

EXHIBIT 4

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TITLE 85. WATER USE CHAPTER 7. IRRIGATION DISTRICTS

Part 16. Joint Operations

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<http://leg.mt.gov/bills/mca/85/7/85-7-1602.htm>

[85-7-1602. Election on joint operations.](#) At any time after March 7, 1959, **in the event that it is deemed advisable or desirable for any irrigation districts to operate under the direction of a board of control as herein provided, the boards of commissioners of the districts, after petition requesting the same be received and filed with them, must call an election to put the question before**

the landowners of the districts which are petitioned to be joined. In the event a majority of the landowners of each district, as provided by 85-7-1710, vote for organizing such board of control, then **the commissioners of each district will be authorized and directed to enter into such contract to operate the districts in accordance with the terms of this part as provided by 85-7-1601.** The election herein provided shall be conducted in the same manner and the same persons shall be entitled to vote thereat as provided for elections of commissioners of irrigation districts, in accordance with 85-7-1702, 85-7-1710, and 85-7-1712.

History: En. Sec. 10, Ch. 179, L. 1959; R.C.M. 1947, 89-1218(part); amd. Sec. 399, Ch. 571, L. 1979.

<http://leg.mt.gov/bills/mca/85/7/85-7-1603.htm>

85-7-1603. Withdrawal from joint operation. Any district having entered into a written contract, as provided by this part, may withdraw from such contract upon submitting to the board of control, in writing, a 90-day notice of withdrawal, except that if revenue bonds have been issued by the board of control under part 14 of this chapter, the district may not withdraw from such contract until such bonds are canceled or redeemed.

History: En. Sec. 11, Ch. 179, L. 1959; R.C.M. 1947, 89-1219; amd. Sec. 21, Ch. 193, L. 1987.

<http://leg.mt.gov/bills/mca/85/7/85-7-1605.htm>

85-7-1605. Purpose. This part is not intended to conflict in any way with statutes governing irrigation districts but is for the sole purpose of **making it possible for one or more irrigation districts to function jointly through a central control agency for the purpose of efficiency, simplicity, and economy.**

History: En. Sec. 12, Ch. 179, L. 1959; amd. Sec. 18, Ch. 460, L. 1977; R.C.M. 1947, 89-1220.

<http://leg.mt.gov/bills/mca/85/7/85-7-1612.htm>

85-7-1612. Board of control -- powers and duties. (1) The board of control established by this part **is the operating agent of the contracting districts for the operation and maintenance of irrigation and/or drainage works and the delivery of water therefrom.**

(2) **The board shall make and execute all necessary contracts;** employ and appoint such agents, officers, and employees as may be required; and prescribe their duties.

(3) **The board may institute and maintain any and all actions and proceedings and suits at law or in equity, necessary or proper in order to fully carry out the provisions of this chapter or to enforce, maintain, protect, or preserve any and all rights, privileges, and immunities created by this part or acquired in pursuance thereof.** In all courts, suits, or proceedings, the board may sue, appear, and defend in person or by its attorneys and in the name of such board of control.

(4) **The board may adopt rules and bylaws governing the calling and holding of meetings of the board; the manner of transacting business thereat; and the publishing or posting of the orders, resolutions, and proceedings of the board.** The board shall pass or adopt bylaws and rules for the apportionment and distribution of water to the lands of the contracting districts and for the protection and preservation of the works and other property of the districts. All orders and resolutions shall be passed or adopted by a majority of the members of the board of control by a "yea" and "nay" vote, to be entered upon the records of the board.

(5) **The board of control may perform all other acts necessary or appropriate to fully carry out the purposes of this part.**

(6) The board of control may plan, acquire, construct, operate, maintain, lease, or finance an undertaking through the issuance of revenue bonds, as provided in part 14 of this chapter.

History: En. Sec. 3, Ch. 179, L. 1959; R.C.M. 1947, 89-1211; amd. Sec. 3, Ch. 326, L. 1979; amd. Sec. 22, Ch. 193, L. 1987; amd. Sec. 79, Ch. 83, L. 1989.

<http://leg.mt.gov/bills/mca/85/7/85-7-1614.htm>

85-7-1614. Board of control -- office and records. The board of control is hereby authorized and empowered to establish an office in one of the contracting districts; to hold its proceedings therein; and **to keep on file all necessary petitions, papers, minutes, documents, or other instruments belonging to the board of control and the contracting districts.**

History: En. Sec. 5, Ch. 179, L. 1959; R.C.M. 1947, 89-1213.

<http://leg.mt.gov/bills/mca/85/7/85-7-1616.htm>

85-7-1616. Required records and audits. (1) The board of control shall keep or cause to be kept, **in the form prescribed by the department of administration**, a full and complete book and record of the accounts, records, contracts, securities, minutes of meetings, and other matters of every kind pertaining to or belonging to the joint operation of the irrigation districts.

(2) The department of administration shall prescribe forms for the use of the board of control.

(3) **The accounting records of all boards of control must be audited in accordance with 2-7-503.**

History: En. Sec. 7, Ch. 179, L. 1959; amd. Sec. 165, Ch. 253, L. 1974; amd. Sec. 51, Ch. 213, L. 1975; R.C.M. 1947, 89-1215; amd. Sec. 7, Ch. 274, L. 1981; amd. Sec. 1, Ch. 287, L. 1983; amd. Sec. 11, Ch. 179, L. 1995; amd. Sec. 214, Ch. 483, L. 2001.

