

Staff Report

for the Regular Meeting of the Board of Directors July 27, 2016

TO: Board of Directors
FROM: Marvin Davis, MBA, CPA, Finance Manager/Treasurer
DATE: July 27, 2016
SUBJECT: Comprehensive Annual Financial Report - 2015

FINANCE

RECOMMENDATION:

Hear presentation of the District's 2015 audited Comprehensive Annual Financial Report (CAFR) and authorize the Finance Manager to publish and file the report.

BACKGROUND:

The Government Code (GC), Grant Contracts, Debt Continuing Disclosure, and Board policy requires audited financial statements of the District. The District contracted with the firm Richardson and Company, LLP in December 2013 for this service. The contract covers a five-year engagement consistent with Board policy and industry standards.

This year's financial report is the first comprehensive financial report consistent with Governmental Accounting Standards Board (GASB) 34 statement and GAAP. This format allows the District to apply for the distinguished Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting program. This award is the standard in the industry for the CAFR.

There are a few significant changes to this year's report.

- Water, Electric and Recreation are presented separately
- Improvement Districts: Cement Hill, Rode Flat and Others are presented separately (Agency Fund Statements)
- GASB 68 (Net Pension Liability) adjustment of \$37 Million (Balance Sheet)
- Deferred Outflows & Inflows (Pension) adjustments of \$6 Million each (Balance Sheet)
- Net Position shows reduction due to new Pension reporting (Note 6)
- Expanded Required Supplemental Pension Information (Note 7)

- A Statistical Section is provided for trend analysis
- Capacity Fee Schedule in accordance with GC Section 66013 (Cash basis)
- Restatement adjustment of \$35 Million (Note 15)

The Finance Department considers it a privilege to present this CAFR to the Board and sincerely thanks all Departments and our patient auditors.

BUDGETARY IMPACT:

N/A

Attachments:

- Audited Financial Report for year ending December 31, 2015
- Auditor's Management Letter dated July 20, 2016
- Auditor's Required Communication Letter dated July 20, 2016



NEVADA IRRIGATION DISTRICT

Comprehensive Annual Financial Report

For the Year Ended December 31, 2015

Nevada Irrigation District
1036 W. Main Street
Grass Valley, California 95945
(530) 273-6185
www.nidwater.com

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NEVADA IRRIGATION DISTRICT

Comprehensive Annual Financial Report

For the Year Ended December 31, 2015

Prepared by the Finance Department

Marvin V. Davis, MBA, CPA
Finance Manager/Treasurer

Grass Valley, California

NEVADA IRRIGATION DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2015

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NEVADA IRRIGATION DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2015

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INTRODUCTORY SECTION



July 27, 2016

To the Honorable Board of Directors of Nevada Irrigation District:

The Nevada Irrigation District (District) is required by State statute to publish within twelve months, of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board (GASB) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we are pleased to present the initial Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2015. The information presented in this CAFR provides financial information with all the disclosures necessary to enable the District's customers, investment community, and public to assess the District's financial condition.

This report contains management's representations concerning the finances of the District. Management is responsible for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework designed to protect the District's assets from loss, theft, or misuse while compiling sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls provides reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Richardson & Company LLP, a firm of licensed certified public accountants with which the District contracts for these services, has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance to parties that the financial statements of the District for the fiscal year ended December 31, 2015, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended December 31, 2015, are in conformity with GAAP. The independent auditor's report is the first component of the financial section of this report.

GASB requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter complements the MD&A and should be read in conjunction with it. The District's MD&A is located immediately following the independent auditor's report.

The CAFR contains an Introductory, Financial, Required Supplementary Information, Supplementary Information and Statistical section. The Introductory section includes this transmittal letter, a list of principal officials and the District's organizational chart. The Financial section includes the Independent Auditor's Report on the District's financial statements; MD&A; December 31, 2015 basic financial statements, including the Balance Sheet, Statement of Revenues and Expenses, Statement of Cash Flows, Statement of Fiduciary

Net Position and Notes to the Basic Financial Statements. The Required Supplementary Information contains information on the District's pension and other postemployment benefit plan. Supplementary information consists of a Schedule of Changes in Assets and Liabilities for the Agency Funds and the Capacity Fee Report. The financial statements are prepared in accordance with GAAP. The Statistical section summarizes selected unaudited general financial and operational information of the District.

District Profile

History

On March 15, 1921 local organizers presented petitions carrying 800 signatures of irrigation district supporters to the Nevada County Board of Supervisors. During a public election on August 5, 1921, voters recommended formation of the district by a margin of 536-163. Nevada County Supervisors authorized the new district and 10 days following the election, on August 15, 1921, the District officially formed. The District's first board meeting occurred that day in Grass Valley's Bret Harte Hotel.

