

Water District No. 65

Payette River Basin, State of Idaho
102 North Main Street
Payette, Idaho 83661

Watermaster
Mark Limbaugh

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✓ JL

January 25, 2002

AGENDA

- 1) Approval of Minutes
- 2) Audit Report – Tim Folke, CPA e \$217K in the black
- 3) Watermaster 2001 Report
- 4) Interim Office Duties ✓ Peggy (sec'y) will handle routine office stuff
- 5) Annual Meeting 2002 – Monday, March 4 at 2:00 p.m. in New Plymouth at Senior Citizen Center - MARK won't be there
- 6) Family Farm Alliance Annual Conference – February 28 – March 1, Las Vegas, NV - MARK was president
- 7) Watermaster Search Process ← start screening applicants at 1:30 FEB. 18 at WD office *
 - a) Advertisements for position
 - b) Application process and sifting
 - c) Interview timing and scheduling
 - d) Interview questions and responses
- 8) Adjournment

emailed Gary 1/28
e this
↓
Followup

Mark will not be present for interviews or for 2002 annual meeting

- Got through 2001 drought OK w/ cooperation.
- Automated meas. system (e 90% of plots) helped.
- BS 65 provided e 1/3 of upper Snake flow augmentation 2001 (30K out of 100K of from upper Snake)

* Board requested some help in initial screening - call chair Mike Bankhead 642-6148 (evenings) or leave msg. e WD office (days)

WATER DISTRICT NO. 65

REPORT ON AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2001

WATER DISTRICT NO. 65

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FINANCIAL SECTION

Certified Public Accountant
Timothy S. Folke, CPA, CMA, P.C.
Certified Management Accountant

INDEPENDENT AUDITOR'S REPORT

January 3, 2002

To the Advisory Committee and Watermaster
Water District No. 65
Payette, Idaho

I have audited the accompanying financial statements of Water District No. 65 as of and for the year ended December 31, 2001, as listed in the table of contents. These financial statements are the responsibility of Water District No. 65's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Water District No. 65 at December 31, 2001 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated January 3, 2002 on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results in my audit.

Timothy S. Folke

FINANCIAL STATEMENTS

WATER DISTRICT NO. 65
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 2001

	<u>Governmental Fund Types</u>	<u>Account Group</u>	<u>Totals (Memorandum Only)</u>
	General	General Fixed Assets	
ASSETS			
Cash in Bank	\$1,056		\$1,056
Investments	300,239		300,239
Assessments Receivable	529		529
Rental Pool Receivables	195		195
Inventory	2,847		2,847
General Fixed Assets		\$54,149	54,149
TOTAL ASSETS	<u>\$304,866</u>	<u>\$54,149</u>	<u>\$359,015</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Cost-Share Funds Payable	\$3,390		\$3,390
Payroll Liabilities	2,918		2,918
Idaho Water Resource Board Fees Payable	78		78
Interest Payable - Rental Pool Lessors	857		857
Deferred Revenues	80,200		80,200
TOTAL LIABILITIES	<u>87,443</u>	<u>\$0</u>	<u>87,443</u>
FUND BALANCES			
Investment in General Fixed Assets		54,149	54,149
Reserved - Inventory	2,847		2,847
Unreserved - Undesignated	214,576		214,576
TOTAL FUND BALANCES	<u>217,423</u>	<u>54,149</u>	<u>271,572</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$304,866</u>	<u>\$54,149</u>	<u>\$359,015</u>

The accompanying notes are an integral part of the financial statements.

WATER DISTRICT NO. 65
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES (Comprising General Fund Only)
For the Year Ended December 31, 2001

	<u>Amount</u>	<u>% of Total Revenues</u>
REVENUES		
Assessments	\$58,641	51.34%
Admin. Fees - U.S. Bureau of Reclamation	30,000	26.27%
Administrative Fees - Other	8,953	7.84%
Interest	16,519	14.46%
Miscellaneous	104	0.09%
TOTAL REVENUES	<u>114,217</u>	<u>100.00%</u>
EXPENDITURES		
Automobile Expense	4,037	3.53%
Bank Service Charges	75	0.07%
Black Canyon Dam Upgrade	0	0.00%
Capital Outlay	755	0.66%
Computer Services	550	0.48%
Cost-Share Program	22,804	19.97%
Dues & Subscriptions	765	0.67%
Insurance	743	0.65%
IWUA Coalition/Projects Funding	2,104	1.84%
O & M - River Guage	11,605	10.16%
Office Purchases	129	0.11%
Office Rent	6,900	6.04%
Office Supplies	1,518	1.33%
Payroll - Salaries & Benefits	72,579	63.54%
Payroll - Taxes	4,914	4.30%
Postage & Delivery	548	0.48%
Printing & Reproduction	583	0.51%
Professional Fees	2,200	1.93%
Repairs & Maintenance	108	0.09%
Telephone	4,037	3.53%
Travel, Entertainment & Miscellaneous	3,416	2.99%
Water Education & Quality Projects	7,350	6.44%
TOTAL EXPENDITURES	<u>147,720</u>	<u>129.33%</u>
Excess of Revenues Over (Under) Expenditures	<u>(33,503)</u>	<u>-29.33%</u>
FUND BALANCE - Beginning of Year	<u>250,926</u>	
FUND BALANCE - End of Year	<u>\$217,423</u>	

The accompanying notes are an integral part of the financial statements.

