

WRID, Lyon County and Bowman Protestants

EXHIBIT

183

Report and Petition for Approval of Budget and Approval of Rate of Assessment for the Year July 1, 2012 Through June 30, 2013, and for Approval of the Audit Report for the Year Ended June 30, 2011, filed April 12, 2012 in the Walker River Action

1 KAREN A. PETERSON, ESQ.
 Nevada State Bar No. 0366
 2 **ALLISON, MacKENZIE, PAVLAKIS,**
WRIGHT & FAGAN, LTD.
 3 402 North Division Street
 Carson City, Nevada 89703
 4 Telephone: (775) 687-0202
 Facsimile: (775) 882-7918
 5 kpeterson@allisonmackenzie.com
 6 Attorneys for UNITED STATES BOARD
 OF WATER COMMISSIONERS and
 7 CHIEF DEPUTY WATER COMMISSIONER

8
 9 UNITED STATES DISTRICT COURT
 10 DISTRICT OF NEVADA
 11

12 UNITED STATES OF AMERICA, 3:73-CV-00125-ECR-EGC
 13 Plaintiff, In Equity No. C-125

14 WALKER RIVER PAIUTE TRIBE,
 15 Plaintiff-Intervenor,

16 vs.

17 WALKER RIVER IRRIGATION DISTRICT,
 18 a corporation, et al.,
 19 Defendants.

**REPORT AND PETITION FOR
 APPROVAL OF BUDGET AND
 APPROVAL OF RATE OF ASSES-
 MENT FOR THE YEAR JULY 1, 2012
 THROUGH JUNE 30, 2013, AND
 FOR APPROVAL OF THE AUDIT
 REPORT FOR THE YEAR
 ENDED JUNE 30, 2011**

20 **TO: THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEVADA**

21 The Report and Petition of the UNITED STATES BOARD OF WATER COMMISSIONERS
 22 and the CHIEF DEPUTY WATER COMMISSIONER show as follows:

23 **REPORT**

24 1. As of February 1, 2012, streamflows for the irrigation season beginning on March 1, 2012
 25 and ending on October 31, 2012 were expected to be well below average. As of February 1, 2012,
 26 according to the Natural Resources Conservation Service’s Nevada Basin Outlook Report, the West
 27 Walker River near Coleville, California, was expected to flow at 55% of average or 93,000 acre-feet
 28 during the March- July forecast period and at 53% of average or 85,000 acre-feet during the April-July

1 forecast period. The East Walker River near Bridgeport, California, is expected to flow at 53% of
2 average or 40,000 acre-feet during the March-August forecast period and at 51% of average or 34,000
3 acre-feet during the April-August forecast period.

4 The Natural Resources Conservation Service's Nevada Basin Outlook Report for the
5 Walker River Basin as of February 1, 2012 indicates snowpack conditions are well below average.
6 Snow water content was 37% of the February 1 average. Last year, snow water content was 138% of
7 average.

8 January precipitation was 106% of average. Water year precipitation, beginning October
9 1, was 56% of average. Last year, January precipitation was 29% of average and water year precipitation
10 was 163% of average.

11 Total reservoir storage for the basin on the last day of January, 2012, was 77,000 acre-feet
12 or 152% of average. Bridgeport Reservoir was 153% of average and Topaz Reservoir was 152% of
13 average. Last year, at this time, basin reservoir storage was 82,100 acre-feet or 162% of average.

14 2. The Natural Resources Conservation Service's Nevada Basin Outlook Report for the
15 Walker River Basin as of April 1, 2012 indicates snowpack conditions in the Walker River Basin are
16 well below average. Snow water content is 37% of the April 1 average. Last year, snow water content
17 was 157% of average.

18 March precipitation was 83% of average. Water year precipitation, beginning October
19 1, was 54% of average. Last year, March precipitation was 231% of average and water year precipitation
20 was 160% of average.

21 Total reservoir storage for the basin on the last day of March was 85,800 acre-feet or
22 122% of average. Bridgeport Reservoir was 134% of average and Topaz Reservoir was 113% of
23 average. Last year, at this time, basin reservoir storage was 73,800 acre-feet or 105% of average.

24 As of April 1, 2012, streamflows are expected to be well below average. The West
25 Walker River, near Coleville, California, is expected to flow at 42% of average or 67,000 acre-feet
26 during the April-July forecast period. The East Walker River, near Bridgeport, California, is expected
27 to flow at 40% of average or 27,000 acre-feet during the April-August forecast period.

28

3. The flows into and out of Bridgeport Valley are as set forth below.

United States Geological Survey ("USGS") gauge measured annual inflows to Bridgeport Valley for October 2010 - September 2011:

<u>Station number</u>	<u>Station Name</u>	<u>Annual Inflows (Acre-Ft)</u>
10289500	Green Creek	38,360
10290300	Upper Twin Lake	+360 (change in storage)
10290400	Lower Twin Lake	+2,470 (change in storage)
10290500	Robinson Creek	70,430
10291500	Buckeye Creek	74,060
10293000	East Walker	190,300

USGS gauge measured flows at Bridgeport Reservoir and Topaz Lake by month for October 2010 through September 2011 are set forth in the tables below:

