



State of Idaho  
DEPARTMENT OF WATER RESOURCES

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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.

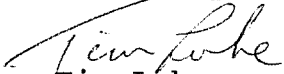
The purpose of this letter is merely to remind you about the financial statement and audit requirements of Section 42-619, Idaho Code. Since it has been at least three years since the legislature passed this statute, some districts should consider budgeting for a financial audit by a public accounting 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.