



State of Idaho
DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Statehouse Mail, Boise, Idaho 83720-9000
Phone: (208) 327-7900 FAX: (208) 327-7866

CECIL D. ANDRUS
GOVERNOR

R. KEITH HIGGINSON
DIRECTOR

February 16, 1993

Re: Financial Audits of Water Districts

Dear Water District Secretary:

This letter and the attached copy of Section 42-619 of the Idaho Code is being sent to you to provide notice and reminder of certain statutory requirements concerning financial statements and audits for water districts.

Section 42-619 was added to the Idaho Code in 1989. This particular statute provides authority for Idaho counties to discontinue their statutory obligation of providing payment of water district expenses. This law also requires that in those districts where the counties no longer provide the service of paying water district expenses, the district must elect a treasurer (unless the budget is \$3000 or less, then the watermaster may serve as treasurer).

Section 42-619 also outlines the duties of the treasurer, which includes preparing a statement of the financial affairs of the district at the end of each fiscal year and to file such statement with the Department of Water Resources. We suggest that this statement be filed with the Annual Watermaster's Report.

For those districts which handle their own money (i.e.; districts which make their own payments and/or collect their own assessments), Section 42-619 further requires that a financial audit of the district be completed, at the districts expense, by an independent public accounting firm at least every three years for districts with annual budgets greater than \$3000, and every five years for districts with annual budgets of \$3000 or less. A certified copy of such an audit must also be filed with the Department of Water Resources. Districts are exempt from this requirement only if the county still provides the dual service of collecting assessments and disbursing funds.

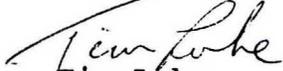
The purpose of this letter is merely to remind you about the financial statement and audit requirements of Section 42-619, Idaho Code. Since it has been at least three years since the legislature passed this statute, some districts should consider budgeting for a financial audit by a public accounting firm in this year's adopted budget. I would expect that this would be a relatively nominal expense for most districts.

For those districts which have already held annual meetings and have adopted budgets and to which this matter may be applicable,

please advise the advisory committee members of these requirements and the need to comply with the law.

If you have questions concerning this matter, please contact me directly at this office or a representative at one of our regional offices.

Sincerely,

A handwritten signature in cursive script that reads "Tim Luke".

Tim Luke
Hydrologist
Water Allocations

42-619. Alternate plan for payment of district expenses. (1) The county commissioners of any county having determined that providing the service of payment of water district expenses by the county treasurer from water district funds pursuant to section 42-613, Idaho Code, is an undue burden upon the county and shall no longer be provided, shall notify the director of the department of water resources of this action by December 1 in the year preceding the year for which the action shall first be effective by providing to the director a certified copy of the resolution of the commissioners taking such action.

(2) Notice of the action of the county commissioners shall be given to the water users of the district by the department of water resources together with the notice of the annual meeting given pursuant to section 42-605, Idaho Code.

(3) At each annual meeting of a district for which the county commissioners have taken the action provided for in subsection (1) of this section, the water users shall provide for the election or appointment of a water district treasurer. If a water district treasurer is not elected at the annual meeting, and one is found to be necessary, the director of the department of water resources shall appoint a water district treasurer. The water district treasurer shall keep a complete, accurate and permanent record of all moneys received by and disbursed for and on behalf of the district. The water district treasurer shall deposit all moneys of the district in a designated depository approved at the annual meeting, and shall comply with the public depository law as contained in chapter 1, title 57, Idaho Code.

(4) Before undertaking the duties of the office, the water district treasurer shall take and subscribe to an oath before an officer authorized by the laws of the state to administer oaths, to faithfully perform the duties of the office, and shall file the oath with the director of the department of water resources. Upon issuance by the director of a certificate confirming the election or appointment of a water district treasurer, the actions taken by the water district treasurer in fulfillment of the duties of the office are covered by the state group surety bond as provided in sections 59-801 through 59-804, Idaho Code.

(5) The water district treasurer shall serve until a successor is elected or appointed, and qualified. A water district treasurer may be removed from office by the director for failure to perform the duties of the office in the manner provided for removal of a watermaster.

(6) Compensation for the services of the water district treasurer shall be set at the annual meeting and may be established on a fixed-sum, per diem, or voluntary basis. If a water district treasurer is appointed by the director in the absence of being elected at the annual meeting, the director shall fix the compensation to be paid, if any.

(7) With respect to any district for which the county commissioners have taken the action provided for in subsection (1) of this section, or for which the water users have taken the action provided for in subsection (10) of this section and have notified the county thereof, the county auditor shall in the time and manner provided by section 63-2104, Idaho Code, transmit to the water district treasurer of the water district a settlement of all moneys belonging to such district paid into the county treasury and apportioned to such water district on or after the second Monday of the preceding month; provided, however, that in the months of July and January the money may be transmitted no later than the 25th of the month. The treasurer of the water district shall immediately deposit the funds in the designated depository for the district.

(8) The treasurer of the water district shall only disburse moneys from the water district account upon submission of a written voucher approved by the watermaster for expenses incurred for water district purposes related to the delivery of water or by a voucher approved by the chairman of the advisory committee for activities pursuant to resolutions adopted by the water users from district funds or funds retained pursuant to section 42-613A, Idaho Code.

(9) 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. An audit of the financial affairs of the district, by an independent public accounting firm, shall be made at district expense at intervals of not more than three (3) years for districts having an annual expense of more than three thousand dollars (\$3,000), and at intervals of not more than five (5) years for districts having an annual expense of three thousand dollars (\$3,000) or less. A certified copy of the audit shall be filed with the director of the department of water resources following the audit.

