



State of Idaho
DEPARTMENT OF WATER RESOURCES

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CECIL D. ANDRUS
GOVERNOR

August 31, 1993

R. KEITH HIGGINSON
DIRECTOR

Re: Statutory Changes Regarding Financial Audits of Water Districts

Dear Water District Secretary:

A Department letter dated February 16, 1993 to all Water District Secretaries provided a reminder about Section 42-619, Idaho Code. This code section which was passed in 1989 required that districts which handle their own funds must annually submit a statement of the district's financial affairs to the Department. In addition to submitting this annual financial statement, the law also required that districts handling their own funds must have a financial audit completed by an independent public accounting firm every few years.

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 accounting firm conduct a financial audit every few years as previously required by Section 42-619(9).

Only Districts with budgets greater than \$250,000 must have a full and complete audit of its financial statements made each year. Districts with budgets between \$50,000 and \$100,000 may elect to have audits completed either every year or every two years as outlined under Section 67-450B, Idaho Code.

Please note that only the statutory requirement regarding the independent financial audit has been changed. Districts handling their own funds (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.

Please send a copy of this letter and attached statutes to the watermaster of your district and insert a copy of this letter in the Watermaster Handbook until such time as the Department distributes revisions of the 1993 Handbook.

Further questions regarding this matter may be directed to my attention or to any of the regional offices.

Sincerely,



Tim Luke
Water Allocations

cc: Regions