

RECEIVED

JAN 20 2022

WATER RESOURCES
WESTERN REGION

TREASURER STATEMENT OF FINANCIAL AFFAIRS

TO: Idaho Department of Water Resources

FROM: Treasurer of Water District No. 65 Water District Name: Payette River

It shall be the duty of the water district treasurer to prepare a statement of the financial affairs of the district at the end of each fiscal year and to file the statement with the director of the department of water resources. (§ 42-619, Idaho Code)

An audit of the financial affairs of the district shall be made as required in § 67-450B, Idaho Code. A certified copy of the audit shall be filed with the director of the department of water resources following the audit. (§ 42-619, Idaho Code)

I, Ron Mio, appointed treasurer of Water District No. 65, hereby submit the attached statement(s) for the district. These statement(s) document and account for all water district assets and finances including accounts receivable, accounts received, and monies disbursed on behalf of the district.

Please check the appropriate box

- Attached is a Statement of Financial Affairs of the district.
- Attached is a Statement of Financial Affairs and certified copy of the audit as required by § 67-450B, Idaho Code

I hereby certify that the attachment(s) noted above are true and correct copies of the required statement(s) for Fiscal Year 2021.

Ron Mio 1-17-22
Treasurer signature Date

2977 NW 3rd Ave Fruitland ID (208) 230-3859 mio@fwrta.com
Address Telephone E-Mail

Water District No. 65

Year Ended December 31, 2021

RECEIVED
JAN 20 2022
WATER RESOURCES
WESTERN REGION

Audited Financial Statements

[Redacted]
[Redacted]
[Redacted]



www.qcpas.com

Quest CPAs PLLC

WATER DISTRICT NO. 65
Table of Contents

Financial Section

Independent Auditor's Report 1

Basic Financial Statements

Statement of Net Position 3

Statement of Revenues, Expenses, and Changes in Net Position 4

Statement of Cash Flows 5

Notes to Financial Statements 6

Other Reports

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* 10



Independent Auditor's Report

Board of Directors
Water District No. 65

Report on the Financial Statements

We have audited the accompanying financial statements of the major fund of Water District No. 65 (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the District as of December 31, 2021, 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.

Other Matters

Required Supplementary Information

Management has not included the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not 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, and historical context. Our opinion on the basic financial statements is not affected by not including this information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2022, 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, 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.

Quest CPAs PLLC

Payette, Idaho
January 11, 2022

WATER DISTRICT NO. 65

Statement of Net Position

December 31, 2021

Assets

Current Assets

Cash & Investments \$1,171,330

Assessments Receivable 2,420

Rental Pool Receivables 54,362

Total Current Assets 1,228,112

Noncurrent Assets

Depreciable Net Capital Assets 30,899

Total Noncurrent Assets 30,899

Total Assets

\$1,259,011

Liabilities

Current Liabilities

Cost-Share Projects Payable \$38,885

Payable to Lessors - In Basin 30,753

Payable to Lessors - Out of Basin 621,010

Idaho Water Resources Board Fees Payable 65,176

Total Current Liabilities 755,824

Total Liabilities

755,824

Net Position

Net Investment in Capital Assets 30,899

Unrestricted 472,288

Total Net Position

503,187

Total Liabilities and Net Position

\$1,259,011

WATER DISTRICT NO. 65
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2021

Operating Revenues	
Assessments	\$74,973
Administrative Fees	173,733
Total Operating Revenues	<u>248,706</u>
 Operating Expenses	
Payroll	94,241
Goods & Services:	
Automobile	3,871
Cost-Share Projects	131,073
Dues & Subscriptions	1,389
IWUA Dues	25,384
O&M - River Gage	19,600
Office & Field Supplies	5,356
Office Rent	6,900
Postage & Delivery	1,035
Professional Fees	8,250
Equipment Repairs & Maintenance	771
Telephone & Internet	2,151
Travel & Training	1,638
Depreciation	5,831
Total Operating Expenses	<u>307,490</u>
 Operating Income (Loss)	 (58,784)
 Nonoperating Revenues (Expenses)	
Interest Income	2,003
Interest Expense	(2,959)
Total Nonoperating Revenue (Expenses)	<u>(956)</u>
 Change in Net Position	 (59,740)
 Net Position - Beginning	 <u>562,927</u>
Net Position - Ending	<u><u>\$503,187</u></u>