At its formation, the District included 202,000 acres in Nevada County. Five years later, in 1926, residents of Placer County chose to join the District adding another 66,500 acres. Today, the District includes more than 287,000 acres. Following its formation, the District achieved rapid progress in laying the groundwork for the new public irrigation system. During the 1920s, many important water rights were obtained, key water rights the district retains to this day. The acquisition of land to store and deliver water was a very important step in the district's development.

The District began to deliver irrigation water to local farms in 1927. At that time, irrigation water was priced at about 10 cents per day. By the late 1950s and early 1960s it had become apparent that the future would bring more demand for water in the District's service areas. Demand for District water was beginning to transition from canal water to piped and treated drinking water. At the same time, California was embracing development of hydroelectric power to meet the state's growing energy needs.

District leaders once again took their campaign to the electorate and in a 1962 election, 97 percent of District voters supported a \$65 million bond issue to construct the Yuba-Bear River Power Project. The major project completed from 1963-66, remains a very important milestone in District history. It brought not only power generation capability, but also new reservoirs and canal systems and, most importantly, created approximately 160,000 of additional water storage for District residents.

No longer would foothill reservoirs run dry in the long hot summers. Today, as the District has grown and matured into a multi-faceted water, power, and recreation agency, the District continues to take great pride in its Gold Rush roots and important place in California water history.

Mission Statement

The District will provide a dependable, quality water supply; continue to be good stewards of the watersheds, while conserving the available resources in our care.

Water Operation

From Mountain Division reservoirs, the District water flows through the Bowman-Spaulding Canal via Fuller Lake to PG&E's Lake Spaulding. It is then routed either down the South Yuba Canal to Upper Deer Creek, Scotts Flat and the Nevada City-Grass Valley area, or down the PG&E Drum System along the Bear River where the water is used to generate power for the District and PG&E before supplying District customers in southern Nevada County and Placer County.

The highest elevation on the District's mountain watershed is the peak of 8,373-foot English Mountain, which rises east of Bowman Reservoir. The District's highest reservoir is French Lake at 6,835 feet. The District's

lowest elevation water service is located about 100 miles to the southwest, at 150 feet above sea level, south of Lincoln in Placer County.

The District's highest dam is the rock fill-earth core dam at Rollins Reservoir, built in 1965 and standing 242 feet tall. The Jackson Meadows dam (1965) is second highest at 195 feet, Scotts Flat dam (1965) is 175 feet and the Bowman South Arch dam (1925) is 171 feet high. French Dam, constructed in 1858-59, is the District's oldest dam still in use. Other dams that originated in the 1800s include the Bowman Rockfill Dam (1872), and Faucherie, Sawmill and Jackson, all constructed prior to 1880. In the lower division, Van Giesen Dam at Combie Reservoir is the oldest, built in 1928.

With precipitation data that dates to the 1800s, the District is a foremost source for regional weather information. The District has been keeping weather records for Bowman Reservoir (elev. 5,650 ft.) since 1929. The 69.2-inch annual average precipitation at Bowman compares to an annual average of 56 inches at 2,700 feet near Nevada City and 52 inches at 2,400 feet in Grass Valley. Annual precipitation measures for the 12-month period beginning July 1 and ending June 30. The District is a participant in the California Cooperative Snow Survey Project. District snow surveyors conduct snow surveys regularly during the winter and spring months. Data compiled in the snow surveys predicts water availability locally and statewide.

The District collects water on 70,000 acres of high mountain watershed. The District holds valuable water rights to these supplies and does not have to purchase water from other agencies. The water supplied to District customers originates on the upper reaches of the Middle Yuba River, South Yuba River, Bear River, Canyon Creek, Deer Creek and several tributaries. Water from the mountain snowpack flows into seven reservoirs in the District's mountain division and transports into three additional foothill reservoirs and District customers through an extensive water transmission system. The District uses over 460 miles of canals and another 300 miles of pipeline to transport water to customers.

Water Efficiency

The District is committed to conservation and encourages wise use of water. Conservation and water use efficiency is important to preserving our precious water resources. Water fulfills drinking, household, agricultural, safety, property preservation, and environmental purposes.

Master Gardeners and the District cooperate to demonstrate sustainable landscape techniques for the home gardening public. The District and the University of California signed an agreement to establish a demonstration garden in March 1991. The District installed water lines and electricity for irrigation timers. Master Gardeners designed and planted an herb garden, vegetable beds, and fruit trees. Master Gardeners plan, install and maintain the garden.

Hydroelectric Operation

The District is a leader among Northern California water agencies in the production of clean, hydroelectric energy. Revenues from hydroelectricity are very important in the maintenance and operation of the District's extensive water distribution system. The District has seven power plants that generate enough electricity to supply the equivalent of more than 60,000 homes. The District has a generation capacity of 82.2 megawatts, produces an average 375 million kilowatt hours of energy each year, and sells its electrical output to the Pacific Gas & Electric Co. Power Plants and capacity of megawatts include Chicago Park 39.0, Dutch Flat 24.57, Rollins 12.15, Bowman 3.6, Combie South 1.5, Scotts Flat 0.875 and Combie North 0.5.