WATER DISTRICT NO. 65
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES (Comprising General Fund Only)
For the Year Ended December 31, 2001

REVENUES	Budget	Actual	Variance - Favorable (Unfavorable)
Assessments	\$58,000	\$58,641	\$641
Admin. Fees - U.S. Bureau of Reclamation	95,000	30,000	(65,000)
Administrative Fees - Other	50,000	8,953	(41,047)
Interest	8,000	16,519	8,519
Miscellaneous		104	104
TOTAL REVENUES	211,000	114,217	(96,783)
EXPENDITURES			
Automobile Expense	4,500	4,037	463
Bank Service Charges		75	(75)
Black Canyon Dam Upgrade	1,000		1,000
Capital Outlay	500	755	(255)
Computer Services	500	550	(50)
Cost-Share Program	50,000	22,804	27,196
Dues & Subscriptions	1,000	765	235
Insurance	650	743	(93)
IWUA Coalition/Projects Funding	2,500	2,104	396
O & M - River Guage	11,900	11,605	295
Office Purchases	200	129	71
Office Rent	6,900	6,900	0
Office Supplies	1,800	1,518	282
Payroll - Salaries & Benefits	70,900	72,579	(1,679)
Payroll - Taxes	5,049	4,914	135
Postage & Delivery	800	548	252
Printing & Reproduction	500	583	(83)
Professional Fees	2,200	2,200	0
Repairs & Maintenance	300	108	192
Telephone	3,500	4,037	(537)
Travel, Entertainment & Miscellaneous	2,600	3,416	(816)
Water Education & Quality Projects	2,000	7,350	(5,350)
TOTAL EXPENDITURES	169,299	147,720	21,579
Excess of Revenues Over (Under) Expenditures	\$41,701	(33,503)	(\$75,204)
FUND BALANCE - Beginning of Year		250,926	
FUND BALANCE - End of Year		\$217,423	

The accompanying notes are an integral part of the financial statements.

WATER DISTRICT NO. 65

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Water District No. 65 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to water districts. The significant accounting policies of the District are described below.

A. **Reporting Entity**

Water District No. 65 administers the delivery of water from natural flow and storage within the Payette River Basin as authorized by Section 42 of the Idaho Code. It also manages water rental pool leases and rental agreements pursuant to Idaho Code Section 42 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.

Factors used in determining the reporting entity were as follows; Water District No. 65 was established under Idaho Code Section 42-604 as an instrumentality of the State of Idaho for the purpose of performing the essential governmental function of distribution of water. At the annual meeting, the water users elect a watermaster who, upon appointment by the director of water resources, is responsible for distribution of water within the District. At the annual meeting, the water users may adopt resolutions to assure or improve water distribution, and may by resolution authorize the watermaster to acquire, hold and dispose of real and personal property in the name of the District as necessary for the proper distribution of water. An Advisory Committee, including the chairman, vice-chairman, secretary and treasurer are chosen at the annual meeting to serve as advisors to the watermaster and the director of water resources and to serve as the rental pool committee. An annual budget is adopted at the annual meeting, and the watermaster is authorized to operate the District, collect assessments, and pay expenses.

The conclusion of the above criteria is that Water District No. 65 is an independent water district in the State of Idaho constituting a local form of government.

WATER DISTRICT NO. 65

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

In the evaluation of how to define the District, for the financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made using criteria set forth in accounting principles generally accepted in the United States of America. All funds, account groups, and activities of Water District No. 65 are included in the financial statements. Using the above criteria, the District has no component units.

B. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, by contrast, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The following fund types and account groups are used by the District:

GOVERNMENTAL FUNDS

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

ACCOUNT GROUPS

General Fixed Assets Account Group

This group of accounts is established to account for all fixed assets of the District.

WATER DISTRICT NO. 65

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

D. Budget

The District follows this procedure in establishing the budget reflected in the financial statements:

Thirty days prior to the annual meeting, the watermaster prepares and files with the Department of Water Resources a proposed budget for the succeeding year. The proposed budget is also distributed to the water users for consideration. Upon review and approval at the annual meeting, the budget is adopted. The budget was not amended for the year ended December 31, 2001.

The District prepares this budget on the modified accrual basis.

WATER DISTRICT NO. 65

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. 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 1st) is fixed by resolution upon which the amount payable becomes due. Delinquent assessments are charged interest at the rate of 8% per annum until paid. In accordance with Idaho Code Section 42-618, the District (rather than the County) collects assessments directly from the water users.

