

Water District Operations Manual

Part II: Water District Administrative Processes

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Photo courtesy of Sarah Shaul,

IDWR

Part II

Water District Administrative Processes

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Purpose

Part II of the Water District Operations Manual (WDOM) contains detailed information and guidance documents for reference by watermasters, water district staff, and water users to promote consistency in water district administrative processes. The Idaho Department of Water Resources (IDWR) creates and establishes water districts under Idaho Code §42-604.

This publication summarizes the lawful directives and requirements contained in Idaho Code Title 42 - Chapter 6 (Distribution of Water Among Appropriators).

This document is intended to summarize Idaho Law related to water districts. This information is intended for general reference only and should not be used as legal advice. Information referenced or attached is offered as a convenience and does not guarantee accuracy as statutes and rules may change. Please refer to current Idaho statutes for up-to-date information.

Idaho water is a public resource, available for use by Idaho citizens and managed by IDWR. Idaho water is a *limited* resource, so the state legislature has adopted laws and rules that ensure the proper administration and distribution of this resource.

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Water District Staff

Watermaster

Duties

The watermaster is the water district's primary administrative officer. The watermaster is required to

- distribute water consistent with water right priority dates and associated water right conditions or limitations.
- measure and document deliveries of water and report deliveries to IDWR on an annual basis.
- propose the water district's annual budget.
- prepare a preliminary distribution of assessments based on the annual budget and amount of water delivered to the individual users.
- collect assessments from water users (unless assessments are collected by the county treasurer or water district treasurer).
- investigate or report potential unauthorized uses of water.

IDWR may ask the watermaster to evaluate and comment on water right applications, water right transfers and water supply bank leases or rentals regarding potential impacts to delivery of existing water rights in the district.

Election and Appointment

The watermaster is elected by the district water users each year at the water district's annual meeting. If a watermaster is not elected, the Director of IDWR (director) may appoint a watermaster for the district and fix the watermaster's compensation. [§42-605(3), §42-605(8)]

Elected watermasters must take and sign an oath of office prior to the first year of service; re-elected watermasters are not required to take additional oaths for consecutive years of service. Once IDWR receives the signed and notarized oath and meeting minutes confirming election by the water users, the director officially appoints the watermaster. Once appointed, the watermaster is eligible to start work in the district. [§42-605(10), §42-608(1)]

Term of Service

A watermaster's term of service begins upon appointment and extends to the following year's annual meeting. The watermaster may begin distribution and control of water only after called upon by a water user unless stated otherwise in an adopted resolution or deemed necessary by IDWR. The watermaster must discontinue distribution and control of water when no longer necessary or after November 1 unless stated in an adopted resolution, deemed necessary by IDWR, or specified in a petition requesting an extension. [§42-608]

Watermaster Replacement or Removal

In the event of a watermaster's death, resignation, or inability to complete the term of service, the director may appoint a replacement watermaster. A replacement watermaster may be nominated by the current advisory committee, or the water users of the district may elect a replacement during a special meeting. [§42-605(10)]

The director may remove a watermaster who fails to perform the watermaster's duties. [§42-605(9)] A watermaster may only be removed when:

1. IDWR receives a written complaint from a valid water right holder within the water district;
2. IDWR investigates the complaint;
3. IDWR holds a hearing with water users; and
4. IDWR finds the complaint is true.

Watermaster Compensation

The watermaster's compensation is included in the water district's adopted budget and funded by assessments paid by district water users. The watermaster's compensation is fixed by the water users at the annual meeting prior to the watermaster's election. Compensation should be sufficient to cover the watermaster's time spent in the performance of their duties. [§42-605(3), §42-612(2)]

Resolutions adopted by the district should specify when (weekly, bi-weekly, monthly, etc.) and how (salaried or by the hour) the watermaster is paid.