See Accompanying Notes

WATER DISTRICT NO. 65
Statement of Cash Flows
Year Ended December 31, 2021

Cash Flows From Operations	
Receipts from Assessments	\$75,344
Receipts from Administrative Fees	131,638
Payments for Personnel Services	(94,241)
Payments for Goods & Services	(168,533)
Cash Provided (Used) By Operations	<u>(55,792)</u>
Cash Flows From Noncapital Financing	
Receipts for Lessor & IWRB Fees Payables	716,939
Payments for Lessor & IWRB Fees Payables	(1,427,186)
Cash Provided (Used) By Noncapital Financing	<u>(710,247)</u>
Cash Flows From Capital & Related Financing	
Interest Paid	(2,959)
Cash Provided (Used) By Capital & Related Financing	<u>(2,959)</u>
Cash Flows From Investments	
Interest Income	2,003
Cash Provided (Used) By Investments	<u>2,003</u>
Change in Cash & Investments	(766,995)
Cash & Investments - Beginning	<u>1,938,325</u>
Cash & Investments - Ending	<u><u>\$1,171,330</u></u>
Reconciliation of Operating Income (Loss) to Cash	
Provided (Used) By Operations	
Operating Income (Loss)	(\$58,784)
Adjustments to Reconcile Operating Income (Loss) to	
Cash Provided (Used) by Operations:	
Depreciation	5,831
Changes in Assets & Liabilities:	
Assessments Receivable	371
Rental Pool Receivables	(42,095)
Cost-Share Project Payables	38,885
Cash Provided (Used) By Operations	<u><u>(\$55,792)</u></u>

WATER DISTRICT NO. 65
Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity – Water District No. 65 (the District) administers the delivery of water from natural flow and storage within the Payette River Basin as authorized by Idaho Code Section 42. It also manages water rental pool leases and rental agreements pursuant to Idaho Code and Rule 6 of the Water Supply Bank Rules and Regulations of the Idaho Water Resource Board (IWRB), as well as administering cost share programs for facility upgrades approved by its users.

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to water districts. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements – The financial transactions of the District are reported in a single proprietary (enterprise) fund. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Enterprise funds are required to be used to account for operations that are primarily funded by a fee being charged to external users for goods or services. Enterprise funds may also be financed with debt that is solely secured by a pledge of the net revenues.

Basis of Accounting – Basis of accounting refers to the point at which revenues or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. The District's financial statements are reported on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Cash and Investments – Investments are measured using the market approach and include the local government investment pool, reported and measured at amortized cost following the provisions of GASB 79 which provide for consistent measurement of investment value amongst pool participants.

For purposes of the statement of cash flows, the District considers all investments available for immediate withdrawal or with maturities of three months or less to be cash and cash equivalents (referred to as cash and investments).

Assessments – Water user assessment procedures are governed under Idaho Code Sections 42-612 through 618. Assessments are approved at the annual meeting. A date (June 1) is fixed by resolution upon which the amount payable becomes due. Delinquent assessments are charged interest until paid. In accordance with Idaho Code Section 42-618, the District (rather than the County) collects assessments directly from the water users.

Water Rental Pool - Leases and Rentals – The purpose of the water rental pool is to provide a process whereby stored water may be made available to users needing additional water, to provide incentives to those owning reservoir space and having stored water which is surplus to their needs, to establish and maintain a system whereby water supplies can be located, identified and subsequently rented, and to provide a source of revenue to the District to make improvements in water distribution and conservation. The Watermaster acts as the manager of the rental pool.

WATER DISTRICT NO. 65
Notes to Financial Statements

All leases to and rentals from the pool are for a term of one year. All the stored water attributed to space leased to the pool before July 1 is rented before any stored water leased to the pool after July 1. Priority rules apply to lessors and renters in accordance with the Water Supply Bank Rules and the regulations of the IWRB. Accrued interest is distributed on a pro-rata basis at the time payments are made to the lessors.