The District began producing power in 1966 with the completion of the \$65 million Yuba-Bear Power Project. The project included the Chicago Park and Dutch Flat powerhouses. The Rollins powerhouse came onboard in 1980. To make use of existing water releases, small power plants came onboard during the 1980s at Bowman, Scotts Flat and Combie reservoirs.

The District is completing requirements for a new Federal license that will govern the Yuba-Bear Project hydroelectric operations for years to come. The District has secured a new power sales agreement that

markets the Project's energy production to the Pacific Gas & Electric Company.

Recreation Operation

The District provides outstanding outdoor recreational opportunities at District reservoirs in the foothills and mountains of the Northern Sierra. Popular Sierra foothill recreation activities at both Rollins and Scotts Flat reservoirs include camping, fishing, swimming, sunning, boating, waterskiing, sailing and kayaking. Contracted private operators and District personnel operate campgrounds and beaches. The Board of Directors establishes user fees after approval by the State Departments of Water Resources and Fish & Game.

Scotts Flat is nestled among the tall pines at the 3100-foot elevation nine miles east of Nevada City via Highway 20 and Scotts Flat Road. It offers 169 campsites at two large campgrounds plus a group camp. Across the lake, accessible via Red Dog and Quaker Hill Roads from Nevada City, is the Cascade Shores Day Use Area.

Rollins, located at the 2100-foot elevation off Highway 174 between Grass Valley and Colfax, has four independently operated campgrounds. Long Ravine, Greenhorn, Orchard Springs and Peninsula offer a combined 250 campsites and a complete range of services including stores, restaurants, fuel sales and rentals.

The District's mountain campgrounds reside at Faucherie and Jackson Meadows reservoirs. Nature, solitude, scenery and good fishing are among the attractions. The mountain campgrounds are normally snowed in during the winter and opened for recreation from Memorial Day through Labor Day.

Summary of District Operations:

- Customers: 27,577
- Number of Employees: 198
- District Geographical Size: 287,000 acres
- Mountain Watershed: 70,000 acres
- Storage Capacity: 280,380 acre-feet
- Reservoirs: 10
- Water Treatment Plants: 7
- Hydroelectric Plants: 7
- Recreation Sites: 12
- Canals: 460 miles
- Pipelines: 300 miles
- 2016 Combined Budget: \$74.4 million
 - Water Division: \$55.2 million
 - Hydroelectric Division: \$16.9 million
 - Recreation Division: \$2.3 million

Accounting System and Budgetary Controls

The District's accounting records use the accrual basis of accounting. Revenue recognition occurs when earned and expenses when incurred.

The District staff works with the Finance Department to develop the annual budget. The process begins in September and managers develop their budget requests needed to fulfill the District's mission, goals and objectives for the next fiscal year. The Finance Department prepares the proposed budget and reviews with the Administrative Practices Committee, making any necessary adjustments arising from that review. Then the Finance Manager/Treasurer provides a copy to the Board of Directors in advance of the meeting and presents the proposed budget to the Board of Directors in October for their review. The Board adopts the

budget in public hearing no later than December 31. The document is a management tool for projecting, measuring and controlling, revenues and expenses.

The District accounts for the financial management of the three enterprise operations separately.

Factors Affecting Financial Condition

Economic Outlook

The District is located in Northern California and serves parts of Nevada, Placer, and Yuba Counties.

Nevada County

The 2015 estimated population figures, as provided by the California Department of Finance for Nevada County are 98,095 (changed to match stat table). This is a slight increase from 2014 with about 67% or 65,863 of the residents living in the unincorporated areas. The Town of Truckee is the largest of the three cities within the County, with approximately 16,211 residents in 2015. The City of Grass Valley is the second largest city within the boundaries of the County with a population of 12,925. Nevada City serves as the County seat with a population of 3,194.

The County's June 2015 labor force totaled 48,930, which was an increase of 310 from the 2014 figure for the same month. Nevada County's unemployment rate in June 2015 was 5.5% which was a moderate decrease from June 2013's unemployment rate of 8.1%, California's statewide rate was 5.7% for the same period. The median household income within the County of Nevada is \$56,949 (in 2014 dollars as provided by the US Census Bureau). This is slightly higher than the United States median household income.

The County, like many other rural counties, is in the economic recovery cycle and seeing strong indicators of improvements. The sales tax revenue to the County increased 5% from year to year which is an indication that consumer confidence is rising helping the local economy rebound. Sales tax revenue anticipates 2% increases for the two subsequent fiscal years.