Assistant Watermaster

The watermaster is authorized to employ one or more assistant watermasters (sometimes called deputy watermasters), if deemed necessary by the water users of the district. Assistant watermasters have the same responsibilities and authorities as the watermaster and must subscribe to the same oath of office. Assistant watermasters' compensation is fixed by the water users at the annual meeting. Compensation should be sufficient to cover the assistant watermasters' time spent in the performance of their duties. [§42-605(3), §42-612(2)]

Resolutions adopted by the district should specify when (weekly, bi-weekly, monthly, etc.) and how (salaried or by the hour) the assistant watermasters are paid.

Treasurer

Duties

The treasurer's primary duties are keeping complete, accurate, and permanent record of all funds received and disbursed on behalf of the water district or watermaster. [§42-619] The treasurer is required to

- document and account for all water district assets and finances including accounts receivable, accounts received, and monies disbursed on behalf of the water district.
- prepare an annual statement of the financial affairs of the district and file it with IDWR.
- assist the watermaster with preparing and collecting of assessments, if not done by the county or watermaster.
- pay district expenses consistent with resolutions and statutory requirements.
- process payroll including applicable employee taxes and insurance requirements (state and federal withholdings, FICA, Workman's Comp, etc.).
- deposit all water district money in a designated account approved by the water users.

Election and Appointment

The treasurer is elected by the water users each year at the annual meeting. Elected treasurers must take and sign an oath of office prior to the first year of service. The signed and notarized oath of office must be mailed to IDWR, along with the meeting minutes which confirm the election results; re-elected treasurers are not required to take additional oaths for consecutive years of service. Once IDWR receives the oath and minutes, the director officially appoints the treasurer. Once appointed, the treasurer is eligible to start work in the district. [§42-619(4)]

The watermaster may act as the treasurer in water districts with an annual budget of \$7,500 or less if resolved by the water users at the annual meeting. [§42-619(10)]

Treasurer Compensation

The treasurer's compensation is set at the annual meeting and may be a fixed-sum, voluntary, or per-diem. The treasurer's compensation, if any, is included in the adopted budget and funded by assessments paid by the water users of the district. The director may appoint a treasurer and fix the compensation, if any, if the water users fail to elect a treasurer. [§42-619(6)]

Advisory Committee

At any annual meeting, the water users of the water district may choose an advisory committee made up of users within the district. The advisory committee's primary responsibility is to advise the director and the watermaster in matters related to water distribution within the district. [§42-605(6)]

Additional responsibilities of the advisory committee may include

- attending the annual meeting and periodic advisory committee meetings.
- implementing designated actions adopted by resolutions.
- facilitating the rental of stored water when appointed by the Idaho Water Resource Board.

- nominating a successor watermaster or requesting a special meeting to elect a new watermaster if the watermaster resigns, dies, or is physically unable to perform their duties during the term of service.
- executing contracts or Memorandums of Understanding on behalf of the district.
- co-signing checks or other approvals for accounts payable, if multiple signatures or approvals are required in accordance with adopted resolutions.

The advisory committee typically consists of an odd number of members and represents a variety of water uses, water use amounts, or geographical areas within the district.

Annual Meeting

Meeting Date, Time, and Location

A water district must hold an annual meeting. The annual meeting must be held on the first Monday in March, unless changed by vote of the water users at the annual meeting. If a different meeting date is approved, the annual meeting may be held between the second Monday of January and the fourth Tuesday of May except on weekends. [§42-605(1), §42-605(2)]

The time of the meeting should allow water users within the district to arrive and depart at a reasonable hour.

The meeting should be held at a location within the water district or at a nearby location convenient to a majority of water users. Common locations include library meeting rooms, county courthouse meeting rooms, school classrooms, and other community locations. Water districts are responsible for scheduling and paying (if necessary) for the meeting facility.

Annual water district meeting dates, times, and locations are posted to the IDWR website: www.idwr.idaho.gov → Water Rights → Water Districts → Upcoming Meetings.

Notice of the Annual Meeting

At least four weeks prior to the annual meeting date, each water district must provide IDWR with the meeting date, time, and location. At least 21 days prior to the annual meeting, IDWR is required to mail notice of annual meetings to the holders of water rights that are assessed or proposed to be assessed.