Month End Elevation and Contents, In Feet Above Sea Level, Water Year October 2010 To September 2011 <u>10292500 Bridgeport Reservoir</u>			
Date	Elevation (feet)	Contents (acre-ft)	Content Change (acre-ft)
September 30	6,449.32	17,610	---
October 31	6,449.70	18,260	+650
November 30	6,452.47	23,560	+5,300
December 31	6,457.35	35,040	+11,480
Calendar Year 2010	---	---	+23,240
January 31	6,459.27	40,330	+5,290
February 28	6,459.49	40,970	+640
March 31	6,455.51	30,390	-10,580
April 30	6,455.44	30,220	-170
May 31	6,456.06	31,720	+1,500
June 30	6,458.05	36,900	+5,180
July 31	6,459.96	42,340	+5,440
August 31	6,457.18	34,590	-7,750
September 30	6,453.23	25,170	-9,420
Water Year 2011	---	---	+7,560

Month End Elevation and Contents, In Feet Above Sea Level, Water Year October 2010 To September 2011 <u>10297000 Topaz Lake</u>			
Date	Elevation (feet)	Contents (acre-ft)	Content Change (acre-ft)
September 30	4,978.86	17,850	---
October 31	4,977.97	16,370	-1,480
November 30	4,981.87	22,920	+6,550
December 31	4,988.12	33,850	+10,930
Calendar Year 2010	---	---	+15,530
January 31	4,992.22	41,760	+7,910
February 28	4,995.04	47,620	+5,860
March 31	4,993.00	43,350	-4,270
April 30	4,993.29	43,950	+600
May 31	4,993.32	44,010	+60
June 30	4,999.32	57,020	+13,010
July 31	5,000.16	58,940	+1,920
August 31	4,994.74	46,960	-11,980
September 30	4,988.07	33,760	-13,220
Water Year 2011	---	---	+15,910

4. In keeping with the Rules and Regulations for Distribution of Water of the Walker River Stream System, approved by this Court on the 3rd day of September, 1953, and subsequently modified by Order of this Court on the 12th day of May, 1986, the Petitioners met on March 8, 2012, at a duly noticed meeting. Commissioners present at that meeting were Jack Pursel, Joseph Sceirine, Jeff Hunewill and Irwin Miller.

5. At the March 8, 2012 meeting, the Water Master and Chief Deputy Water Commissioner presented a Plan of Distribution for the forthcoming season. April 1, 2012 would normally be considered as the start date for the 2012 season for the Walker River Paiute Tribe ("Tribe") because the Natural Resources Conservation Service's Water Supply Outlook Report for the Walker River Basin is below 70%. The Tribe agreed to the April 1, 2012 start date. The Plan of Distribution was approved by the United States Board of Water Commissioners. A copy of the approved Plan of Distribution is

1 attached hereto as **Exhibit “A”**. A copy of the letter from the Tribe to the United States Board of Water
2 Commissioners dated March 7, 2012 is attached hereto as **Exhibit “B”**.

3 6. At a duly noticed Board meeting held on November 4, 2011, the Commissioners voted
4 to retain the present officers and appointees of the Board who shall serve during the coming year:

5	Chairman	-	Richard N. Fulstone
6	Vice Chairman	-	Bruce Park
7	Treasurer	-	Jack Pursel
8	Water Master/ Chief Deputy Water Commissioner	-	Jim Shaw
9	Secretary/Assistant Treasurer	-	Gini Savage

10 **PETITION FOR APPROVAL OF BUDGET AND RATE OF ASSESSMENT**
FOR THE YEAR JULY 1, 2012 THROUGH JUNE 30, 2013

11 7. At the March 8, 2012 meeting, the Water Master and Chief Deputy Water Commissioner
12 presented a proposed budget and rate of assessment to the United States Board of Water Commissioners
13 for the year July 1, 2012 through June 30, 2013. After considerable discussion and careful consideration
14 of the matters in which the Petitioners are involved concerning the Walker River System, the Proposed
15 Budget and Rate of Assessment was approved. All Commissioners present at the meeting approved the
16 proposed Budget and Rate of Assessment.

17 8. A copy of the proposed Budget and Rate of Assessment, approved at the March 8, 2011
18 meeting, is attached hereto as **Exhibit “C”**.

19 9. The proposed rate of assessment for the year July 1, 2012 to June 30, 2013, is Two
20 Dollars and Sixty Cents (\$2.60) for each acre assessed. No change is proposed to the rate of assessment;
21 this is the same rate of assessment as the current 2011-2012 assessment. The Petitioners believe this
22 assessment is appropriate to properly administer the Decree and to protect the authority and jurisdiction
23 of Petitioners and this Court to administer the Decree.

24 10. At the time of the November 4, 2011 and March 8, 2012 Board meetings and as of the
25 date of the filing of this Report and Petition, the details of the water leasing demonstration program
26 provided for in Section 208 the Energy and Water Development and Related Agencies Appropriations
27 Act, 2010 (Public Law 111-85; 123 Stat. 2856, “Desert Terminal Lakes V”) to be implemented by the
28 Walker River Irrigation District are not known. The United States Board of Water Commissioners and

1 the Chief Deputy Water Commissioner will keep the Court informed of the status of the water leasing
2 demonstration program as details are provided by the Walker River Irrigation District. It is not known
3 if this program will impact the budget of the United States Board of Water Commissioners.

4 **PETITION FOR APPROVAL OF THE AUDIT REPORT**
5 **FOR THE YEAR ENDED JUNE 30, 2010**

6 11. At the November 4, 2011 meeting, the independent auditor's report of the financial
7 statements of the United States Board of Water Commissioners was presented and unanimously
8 approved by the Commissioners at the meeting.