F. 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.

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.

G. Inventories

Supplies are stated at invoice cost. Inventory items are charged to expenditures at the time of purchase (purchase method).

WATER DISTRICT NO. 65

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Inventories (continued)

Material inventories on hand at year end are reflected as assets and are fully reserved in fund equity indicating the inventories are unavailable for appropriation even though they are a component of reported assets.

H. General Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them; instead, capital acquisition and construction are reflected as expenditures in a governmental fund type, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost. Donated fixed assets are valued at their estimated fair market value on the date received. Some capital outlay expenditures include costs of assets which are below the District's capitalization limit; therefore, such assets are not capitalized in the General Fixed Assets Account Group.

Assets in the General Fixed Assets Account Group are not depreciated.

I. Encumbrances

Encumbrance accounting methods were not used in the preparation of the District's financial statements. Uncommitted appropriations lapse at year-end and commitments are reappropriated in the next year's budget.

J. Fund Balance Reserves and Designation

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use.

Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

WATER DISTRICT NO. 65

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. CASH AND INVESTMENTS

Cash for all funds consisted of the following at year end:

Cash - Checking	\$ 1,056
Investments	<u>300,239</u>
TOTAL	<u>\$301,295</u>

Deposits with financial institutions include bank demand deposits as authorized by Idaho statutes. At year end, the carrying amounts of the District's deposits were \$1,056 and the bank balances were \$1,116. Of the bank balances, \$1,116 as covered by federal depository insurance.

Investments

Idaho statutes authorize districts to invest in obligations of the United States Treasury, agencies and instrumentalities of the United States, repurchase agreements, interest-bearing bonds of any city, county, school district or municipality in Idaho, tax anticipation notes, time deposit accounts in state depositories, accounts in financial institutions, and the State of Idaho's Joint Exercise of Powers Act Investment Pool. The District's investment policy complies with state statutes.

WATER DISTRICT NO. 65

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

2. CASH AND INVESTMENTS (continued)

Investments (continued)

The Joint Exercise of Powers Act Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank.

Statement 3 of the Government Accounting Standards Board requires government entities disclose the level of risk assumed on deposit and investment balances.

Category 1 includes insured or registered investments or investments for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments, with securities held by the broker's or dealer's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the District's name.

Investments are categorized at year end as follows:

	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
<u>Category 1 Investments:</u>		
Investments in State of Idaho Joint Exercise of Powers Act Investment Pool	<u>\$300,239</u>	<u>\$300,239</u>

WATER DISTRICT NO. 65

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

2. CASH AND INVESTMENTS (continued)

Fair Values of Financial Instruments

The District's financial instruments, none of which are held for trading purposes, include cash and investments. The District estimates that the fair value of all financial instruments at year end, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. The carrying amounts of cash and investments reported in the financial statements approximate fair values because of the short maturities (when applicable) of those instruments.

3. GENERAL FIXED ASSETS

A summary of General Fixed Assets is as follows:

	<u>Balance</u> <u>1/1/01</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/01</u>
Field Equipment	\$11,126			\$11,126
Office Equipment	15,701	\$755	\$231	16,225
Vehicles	26,798			26,798
Totals	<u>\$53,625</u>	<u>\$755</u>	<u>\$231</u>	<u>\$54,149</u>

4. OFFICE PREMISES

The District rents, on a monthly basis, its office premises from the Payette River Irrigation Office, Inc.

WATER DISTRICT NO. 65

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

5. **EMPLOYEE BENEFITS**

The District contributes 10% of gross wages for its qualified employee under a SEP-IRA (Simplified Employee Pension - Individual Retirement Account) plan.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

January 3, 2002

To the Advisory Committee and Watermaster
Water District No. 65
Payette, Idaho

I have audited the financial statements of Water District No. 65 as of and for the year ended December 31, 2001 and have issued my report thereon dated January 3, 2002. I conducted my audit in accordance with accounting principles 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Audit Findings in Section B.

To the Advisory Committee and Watermaster Committee and Watermaster
Water District No. 65
January 3, 2002
Page 2 of 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in risk amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I consider item B-1 in the accompanying Schedule of Audit Findings to be a material weakness.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



AUDIT FINDINGS

SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2001

A. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unqualified opinion on the financial statements of the District.
2. One reportable condition disclosed during the audit of the financial statements is reported in the Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standard. The condition is reported as a material weakness.
3. No instances of noncompliance material to the general purpose financial statements of the District were disclosed during the audit.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

1. Segregation of Duties

CONDITION:

The District experiences a lack of segregation of duties over cash and the reporting of transactions in this account.

CRITERIA:

Inherent in an adequate internal control structure is a segregation of duties governing the overall administration and stewardship of assets.