Water users present at an annual meeting may vote to waive the requirement for notice by mail and authorize notice of meetings in subsequent years by publication in a newspaper(s) circulated within the district or by posting notice on the IDWR website. [§42-605(2)]

Meeting Topics and Content

Water district annual meetings must address certain *required* topics. *Additional* topics promote transparency and clarify district operations. All topics, discussion, and votes must be recorded in the meeting minutes. [\$42-605]

Required topics and actions must include

- electing a meeting chairman to preside over the meeting;
- electing a meeting secretary to record the meeting minutes;
- presenting the proposed budget and proration of assessments;
- fixing the watermaster's compensation for the ensuing year;
- fixing the treasurer's compensation for the ensuing year;
- adopting a budget to cover estimated expenses for distribution of water within the district;
- determining how the budget will be collected (if not already stated in an adopted resolution);
- electing a watermaster and any assistants to be responsible for distribution of water within the district; and
- electing a treasurer to oversee collection and disbursement of district funds.

Additional topics may include

- reviewing, revising (if necessary), and approving the prior year's annual meeting minutes;
- reviewing the watermaster's report or summary;
- reviewing the treasurer's statement of financial affairs;
- choosing an advisory committee to advise the Director of IDWR and watermaster regarding distribution of water within the district;
- presenting any new or amended resolutions; and
- determining the date, time, and location of the following year's annual meeting.

Conducting an Annual Meeting

A water district meeting is typically conducted following "Robert's Rules of Order" (Robert's Rules). Robert's Rules outline orderly meeting etiquette and promote fair discussion. Guidance on Robert's Rules may be found in Appendix D of this document, including vocabulary, motions, voting, and debating.

Water district meetings typically follow a specific written agenda that is proposed and distributed to the water users of the district prior to or at the start of an annual meeting. The

agenda must include the required topics listed in the previous section, *Meeting Topics and Content*. A sample agenda is included in Appendix C.

All actions by the water users to elect, select, choose, and adopt should be accomplished by a motion, second, and a vote.

Annual Meeting Progression

The following outline describes the typical progression of a water district's annual meeting.

1. Provide a sign in sheet for attendees.
2. Provide information (copies or digital media) to be presented during the meeting, such as the meeting agenda, annual statement of financial affairs, watermaster's report or summary, the watermaster's proposed budget, assessments, and resolutions.
3. Call the meeting to order. The meeting is called to order by the previous year's meeting chairman.
4. Vote to elect the meeting chairman and meeting secretary.
5. Introduce meeting guests, as necessary, such as IDWR staff, attorneys, government agency representatives, or others.
6. Review, revise (as needed), and adopt the previous year's meeting minutes.
7. Present and discuss the previous year's watermaster's annual report and treasurer's statement of financial affairs.
8. Present and discuss the watermaster's proposed budget and assessments.
9. Vote to adopt the final budget and proration of assessments.
10. Vote to elect the watermaster from the nominee(s).
11. Vote to elect the treasurer from the nominee(s).
12. Vote to select the advisory committee members.
13. Present, discuss, and adopt any new or amended resolutions.
14. Discuss any other current topics relevant to the operation of the water district.
15. Determine the date, time, and location of the following year's annual meeting.
16. Adjourn.

Meeting Chairman

The meeting chairman is chosen by the water users at the annual meeting and holds a non-compensated position, not requiring an oath of office. The primary responsibility of the meeting chairman is to conduct the annual meeting consistent with the meeting agenda. The meeting chairman from the immediately preceding annual meeting calls to order the meeting and presides over the election of the officers for the meeting. The meeting chairman and the meeting secretary are responsible for submitting the meeting minutes to IDWR. The meeting chairman may also be called upon to appoint a credentials committee if an alternative voting method is requested at the annual meeting. [§42-605(5)]

Meeting Secretary

The meeting secretary is chosen by the water users at the annual meeting and holds a non-compensated position, not requiring an oath of office. The primary responsibility of the meeting secretary is to record minutes in writing during the annual meeting and submit them to IDWR within five days after the meeting. If the meeting chairman from the immediately preceding annual meeting is not present, the meeting secretary from the preceding meeting calls the annual meeting to order and presides over the election of the meeting officers.