9 12. Attached hereto as **Exhibit "D"** is the annual audit report submitted by the accounting
10 firm of Arrighi, Rader & Blake LLC, Certified Public Accountants, covering the period from July 1,
11 2010 through June 30, 2011. The audit report was prepared in conformity with generally accepted
12 auditing standards. In the opinion of the independent auditors, the financial statements of the United
13 States Board of Water Commissioners present fairly, in all material respects, the financial position of
14 the United States Board of Water Commissioners at June 30, 2011, and the results of its operations and
15 cash flows for the year then ended were in conformity with generally accepted accounting principles
16 generally accepted in the United States of America.

17 13. Petitioners will submit a proposed Order approving their Petition prior to the hearing
18 scheduled on this Petition so it can be reviewed by all parties prior to the hearing.

19 WHEREFORE, Petitioners pray that this Court enter its Order as follows:

20 1. Approving the budget attached hereto as **Exhibit "C"**, as constituting the necessary
21 expenses to be incurred in administering the provisions of the Final Decree in this matter for the period
22 from July 1, 2012 through June 30, 2013.

23 2. Creating an assessment of Two Dollars and Sixty Cents (\$2.60) per acre to replenish the
24 fund established to pay the expenses and costs anticipated to be incurred from July 1, 2012 through June
25 30, 2013.

26 3. Approving the audit report for the fiscal year ended June 30, 2011.

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4. For such other and further relief as may be necessary and proper in the premises.
DATED this 12th day of April, 2012.

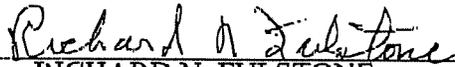
**ALLISON, MacKENZIE, PAVLAKIS,
WRIGHT & FAGAN, LTD.**
402 North Division Street
Carson City, NV 89703

By: /s/ Karen A. Peterson, Esq.
KAREN A. PETERSON, ESQ.

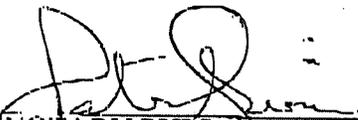
Attorneys for UNITED STATES BOARD OF WATER
COMMISSIONERS and CHIEF DEPUTY WATER
COMMISSIONER

1 STATE OF NEVADA)
2 COUNTY OF LYON)

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4 RICHARD N. FULSTONE, being first duly sworn under penalty of perjury, deposes and says:
5 That he is the Chairman of the United States Board of Water Commissioners under the Final
6 Decree made and entered in the above-entitled case, and a Petitioner herein; that he has read the
7 foregoing Report and Petition and knows the contents thereof; and that the same is true of his own
8 knowledge, except as to those matters therein stated on information and belief, and as to those matters
9 he believes them to be true.

10
11 
12 RICHARD N. FULSTONE

13 SUBSCRIBED and SWORN to before me
14 this 11th day of April, 2012.

15 
16 NOTARY PUBLIC

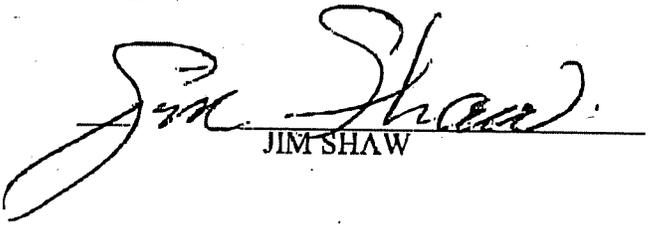


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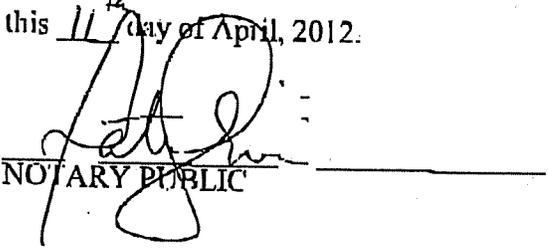
1 STATE OF NEVADA)
2 COUNTY OF LYON)
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JIM SHAW, being first duly sworn under penalty of perjury, deposes and says:

That he is the Water Master and Chief Deputy Water Commissioner of the United States Board of Water Commissioners under the Final Decree made and entered in the above-entitled case, and a Petitioner herein; that he has read the foregoing Report and Petition and knows the contents thereof; and that the same is true of his own knowledge, except as to those matters therein stated on information and belief, and as to those matters he believes them to be true.


JIM SHAW

13 SUBSCRIBED and SWORN to before me
14 this 11th day of April, 2012.


NOTARY PUBLIC



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EXHIBIT “A”

PLAN OF DISTRIBUTION

WALKER RIVER SYSTEM

2012 IRRIGATION SEASON

Submitted to: U. S. Board of Water Commissioners,
Walker River

Submitted by: JIM L. SHAW
Chief Deputy Water Commissioner

Adopted: March 8, 2012

PLAN OF DISTRIBUTION

This Plan of Distribution of the waters of the Walker River for the 2012 irrigation season is hereby respectfully submitted in accordance with the Rules and Regulations for the distribution of water of the Walker River Stream System, approved September 3, 1953, as amended (the "Rules and Regulations").

I.

EXPECTED WATER SUPPLY AS OF FEBRUARY 1, 2012

The following is from the Natural Resources Conservation Service's Nevada Basin Outlook Report:

Walker River Basin Water Supply Outlook Report as of February 1, 2012

Snowpack conditions in the Walker River Basin are well below average. Snow water content was 37 percent of the February 1 average. Last year, snow water content was 138 percent of average.

January precipitation was 106 percent of average. Water year precipitation, beginning October 1, was 56 percent of average. Last year, January precipitation was 29 percent of average and water year precipitation was 163 percent of average.