EFFECT:

The lack of an ideal segregation of duties may increase the risk that loss of assets would not be detected and prevented in a timely manner and in the normal course of operations.

CAUSE:

The above noted situation is common for a district this size and is the direct result of staffing limitations necessitated by budget constraints.

WATER DISTRICT NO. 65

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2001**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

REPORTABLE CONDITIONS (continued)

1. Segregation of Duties (continued)

RECOMMENDATION:

It is simply requested that the District take note that this situation exists. Management has taken steps to improve in this area insofar as is possible with a district this size; however, the cost and resultant benefit of substantial changes relating to the hiring of additional personnel to accomplish an effective segregation of duties may not be warranted.

WATER DISTRICT NO. 65

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2001

PRIOR AUDIT FINDING:

PRIOR AUDIT FINDING:

The only finding was related to segregation of duties, which is discussed in the Schedule of Audit Findings.

NOTEWORTHY ACCOMPLISHMENTS

WATER DISTRICT NO. 65

**NOTEWORTHY ACCOMPLISHMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001**

In accordance with the reporting requirements of *Government Accounting Standards* (GAO Yellow Book, Section 7.43 & 7.44), the following noteworthy management accomplishments were identified:

COMPLIANCE AND CONTROLS TESTING

In testing various compliance and internal control attributes of the District, no instances of noncompliance or reportable conditions (other than that relating to segregation of duties inherent to a small entity) were noted.

ACCOUNTING RECORDS

The financial reporting requirements of the District involve accounting for numerous transactions, contracts and agreements. However, no significant audit adjustments were required of the accounting records as provided by the District to the auditor.

The District is to be commended for such performance, and is fortunate to have a Watermaster who is highly competent in accounting skills, as well as having modern office facilities that allow it to conduct its affairs in a professional and businesslike manner.

January 24, 2002

FOR IMMEDIATE RELEASE

For More Information, Please Contact:

CRAIG SMITH, EXECUTIVE DIRECTOR, (503) 371-3123

Family Farm Alliance President Limbaugh Is Named To Join Bush Administration

Family Farm Alliance President Mark Limbaugh has been added to President Bush's Interior Department team. Limbaugh has been appointed to serve as the U.S. Bureau of Reclamation's Director of External and Intergovernmental Affairs. The position reports directly to Commissioner John Keys.

"It truly is an honor to be selected by Commissioner Keys for this position," Limbaugh said. "I am thrilled to have the opportunity to work for the Bush Administration on Western water issues, and particularly with the high quality individuals the President has appointed within the Department of Interior and Reclamation."

"Mark is a true leader; the Bush administration could not have made a better choice," said Craig Smith, Executive Director of the Alliance, a grassroots association that represents growers and water agencies in 17 Western states. Limbaugh has served as President of the Alliance since March 2000. "Not only is this a proud day for our organization, it says a great deal about Mark's big picture view of Western water policy and his willingness to seek and offer creative and imaginative solutions to the difficult issues facing irrigated agriculture in the West."

Limbaugh stepped down as Alliance President during a Board of Directors meeting January 16 but looked back fondly on his work with the organization.

"The Alliance has been and will continue to be a very effective organization for irrigated agriculture on federal water issues," Limbaugh said. "I have been blessed to be a part of the Alliance and have really enjoyed my term on the Board and as President. I look forward to working with the Alliance and its members in my new position with Reclamation."

— MORE —

Limbaugh, who for many years was an Idaho family farmer, is Watermaster of Idaho's Payette River and Executive Director of the Payette River Water Users Association, an organization active in protecting the region's water rights. As Watermaster, Limbaugh has managed the delivery of natural flow and storage water from two U.S. Bureau of Reclamation reservoirs and one private reservoir system to more than 150,000 acres of irrigated farmland and several industrial and municipal water users. He has also been manager of the basin's water bank, accounting for the lease and rental of some 160,000 acre-feet of storage water annually to farms in the basin and for water deliveries downstream for salmon protected under the Endangered Species Act. For the past five years, he has been involved in the design, financing, installation and implementation of automated computer technology used in delivering and managing Payette River water.

Limbaugh was co-founder and facilitator for the Payette River Watershed Council, a highly successful grassroots organization involved in building consensus among the many diverse water user interests in the Payette River basin.

Limbaugh is actively involved in the Idaho Water Users Association in Boise and is a director of the United States Committee on Irrigation and Drainage. He has chaired the Lower Payette River TMDL Watershed Advisory Group and has also been involved with the TMDL process as a member of the Snake River-Hells Canyon Public Advisory Team.

A native of southwestern Idaho, Limbaugh graduated from the University of Idaho in 1978 and earned a bachelor of science degree in accounting. He then joined the accounting firm of Deloitte and Touche in Boise as a certified public accountant.

Limbaugh is expected to be the luncheon speaker when the Family Farm Alliance holds its Annual Meeting and Conference February 28-March 1 in Las Vegas, Nevada.