Eligible Voters

Water users within the district who own or have the use of any valid water rights that are assessed or proposed to be assessed by the district for the upcoming season, and who are present at the annual meeting, are eligible to vote. Absentee voting and voting by proxy are prohibited. [§42-605(4)]

Additional guidance on voting may be found in Appendix B3.

Voting Methods

Majority Vote

Decisions made by the water users at the annual meeting must be validated by a majority vote of the water users present at the meeting, except when a user requests for voting by assessment (described below). Common methods to determine majority vote are voice vote, show of hands, or vote by ballot.

Consistent with Robert's Rules, a "voice vote" or "show of hands" is typically used to elect the meeting chairman and meeting secretary, adopt or approve the resolution and budget, and elect the watermaster and treasurer. Ballots may also be used for voting to preserve anonymity and ensure a conclusive result.

A corporation or water delivery organization is limited to one vote and must designate one individual to cast its vote. The person designated by a corporation or water delivery organization may be asked to provide documentation of their eligibility to vote. [§42-605(7)]

Additional information and guidance for voting by corporations or organizations can be found in Appendix B3.

Assessment-Based Vote (alternative voting method)

An assessment-based vote applies the water user's average assessment to determine the number of votes the water user may cast. When an assessment-based vote is requested by one or more users, the chairman must appoint a credentials committee to determine the average

annual dollar amount assessed, not to exceed five years, for each water user present at the meeting; the number of votes is equal to the average assessment amount. For example, if a user's average assessment for the last five (5) years is \$201.15, the user will have 201.15 votes.

If a water right has not been previously assessed, the current owner or person present at the meeting using the water for the upcoming season is entitled to a number of votes equal to the amount that *would* have been assessed had water been available to satisfy the right in priority and had the water right been reasonably used. [§42-605(4)]

Required Documents and Reports

Water district officials must prepare and submit documents to IDWR related to the district's operations and activities, including:

- watermaster's annual report;
- adopted budget, including assessments;
- adopted resolutions;
- annual meeting minutes;
- treasurer's statement of financial affairs;
- audit (if required);
- oaths of office for watermaster, assistant watermaster(s) (if any), and treasurer;
- petition for watermaster services (unless watermaster term of service is specified by resolution); and
- insurance request forms and updates.

Templates for some of these documents are available on IDWR's website: www.idwr.idaho.gov → Water Rights → Water Districts → Forms. Water districts may use these templates or similar documents can be prepared using Microsoft Word, Excel, or other computer programs. IDWR will accept documents in either electronic or written format, as long as the required elements are clearly presented.

Note: Documents submitted to IDWR become public record and are available for public review.

Watermaster Annual Report

The watermaster must prepare and submit the annual report to IDWR before the expiration of the watermaster's appointment for the current year. See Appendix C for an example of a Watermaster's Annual Report.

The watermaster's annual report must contain:

- total volume of water delivered by the watermaster during the preceding year;
 - total volume of water delivered to each water user;
 - total expense of delivery and the apportionment of expenses among the water users (see also '*Proposed Budget*' below);
 - debits and credits to be carried over to the upcoming year (if applicable);
 - the number of days the watermaster and watermaster assistants devoted to the distribution of water; and
 - records of stream flow the watermaster used or made to properly distribute water.
- [§42-606]

Watermaster's Proposed Budget

At least 14 days prior to the annual meeting, the watermaster is required to prepare and make available to the water users a proposed budget and distribution of assessments for the succeeding year. The actual deliveries for the past season(s) must be used as the basis for prorating assessments to individual water users. Typically, the watermaster meets with the treasurer and advisory committee prior to the annual meeting to review and justify the proposed budget. [§42-612]

See *Budget, Assessments, and Audits* section (pg. 198) for more information about budgets and assessments.

