from the ground water. The sub-district watermasters would no longer answer to the WD140 watermaster but straight to IDWR. Mike Cranney would like to keep the structure the same and Randy Brown agreed. Mike asked for a motion to propose to the general membership that the structure stay the same. All were in favor.

Mike Cranney asked Don Pickett about a replacement for Steve Hepworth on the Advisory Committee. Eugene Matthews replaced Steve Hepworth on the OCC board. Advisory committee suggested to have Eugene Matthews represent OCC.

Mike Cranney motioned to adjourn the meeting. All were in favor.

Water District 140 Annual Meeting Minutes

Feb. 1, 2018

Mike Cranney called the meeting to order and called for nominations for meeting chairman and meeting secretary.

Randy Brown nominated Mike Cranney as meeting chairman. Betty Seesee second. Noland Critchfield moved to accept. Voted and passed.

Randy Brown nominated Adam McCoy as meeting secretary. Craig Searle second. Voted and passed.

Jaxon Higgs read 2017 meeting minutes. Brent Stoker motioned to accept the minutes as read. Russell Patterson second. Voted and passed.

Don Pickett was invited to report as treasurer. Don reported that all payments were received for 2017. The water districts has approximately \$27,000 in the bank. Don has copies of the annual audit if anyone desires to see it. Randy Brown motioned to accept the treasurer report. Craig Searle second. Voted and passed.

Watermaster report presented by Jaxon Higgs. Deliveries and assessment presented. One assessment was missed in 2016 and the advisory committee voted to waive that assessment. Meter compliance numbers and field work numbers presented. Proposed budget will be the same for 2018 but there may be a possibility of a reduced budget in 2019 due to changes in field work from PCC collection to flowmeter readings. Variances need to be filed for those diversions that are simple or were previously granted a variance.

Randy Brown invited to report on SWID. Reservoirs should fill in 2018. Recharge was about 7000 acre-feet to date. Idaho water users asking ground water users to participate in their organization. Price of water is raising.

Advisory committee names shown, and Mike Cranney asked for a motion to retain the advisory committee with the replacement of Steve Hepworth with Eugene Matthews. Russell Patterson motioned. Randy Brown second. Voted and passed.

Chairman asked for motion to retain Don Pickett as treasurer. Craig Searle made motion. Brent Stoker second. Voted and Passed

Chairman asked for motion to retain Water Well Consultants as watermaster. Randy brown motioned. Craig Searle second. Voted and passed.

Proposed resolutions presented. Brent Stoker motioned to accept proposed resolutions. Randy Brown second. Voted and passed.

Jaxon Higgs reported on upcoming flowmeter compliance. Non-Irrigation flowmeters are required to be in compliance as of Jan 1, 2018. Enforcement is forthcoming. Irrigation diversions must be in compliance by the beginning of the 2018 irrigation season. Meter installation requirements reviewed including spacing and grounding. Variances for simple systems, some spacing issues, non-approved meters, and

extensions of time must be filed before irrigation season. Non-compliance reporting timeline reviewed. Meters will be checked at the beginning of the season.

Jaxon discussed the groundwater management area in the ESPA and the critical groundwater areas in the district. Discussion of House Bill 371 and its impact on the critical groundwater areas.

Nathan Erickson from IDWR was invited to take some time. Nathan discussed the Sparling flowmeters registering flow with the pipe empty. He commented on House Bill 370 which extends date range district meetings can be held and clarifies proxy voting. Bill 371 changes the CGWA curtailment date to mimic the ground water management area language. House Bill 372 changes the fee to change the description of a point of diversion to its actual location. IDWR would like to separate the WD140 groundwater from the surface water subdistricts. This would mean that current sub-district watermasters would report directly to IDWR as they currently do. Don Pickett asked Nathan for an explanation of the different districts and how the proposed changes would affect them. Chairman Cranney stated that the advisory committee would like to see the structure stay as it is currently.

Chairman motioned to adjourn the meeting. All were in favor.