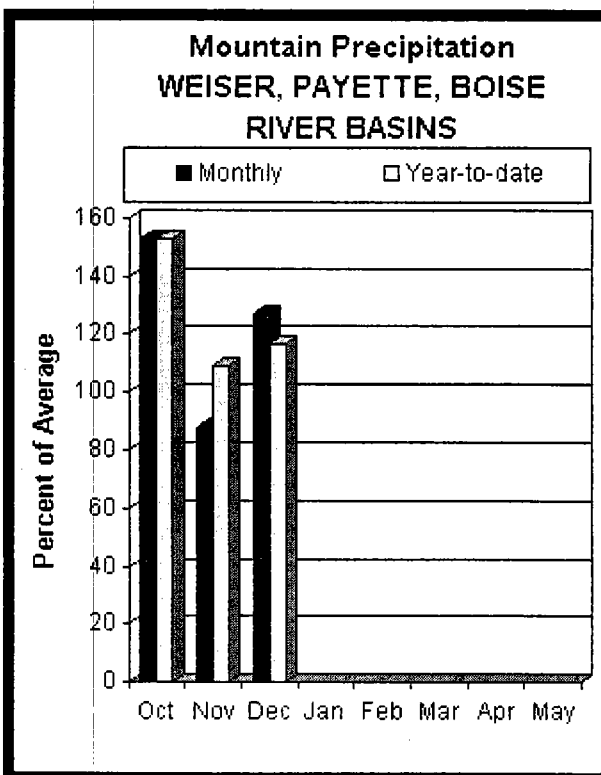
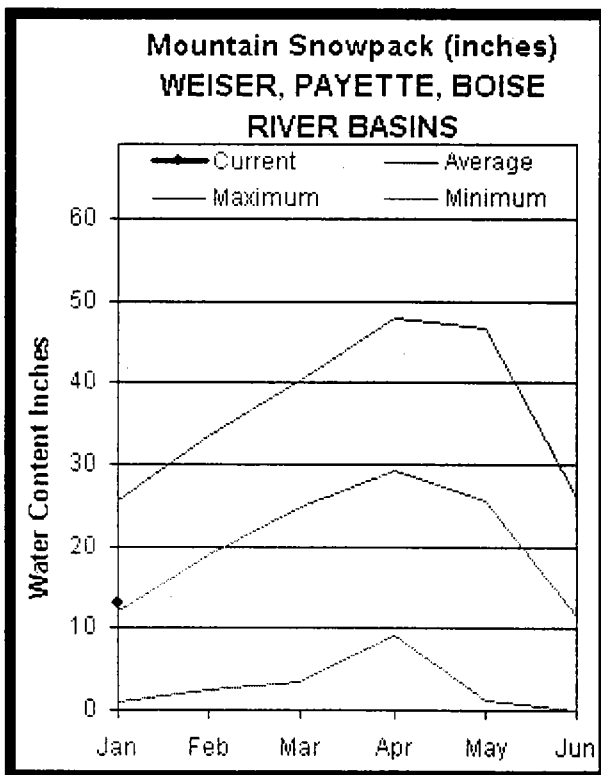
Bill Kennedy of Klamath Falls, Oregon, Alliance Vice President for the past two years, succeeds Limbaugh as President.

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WEISER, PAYETTE, BOISE RIVER BASINS as of January 1, 2002

WATER SUPPLY OUTLOOK

December precipitation varied across these west-central basins with low elevation SNOTEL sites such as Prairie and Camas Creek Divide receiving 170% of average. Higher elevation SNOTEL sites such as Deadwood Summit and Vienna Mine only received about 118% of average. Water year to date precipitation stands at 117% of average. The snowpack around 5,000 feet in elevation is nearly twice normal and has exceeded its seasonal average peak in some areas. This is good news, but the high elevation is much more critical in providing the snowmelt and runoff that feed the streams and fill our reservoirs. Some higher elevation SNOTEL sites are starting to exceed their peaks from last year. For example, Deadwood Summit SNOTEL site has 18.4 inches of snow water, which is normal for January 1 and twice the amount from a year ago. Deadwood Summit peaked on April 23, 2001, at 19.3 inches of snow water. The normal seasonal peak for Deadwood Summit is 48.2 inches of snow water on April 16, so we still have a long ways to get there. As a result of this precipitation pattern, snowpack percentages are the greatest in the low elevation drainages of Mores Creek at 164% of average and Mann Creek and Weiser basins at 130%. The Middle and North Fork Boise basins snowpack is the lowest at 110% of average. The Payette reservoir system is 44% full, 70% of average; the Boise system is 34% full, 62% of average. Streamflow forecasts call for near normal streamflows. The first half of winter looks promising, but much more snow is needed in the second half.