Treasurer Statement of Financial Affairs

At the end of each fiscal year, the treasurer must prepare and file with IDWR a statement of the financial affairs of the district. All monies received and disbursed by the treasurer should be included in the statement. If an audit of the financial affairs is required (see *Audits* section, pg. 232), a copy of the audit must be filed with IDWR. [§42-619(9)]

The statement of financial affairs must be submitted to IDWR with either the annual watermaster's report or the annual meeting minutes. Typically, the treasurer prepares and presents the statement at the annual meeting to assist with budgeting and promote transparency.

Resolutions

Resolutions are commonly adopted to improve the distribution of water in the district by:

- summarizing a water district's internal, administrative practices;
- providing operational guidelines; and
- ensuring district practices remain consistent from year to year.

Resolutions may not circumvent the requirements of state law. [§42-605(2)]

Adopted resolutions shall continue from year to year unless modified. If new or modified resolutions are proposed, water users must vote to adopt the proposed changes at the annual meeting. A copy of the water district's adopted resolutions must be filed with IDWR. [§42-613(1)]

Certain resolutions are authorized under Idaho law to accommodate specific water district operations or processes, including:

- holding the annual meeting other than on the first Monday in March; [§42-605(2)]
- defining an annual minimum charge to be assessed; [§42-612(5)]
- eliminating debit and credit carryover billing as part of annual assessments and adopted budget; [§42-612(6)]
- establishing the watermaster term of service; [§42-608(4)]
- authorizing the watermaster to withhold water delivery to any water user who is delinquent in assessment payment; [§42-613(5)]
- specifying the assessment due date; [§42-613(3)]
- defining penalties and interest charges for delinquent assessments; [§42-613(4)]
- allowing for collection of assessments by the watermaster; [§42-613(3)]
- authorizing the watermaster to serve as treasurer (only if water district budget is \$7,500 or less); [§42-619(10)]
- defining assessment charge for non-consumptive water rights; [§42-605A]
- authorizing the advisory committee to manage and use proceeds from the rental of storage water (when authorized by the Idaho Water Resource Board); [§42-1765, §42-605(6), §42-613A]
- authorizing the watermaster to coordinate weather modification projects involving cloud seeding; and [§42-605(13)]
- authorizing the watermaster to acquire, hold, and dispose of water district assets. [§42-605(12)]

The water district may consider other resolutions to clarify operational procedures or improve water distribution within the district, such as:

- determining the number of previous consecutive years used to compute assessment charges (not to exceed five years); [§42-612(4)]
- outlining the structure, composition, and authority of the advisory committee (within the limits of applicable law); [§42-605(6)]
- specifying the designated depository for district funds; [§42-619(3)]
- establishing the water district's fiscal year; or
- establishing the salary payment schedule for the watermaster and other paid water district staff. [§42-605(3), §42-619(6)]

Documents Submitted to IDWR after the Annual Meeting

After the annual meeting, the meeting chairman and secretary are required to submit a copy of the minutes to IDWR within five business days. Also following the meeting, the watermaster must “immediately” prepare and file a signed copy of the adopted budget and resolutions with IDWR. [§42-605(5), §42-613(1)]

Before entering into duties of their office, any newly elected watermaster, watermaster assistant, and treasurer must submit an official oath of office to IDWR. The official oath, signed before a notary, warrants faithful performance of the duties of their office. The oath and subsequent appointment by the director assures that actions taken by the watermaster or other district appointed officials are covered by the state group surety bond. [§59-801, §59-804]

If the water district uses the county treasurer to collect assessments, a signed copy of the adopted budget and resolutions must also be filed with the county or counties so designated. [§42-613(2)]

Filing Documents with IDWR

All documents may be submitted either digitally (except official oaths) or as a hard copy to the IDWR regional office that oversees the water district.

Documents to Submit to the State Controllers Office

A water district is considered a Local Governing Entity (LGE). By State law, any LGE must register certain information with the Idaho State Controller’s Office (SCO) each year on or before December 1st. All water districts must register and provide updated financial information to the SCO. Registry and reporting requirements are intended to improve transparency and compliance with audit requirements (see Audits section below) of the state.