The real estate market continues to show improvement with anticipated rising home sales and prices. The median residential property price in Western Nevada County increased from \$300,000 in 2014 to \$330,000 with 1,441 units sold in 2015. Although the real estate market in eastern county remains solid, the sales are flattening out. One reason for this is that 2014 was a strong year for home sales, with prices increasing up to 22%. Median sales are at \$500,000, but have declined 3% from 2014. New construction permits are increasing, however, construction activity remains below the pre-recession highs.

Placer County

The economy continues to improve in the wake of the "Great Recession". Unemployment levels trended above national levels from 2009 until 2012, but declined to 5.0% as of September 2015, which is below the national level of 5.1%. Property tax, the County's largest discretionary revenue source, continues to increase due to the recovery in property values. The fiscal 2015 secured tax roll shows an 8.3% increase in assessed values from the previous year to \$61.9 billion. Property and real property transfer taxes estimate growth at a moderate pace of about 4 to 5% annually, while sales tax collection estimates 3% annual growth through 2018.

Targeted revenue sources in some departments continue to improve, primarily Public Safety and Health and Human Resources. With an uptick in building permit activity, several large residential developments in progress, and recent job growth, the local economy should improve in the near-term and position the County favorably for future growth. In addition, due to the steady hand of the Board of Supervisors and ongoing commitment of departments to deliver high level, cost effective services, the County welcomes local economic growth.

Yuba County

Yuba County's estimated population of 74,385 as of January 1, 2016, is an increase over 2015 data of 0.5 percent. The largest city within the county, Marysville, is the county seat and one of California's most historic cities. Of Yuba County's population, more than 73 percent reside in the unincorporated areas. The population in Yuba County is projected to reach 88,285 by the year 2025, an increase of 21 percent above the 2010 census. Yuba County's population is projected to increase 80 percent by 2060. As the area's population is expected to increase by 80 percent over the next 40 years, the cities and counties are working to manage this growth by improving infrastructure elements such as roads, water, wastewater, and levee systems. Special attention to major transportation arteries will be especially critical.

Estimated median family income is \$49,560 and from 1994 to 2014 the annual average unemployment rate for the Yuba-Sutter region was at a high of 18.1 percent in 2010 and dropped as low as 8.8 percent in 2000; the current jobless rate is 11.0 percent for March 2016.

Long-term Financial Planning

In order to ensure funds are available to meet both operating and capital needs, the District established a financial planning process with development of a capital improvement program containing planned and contingent projects for a five-year period. The District next estimates current and future operating needs then works with a rate consultant to develop a water rate study and long-term financial plan.

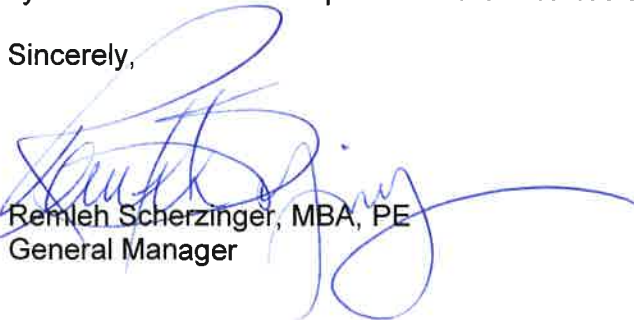
Willdan Financial Services prepared a rate study in January 2014 recommending five-year 6% annual rate increases seeking public input and Board adoption. The District followed the Proposition 218 process for implementing these rates. The Board of Directors and staff implemented a variety of financial efficiencies, which resulted in cost-savings that averted the need to evaluate a larger rate increase. The drought significantly reduced water revenues, the major source of funding for water operations, so the District continues to monitor the financial impact on future operations. In accordance with operating and capital spending plans, reserve requirements, and the adopted Fiscal Year 2016 Budget, the Board approved a 6% water rate increase effective January 1, 2016.

Awards and Acknowledgements

For the first time, the District is seeking the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting. This certification requires publication of an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy generally accepted accounting principles as well as GASB statements and pronouncements. We believe this report meets the program's requirements.

Without the dedicated services of the entire Finance Department and other key Departmental staff, the preparation of this comprehensive annual financial report on a timely basis would be impossible. The continued support of the Board of Directors of the District in the planning and implementation of the financial systems is a critical component of the District's sustainability and resilience.