**Water District No. 140
Oakley Valley Area
2018 Proposed Resolutions**

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DEPT OF WATER RESOURCES
SOUTHERN REGION

The water users of Water District No. 140, meeting at a special district meeting on February 1, 2018 at the Cassia County City Hall in Burley, Idaho, HEREBY ADOPT THE FOLLOWING RESOLUTIONS:

1. The watermaster shall perform the duties as required by Chapter 6, Title 42, Idaho Code and in accordance with the following:
 - a. The duties described in the Final Order Creating Water District No. 140 signed by the Director of IDWR, December 28, 2006, including:
 - 1) Assure that water uses are in compliance with Idaho water law;
 - 2) Administer and enforce water rights in order of priority, and curtail out-of-priority diversions under ground water rights in Water District No. 140 determined by the Director to be causing injury to senior priority water rights if not covered by a stipulated agreement or a mitigation plan approved by the Director;
 - 3) Measure, record and report flows under the water rights and diversions in the district, in accordance with requirements established by IDWR.
 - 4) Curtail unauthorized or excessive diversions (i.e., any diversion without a water right or in excess of the elements or conditions of a water right);
 - 5) Enforce the provisions of any stipulated agreements or mitigation plans approved by the Director and applicable in Water District No. 140.
 - b. Work with sub-district watermasters and advisory committees to assure that the duties described above in item 1a. are carried out in local sub-districts.
 - c. Direction and guidance provided by the Director of IDWR, including but not limited to, general guidelines as provided in the IDWR Watermaster Handbook.
 - d. The annual water district resolutions as adopted herein.
2. That Water Well Consultants, Inc. (WWC) elected to provide the watermaster services for Water District No. 140 and that the Director appoint Brian Higgs or other employees of WWC as may be necessary, to serve as the watermaster for the ensuing year.
3. As provided in Idaho Code 42-608(4), the watermaster's term of service shall begin upon annual meeting election and continue until the next annual meeting or until a successor may be appointed.
4. The water users of Water District No. 140 hereby empower the duly elected Chairperson of the Water District No. 140 Advisory Committee created herein to enter into a Memorandum of Understanding between Water District No. 140 and WWC (Brian Higgs) that will provide the following:
 - a. Water District 140 will assume full responsibility for all expenses of the district incurred following the 2018 water district annual meeting. WWC will provide full-time or part-time employees as necessary for watermaster duties during the dates of service as identified in Resolution #3, and pursuant to the adopted budget.

- b. WWC (Brian Higgs) may appoint other employees as necessary to perform measurement and reporting of diversions within the water district that are not within a sub-district and/or heretofore have not measured or reported flows. Such employees will work directly under the supervision of the watermaster.
 - c. The water master shall maintain an office for the ensuing year at 355 West 500 South, Burley, ID.
- 5. Water users in Water District 140 who are not reporting annual diversions to one of the sub-districts created herein shall report diversions directly to the watermaster of Water District 140. *Measuring and reporting charges paid either to a subdistrict or directly to Water District 140 will not be used to determine voting shares.*
- 6. The itemized budget for Water District 140 for the fiscal year 2018 beginning March 1, 2018 and ending on February 28, 2019, be as follows: Five Thousand Dollars (\$5,000) for legal and accounting fees, Twenty-four Thousand Seven Hundred Fifty Dollars (\$24,750) for Watermaster Duties, and Forty-nine Thousand Seven Hundred Twenty-five Dollars (\$49,725) for measuring and reporting of diversions that are required to be measured and reported pursuant to an order of the Director of IDWR and that are not reporting to a sub-district.
- 7. Don Pickett be elected Water District 140 treasurer. The duties of the treasurer will be to approve expenses and disburse Water District funds, and to prepare or review a written statement of financial affairs of the district at the end of each fiscal year, in accordance with Idaho Code Section 42-619, and to authorize a periodic formal review of the financial affairs of the district as is determined necessary.
- 8. In accordance with Idaho Code § 42-618, the Watermaster of Water District 140 is hereby authorized to collect the expenses of the Water District directly from the water users or from the subdistricts. The Watermaster will make an assessment to each individual water user, or, in aggregate to each subdistrict, in pro-rata amounts as determined by the budget which is formally adopted at the annual meeting. All funds shall be deposited in a separate bank account maintained by the Water District.
- 9. Given that the water district cost for administering water for many water users is greater than their normal assessments would be based upon their total annual use of water, it is resolved that the watermaster of Water District 140 is authorized to assess a \$25 minimum charge for watermaster services for water users within his or her jurisdiction.
- 10. The watermaster shall prepare assessments for the 2018 budget after the water users present at the 2018 annual meeting have formally adopted the budget. The advisory committee recommends that the 2018 assessments be due to Water District 140 on or before April 15, 2018 so that there will be sufficient funds early enough in the year to accommodate the expenses of the water district.
- 11. All payments for assessments not received by May 1, 2018 shall accrue penalties in the amount of 10% of the charge plus interest in the amount of 1% per month, with a minimum of \$20, as provided pursuant to Idaho Code Section 42-617.
- 12. It is resolved that the Watermaster is authorized pursuant to Idaho Code Section 42-618, to withhold or suspend deliveries of water to any water user who has not paid their assessment charges by January 1 of the year following the billing date.