Total reservoir storage for the basin on the last day of January, 2012 was 77,000 acre-feet or 152 percent of average. Bridgeport Reservoir was 153 percent of average and Topaz Reservoir was 152 percent of average. Last year, at this time, basin reservoir storage was 82,100 acre-feet or 162 percent of average.

Streamflows are expected to be well below average. The West Walker River, near Coleville, California, is expected to flow at 55 percent of average or 93,000 acre-feet during the March-July forecast period and at 53 percent of average or 85,000 acre feet during the April-July forecast period. The East Walker River, near Bridgeport, California, is expected to flow at 53 percent of average or 40,000 acre-feet during the March-August forecast period and at 51 percent of average or 34,000 acre-feet during the April-August forecast period.

Reservoir Storage as of February 1st

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>Capacity</u>
Bridgeport Reservoir	36,340AF	40,450 AF	15,990 AF	13,010 AF	13,410 AF	42,455 AF
Topaz Reservoir	40,830AF	41,820 AF	23,150 AF	14,970 AF	10,020 AF	59,439 AF

II.

IRRIGATION SEASON

For distribution purposes the river has been divided into six divisions set out as follows:

DIVISION NO. 1: That area on the Main Walker River consisting of the Schurz Indian Reservation, and extending from Walker Lake to the Weber Dam.

DIVISION NO. 2: That area consisting of lands served from the Main Walker River from the Yerington Weir to the confluence of the East and West Walker Rivers.

DIVISION NO. 3: That area consisting of lands served from the East Walker River from the confluence of the East and West Walker Rivers to Bridgeport Dam.

DIVISION NO. 4: That area consisting of lands served from the East Walker River and its tributaries above Bridgeport Dam, consisting principally of Bridgeport Valley.

DIVISION NO. 5: That area consisting of lands served from the West Walker River and its tributaries from the confluence of the East and West Walker Rivers to the Intake Canal for Topaz Reservoir.

DIVISION NO. 6: That area consisting of lands served from the West Walker River and its tributaries above Topaz Lake Intake Canal and consisting principally of Antelope Valley.

That for Divisions Nos. 1, 2, 3, 5, and 6 the irrigation season shall extend from the first day of March to the thirty-first day of October of each year.

That for Division No. 4 and that portion of Division No. 6 above the Coleville gaging station the irrigation season shall extend from the first day of March to the fifteenth day of

September of each year.¹

III.

DETERMINATION OF PRIORITY TO BE SERVED

In determining the year of priority to be served to the individual decreed users under the Walker River Decree, the formula set out in the Rules and Regulations shall be applied. The information necessary to apply that formula shall be obtained on a daily basis. In order to determine the year of priority, which may be served at any point in time, the information obtained pursuant to the formula shall be compared to the abstract of diversion rights, maintained by the United States Board of Water Commissioners.

IV.

**DISTRIBUTION OF WATER DECREED TO
THE WALKER RIVER IRRIGATION DISTRICT**

Water decreed to the members of the Walker River Irrigation District shall be distributed in accordance with the Rules and Regulations Governing the Distribution and Use of Water, Walker River Irrigation District, adopted April 1922, as revised, January 1986 (the "Walker River Irrigation District Rules and Regulations").

V.

WATER ORDERING

All water orders shall be placed prior to 1:00 p.m., six days per week, Monday

¹ Excerpt from the Rules and Regulations as approved by the Court on September 3, 1953.

through Saturday, except holidays, during regular office hours, by phone to the Water Master. Water orders for the West Walker River and the Upper East Walker River shall be made one day (24 hours) in advance of water delivery. Water orders for the Tunnel Section, East Walker River and Main Walker River shall be made two days (48 hours) in advance of water delivery. Orders placed after 1:00 p.m. will be considered as orders placed the following day.

VI.

RIGHT OF THE UNITED STATES OF AMERICA

The right of the United States of America is to a continuous flow of 26.25 cfs of the natural flow of the Walker River during the irrigation season of one hundred eighty (180) days of each year for the irrigation of 2,100 acres of land situated in the Walker River Indian Reservation.

Division No. 1 secures full decree rights through the discharge through the Yerington Weir and inflow from the drainage system of the Walker River Irrigation District. A gaging station at Parkers at the lower end of Mason Valley will measure that water for the Indian Service.

The irrigation season in Division 1 extends from March 1 until October 31 of each year. April 1 shall be considered as the beginning date for the 2012 season because the NRCS Water Supply Outlook Report for the Walker River Basin is below 70%. Notice of any change request must be received and ruled on, by the United States Board of Water Commissioners, prior to March 8, 2012.

VII.

STANDARD OPERATING PROCEDURES

A. River Riders:

There shall be five (5) river riders for the season: one for the Antelope Valley area, one for the Bridgeport area, one for the East Fork of the Walker River, one for the West Fork of the Walker River, and one for the Main Fork of the Walker River.

B. Establishment of Water Deliveries:

At approximately 12:30 P.M. on Monday through Saturday, the Chief Deputy Water Commissioner shall meet personally, at his office, with all local riders, and by phone with non-local riders, and with local ditch riders within the Walker River Irrigation District. The Chief Deputy Water Commissioner or his agents shall communicate by telephone on a daily basis with the Antelope Valley and Bridgeport river riders. At the daily meeting and in the daily telephone communications, the water deliveries for the next day shall be determined and communicated to the river riders and ditch riders. The river riders shall control the diversion of water from the river system into the various ditches. The ditch riders shall distribute the water diverted into the ditches to the individual farmers.

VIII.

MISCELLANEOUS

Should circumstances arise which require consideration of the United States Board of Water Commissioners, the Chief Deputy Water Commissioner will request that the Chairman call such a meeting immediately.