The LGE registry is found at <https://registry.sco.idaho.gov/>. Water districts should contact the SCO directly for assistance with questions or completing the registry and uploading water district budget documents: (208) 334-3100, option 0, or by email registry@sco.idaho.gov. The information below may help with completing the LGE registry.

- Entity Type: **Water District**
- Appointing Authority: **Elected**
- Section of Idaho Code under which the water district was established: **Section 42-604**
- Statute or statutes under which the water district operates: **Section 42-604**
- Establishing entity: **Idaho Department of Water Resources**

- Year of establishment: IDWR does not have records confirming establishment date of many water districts. Contact IDWR or use best available information to estimate the year of district establishment.

Budgets, Assessments, and Audits

Budgets

Water districts are required to annually adopt a budget to cover the estimated expenses of delivering the water of the district. Each year, at least 14 days prior to the annual meeting, the watermaster is required to prepare a proposed budget for the succeeding year. Budgets are presented to the water users for consideration and approval at the next annual meeting. [§42-612]

The budget of a water district must take into consideration costs for data collection, water measurement, water delivery, and record keeping. The budget of a water district may also include costs of the advisory committee implementing resolutions adopted by the water users. Typical expenses in a budget include water district staff salaries, mileage or vehicle expenses, workman's compensation insurance, office supplies, equipment, and training. [§42-612]

The budget of a water district must show the total amount to be collected from all of the water users and the amount to be paid by each water user. Once the budget is adopted at the annual meeting, the amount due by each user may be considered final if resolved by the water users. [§42-612]

Determining a First-Time Budget

Creating a budget for a new water district can be a challenge. An estimate of an appropriate budget may be determined by reviewing budgets of established water districts similar in size or number of diversions. Contact the Water Distribution Section Manager at the IDWR State Office (208-287-4800) for assistance in estimating an initial budget or researching similar district budgets.

Assessments

The operating costs of a water district are assessed against the land of the water user to which the water is delivered. If water is distributed to the canal of a water delivery organization, the expense is assessed to the canal and the assessment sent to the delivery organization. [§42-610]

Determining Assessment Amounts

Based on the proposed or adopted budget total, individual assessment amounts for each water user are determined by the actual volume of water delivered to each user in proportion to the whole amount delivered to all water users. Simply stated, water users diverting larger amounts

of water pay a larger share of the budget. For the purposes of determining assessments, the actual volume of water delivered during the past season or seasons (not to exceed five seasons) is used. Exceptions to this requirement may apply if

- the prorated assessment amount is less than the adopted minimum (minimum charges must be adopted by resolution). In this case, the remaining users are assessed using an adjusted pro-rata cost factor (see *Calculating Assessments*, pg. 21). [§42-612(5)]
- the water right holder is exempt from measurement because of the size or use of the water right. Water users exempt from measurement are not necessarily exempt from district assessments and may be charged the adopted minimum.
- the water right is non-consumptive (except for instream stockwater and minimum instream flow rights). In this case, the assessment may be other than a standard pro-rata charge. Watermasters must determine or estimate the actual cost of administering each non-consumptive right. For convenience, some districts resolve to assess non-consumptive uses at a minimum charge. [§42-605A]
- a water right has not been previously assessed or if past season delivery records are not available. In this case, the watermaster may, by resolution, estimate the volume of water delivered or reasonably used during the past season or seasons. [§42-612(4)]
- there are no records of diversion volumes available. In this case, assessments may be based upon the authorized irrigated acres, the diversion rate as decreed by the water user's water right(s), or an estimated volume. This method is frequently used for new districts with no delivery history. This practice should be documented with a resolution and is considered a temporary solution only. ***Once a water district begins collecting diversion data, the district is required to use the statutory method of assessment by the actual volume of water delivered.***

Multiple water rights can be associated with the same diversion and each water right can belong to a different water user. Some water rights have multiple points of diversion. If a water user is diverting water from multiple diversions, the amount of water delivered at each diversion is totaled to determine the water user's total assessment. Minimum charges should not be applied more than once to each individual water user.