WEISER, PAYETTE, BOISE RIVER BASINS
Streamflow Forecasts - January 1, 2002

Forecast Pt	Future Conditions					30 Yr Avg
Forecast	90%	70%	50% (Most Prob)	30%	10%	
	<=== Drier === Future Conditions === Wetter ===>					
	===== Chance of Exceeding * =====					

Period	(1000AF)	(1000AF)	(1000AF)	(% AVG.)	(1000AF)	(1000AF)	(1000AF)
=====							
WEISER near Weiser (1)							
APR-SEP	189	351	425	101	499	661	420
SF PAYETTE at Lowman							
APR-JUL	292	377	434	99	491	576	440
APR-SEP	333	423	485	98	547	637	495
DEADWOOD RESERVOIR Inflow (1,2)							
APR-JUL	96	128	143	107	158	190	134
APR-SEP	102	136	151	106	166	200	142
LAKE FORK PAYETTE near McCall							
APR-JUL	68	80	88	104	96	108	85
APR-SEP	71	83	92	103	100	112	89
NF PAYETTE at Cascade (1,2)							
APR-JUL	307	453	520	106	587	733	490
APR-SEP	328	484	555	105	626	782	530
NF PAYETTE nr Banks (2)							
APR-JUL	450	585	677	105	769	904	645
APR-SEP	487	629	725	105	821	963	690
PAYETTE nr Horseshoe Bend (1,2)							
APR-JUL	1016	1484	1697	105	1910	2378	1610
APR-SEP	1121	1615	1840	105	2065	2559	1750
BOISE near Twin Springs (1)							
APR-JUL	398	565	640	101	715	882	635
APR-SEP	435	610	690	100	770	945	690
SF BOISE at Anderson Ranch Dam (1,2)							
APR-JUL	307	467	540	100	613	773	540
APR-SEP	335	502	578	100	654	821	580
MORES CREEK near Arrowrock Dam							
APR-JUL	84	113	132	101	151	180	131
APR-SEP	86	115	135	101	155	184	134
BOISE near Boise (1,2)							
APR-JUN	797	1133	1285	102	1437	1773	1260
APR-JUL	837	1238	1420	101	1602	2003	1410
APR-SEP	935	1355	1545	101	1735	2155	1530

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* 90%, 70%, 30%, and 10% chances of exceeding are the probabilities that the actual flow will exceed the volumes in the table.

The average is computed for the 1971-2000 base period.

(1) - The values listed under the 10% and 90% Chance of Exceeding are actually 5% and 95% exceedance levels.

(2) - The value is natural flow - actual flow may be affected by upstream water management.

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WEISER, PAYETTE, BOISE RIVER BASINS
Reservoir Storage (1000AF) End of December

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Reservoir	Usable Capacity	***** Usable Storage *****		
		This Year	Last Year	Average
MANN CREEK	11.1	1.0	1.2	3.3
CASCADE	693.2	326.5	414.3	456.4
DEADWOOD	164.0	53.1	92.5	82.5
ANDERSON RANCH	450.2	78.9	281.5	296.8
ARROWROCK	272.2	168.4	92.1	173.1
LUCKY PEAK	293.2	100.5	103.8	95.5
LAKE LOWELL (DEER FLAT)	165.2	28.2	98.4	98.4

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WEISER, PAYETTE, BOISE RIVER BASINS
Watershed Snowpack Analysis - January 1, 2002

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Watershed	Number of Data Sites	This Year as Percent of	
		Last Year	Average
Mann Creek	1	215	132
Weiser River	3	210	126
North Fork Payette	8	174	111
South Fork Payette	5	171	112
Payette Basin Total	14	171	116
Middle & North Fork Boise	6	158	110
South Fork Boise River	9	166	131
Mores Creek	5	152	164
Boise Basin Total	16	160	137
Canyon Creek	2	270	250

Return to the Idaho Water Supply Information Page

E-mail Questions or Comments

or Contact:
Snow Survey Office
USDA Natural Resources Conservation Service
9173 West Barnes Drive, Suite C
Boise ID 83709-1574
208-378-5741

