

**Galena Ground Water District  
Audited Financial Statements  
December 31, 2025**

**Galena ground Water District**  
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For the Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management  
Galena Ground Water District

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the business-type activities of the Galena Ground Water District (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of December 31, 2025, 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted this information. Our audit report is not affected by this omitted information.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Robins Waters Hanson CPAs PLLC*

Robins Waters Hanson CPAs PLLC

January 20, 2026

**Galena Ground Water District**  
**STATEMENT OF NET POSITION**  
For the Year Ended December 31, 2025

Assets		
Cash	\$	876,618
Assessments Receivable (Net of Allowance)		<u>50,516</u>
Total Assets	\$	<u>927,134</u>
		-
Liabilities and Net Position		
Liabilities		
Accounts Payable	\$	5,055
Prepaid Assessments		<u>135,247</u>
Total Liabilities		140,302
Net Position		<u>786,832</u>
Total Liabilities and Net Position	\$	<u>927,134</u>
		-

**Galena Ground Water District**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For the Year Ended December 31, 2025

REVENUE

Direct Assessments	\$	109,519
County Assessments		181,916
Supplemental Assessments		31,435
Penalty / Other		<u>1,960</u>

Total Operating Revenue 324,830

EXPENSES

Administration		24,963
Mitigation - Water Purchase / Fallow		133,712
Mitigation - Hydrologic/Legal Consulting		<u>38,710</u>

Total Expenses 197,385

OPERATING INCOME 127,445

NON-OPERATING REVENUE

Interest Income		31,408
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Change in Net Position 158,853

Net Position - Beginning as Previously Reported 627,979

Net Position - Ending \$ 786,832

**Galena Ground Water District**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2025

Cash Flows From Operating Activities:	
Receipts From Members	\$ 325,715
Payments to Suppliers	(202,062)
Net Cash Provided By Operating Activities	123,653
Cash Flows From Capital and Related Financing Activities:	
Net Cash Used by Capital and Related Financing Activities	-
Cash Flows From Investing Activities:	
Net Cash Used by Investing Activities	31,408
Net Cash Used by Investing Activities	31,408
Net Change in Cash	155,061
Cash and Cash Equivalents at Beginning of Fiscal Year	721,557
Cash and Cash Equivalents at End of Fiscal Year	876,618
-	
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:	
Operating Income or (Loss)	\$ 127,445
Adjustments:	
Decrease (Increase) in: Receivables	(26,621)
Increase (Decrease) in: Accounts Payable	(4,677)
Prepaid O&M	27,506
Prepaid O&M	27,506
Net Cash Provided by Operating Activities	\$ 123,653
-	

**Galena Ground Water District**  
 NOTES TO FINANCIAL STATEMENTS  
 For the Year Ended December 31, 2025

**Note 1: Reporting Entity**

Galena Ground Water District is a political subdivision of the State of Idaho. The District was established September 8, 2015 and encompasses 280 square miles in Blaine County from Galena Summit to the Glendale road area south of Bellevue. The District is governed by a three member board.

**Note 2: Summary of Significant Accounting Policies**

*Basis of Accounting*

The accounting principles of the District conform to accounting principles generally accepted in the United States of America applicable to enterprise funds. Accordingly, the statement of net position and the statements of revenues, expenses and changes in net position and statement of cash flows have been prepared using the economic resources measurement focus and the accrual basis of accounting.

The District applies all Governmental Accounting Standards Board (GASB) pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations, the Accounting Principles Board (APB) opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Assessments*

Assessments are generally for irrigation water mitigation. When the District was formed multiple entities with both domestic and irrigation water wrights choose to participate.

*Receivables*

The District has developed a methodology for reviewing the collectability of accounts receivable. Accounts Receivable is shown on the balance sheet net of an allowance of doubtful accounts of \$5,903.

*Cash and Cash Equivalents*

The District considers money market funds, Certificates of Deposit and investments in the state investment pool to be cash and cash equivalents.

**Note 3: Cash and Cash Equivalents**

The District had the following cash and cash equivalents at December 31, 2025:

	Interest <u>Rate</u>	Bank <u>Balance</u>	Book <u>Balance</u>
Zions	-0-	183,258	183,258
LGIP	3.92%	693,360	693,360
Undeposited Funds	-0-	-	-
		876,618	876,618

**Note 4: Contingencies and Risk***Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the District's deposit may not be returned to it. The District does not have a deposit policy for custodial credit risk. Accounts at financial institutions are insured by Federal Deposit Insurance Corporation for up to \$ 250,000. As of December 31, 2025 the District has funds not insured of \$693,360 that are currently held at the State Investment Pool.

*Water Litigation*

There are several ongoing developments in many areas affecting water law. The effect of these has not been determined. However, unfavorable outcomes of one or more of these could have a detrimental effect on the District's financial condition.

*Economic Risk*

The District's only customers are land owners in the District. The District is dependent upon the land owners' ability to pay their assessments and the availability of water.

**Note 5: Budget**

The budget is set by the Board.

**Note 6: Date of Managements Review:**

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through January 20, 2026, the date that 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 and Management  
Galena Ground Water District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Galena Ground Water District (the District), as of and for the year ended December 31, 2025, 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 20, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robins Waters Hanson CPAs PLLC*

Robins Waters Hanson CPAs PLLC

January 20, 2026