EXHIBIT “B”



Walker River Paiute Tribe

1022 Hospital Road • P.O. Box 220 • Schurz, Nevada 89427

Telephone: (775) 773-2306

Fax: (775) 773-2585

March 7, 2012

United States Board of Water Commissioners
Walker River

Dear Commission Members:

The Walker River Paiute Tribe (Tribe) understands that *the Plan of Distribution, Walker River System 2012 Irrigation Season* states that the Tribes Irrigation start date will be April 1st, 2012 due to the NRCS projected snowpack being below 70%.

The Tribal Council held a duly called meeting on March 6, 2012 and the Tribe agrees to the April 1st, 2012 start date.

Sincerely,

A handwritten signature in cursive script that reads 'Melanie I. McFalls'.

Melanie I. McFalls, Tribal Council Chair
WALKER RIVER PAIUTE TRIBE

Cc; file

EXHIBIT “C”

U.S. Board of Water Commissioners - Walker River System

Prepared by: **Jim L. Shaw**
Chief Deputy Water Commissioner
ADOPTED: 2012

Budget Statements of Revenue, Expenses, and Changes in Working Capital Year Ending June 30, 2012

Acreage Basis: 132,232 Assessment Rate: \$2.60

		Actual 7/1 - 12/31 2011	Estimate 1/1 - 6/30 2012	Expected Total 2011-2012	Budget Amount 2011-2012	Budget Amount 2012-2013
1	Operating Revenues:					
2	WRID Coll. Assess. Rec.	\$ 111,246	\$ 97,882	209,733	\$209,733	\$209,733
3	WRID As. Rec. 1 Yr. Del.	605	0		0	0
4	WRID As. Rec. 2 Yr. Del.	0	0	0	0	0
5	USB Coll. Assess Rec.	132,747	2,500	134,070	134,070	134,070
6	USB As. Rec. 1 Yr. Del.	0	0	0	0	0
7	USB As. Rec. 2 Yr. Del.	0	0	0	0	0
8	Total Operating Revenues:	\$ 244,598	\$ 100,382	\$ 343,803	\$343,803	\$343,803
9	Operating Expenses:					
10	W.M. Salary	\$ 32,386	\$ 32,386	\$ 64,772	\$64,772	\$ 66,715
11	Office Salary	20,587	20,588	41,174	41,174	42,409
12	RR Salaries	19,551	22,566	42,861	42,861	42,861
13	SS & Medicare	5,548	5,600	11,263	12,000	12,000
14	Industrial Ins. (EICN)	1,156	1,500	2,656	5,000	5,000
15	Unemployment Insurance	178	300	478	1,000	1,000
16	Group Insurance	6,312	13,000	19,312	21,000	21,000
17	Pension Plan	7,443	7,443	14,886	14,885	15,332
18	Commissioners' Exp.	658	500	1,158	500	1,000
19	Rent	2,850	2,850	5,700	5,700	5,700
20	Fuel Expense	5,121	9,000	14,121	18,000	18,000
21	Repairs & Maint.	57	2,000	2,057	2,500	2,500
22	Supplies	444	500	944	1,000	1,000
23	Utilities	1,600	3,000	4,600	6,000	6,000
24	Telephone	2,426	2,500	4,926	5,000	5,000
25	Gaging Expense	40,119	17,881	58,000	58,000	58,000
26	Office Expense	1,228	250	1,478	1,500	1,500
27	Computer Expense	173	700	873	1,500	1,500
28	Travel - RR Mileage	5,117	5,600	10,717	11,000	11,000
29	Travel - Conf & Mtgs	109	1,500	1,609	2,000	2,000
30	Dues & Subscriptions	145	300	445	500	500
31	Legal Expense	21,599	30,000	51,599	54,000	54,000
32	Accounting/Audit Exp.	5,000	0	5,000	5,000	5,000
33	Insurance	0	8,000	8,000	9,000	9,000
34	Auto Licenses & Tax	0	200	200	1,000	200
35	Misc. Expense	537	450	987	1,000	1,000
36	Total Operating Expenses:	\$ 180,344	\$ 188,614	\$ 369,816	\$385,892	\$389,217
37	Operating Income (or Loss):	\$ 64,254	\$ (88,232)	\$ (26,013)	\$ (42,089)	\$ (45,414)

	Actual 7/1 - 12/31 2011	Estimate 1/1 - 6/30 2012	Expected Total 2011-2012	Budget Amount 2011-2012	Budget Amount 2012-2013
37 Operating Income (or Loss):	\$ 64,254	\$ (88,232)	\$ (26,013)	\$ (42,089)	(\$45,414)
38 Non-Operating Revenue:					
39 Penalties	0	0	0	0	\$ -
40 Interest Earned	0	0	0	0	0
41 Misc. Received	0		0		
42 Total Non-Operating Revenue:	\$ -	\$ -	\$ -	\$ -	\$0
43 Non-Operating Expenses:					
44 Capital Outlay:					
45 Equipment Acquisition Fund				10,000	\$10,000
46 Office Equipment				2,000	\$2,000
47 Vehicles/Equipment	0		0		\$25,000
48 Total Non-Operating Expenses:	\$ -	\$ -	\$ -	\$ 12,000	\$37,000
49 Net Income (Loss):	\$ 64,254	\$ (88,232)	\$ (26,013)	\$ (54,089)	\$ (82,414)