This page last revised Wednesday, 09-Jan-2002 13:12:00 MST

BANNER SUMMIT	7040	16.2	16.8	96	20.7	18.7	111
BEAGLE SPRINGS	8850	3.7	5.2	71	4.8	6.0	80
BEAR BASIN	5350	11.8	11.3	104	16.6	15.5	107
BIG CREEK SUMMIT	6580	18.9	19.3	98	24.6	22.4	110
BRUNDAGE RESERVOIR	6300	18.1	17.4	104	25.4	22.5	113
DARKHORSE LAKE	8700	16.6	19.1	87	15.9	17.5	91
DEADWOOD SUMMIT	6860	23.9	26.4	91	30.8	28.7	107
GALENA	7440	10.2	11.1	92	11.7	12.3	95
GALENA SUMMIT	8780	11.2	12.2	92	11.9	13.4	89
LEMHI RIDGE	8100	4.5	6.5	69	5.6	7.8	72
MEADOW LAKE	9150	8.3	10.3	81	7.9	11.5	69
MILL CREEK SUMMIT	8800	11.6	12.7	91	10.8	11.4	95
MOONSHINE	7440	5.4	6.8	79	7.2	7.9	91
MOOSE CREEK	6200	9.7	11.2	87	11.1	12.7	87
MOUNTAIN MEADOWS	6360	10.3	13.2	78	17.1	15.7	109
MORGAN CREEK	7600	4.6	7.8	59	8.6	9.8	88
SADDLE MTN.	7900	14.7	16.3	90	14.4	15.6	92
SCHWARTZ LAKE	8620	3.7	6.2	60	6.5	9.4	69
SECESH SUMMIT	6520	18.1	20.4	89	19.4	22.2	87
SQUAW FLAT	6240	15.1	13.5	112	22.8	19.2	119
VIENNA MINE	8960	18.8	20.8	90	20.2	20.2	100
WEST BRANCH	5560	15.6	14.9	105	22.7	19.6	116
				-----			-----
Basin wide percent of average				91			99

WEISER BASIN

BEAR SADDLE	6180	18.4	14.7	125	18.5	16.0	116
SQUAW FLAT	6240	15.1	13.5	112	22.8	19.2	119
VAN WYCK	4920	10.9	-M	*	14.0	-M	*
WEST BRANCH	5560	15.6	14.9	105	22.7	19.6	116
				-----			-----
Basin wide percent of average				114			117

PAYETTE BASIN

BANNER SUMMIT	7040	16.2	16.8	96	20.7	18.7	111
BEAR BASIN	5350	11.8	11.3	104	16.6	15.5	107
BIG CREEK SUMMIT	6580	18.9	19.3	98	24.6	22.4	110
BOGUS BASIN	6340	19.2	-M	*	15.2	-M	*
BRUNDAGE RESERVOIR	6300	18.1	17.4	104	25.4	22.5	113
COZY COVE	5380	10.4	11.0	95	17.0	16.4	104
DEADWOOD SUMMIT	6860	23.9	26.4	91	30.8	28.7	107
JACKSON PEAK	7070	17.4	17.8	98	23.0	20.2	114
LONG VALLEY	4890	-M	-M	*	-M	-M	*
SECESH SUMMIT	6520	18.1	20.4	89	19.4	22.2	87
SQUAW FLAT	6240	15.1	13.5	112	22.8	19.2	119
				-----			-----
Basin wide percent of average				97			108

BOISE BASIN

ATLANTA SUMMIT	7580	18.1	18.6	97	21.7	20.8	104
BOGUS BASIN	6340	19.2	-M	*	15.2	-M	*
CAMAS CREEK DIVIDE	5710	13.4	8.4	160	14.4	12.1	119
DOLLARHIDE SUMMIT	8420	13.1	15.2	86	17.4	16.8	104

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Basin wide percent of average	131	109

OWYHEE BASIN

BIG BEND	6700	9.0	6.1	148	7.2	7.1	101
FAWN CREEK	7000	11.4	10.3	111	14.5	13.9	104
JACK CREEK UPPER	7250	12.3	10.6	116	13.0	12.2	107
LAUREL DRAW	6700	8.5	6.7	127	13.0	11.2	116
MUD FLAT	5730	6.9	4.7	147	9.5	7.5	127
SOUTH MTN.	6500	14.5	11.6	125	15.9	13.9	114
TAYLOR CANYON	6200	7.7	3.5	220	5.0	4.8	104

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Basin wide percent of average	131	111

BEAR RIVER BASIN

BUG LAKE	7950	11.1	12.1	92	10.9	12.0	91
DRY BREAD POND	8350	8.6	13.3	65	10.5	12.6	83
EMIGRANT SUMMIT	7390	13.7	15.0	91	16.3	16.5	99
FRANKLIN BASIN	8040	15.0	15.6	96	18.9	19.1	99
GIVEOUT	6840	5.8	6.9	84	7.0	8.1	86
HAYDEN FORK	9400	7.5	9.0	83	11.5	12.7	91
KELLEY R.S.	8180	8.6	10.0	86	10.5	12.9	81
LILY LAKE	9050	6.1	7.6	80	9.0	10.8	83
MONTE CRISTO	8960	12.0	16.6	72	13.7	15.5	88
OXFORD SPRING	6740	9.0	7.1	127	12.2	10.7	114
SALT RIVER SUMMIT	7600	7.0	8.3	84	9.2	11.7	79
SEDGWICK PEAK	7850	11.5	13.0	88	14.8	14.0	106
SLUG CREEK DIVIDE	7225	8.6	10.3	83	12.3	12.7	97
SPRING CREEK DIVIDE	9000	14.8	16.3	91	14.8	17.0	87
TRIAL LAKE	9960	10.1	14.5	70	13.3	14.7	90

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Basin wide percent of average	85	92

-M = Missing data

* = Data may not provide a valid measure of conditions.