Minimum Charge Assessment

When the pro-rata assessment charge is less than the minimum charge, the user is assessed the minimum charge. Minimum charges are not mandatory. However, they are used by many water districts. Minimum charges avoid very small assessment bills and ensure all water users are contributing to the budget.

A minimum charge amount must be set by resolution and cannot exceed \$250. The assessment rate, the total delivered volume, and the total number of water users need to be considered when establishing a minimum charge. [§42-612(5)]

Minimum charges typically are set so that no more than about one-third of water users are paying the minimum charge. This one-third guidance may not be appropriate for all districts, especially districts with many small water users. If a water district routinely uses the alternate voting method (weighted vote based on average assessments paid), too many water users paying the minimum charge may negate the purpose and outcome of weighted voting.

Calculating Assessments

Prior to the annual meeting, the watermaster must calculate each water user's assessment based on a proposed budget. If the proposed budget is adopted, the proposed assessments become final. If the watermaster's proposed budget is changed prior to adoption, the assessments must be re-calculated using the adopted budget.

Watermasters can calculate assessments using the IDWR Watermaster's Proposed Budget form (see Appendix C) or use a district-specific electronic spreadsheet. IDWR will accept a spreadsheet file or printout in lieu of the Watermaster's Proposed Budget form. Regardless of the preferred format, watermasters should calculate assessments using the following criteria.

1. List all water right owners assessed in the district and corresponding water right numbers.
2. Enter the actual volume of water delivered to each user over the past season or seasons (not to exceed five seasons) and the total amount of water delivered.
3. Subtract any non-consumptive assessments or resolved flat rate amounts from the total budget amount. **Do not subtract minimum charges at this time.**
4. Calculate the Initial Assessment Cost Factor (CF).
If deductions were made in step 3, use the remainder budget amount.

CF = Budget / Total Deliveries

If total delivery volumes are recorded in Acre Feet (AF), the CF units are Cost (\$)/AF. If delivery volumes are recorded in 24-hr cubic second feet (24-hr cfs), the Cost Factor units are Cost (\$)/24-hr cfs.

5. Apply the Cost Factor (CF) to each individual's aggregate volumes.
Water user delivered volume x CF = Initial Assessment (\$)
If the water district does not use a minimum charge, skip to Step 9.
6. Apply minimum charges (if resolved).
For all individual initial assessment dollar amounts which are below the minimum charge, including those with zero volumes and zero assessments, substitute the minimum charge. For any small users who do not have delivered volumes, apply the minimum charge.
7. Adjust the budget and delivery amounts and calculate an Adjusted CF.
Sum the minimum charges and subtract from the Budget amount (or remaining Budget). Sum any delivery volumes associated with the minimum charges, and subtract from Total Deliveries. Calculate a new CF using the adjusted budget and delivery amounts.

Adjusted CF = Adjusted Budget / Adjusted Deliveries

The Adjusted CF should be less than the original CF.

8. Apply the Adjusted CF to the remaining aggregate user volumes which did not receive a minimum charge. The refined CF may shift the minimum charge threshold, and there may be additional minimum charges which must be applied. If so, repeat Steps 7 and 8 until the entire budget is accounted for.

Note: After Step 8, the sum of all assessments (non-consumptive, flat rates, minimums and regular pro-rata charges) should equal the budgeted amount.

If the sum is higher, repeat Steps 7 and 8 again.

9. *If the district does not carryover debits and credits, skip to Step 10.* Apply any debits and credits from the prior year. Most water districts no longer carryover debits and credits and have instead resolved that the respective amounts owed by each water user, based on the adopted budget, constitute a final assessment for that year. [§42-612(6)]

10. Assessment calculations are complete.

Assessing Water Supply Bank and Conservation Programs

Water Supply Bank

Water rights may be partially or entirely leased to the Water Supply Bank (WSB) and water users may rent this leased water from the WSB. Whether the water right is leased or rented affects how the assessment is determined.