Inventories – Material supplies on hand at year end are stated at the lower of cost or net realizable value using the first-in, first-out method.

Receivables – Receivables are reported net of any estimated uncollectible amounts.

Capital Assets and Depreciation – Significant capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of all depreciable assets is recorded using the straight line method.

Compensated Absences – The District provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is deemed to be immaterial and, accordingly, no liability is recorded.

Net Position – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

Fund Balance Classifications – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity's governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the District first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the District first utilizes committed resources then assigned resources before using unassigned resources.

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 that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Custodial Credit Risk – The District maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. The District's policy is to collateralize such balances.

WATER DISTRICT NO. 65
Notes to Financial Statements

Risk Management – The District is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

Subsequent Events – Subsequent events were evaluated through the date of the auditor’s report, which is the date the financial statements were available to be issued.

B. CASH AND INVESTMENTS

Cash and investments consist of the following at year end:

Cash - Deposits	\$3,337
Investments - Local Gov't Investment Pool	<u>1,167,993</u>
Total	<u><u>\$1,171,330</u></u>

Deposits – At year end, the carrying amounts of the District's deposits were \$3,337 and the bank balances were \$10,197. The bank balances were insured.

Considerations for interest rate risk and credit rate risk relating to investments are shown below.

Interest rate risk:

Investment Type	Investment Maturity Schedule (In Years)	
	Less Than 1	Total
Local Gov't Invest Pool	\$1,167,993	\$1,167,993
Total	<u>\$1,167,993</u>	<u>\$1,167,993</u>

Credit rate risk:

Investment Type	Investment Rating Schedule	
	Not Rated	Total
Local Gov't Invest Pool	\$1,167,993	\$1,167,993
Total	<u>\$1,167,993</u>	<u>\$1,167,993</u>

Investments – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Treasury, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The District's investment policy complies with state statutes.

The local government investment pool is managed by the state treasurer's office and is invested in accordance with state statutes and regulations. The local government investment pool is not registered with the SEC and is a short-term investment pool. The state treasurer's office investment policy for the local government investment pool includes the following three primary objectives in order of priority: safety, liquidity, and yield. Participants have overnight availability to their funds, up to \$10 million. Withdrawals of \$10 million or more require three business days' notification. More information on the local

WATER DISTRICT NO. 65
Notes to Financial Statements

governmental investment pool including regulatory information, ratings, and risk information can be found at www.sto.idaho.gov.

C. CAPITAL ASSETS

A summary of capital assets for the year is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Depreciable Capital Assets				
Equipment	\$98,101			\$98,101
Subtotal	<u>98,101</u>	<u>\$0</u>	<u>\$0</u>	<u>98,101</u>
Accumulated Depreciation				
Equipment	61,371	5,831		67,202
Subtotal	<u>61,371</u>	<u>5,831</u>	<u>0</u>	<u>67,202</u>
Total	<u>36,730</u>	<u>(5,831)</u>	<u>0</u>	<u>30,899</u>
Net Capital Assets	<u>\$36,730</u>	<u>(\$5,831)</u>	<u>\$0</u>	<u>\$30,899</u>

Depreciation expense was \$5,831.

D. OPERATING LEASE

The District leases its office premises on a month-to-month basis. Lease expense for the current year amounted to \$6,900.

E. EMPLOYEE BENEFITS

The District contributed \$7,000 during the year for qualified employees under a SEP-IRA (Simplified Employee Pension Individual Retirements Arrangement) plan.



**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**

Board of Directors
Water District No. 65

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 major fund of the Water District No. 65 (the District), as of and for the year ended December 31, 2021, 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 11, 2022.

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 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 over financial reporting 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 determination of financial statement amounts. 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 District's internal control or compliance. This 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. Accordingly, this communication is not suitable for any other purpose.

Quest CPAs PLLC

Payette, Idaho
January 11, 2022