13. An advisory committee shall be elected to provide input to the watermaster and the Director of IDWR. The number and composition of the advisory committee for the ensuing year shall total 12 seats as follows:

- 2 members of the Southwest Irrigation District;
- 2 members of the Goose Creek Irrigation District and Oakley Canal Co including Goose/Trapper Creeks (45-C), Birch Creek (45-B), and Cottonwood Creek (45-K) water districts;
- 2 Basin 45 ground water irrigators not in Southwest or Goose Creek Irrigation Districts;
- 1 ground water irrigator from Golden Valley Water District (45-O);
- 3 non-irrigation ground water users (1 from municipal, 1 from industrial, 1 from dairies);
- 2 members of Marsh Creek (45-F) and/or Basin Ck (45-A) water districts.

Each group represented may also select an alternate for each seat. Candidates will be voted on at caucus during the annual meeting. The advisory committee will meet as often as needed to address the structure, governance and operation of the district. Decisions or recommendations of the advisory committee must be made with at least 50% of advisory members present in favor

14. The Water District No. 140 annual meeting shall hereafter be held on the first Thursday of February of each year unless the Director of IDWR should find it necessary to change the meeting date or unless changed by future resolution of the District at any annual meeting. An agenda for the annual meeting shall be prepared 14 days prior to the annual meeting by the advisory committee and posted to the IDWR water district web site. Copies shall be mailed to all advisory committee members.
15. Copies of the Minutes of the annual meeting, all approved resolutions, and any report prepared in accordance with Idaho Code 42-615, shall be filed with the Director of the IDWR in accordance with Idaho Code 42-617.
16. The watermaster shall be responsible for submitting to IDWR annual reports showing water use and such other information that may be deemed necessary by the Director of IDWR in accordance with Idaho Code 42-606, 42-708, and 42-709.
17. The Water District No. 140 watermaster, sub-district watermasters and any watermaster assistants are authorized as appointed agents of IDWR under Idaho Code 42-1701(5) to make reasonable entry on lands within the District, in accordance with IDWR policy, to carry out their duties as instructed by IDWR. These duties include but are not limited to:
- a. Monitoring diversion and measuring rate and volume of water diverted from surface and ground water and other public water sources.
 - b. Measuring the depth to water in wells.
 - c. Monitoring the place, period, and nature of use of water to identify unauthorized diversion and use of water and report to IDWR.
18. The Advisory Committee shall make available any proposed resolutions or budget at least fourteen (14) days prior to the annual meeting. This shall not preclude any water right owner from proposing any new resolution or proposing changes to resolutions at any annual meeting.
19. Water District 140 includes one or more water districts, ground water districts, irrigation districts, municipalities, or other geographical areas where the source of water or nature of water

use is common among water right owners and users. Since water districts and irrigation districts may already be measuring and reporting diversions on their own, and in order to promote efficiency in the administration of water rights and water management, the Director of IDWR, working with the members of the water district through an advisory or steering committee, may provide for sub-districts as he finds appropriate. The director therefore recognizes and provides the following sub-districts:

- Magic Valley Ground Water District (B45 portion)
- Southwest Irrigation District
- Goose Creek Irrigation District and Oakley Canal Company
- City of Burley
- Golden Valley Water District
- Existing Surface Water Districts – Basin Creek (45-A), Birch Creek (45-B), Goose/Trapper Creek (45-C), Marsh Creek(45-F), and Cottonwood Creek (45-K).