<http://sfsd.mt.gov/Portals/24/LGSB/MontanaSingleAuditAct.doc>

<http://leg.mt.gov/bills/mca/2/7/2-7-503.htm>

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2-7-503. Financial reports and audits of local government entities. (1) **The governing body or managing or executive officer of a local government entity**, other than a school district or associated cooperative, **shall ensure that a financial report is made every year**. A school district or associated cooperative shall comply with the provisions of [20-9-213](#). **The financial report must cover the preceding fiscal year, be in a form prescribed by the department, and be completed and submitted to the department for review within 6 months of the end of the reporting period.**

(2) The department shall prescribe a uniform reporting system for all local government entities subject to financial reporting requirements, other than school districts. The superintendent of public instruction shall prescribe the reporting requirements for school districts.

(3) (a) **The governing body or managing or executive officer of each local government entity receiving revenue or financial assistance in the period covered by the financial report in excess of \$500,000, regardless of the source of revenue or financial assistance, shall cause an audit to be made at least every 2 years.** The audit must cover the entity's preceding 2 fiscal years. The audit must commence within 9 months from the close of the last fiscal year of the audit period. The audit must be completed and submitted to the department for review within 1 year from the close of the last fiscal year covered by the audit.

(b) **The governing body or managing or executive officer of a local government entity that does not meet the criteria established in subsection (3)(a) shall at least once every 4 years, if directed by the department**, or, in the case of a school district, if directed by the department at the request of the superintendent of public instruction, **cause a financial review, as defined by department rule, to**

be conducted of the financial statements of the entity for the preceding fiscal year.

(4) An audit conducted in accordance with this part is in lieu of any financial or financial and compliance audit of an individual financial assistance program that a local government is required to conduct under any other state or federal law or regulation. **If an audit conducted pursuant to this part provides a state agency with the information that it requires to carry out its responsibilities under state or federal law or regulation, the state agency shall rely upon and use that information to plan and conduct its own audits or reviews in order to avoid a duplication of effort.**

(5) In addition to the audits required by this section, the department may at any time conduct or contract for a special audit or review of the affairs of any local government entity referred to in this part. The special audit or review must, to the extent practicable, build upon audits performed pursuant to this part.

(6) **The fee for the special audit or review must be a charge based upon the costs incurred by the department in relation to the special audit or review. The audit fee must be paid by the local government entity to the state treasurer and must be deposited in the enterprise fund to the credit of the department.**

(7) Failure to comply with the provisions of this section subjects the local government entity to the penalties provided in [2-7-517](#).

History: En. 82-4516, 82-4529 by Secs. 2, 15, Ch. 380, L. 1975; R.C.M. 1947, 82-4516(1) thru (3), 82-4529; amd. Sec. 1, Ch. 336, L. 1979; amd. Sec. 1, Ch. 573, L. 1981; amd. Sec. 1, Ch. 49, L. 1983; amd. Sec. 3, Ch. 277, L. 1983; amd. Sec. 1, Ch. 84, L. 1985; amd. Sec. 1, Ch. 565, L. 1985; amd. Sec. 1, Ch. 673, L. 1985; amd. Sec. 1, Ch. 140, L. 1989; amd. Sec. 3, Ch. 489, L. 1991; amd. Sec. 5, Ch. 430, L. 1995; amd. Sec. 1, Ch. 91, L. 1997; amd. Sec. 1, Ch. 458, L. 1997; amd. Sec. 47, Ch. 257, L. 2001; amd. Sec. 34, Ch. 278, L. 2001; amd. Sec. 1, Ch. 272, L. 2007; amd. Sec. 1, Ch. 289, L. 2011; amd. Sec. 1, Ch. 11, L. 2015; amd. Sec. 1, Ch. 262, L. 2015.

<http://leg.mt.gov/bills/mca/2/7/2-7-517.htm>

2-7-517. Penalties -- rules to establish fine. (1) **When a local government entity has failed to file a report as required by 2-7-503(1) or to make the payment required by 2-7-514(2) within 60 days, the department may issue an order stopping payment of any state financial assistance to the local government entity or may charge a late payment penalty as adopted by rule.** Upon receipt of the report or payment of the filing fee, all financial assistance that was withheld under this section must be released and paid to the local government entity.

(2) **In addition to the penalty provided in subsection (1), if a local government entity has not filed the audits or reports pursuant to 2-7-503 within 180 days of the dates required by 2-7-503, the department shall notify the entity of the fine due to the department and shall provide public notice of the delinquent audits or reports.**

(3) When a local government entity has failed to make payment as required by 2-7-516 within 60 days of receiving a bill for an audit, the department may issue an order stopping payment of

any state financial aid to the local government entity. Upon payment for the audit, all financial aid that was withheld because of failure to make payment must be released and paid to the local government entity.

(4) The department may grant an extension to a local government entity for filing the audits and reports required under 2-7-503 or may waive the fines, fees, and other penalties imposed in this section if the local government entity shows good cause for the delinquency or demonstrates that the failure to comply with 2-7-503 was the result of circumstances beyond the entity's control.

(5) **The department shall adopt rules establishing a fine, not to exceed \$100, based on the cost of providing public notice under subsection (2), for failure to file audits or reports required by 2-7-503 in the timeframes required under that section.**

History: En. Sec. 6, Ch. 573, L. 1981; amd. Sec. 3, Ch. 3, L. 1985; amd. Sec. 15, Ch. 489, L. 1991; amd. Sec. 7, Ch. 42, L. 1997; amd. Sec. 2, Ch. 289, L. 2011.