50 FUND BALANCE			
51	Cash in Bank	Jan 1, 2012	\$ 281,265
52	Certificates of Deposit		50,000
	Equipment Acquisition Fund		
	Subtotal of Cash:		\$ 331,265
53	Estimated:		
54	Jan-June, 2010 Income		\$ 100,382
55	Jan-June, 2010 Expense		188,614
56	Jan-June, 2010 Non-Op Rev.		0
57	Jan-June, 2010 Non-Op Exp.		0
58	Estimated Carryover:	Jul 1, 2012	\$ 243,033
59	Budgeted for 2011-12:		
60	Income		\$ 343,803
61	Expense		385,892
62	Non-Operating Revenue		0
63	Non-Operating Expense		37,000
64	Estimated Carryover:	Jul 1, 2012	\$ 163,944

EXHIBIT “D”

**UNITED STATES BOARD OF
WATER COMMISSIONERS,
WALKER RIVER
JUNE 30, 2011 and 2010**



UNITED STATES BOARD OF WATER COMMISSIONERS, WALKER RIVER
JUNE 30, 2011 and 2010

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INDEPENDENT AUDITOR'S REPORT

To the Honorable United States Board of
Water Commissioners, Walker River

We have audited the accompanying statements of net assets of the United States Board of Water Commissioners, Walker River, as of June 30, 2011 and 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the United States Board of Water Commissioners' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States Board of Water Commissioners, Walker River, as of June 30, 2011 and 2010, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2A-2D is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Yerington, Nevada
November 1, 2011

Arrighi, Rader & Blake, LLC

**United States Board of Water Commissioners, Walker River
Management's Discussion and Analysis
For the years ended June 30, 2011, 2010 and 2009**

This discussion and analysis of the United States Board of Water Commissioner's financial performance provides an overview of the Board's financial activities for the years ended June 30, 2011 and 2010. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. The Board of Commissioners implemented Governmental Accounting Standards Board Statement 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments for the first time in the 2004/05 fiscal year. Comparative information of fiscal years 2009/10 and 2008/09 financial information is included in this discussion.

Financial Highlights

- The Board's assets exceeded its liabilities at June 30, 2011 by \$227,013. This amount may be used to meet the Board's ongoing obligations to the assessed users of the Walker River.
- During the fiscal year, the Board's expenses increased by 5.17%. The majority of the increase was attorney fees, gauging expenses, fuel costs and employee related items.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the United States Board of Water Commissioner's basic financial statements. The Board has one enterprise fund that accounts for all financial transactions. The Board's basic financial statements are comprised of 1) statement of net assets, 2) statement of revenues, expenses and changes in net assets, 3) statement of cash flows and 4) notes to the financial statements.

Statement of Net Assets:

The Statement of Net Assets presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Statement of Revenues, Expenses, and Changes in Net Assets:

The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the Board's revenues and expenses resulted from the Board's operations during the fiscal year, regardless of when cash is received or paid, or how those results of operations affected net assets of the Board.

**United States Board of Water Commissioners, Walker River
Management's Discussion and Analysis
For the years ended June 30, 2011, 2010 and 2009
(Continued)**

Statement of Cash Flows:

The Statement of Cash Flows presents information on increases and decreases in cash from operating activities, capital and related financing activities, investing activities and noncapital financing activities, as applicable.

Notes to Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Government-wide Financial Analysis

The chart below provides a summary of the Board's net assets for 2011, 2010 and 2009.

	2011	2010	2009
Current and Other Assets	\$284,838	\$257,082	\$226,392
Capital Assets	41,356	25,649	36,863
Total Assets	326,194	282,731	263,255
Current Liabilities	49,181	20,263	16,872
Net Assets:			
Invested in Capital Assets	41,356	25,649	36,863
Unrestricted	235,657	236,819	209,519
Total Net Assets	277,013	262,468	246,383

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In this case, the Board's assets exceeded liabilities by \$277,013 as of June 30, 2011. The largest of the Board's assets are cash and investments.

The table below shows the changes in net assets for 2011, 2010 and 2009.

United States Board of Water Commissioners, Walker River
Management's Discussion and Analysis
For the years ended June 30, 2011, 2010 and 2009
(Continued)

Changes in Net Assets

	2011	2010	2009
General Revenues			
Assessments	\$ 354,640	\$ 342,445	\$ 355,289
Investment Income	77	121	1,327
Miscellaneous	770	825	2,830
Gain on sale of asset	3,300	-	-
Total Revenues	358,787	343,391	359,446
Expenses			
Water services	344,242	327,306	318,607
Increase in Net Assets	14,545	16,085	40,839
Net Assets, July 1	262,468	246,383	205,544
Net Assets, June 30	\$ 277,013	\$ 262,468	246,383

Business-type Activity:

Business-type activities increased the Board's net assets by \$14,545 compared to the prior year of \$16,085.

- Assessment rates remained at \$2.60 per acre from the prior fiscal while gauging expenses increased during the 2010-2011 fiscal year.

Capital Assets

The Board's investment in capital assets for the business-type activity as of June 30, 2011 and 2010 amounted to \$41,356 and \$25,649 respectively (net of accumulated depreciation). This investment in capital assets includes equipment and vehicles.

**United States Board of Water Commissioners, Walker River
Management's Discussion and Analysis
For the years ended June 30, 2011, 2010 and 2009
(Continued)**

	2011	2010	2009
Equipment	\$5,711	\$5,711	\$5,711
Office Equipment and furniture	28,340	28,340	28,340
Vehicles	93,693	86,076	86,076
Sub-total	127,744	120,127	120,127
Less: Accumulated depreciation	(86,388)	(94,478)	(83,276)
Total	\$ 41,356	\$ 25,649	\$ 36,851

During fiscal year 2010-2011, a truck was purchased and one was sold. The Board did not purchase any capital assets during the fiscal year 2009-2010. Additional information regarding capital assets can be found in Note 6 to the financial statements.