20. Water rights in an existing active water district which has been designated as a sub-district of Water District 140, shall not be subject to assessments from Water District 140, provided that these sub-districts are providing adequate distribution of water. Existing Water Districts Basin Creek (45-A), Birch Creek (45-B), Goose/Trapper Creek (45-C), Marsh Creek(45-F), Cottonwood Creek (45-K), and Golden Valley (45-O) shall continue to hold annual meetings, elect watermasters, adopt a budget, and select an advisory committee. The Watermaster of Water District 140 shall not include the rights within these sub-districts in the general administrative assessment unless the Watermaster has been required to directly expend time or resources to deliver and/or regulate water in that sub-district.

- i. The sub-districts designated above which are not active Water Districts may have employees or agents who measure and report diversions to IDWR, and who may provide other services to the sub-district. These sub-districts will be subject to an aggregate administrative assessment, but will not be charged by Water District 140 for measurement and reporting. The Director of IDWR may appoint employees or agents of the sub-districts as assistant watermasters for purposes of measuring and reporting water use to the watermaster of Water District 140. The Water District 140 watermaster and the Director of IDWR will provide direction and guidance to assistant watermasters for measuring and reporting of diversions in sub-districts, including but not limited to the following:
 - a. Each sub-district shall prepare an annual report of diversion data to the water district watermaster in accordance with Idaho Code § 42-606, § 42-708, § 42-709, and the direction provided by the Director of IDWR.
 - b. Assistant watermasters from sub-districts shall cooperate and coordinate with the water district watermaster and IDWR in sharing water use information and in the investigation of water uses within sub-districts, including but not limited to investigation of water use to confirm reductions of water use when required, and confirm and report compliance of water use with valid water rights.
 - c. The regulation of diversions, including curtailment of diversions and other water right enforcement actions, shall be the primary responsibility of the Water District 140 watermaster or IDWR.
 - d. Sub-districts and sub-district assistant watermasters may cooperate and participate with the water district and IDWR in resolution of unauthorized diversions or other enforcement matters.

- e. To the extent that sub-district assistant watermasters may otherwise be involved in the regulation or enforcement of diversions, such involvement will be under the instruction of the Water District 140 watermaster or the Director of IDWR.

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WATER DISTRICT 140

Adopted BUDGET 2018

Feb 1, 2018

WD 140 Total Budget

Water Master		225 hrs @ \$55hr	\$12,375
Assistant Water Master		225 hrs @ \$55hr	\$12,375
Legal and Accounting		\$5,000 set fee	\$5,000
Measuring and Reporting	SWID	413 POD's @ \$75	\$30,975
Measuring and Reporting	GCID	62 POD's @ \$75	\$4,650
Measuring and Reporting	City of Burley	23 POD's @ \$75	\$1,725
Measuring and Reporting	MVGWD	67 POD's @ \$75	\$5,025
Measuring and Reporting	WD 140 Non-subdistrict	98 POD's @ \$75	\$7,350
		Total Budget	\$79,475
		Total Assessed	\$79,475

The water master will charge WD 140 for measuring and reporting. Measuring and reporting of wells will be charged exactly equal for each well within WD 140 including SWID/GC which is \$55 equipment fee (charged once per 3 years) plus \$65/hr for time spent measuring and reporting. The \$75 per POD delineated above for measuring and reporting reflects the average estimated cost per well over 3 years.

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WATER DISTRICT 140

Basic Financial Statements

December 31, 2018

WATER DISTRICT 140
BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2018
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Poulsen VanLeuven & Catmull PA

Certified Public Accountants

*Members of the American Institute of CPA's
and the Idaho Society of CPA's
Jeffrey D. Poulsen, CPA
Darren B. VanLeuven, CPA
Jacob H. Catmull, CPA*

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Water District 140
Burley, Idaho

We have reviewed the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Water District 140, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Management has omitted management's discussion and analysis and the budgetary comparison schedules 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.