Sincerely,



Remleh Scherzinger, MBA, PE
General Manager



Marvin V. Davis, MBA, CPA
Finance Manager/Treasurer

Nevada Irrigation District
List of Elected and Appointed Officials
December 31, 2015

Board of Directors - Elected Officials

<u>Title</u>	<u>Division</u>	<u>Name</u>	<u>Current Term</u>
Vice-President	I	Nancy Weber	12/2014 - 12/2018
Director	II	John H. Drew	12/2014 - 12/2018
President	III	W. Scott Miller, MD	12/2012 - 12/2016
Director	IV	William Morebeck	05/2015 - 12/2016
Director	V	Nick Wilcox	12/2012 - 12/2016

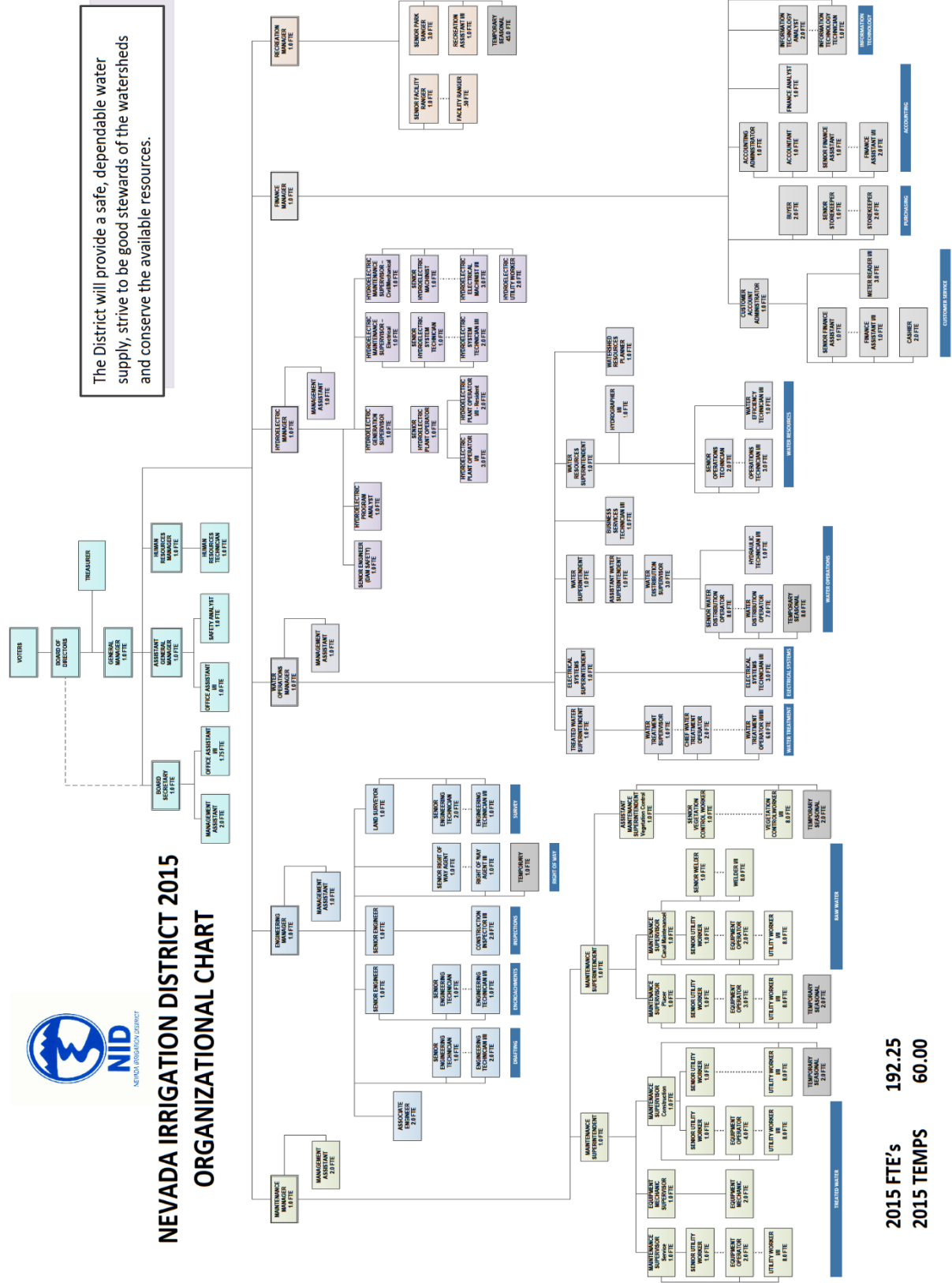
Staff - Appointed Officials

General Manager	Remleh B. Scherzinger
Assistant General Manager	Timothy Crough
Finance Manager/Treasurer	Marvin Davis
Engineering Manager	Gary King
Operations Manager	Armon "Chip" Close
Maintenance Manager	Brian Powell
Hydroelectric Manager	Keane Sommers
Recreation Manager	Peggy Davidson



NEVADA IRRIGATION DISTRICT 2015 ORGANIZATIONAL CHART

The District will provide a safe, dependable water supply, strive to be good stewards of the watersheds and conserve the available resources.