Economic Factors and Next Year's Rates

The Board reviews and includes a variety of different economic statistics in the development and monitoring of the budget.

- Assessment revenue will remain at \$2.60 per acre for the 2011-2012 fiscal year.
- Interest earnings are anticipated to be approximately the same as the prior fiscal year due to minimal changes in interest rates.
- The Board anticipates slight increases in fuel, utility, gauging and attorney costs for the 2011-2012 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the United States Board of Water Commissioners finances for those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Water Master's Office, 410 N. Main St., Yerington, Nevada, 89447, or by calling 775-463-3540.

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UNITED STATES BOARD OF WATER COMMISSIONERS, WALKER RIVER
STATEMENTS OF NET ASSETS
JUNE 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets:		
Cash	\$ 282,747	\$ 247,813
Assessments receivable:		
Walker River Irrigation District users	<u>1,317</u>	<u>8,495</u>
Total Current Assets	<u>284,064</u>	<u>256,308</u>
Noncurrent assets:		
Capital assets		
Equipment	5,711	5,711
Office equipment and furniture	28,340	28,340
Vehicles	<u>93,693</u>	<u>86,076</u>
	127,744	120,127
Less: Accumulated depreciation	<u>86,388</u>	<u>94,478</u>
Total Capital Assets	<u>41,356</u>	<u>25,649</u>
Other assets		
Deposit	<u>774</u>	<u>774</u>
Total Noncurrent Assets	<u>42,130</u>	<u>26,423</u>
Total Assets	<u>326,194</u>	<u>282,731</u>
LIABILITIES		
Current liabilities:		
Accounts payable	31,884	5,551
Accrued payroll	4,819	4,045
Accrued compensated absences	<u>12,478</u>	<u>10,667</u>
Total Liabilities	<u>49,181</u>	<u>20,263</u>
NET ASSETS		
Invested in capital assets	41,356	25,649
Unrestricted	<u>235,657</u>	<u>236,819</u>
Total Net Assets	<u>\$ 277,013</u>	<u>\$ 262,468</u>

See accompanying notes.

**UNITED STATES BOARD OF WATER COMMISSIONERS, WALKER RIVER
STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Assessments	\$ 354,640	\$ 342,445
Penalties	-	23
Miscellaneous	<u>770</u>	<u>802</u>
Total Operating Revenues	<u>355,410</u>	<u>343,270</u>
OPERATING EXPENSES		
Salaries	139,593	138,108
Payroll taxes	12,426	11,225
Commissioners expense & mileage	490	524
Industrial insurance	4,006	4,039
Group insurance	18,840	17,954
Pension expense	16,488	13,778
Gauging expenses	53,300	51,077
Attorney fees	28,646	26,263
Auditing and accounting fees	5,000	2,750
Insurance	6,757	6,914
Telephone	4,895	4,505
Travel, conference & meetings	1,585	1,153
Gas, oil and grease	11,069	8,059
Repairs and maintenance	3,402	3,301
Supplies	832	702
Auto licenses and taxes	608	1,060
W.R.I.D. rent	6,175	5,700
Depreciation	10,110	11,214
Office expense	2,684	1,811
Miscellaneous	200	530
Computer/software expense	1,276	1,776
Travel-river rider mileage	9,903	9,790
Dues and subscriptions	382	264
Utilities	<u>5,575</u>	<u>4,809</u>
Total Operating Expenses	<u>344,242</u>	<u>327,306</u>
Operating Income	11,168	15,964
NONOPERATING REVENUES		
Gain on sale of asset	3,300	-
Interest	<u>77</u>	<u>121</u>
Total Nonoperating Revenues	<u>3,377</u>	<u>121</u>
Net Income	<u>14,545</u>	<u>16,085</u>
NET ASSETS, Beginning of Year	<u>262,468</u>	<u>246,383</u>
NET ASSETS, End of Year	<u>\$ 277,013</u>	<u>\$ 262,468</u>

See accompanying notes.

**UNITED STATES BOARD OF WATER COMMISSIONERS, WALKER RIVER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from water users	\$ 359,288	\$ 342,167
Cash paid to suppliers for goods and services	(167,907)	(165,419)
Cash paid to employees for services	(137,307)	(147,282)
	<u>54,074</u>	<u>29,466</u>
Net Cash Provided by Operating Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Sale of capital asset	3,300	-
Acquisition of capital asset	(22,517)	-
	<u>(19,217)</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	77	121
	<u>77</u>	<u>121</u>
Net Increase (Decrease) in Cash	34,934	29,587
Cash, Beginning of Year	<u>247,813</u>	<u>218,226</u>
Cash, End of Year	<u>\$ 282,747</u>	<u>\$ 247,813</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating Income	<u>\$ 11,168</u>	<u>\$ 15,964</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Gain on sale of asset	(3,300)	-
Depreciation	10,110	11,214
(Increase) decrease in assets:		
Assessments receivable	7,178	(1,103)
Increase (decrease) in liabilities:		
Accounts payable	26,333	1,340
Accrued expenses	2,585	2,051
	<u>42,906</u>	<u>13,502</u>
Net Cash Provided by Operating Activities	<u>\$ 54,074</u>	<u>\$ 29,466</u>

See accompanying notes.

