



State of Idaho

DEPARTMENT OF WATER RESOURCES

900 N. SKYLINE DR., SUITE A, IDAHO FALLS, ID 83402-1718

PHONE: (208) 525-7161 FAX: (208) 525-7177 WEB SITE: www.idwr.state.id.us

EASTERN REGION

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

January 12, 2006

Steve Crofoot
128 Sandy Creek Road
Salmon, ID 83467

WATER DISTRICT #74-G

Dear Mr Crofoot:

Enclosed herewith is a copy of the Watermaster's Annual Report for the past season.

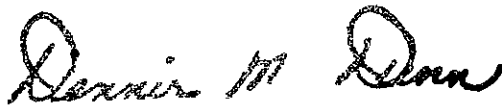
The same has been prepared by the watermaster and approved by this Department in conformity with Sections 42-610, 42-614 and 42-615, Idaho Code.

During the 1993 legislative session, the legislature enacted a new law which amends Section 42-619(9), Idaho Code and removes the independent financial audit requirement for most state water districts. The new law, referenced by Section 67-450B, Idaho Code (copy enclosed) identifies minimum audit requirements for all local government entities. Under the new statute, the governing body of any local government entity (i.e.; water district) whose annual budget does not exceed fifty thousand dollars (\$50,000) has no minimum audit requirements under this section. This means that any district which handles its own money and whose budget is fifty thousand dollars (\$50,000) or less does not have to have an independent public account firm conduct a financial audit every few years as previously required by Section 42-619(9).

Please note that only the statutory requirement regarding the independent financial audit has been changed. Districts handling their own fund (i.e.; districts who collect and/or disburse their own funds) must still submit their own statement of the water district's financial affairs at the end of each fiscal year. As recommended in the Department's February 16, 1993 letter and the 1993 Watermaster Handbook, a copy of the financial statement may be submitted either with the annual water masters report or with the minutes of the annual meeting for the ensuing year. An example of an annual financial statement may be found in Appendix C of the 1993 Watermaster Handbook.

The purpose of this letter is to remind all water districts that workers compensation insurance is required for all water district employees. This requirement applies to all water districts in Idaho, regardless of annual budget. Insurance should be applicable at least to all paid water district staff, including the watermaster as well as watermaster assistants, advisory committee, secretary and treasurer. The costs associated with workers compensation insurance is paid directly by the water district and should be considered an expense of the district. For information about obtaining insurance costs etc., please contact the Idaho State Insurance Fund. The State Insurance Fund has offices in Boise, Coeur d'Alene, Idaho Falls, Pocatello and Twin Falls. Water Districts are also reminded that all paid water district staff may be subject to state and federal taxes. These tax requirements will vary depending on salaries and total income of each watermaster or employee. In many water districts, particularly smaller districts with part-time staff, payment of watermaster or each employee. Districts may wish to contact the State Tax Commission or the Internal Revenue Service for information about state and federal withholding taxes.

Sincerely,

A handwritten signature in cursive script that reads "Dennis M. Dunn". The signature is written in dark ink and is positioned above the printed name.

Dennis M Dunn
Senior Water Right Agent

DMD:jlk

Enclosure