Poulsen, VanLeuven, & Catmull

Poulsen, VanLeuven, & Catmull P.A

January 29, 2019

WATER DISTRICT 140

Statement of Net Position December 31, 2018

	Governmental Activities
ASSETS	
Current assets	
Cash & Investments - Note 1	\$ 21,897
Receivables:	
Assessments	225
Other Receivables	-
Prepaid Expenses	-
Noncurrent assets	
Capital Assets - Note 3:	
Land	-
Water Rights, Shares & Easements	-
Other Capital Assets, Net of Depreciation	-
Total assets	<u>22,122</u>
LIABILITIES	
Current liabilities	
Accounts Payable and Accrued Expenses	4,760
Interest Payable	-
Long-Term Liabilities	
Due Within One Year	-
Due in More Than One Year	-
Total liabilities	<u>4,760</u>
NET POSITION	
Net Investment in Capital Assets	-
Restricted	-
Unrestricted	17,362
Total Net Position	<u>\$ 17,362</u>

See accompanying notes and independent accountant's review report.

WATER DISTRICT 140

**Statement of Activities
For the Year Ended December 31, 2018**

	Net (Expense) Revenue and Changes in Net Position
PROGRAM REVENUES	
Charges for Services	\$ -
Operating grants	-
Capital grants	-
EXPENSES	
General operations (water master, etc.)	89,682
Total Governmental Activities	(89,682)
GENERAL REVENUES	
Assessments & Penalties	79,496
Investment Earnings	-
Other income	-
Miscellaneous	-
Gain on Sale or Disposal of Capital Assets	-
Total General Revenues and Transfers	\$ 79,496
Change in Net Position	(10,186)
Net Position Beginning of Year	27,548
Net Position End of Year	\$ 17,362

See accompanying notes and independent accountant's review report.

WATER DISTRICT 140

Balance Sheet
Governmental Funds
December 31, 2018

	<u>General Fund</u>
ASSETS	
Cash & investments	\$ 21,897
Assessments receivable	225
Other receivables	-
Prepaid expenses	-
	<hr/>
Total assets	<u>\$ 22,122</u>
 LIABILITIES	
Liabilities	
Accounts payable	\$ 4,760
Accrued liabilities	-
	<hr/>
Total liabilities	<u>4,760</u>
 DEFERRED INFLOWS OF RESOURCES	
Liabilities	-
	<hr/>
Total deferred inflows of resources	<u>-</u>
 FUND BALANCE	
Reserved	-
Unreserved	17,362
	<hr/>
Total fund balances	<u>17,362</u>
Total liabilities and fund balances	<u>\$ 22,122</u>

See accompanying notes and independent accountant's review report.

WATER DISTRICT 140

**Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds
Year Ended December 31, 2018**

	<u>General Fund</u>
Revenues:	
Assessments	\$ 79,496
Interest income	-
Miscellaneous income	-
	<u> </u>
Total revenues	<u>79,496</u>
Expenditures:	
Accounting & Legal	1,075
Contract labor - Watermaster	88,607
Miscellaneous	-
Capital expenditures	-
	<u> </u>
Total expenditures	<u>89,682</u>
Excess (deficiency) of revenues over expenditures	(10,186)
Fund balance - beginning	<u>27,548</u>
Fund balance - ending	<u>\$ 17,362</u>

See accompanying notes and independent accountant's review report.

WATER DISTRICT 140
Notes to Financial Statements
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of WATER DISTRICT 140 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The significant accounting policies of the District are described below.

A. Reporting Entity

Water District 140 was created December 28, 2006 by order of the Director of the Idaho Department of Water Resources as provided in Idaho Code, Title 42, as a political subdivision of the State of Idaho with a governing board of directors and treasurer. Idaho law provides the method and procedure for assessing fees on all deep-water wells within the District. The board of directors has governing responsibility over all of the activities related to the District. The board is responsible for approving the budget, establishing spending limitations, funding any deficits and borrowing funds. There are no other boards, councils, or component units for which the District exercises authority.

The District was formed for the establishing of ground water measuring devices, measuring and reporting of ground water usage, adjusting controlling works to deliver the authorized flow rate/or volume to the water right holder and the administering of other water rights within the district.

B. Government-Wide Financial Statements

The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the primary government. This District reports only governmental activities and has no business-type or fiduciary activities.

The statement of net position presents the financial condition of the governmental activities for the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

C. Fund Financial Statements

The District maintains only one fund, the General fund, which presents all activities of the District. Accordingly, the General fund is the only major fund and there are no non-major funds.

WATER DISTRICT 140
Notes to Financial Statements
December 31, 2018

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental funds:

The General Fund is the District's operating fund. It accounts for all financial resources of the District.