(10) In any water district for which the county commissioners have not taken the action provided for in subsection (1) of this section, the water users may at the annual meeting of the district approve a resolution authorizing the election or appointment of a water district treasurer who shall exercise all duties and responsibilities of a treasurer provided for in this section.

(11) In water districts with an annual budget of three thousand dollars (\$3,000) or less, the water users may by resolution adopted at the annual meeting authorize the watermaster to serve as water district treasurer. Watermasters in water districts with annual budgets in excess of three thousand dollars (\$3,000) shall not be authorized to act as water district treasurer.

MEMORANDUM OF UNDERSTANDING

This memorandum of understanding is entered into by and between the Director of the Department of Water Resources, (hereinafter called the Director) and the water users of Water District No. 1, Upper Snake River, (hereinafter called Water District No. 1) acting through the Water District advisory committee known as the Committee of Nine.

WHEREAS, the statutes of the State of Idaho provide for the Director to have direction and control of the distribution of the waters of the state to those holding valid rights to the use thereto; and

WHEREAS, the Water District No. 1 authorized the Committee of Nine, as advisors to, and elected representatives of the water district, by resolution duly adopted at the March 2, 1993, annual meeting of the water users of the district to enter this memorandum of understanding continuing a cooperative program with the Director to provide watermaster services for Water District No. 1 and

WHEREAS, the Committee of Nine will, among other things, serve as advisors to the Director and the watermaster in matters relating to the distribution of the natural flow and stored water within the district:

NOW, THEREFORE, the Director agrees to provide the following services to Water District No. 1, effective upon the execution of this memorandum of understanding and to continue to provide the services from year-to-year as herein provided upon election of the regional manager of the Department as watermaster and the adoption of a budget by the water users at the annual water district meeting authorizing expenditures in accordance with the purposes of this memorandum of understanding:

1) To provide watermaster services to Water District No. 1 for the period from the effective date of this memorandum until the end of any subsequent water district year as agreed to by the water users of Water District No. 1 at their annual meeting and the director of the Department. Such watermaster services will be provided under the direction of the regional manager of the Department's Eastern Region consistent with the provisions of Title 42, Idaho Code.

2) To provide the equivalent of 2/3 of a person year of the Regional manager as watermaster throughout the Water District year and to provide any additional part time

or full time employees as necessary for the water distribution operations of Water District No. 1 in accordance with its adopted budget.

3) To provide office space as necessary for operation of Water District No. 1 and to provide Department vehicles for use by full-time employees of the Department, to conduct Water District business, and to share the use of other Department equipment and facilities as are necessary to equitably distribute the waters to the users within Water District No. 1.

WATER DISTRICT NO. 1 agrees as follows:

1) To pay the Department, on an advance basis, sufficient funds to cover the costs of operations incurred in providing watermaster services to Water District No. 1 provided, however, that reimbursement for the watermaster shall not exceed 2/3 of the personnel costs of the regional manager and provided further that all other costs incurred in conducting Water District No. 1 business will be paid in full. Indirect costs will be paid at the rate approved by the Department of the Interior Inspector General and current at the time of the water district annual meeting. The approved indirect rate shall be reduced in recognition of the Department's statutory responsibility to supervise water distribution by subtracting in the indirect calculation any personnel costs included for the Director and the Administrator of the Water Management Division.

Mileage and per diem costs will be based upon the rate provided by state law for state employees.

The Department will credit the District for a portion of the District's expenditures to the U.S. Geological Survey for the cooperative streamgaging program. The amount credited each year will be one-half (1/2) the amount the district pays for that year to the U.S. Geological Survey for operation of certain streamgages the Director determines are needed for data collection purposes needed by the Department other than and in addition to the District's water distribution data needs.

THE PARTIES mutually agree that:

1) The regional manager and any other persons directly employed by the Department as classified state employees, performing duties on behalf of Water District No. 1 under this memorandum will only perform duties necessary to:

MEMORANDUM OF UNDERSTANDING - 2

SCANNED

AUG 24 2006

- a) Deliver and account for distribution of natural flow and stored water within the District,
- b) Provide assistance to the Committee of Nine in operating the local rental pool. This assistance will include accepting applications to put water into the pool and to rent water from the pool, receipting and depositing funds associated with the bank, providing information on the water in the bank and rentals therefrom. The Committee of Nine, or its designated subcommittee will determine the water leases and rentals and approve all disbursements of rental pool money.
- c) Prepare reports and proposed budgets as required by Title 42, Idaho Code.
- d) Provide technical assistance and information to the Committee of Nine and the Department relative to the water distribution and water banking duties of the watermaster.

The Committee of Nine will make other arrangements for representation and management of any other interests of the water users within the Water District as directed at the annual meeting.

2) The director of the Department and the chairman of the Committee of Nine shall consult annually prior to the end of the water district's fiscal year concerning the continuation of this memorandum and any need for modification of it.

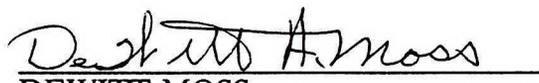
3) This memorandum of understanding will continue from year to year and can be amended or terminated at any time by agreement of the director of the Department and Water District No. 1, on the recommendation of the Committee of Nine.

4) This memorandum of understanding supersedes and replaces the memorandum of understanding dated March 3-4, 1979.

5) Nothing in this agreement will act to change, modify, or release either party of any obligation or responsibility otherwise provided by contract or by law.


R. KEITH HIGGINSON
Director
Department of Water Resources

Date: 3/04/93


DEWITT MOSS
Chairman
Committee of Nine/Water District No. 1

Date: 3/10/93

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
Water District No. 1
150 Shoup - Suite 15
Idaho Falls, Idaho 83402



R KEITH HIGGINSON DIR
STATE WATER RESOURCES
1301 N ORCHARD
BOISE ID 83706-2337