2015 FTE's 192.25
 2015 TEMPS 60.00

FINANCIAL SECTION



550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Nevada Irrigation District
Grass Valley, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Water, Recreation, Electric Funds and the Agency Funds of the Nevada Irrigation District (the District), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
Nevada Irrigation District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2015 and the results of their operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Change in Accounting Principle

As discussed in Note 14 to the basic financial statements, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the year ended December 31, 2015. Due to the implementation of these Statements, the District recognized deferred outflows of resources and a pension liability for its pension plan as of January 1, 2015. Our opinion is not modified with respect to this matter.

Change in Fund Classification

As discussed in Note 14 to the basic financial statements, the District segregated its Recreation Fund into a separate Enterprise Fund and segregated the Improvement Districts as Fiduciary Funds in the 2015 financial statement presentation. Additionally, receivables from two of the improvement districts were recorded in the Water Fund to reflect future repayments of the Improvement District obligations to the District.

Other Matters

Correction of Errors

As discussed in Note 14 to the basic financial statements, adjustments were made to record interfund loan balances and repayments between the Water and Electric funds, record capital asset correcting entries for improperly recorded accumulated depreciation on water right assets and removing variances in both the construction in progress project accounts and to adjust variances between the capital asset detailed subledger and the general ledger. Additionally, an entry was made to remove Retirement Trust assets out of the Water Fund and to remove unidentified deposit accounts from the general ledger.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension liability and related ratios, schedule of contributions – pension plans and schedule of funding progress of the other postemployment benefits plan, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors
Nevada Irrigation District

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining schedule of changes in assets and liabilities – all agency funds, capacity fee schedule and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedule of changes in assets and liabilities – all agency funds and capacity fee schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Richardson & Company, LLP

July 20, 2016

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Management's Discussion and Analysis

This section presents management's discussion and analysis of the Nevada Irrigation District's (the District) financial condition from financial activities of the District for the year ended December 31, 2015. The analysis serves as an introduction to the District's audited financial statements and compliments the readers understanding of those financial statements and accompanying notes.

The Nevada Irrigation District (District or NID) is an independent California special district formed in 1921 under the State's California Water Code for the purpose of providing a water supply and operating a distribution system for domestic, municipal, industrial and agricultural use. The District is a diversified water agency governed by a five-member Board of Directors elected by District voters. The Board is the District's policy-making body, while the District's General Manager, along with approximately 200 full-time and part-time employees, implement policy. The District also generates renewable hydroelectric energy and provides outdoor recreation. The electric power is produced at various hydroelectric facilities and is sold to Pacific Gas and Electric Utility Company (PG&E) under a Power Purchase Agreement. Unique in many respects, NID collects water from its own high mountain watershed, operates a network of seven water treatment plants, generates renewable hydroelectric energy, maintains 425 miles of canals, 300 miles of pipeline and provides outdoor recreation at the District's reservoirs to customers in Nevada, Placer and Yuba counties.

Today, the District serves approximately 19,000 treated water connections and 6,000 irrigation water customers located within its 287,000 acre boundary. The seven water treatment plants have a peak capacity of 41.8 mgd (million gallons per day). About ninety percent of the District's average 145,000 acre-feet of raw water supplied per year is used for local irrigation. NID also generates electricity from seven power plants, which have a combined generation capacity of 82.3 megawatts. Finally, NID's mountain and foothill reservoirs provide recreational experiences, which are important economic attractions for the local tourism industry.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$385,695,864 (*net position*). Of that amount, \$341,891,892 is invested in capital assets, net of related debt, \$6,801,736 is restricted by statute and bond covenants, and \$37,002,236 is unrestricted. (see Note 6)
- The District's net position increased by \$13 million in 2015, a 1.8% or \$.2 million increase over 2014. The District's net position increase for 2014 is \$12.7 million. The change resulted from a slight decrease in water sales of \$.7 million, an increase in taxes and assessments of \$.6 million, a decrease in asset disposal losses of \$2.1 million, an increase in operating expenses of \$1.9 million, and an increase in contributed capital of \$.7 million. The District's non-operating revenues reflect an unrealized loss of \$.8 million on investments, a function of market volatility, resulting in a negative \$.1 million in investment income which is a non-cash adjustment required by GAAP. Actual interest earnings are \$.6 million.
- The District's working capital, current assets of \$37,437,347 minus current liabilities of \$6,320,370, a positive \$31,116,977 is a measure of liquidity and demonstrates a strong financial position. This undoubtedly contributes to an excellent bond rating.
- The District experienced a net decrease of \$21,437,372 in cash and cash equivalents in 2015 primarily due to investing in longer term investments. This strategy will benefit the District's future interest earnings.