Amounts reported as program revenues include charges to customers for goods and services, operating grants and contributions, and capital grants and contributions.

E. Fund Balance Classifications

Fund Balance Reserves - The District has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement establishes criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. Application of the Statement requires the District to classify and report amounts in the appropriate fund balance classifications. The District's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned or unassigned.

The District reports the following classifications as applicable:

Non-spendable Fund Balance - Non-spendable fund balances are amounts that cannot be spent because they are either: (a) not in spendable form - such as inventory or prepaid insurance, or (b) legally or contractually required to be maintained intact - such as a trust that must be retained in perpetuity.

Restricted Fund Balance - Restricted fund balances are amounts that cannot be spent because they are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes a specific purpose for the funds. Legal enforceability means that the District can be compelled by an external party (e.g. citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.

WATER DISTRICT 140
Notes to Financial Statements
December 31, 2018

Committed Fund Balance - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the District Council. Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the District Council. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions,

Assigned Fund Balance - Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by: (a) the secretary/treasurer, or (b) an appointed body (e.g. a budget or finance committee) or an official to which the Board of Directors have delegated the District to assign, modify, or rescind amounts to be used for specific purposes. Assigned fund balance includes: (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as non-spendable, restricted, or committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - Unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

F. Deposits and Investments

Deposits: Custodial credit risk, in the case of deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District has no deposit policy for custodial credit risk. At year end, the District had \$0 in excess of insured amounts.

Credit Risk: The District's policy is to comply with Idaho State statutes which authorize the District to invest in obligations of the United States, obligations of the State or any taxing district in the State, obligations issued by the Farm Credit System, obligations of public corporations of the State of Idaho, repurchase agreements, tax anticipation notes of the State or taxing district in the State, time deposits, savings deposits, revenue bonds of institutions of higher education, and the State Treasurer's Investment Pools.

G. Inventory

The District had no inventory at year end.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the governmental activities column in the government-wide financial statements. All material fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated. When an asset is disposed of, cost and related accumulated depreciation is removed, and any gain or loss arising from its disposal is credited or charged to operations. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

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Depreciation of all exhaustible fixed assets is charged as an expense against operations in the statement of activities. Capital assets are reported net of accumulated depreciation on the statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25-40 years
Improvements	10-45 years
Equipment	3-10 years

I. Long-Term Liabilities

The District has no long-term debt.

J. Budgets and Budgetary Accounting

Formal budgetary accounting is not employed as a management control for all funds of the District. An annual 'totals-only' operating budget is adopted each fiscal year through passage of an annual budget and amended as required for the General Fund, and the same basis of accounting is used to reflect actual revenues and expenditures recognized on a generally accepted accounting principles basis.

K. Encumbrances

Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is not considered necessary at present to assure effective budgetary control or to facilitate effective cash planning and control.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

M. Application of Restricted or Unrestricted Resources

The District's policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2: ASSESSMENTS RECEIVABLE/UNAVAILABLE REVENUE

The 2018 assessment consisted of: 1) 37.7 cents per acre foot of water pumped with a minimum charge of \$25, plus 2) a \$75 Measurement & Reporting Charge per diversion (well).

The assessments receivable are stated at the full value, with no allowance for doubtful accounts being considered necessary as tax deeds can be taken on all assessments that are three years delinquent. The aged balances as of December 31, 2018 are as follows:

<u>Year of Assessment</u>	<u>Assessment Receivable</u>
2018	\$ 225
2017	-
2016	-
2015	-
Totals	<u>\$ 225</u>

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NOTE 3: CAPITAL ASSETS

The District has no capital assets.

NOTE 4: LONG-TERM LIABILITIES

The District had no long-term liabilities at the balance sheet date.

NOTE 5: LITIGATION, CONTINGENT LIABILITIES AND COMMITMENTS

The District is subject to various water calls filed with the Idaho Department of Water Resources (IDWR). Mitigation plans have been proposed to avoid curtailment to District water users. Final settlement of related water right litigation is not expected to generate a liability that the District would be directly liable for.

NOTE 6: RISK MANAGEMENT/INSURANCE COVERAGE

The District has no insurance coverage at this time.

NOTE 7: SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 29, 2019, the date the financial statements were available to be issued. There were no subsequent events to disclose.