Units = inches for the Current and Average Snow Water Equivalent and Total Precipitation values

If the Basin wide percent of average value is flagged as potentially invalid, care should be taken to evaluate if the value is representative of conditions in the basin.

The SNOW WATER EQUIVALENT Percent of Average represents the snow water equivalent found at selected SNOTEL sites in or near the basin compared to the average value for those sites on this day.

The TOTAL PRECIPITATION Percent of Average represents the total precipitation (beginning October 1st) found at selected SNOTEL sites in or near the basin compared to the average value for those sites on this day.

Contact your state water supply staff for assistance.

Reference period for average conditions is 1971-2000.



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Payette River Water Users Assoc.
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**2002 Annual Conference
Registration Forms Enclosed
Note - New Lower Hotel Rates !!!**



2002 Annual Conference

February 28 – March 1, 2002

Mirage Hotel and Casino

Las Vegas, Nevada



Hotel Rates Slashed – Mirage Rate \$109!!

Act Now – Hotel Reservation Deadline is Jan. 23



Annual Conference Registration Form

February 28 - March 1, 2002

Mirage Hotel and Casino
Las Vegas, Nevada

Name(s): 1. _____
2. _____
3. _____

Phone: _____

Fax: _____

E-Mail: _____

Company: _____

Address: _____

City: _____

State: _____

Zip: _____

Fee Computation:

_____ Early Bird Registrations (by December 15) @ \$260.00 = \$ _____

_____ Full Registrations (by January 23) @ \$280.00 = \$ _____

_____ Late Registrations (after January 23) @ \$300.00 = \$ _____

_____ Thursday Luncheon Ticket @ \$30.00 = \$ _____
(for spouse or guest not attending conference)

Total Due \$ _____

Send Checks Family Farm Alliance
Payable to: 3465 Frontier Drive NW
Salem, OR 97304

Need More Phone: (503) 371-3123
Information? Fax: (503) 391-7292
e-mail: craig@familyfarmalliance.org

Refund Policy: Full refunds of conference registration fees will be made for cancellations received by February 8, 2001. Cancellations received from February 8 to February 22 will be refunded at 50% of the amount paid. Cancellations or no shows after February 22, 2001 are not refundable.



Fly Southwest and Save!

Southwest Airlines is offering a 10% discount on most of its already low fares for air travel to and from the Family Farm Alliance Conference. You or your travel agent may call Southwest Airlines Group and Meetings Reservations at 1-800-433-5368 and reference the assigned I.D. Code: R8553. Reservations Sales Agents are available 8:00 a.m. – 5:00 p.m. Monday-Friday, or 9:30 a.m. – 3:30 p.m. Saturday and Sunday. You must make reservations five or more days prior to travel to take advantage of this offer.

“Vision to Action”

2002 Annual Conference

February 28 – March 1, 2002

Mirage Hotel and Casino

Las Vegas, Nevada

It's time for action. The Alliance published it's "New Vision for Western Water Policy" last year and now we are moving forward to make it a reality. This year our annual conference will focus on the key issues facing Western irrigated agriculture and the people who will make a difference. Once again our format will be interactive, informal and focused. Don't miss this conference!

PROGRAM HIGHLIGHTS:

Thursday, February 28

9:00 am – 5:00 pm

- **Keynote speaker – Bennett Raley, Assistant Secretary of Interior**
- **Washington Insider Panel –** Led by Alliance lobbyist Joe Raeder, a panel of key Congressional staffers and lobbyists will provide an inside look at Congress.
- **Facing the Economic Future – World Ag Outlook –** Terry Barr, Chief Economist for the National Council of Farmers Cooperatives looks at the U.S. and international agricultural economies.
- **Talent Case – The Issue That Refuses to Be Resolved**
- **The Tulare Lake Decision – Changing the Way We Think About ESA Takings?**

5:30 pm – Reception

Friday, March 1

8:30 am – 12:00 noon

- **Keynote speaker – John Keys, Commissioner, U.S. Bureau of Reclamation –** Panelists will join Commissioner Keys for a Q & A session.
- **All Eyes On the Klamath – What's the Latest?** Bill Kennedy, Alliance Director & Klamath Basin Rancher; Dan Keppen, Executive Director, Klamath Water Users Association; Environmental Representative, TBA.
- **Moving to Action -** Alliance Directors outline the next year and the Alliance's plans for action.

NEW LOW ROOM RATE: The Mirage is a premier hotel, located right on the strip in Las Vegas. They have recently offered the Family Farm Alliance a very special rate of **\$109.00/ night** single or double occupancy! This is a great price at a beautiful hotel! Make your reservations now, our room block is limited! We can only guarantee this great rate until January 23. Fax your room request then mail the registration fee. **ACT NOW.**

Register Now !!!