- The overall increase in District operating expenses of \$1.9 million resulted from increases in administration and general expenses associated with salaries and general inflation of \$1.8 million, increases in transmission and distribution expenses of \$.9 million, offset by fewer expenses in water treatment, pumping, and depreciation of \$.8 million.
- The District Other Post- Employment Benefits (OPEB) liability was determined in 2013 and sufficient for 2014 and 2015 estimates. The next actuarial report requirement is 2016. The Annual Required Contribution (ARC) is \$2.2 million. After adjustments the expense equates to slightly over this amount. The District contributed \$2.1 million toward this liability and considering prior year's asset balance, the District still maintains an asset of \$.5 million. (see Note 8)
- During 2015, the Nevada Irrigation District's total liabilities and deferred inflows increased by \$42.7 million due to recording of pension liability and interfund loan. As these are non-cash transactions, the District's financial strength remains solid allowing it to maintain credit ratings of AA and AA+ from Fitch and Standard & Poor's, respectively.
- As more fully described in Note 10, the District has outstanding commitments as of December 31, 2015 of \$4.7 million.

Overview of the District's Financial Statements

This discussion and analysis serves as an introduction to the Nevada Irrigation District's basic financial statements. The District's basic financial statements report information about the District using accounting methods similar to those used by companies in the private sector. The financial statements provide separate information for the water, electric, and recreation operations. These financial statements include the following:

- 1) Fund financial statements
- 2) Notes to the financial statements and
- 3) Fiduciary financial statements

In addition to the basic financial statements, the report contains required supplementary information and other supplementary information as well as a statistical section providing historical trends, demographic and selected operating indicators.

There are several different types of financial statements within the first components identified above:

The **Balance Sheet** discloses the financial position of the District at a specific point in time, December 31, 2015. It reflects the assets of the District, its liabilities, and net position (equity). Assets and liabilities are listed in order of their estimated liquidity. Cash and other unrestricted assets readily convertible to cash are listed first. Capital assets consisting primarily of property, plant and equipment appear at the bottom of the list because of the distinctive nature of those items. The District's fiscal year is the calendar year of January 1st through December 31st.

Capital assets are presented on the balance sheet net of accumulated depreciation. Accumulated depreciation is the estimated reduction of value attributable to the wear and tear of assets caused by usage and the passage of time.

The **Statement of Revenues, Expenses and Changes in Net Position** disclose the results of operations over time, the year ended December 31, 2015. This statement reflects revenues earned (whether collected or not), and expenses incurred (whether paid or not) during the year.

This statement differs significantly from the balance sheet in that it discloses the activities of the District over the course of a year, and reconciles the net income of the District to its beginning and ending net position. The net earnings of the District flows into the net position of the District as reflected on the Statement of Revenues, Expenses and Changes in Net Position.

The **Statement of Cash Flows** combines aspects of both the balance sheet and the income statement detailing the sources of District receipts and uses of District disbursements.

The **Agency Funds Statement** simply reflects additions and deductions in balances, as the District does not maintain a net position being in a fiduciary capacity.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes provide a narrative description of certain items contained in the financial statements to enhance the understanding of those items. The notes to the financial statements are found on pages 19 - 45 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's progress in funding its pension and other post-employment benefit obligations. Required supplementary information can be found on pages 46 to 48 of this report. In addition, the District has elected to present Government Code 66013 Capacity Fee Report on restricted fees as additional information.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities by \$385,695,864 at the close of the most recent fiscal year.

By far the largest portion of the Nevada Irrigation District's net assets (88.8% percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The Nevada Irrigation District uses these capital assets to provide services to the citizens of its community. Consequently, these assets are not available for future spending. Although the Nevada Irrigation District's investment in its capital assets is reported net of related debt, it is not a spendable resource. The resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Statements of Net Position

	2015	2014	Change
Assets			
Current and other assets	\$ 93,510,836	\$ 88,198,479	\$ 5,312,357
Capital assets (net of accumulated depreciation)	373,366,474	363,651,613	9,714,861
Deferred outflows	6,173,618	895,165	5,278,453
Total Assets and Deferred Outflows	\$ 473,050,928	\$ 452,745,257	\$ 20,305,671
Liabilities			
Current Liabilities	\$ 6,320,370	\$ 9,167,902	\$ (2,847,532)
Long-Term Liabilities	75,486,431	35,474,672	40,011,759
Deferred inflows	5,548,263	-	5,548,263
Total Liabilities	\$ 87,355,064	\$ 44,642,574	\$ 42,712,490
Net Position			
Invested in capital assets, net of related debts	\$ 341,891,892	\$ 326,939,315	\$ 14,952,577
Restricted by statute	6,190,556	6,770,673	(580,117)
Restricted for debt service	611,180	1,968,863	(1,357,683)
Restricted for improvement districts	-	1,369,700	(1,369,700)
Unrestricted	37,002,236	71,054,132	(34,051,896)
Net Position	\$ 385,695,864	\$ 408,102,683	\$ (22,406,819)

The District's restricted net position represents resources that are subject to statutory restrictions of \$6,190,556, debt service requirements of \$611,180. Of the remaining balance of *unrestricted net position* of \$37,002,236, \$37.3 million has been designated by the Board for specific purposes. Due to recording of additional pension obligations, that do not require funding (see Note 7), unrestricted net position has significantly reduced from 2014 amounts. However, liquid cash remains at \$24.8 million and is sufficient to meet the District's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District was able to report positive balances in its net position. The same situation held true for the prior fiscal year.