**UNITED STATES BOARD OF WATER COMMISSIONERS, WALKER RIVER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010**

NOTE 1 - Summary of Significant Accounting Policies:

Reporting Entity:

The United States Board of Water Commissioners, Walker River (the Board) is an instrumentality of the United States court overseeing the allocation and delivery of water through the Walker River basin system.

The accompanying financial statements of the United States Board of Commissioners have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of existing Government and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

These financial statements contain all funds under the direct jurisdiction of the United States Board of Water Commissioners, Walker River. The Commissioners are fiscally independent of all other governmental entities, and therefore, have no component units which should be included in this report, nor can they be considered a component unit of any other entity.

Basic Financial Statements:

The Statement of Net Assets reports information on all activities of the Board. This business type activity is financed in whole by the assessments on the water users.

The Statement of Revenue, Expenses and Changes in Net Assets reports on the financial transactions of the Board. The Board's one individual proprietary fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses. This enterprise fund is used to account for the business-like activity provided to users based on their assessments and the measurement of financial activity focuses on net income measurement similar to the private sector.

The Board applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, APB opinions, and ARB's. As permitted by GASB No. 20, the Board has elected not to follow subsequent private-sector guidance on its business type activity.

Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**UNITED STATES BOARD OF WATER COMMISSIONERS, WALKER RIVER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010**

The focus for proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. Operating expenses for the enterprise funds include services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The generally accepted accounting principles are those similar to business in the private sector.

Budget:

Annual budgets are prepared and submitted to the United States District Court, District of Nevada for consideration by the Court. The budgets and associated assessments rates become effective after approval by the Court.

Capital Assets:

Capital assets are reported in the basic financial statement. Assets are recorded at historical cost or estimated historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized. The Board has set a capitalization policy of \$1,000 for all classification of capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	YEARS
Equipment	7-10
Office equipment and furniture	5-7
Vehicles	7

Compensated Absences:

The Board allows employees to accumulate unused sick and vacation time to a maximum of 90 days and 30 days, respectively. Since accrued sick leave will not be paid when the employee terminates employment, only unused vacation is accrued as a liability.

Estimates:

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

UNITED STATES BOARD OF WATER COMMISSIONERS, WALKER RIVER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010

Subsequent Events:

Management has evaluated subsequent events through November 1, 2011, which is the date these financial statements were available to be issued and these financial statements have not been updated for subsequent events occurring after that date.

NOTE 2 - Cash:

The following is a schedule of cash deposits held by the Board and the insurance on those deposits:

Represented by:	<u>CARRYING</u> <u>AMOUNT</u>		<u>BANK</u> <u>BALANCE</u>	
	2011	2010	2011	2010
Cash on hand	\$ 98	\$ 98	\$ 98	\$ 98
Wells Fargo CD:	53,127	53,075	53,127	53,075
Wells Fargo Deposit:	229,522	194,640	223,571	209,389
	<u>\$ 282,747</u>	<u>\$ 247,813</u>	<u>\$ 276,796</u>	<u>\$ 262,562</u>
Cash on hand	\$ 98	\$ 98	\$ 98	\$ 98
Insured (FDIC)	282,649	247,715	276,698	262,464
	<u>\$ 282,747</u>	<u>\$ 247,813</u>	<u>\$ 276,796</u>	<u>\$ 262,562</u>

Bank balances are the amounts as reflected on the records of the financial institution at June 30, 2011. Carrying amounts are the balances as reflected on the Board's records which are the bank balances adjusted for outstanding checks and deposits in transit.

There are no legal or contractual provisions regarding deposits and no investment policies regarding deposits have been adopted.

NOTE 3 - Pension Plan:

During the 1991-92 fiscal year, the Board established a VIP Basis Standardized Money Purchase Pension defined contribution plan for the benefit of its employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Full time employees are eligible to participate from the date of employment. The maximum contribution the Board may make is the lesser of 25% of a participant's compensation up to \$45,000 per year. The Board is responsible and has authority to amend the Plan provisions and contribution requirements. The current contribution is 14.05% of the employees' compensation. The Board's contributions for each employee are fully vested upon date of deposit.

The payroll for employees covered by the plan for the year ended June 30, 2011 and 2010 was \$106,704 and \$98,061; the total payroll was \$139,593 and \$138,108 respectively. The Board's contributions for the years ended June 30, 2011 and 2010 were \$16,488 and \$13,778 respectively, equal to the required contribution.

**UNITED STATES BOARD OF WATER COMMISSIONERS, WALKER RIVER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010**

NOTE 4 - Lease:

The Board has an operating lease agreement with the Walker River Irrigation District for use of the office building. The lease agreement was renewed on July 1, 2008 for a period of three years. The yearly rent is \$5,700 for fiscal year 2011.

NOTE 5 - Risk Management:

The Board, similar to all entities, is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third party.

NOTE 6- Capital Assets:

A summary of changes in capital assets for the year ended June 30, 2011 follows:

	Balance June 30, 2009	Additions	Balance June 30, 2010	Additions/ Deletions	Balance June 30, 2011
Equipment	\$ 5,711	\$ -	\$ 5,711	\$ -	\$ 5,711
Office equipment And furniture	28,340	-	28,340	-	28,340
Vehicles	86,076	-	86,076	7,617	93,693
	120,127	-	120,127	7,617	127,744
Less: Accumulated Depreciation	(83,264)	(11,214)	(94,478)	(8,090)	(86,388)
	<u>\$ 36,863</u>	<u>\$ (11,214)</u>	<u>\$ 25,649</u>	<u>\$ 15,707</u>	<u>\$ 41,356</u>