Rented water is a part of the total volume of water delivered to a water user and is assessed accordingly. Water right owners that lease all of their water right(s) to the WSB may be assessed the minimum charge if resolved by the water users of the district since the watermaster must spend some amount of time verifying or ensuring the leased water right (or a portion thereof) is not being used.

Government Conservation Programs (CRP, CREP, RCPP)

Water users participating in a government conservation program may agree to not irrigate certain tracts of land in exchange for monetary compensation. Water district watermasters should monitor the status of non-use associated with these lands but are not required to enforce the terms of conservation agreements. Water users participating in these government programs are assessed either by the total amount of water delivered, or are assessed the minimum charge.

Collecting Assessments

Water districts are required to determine the method of collecting assessments and qualify the method of collection by resolution. There are two options for water districts to collect assessments:

- designate the county or counties in which the water is delivered to collect the budget in a manner consistent with collecting other taxes; or
- authorize the watermaster or treasurer to collect the budget directly for the water users. [§42-613]

Regardless of the collection process used by the district, all funds collected must be deposited into a designated depository for the district. All assessments collected by the watermaster must be turned over to the water district treasurer unless the district's annual budget is \$7,500 or less, and the district has adopted a resolution which authorizes the watermaster to serve as treasurer. The due date for assessments is established and fixed by resolution of the district. [§42-619(10), §42-613(4)]

Overdue Payments

If an annual assessment is not paid by the due date, the assessment is subject to a penalty not to exceed ten percent (10%) of the amount owed and interest of one percent (1%) per month. The details of the overdue penalty must be fixed by resolution and stated on the assessment notice. [§42-613]

The watermaster, by resolution, can refuse water delivery to water users who have not paid their assessment. The water district has the right to collect any charges due and unpaid via civil action. In addition to the amount found due, collection may include recovery of interest and attorney's fees. [§42-613(5), §42-616]

Audits

Districts with annual expenditures less than \$150,000 have no audit requirements. Districts with annual expenditures between \$150,000 and \$250,000 must have an annual or biennial audit. Districts with annual expenditures that exceed \$250,000 must have a full audit of financial statements each fiscal year. [§67-450(b)]

Note: All water districts must provide updated financial information to the LSO on or before December 1 of each year.

Insurance Coverage

Certain water district liabilities and property are covered through the Idaho Department of Administration Risk Management Program (Risk Management), the State's property and casualty insurance agency. Insurance coverage for water districts through Risk Management include

- general liability;

- auto liability and auto physical damage (limited to the use of water district-owned vehicles, not privately owned vehicles);
- real property and certain equipment owned by the water district; and
- employee bond and crime.

With some exceptions, such as workers compensation, the insurance needs of a water district must be obtained through IDWR. There are no costs to water districts for insurance coverage through the State of Idaho. However, water districts are responsible for deductibles.

To enroll in the Risk Management Program, water districts must complete and submit an appropriate IDWR insurance coverage request form which is available on IDWR's website. The water district is responsible for updating insurance forms when purchasing new vehicles or equipment. Insurance coverage is typically effective 30 days after submitting the required insurance form.

Privately Owned Vehicles

IDWR does not pay insurance premiums or deductibles for privately owned vehicles. Water district staff using privately owned vehicles to conduct water district business are **not** covered by the Risk Management Program.

Privately owned vehicles must be adequately covered by the vehicles owner's liability and property damage insurance. Water district staff using a private vehicle for water district business should advise their private automobile insurance carrier prior to using a personal vehicle for such business.

Workers Compensation

IDWR does not pay workers compensation insurance for water district employees. Water districts are responsible to pay workers compensation insurance for water district employees. This coverage must be obtained through the Idaho State Insurance Fund at <https://www.idahosif.org/>. Workers compensation policies are based on the district's payroll.

Additional information about water district insurance and related forms can be found on IDWR's website and in Appendix B of this manual.