Table 2
Statement of Revenues, Expenses and Changes in Net Position

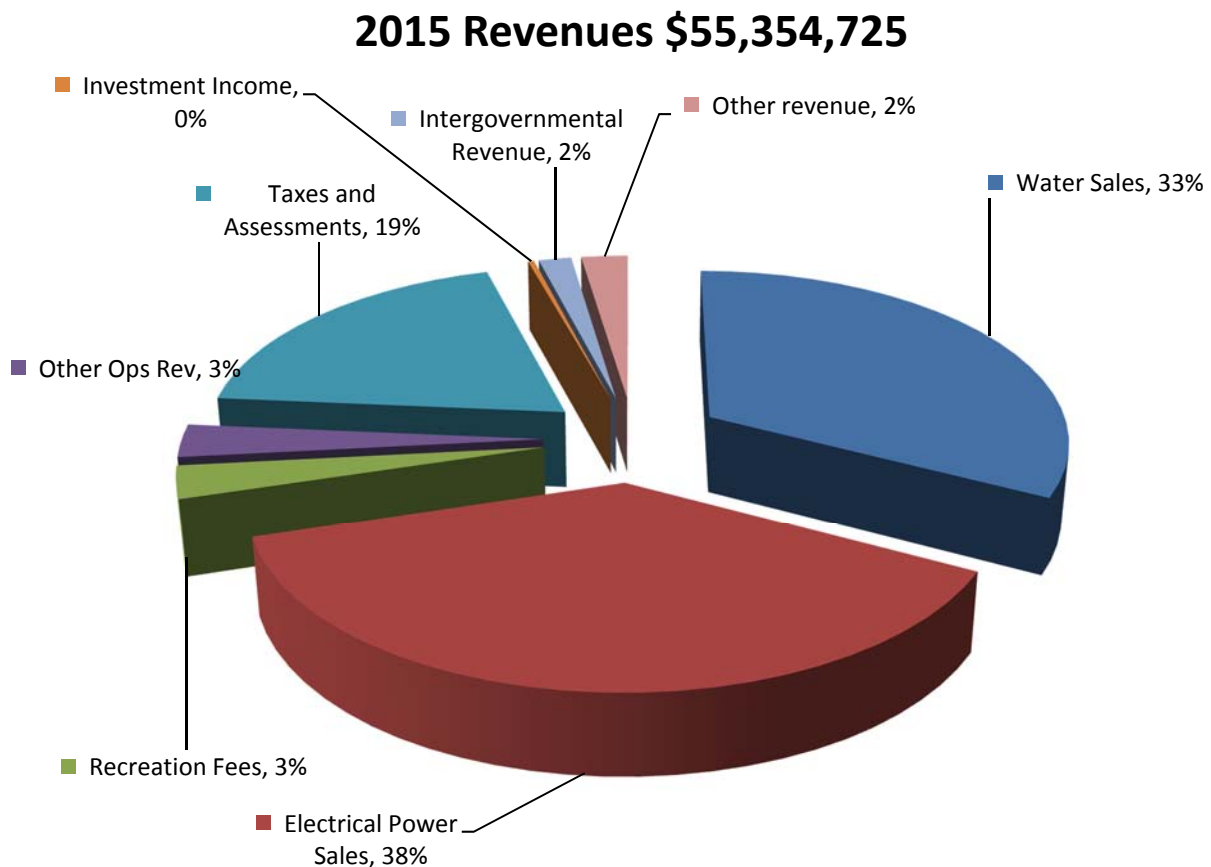
	2015	2014	Change
Operating Revenues			
Water Sales	\$ 18,182,972	\$ 18,879,014	\$ (696,042)
Electrical Power Sales	20,993,453	21,547,522	(554,069)
Recreation Fees	1,680,426	1,814,050	(133,624)
Other revenue	1,693,757	997,009	696,748
Total Operating Revenues	<u>\$ 42,550,608</u>	<u>\$ 43,237,595</u>	<u>\$ (686,987)</u>
Non-Operating Revenues			
Taxes and Assessments	\$ 10,707,911	\$ 10,108,508	\$ 599,403
Investment Income	(175,501)	673,536	(849,037)
Intergovernmental Revenue	937,659	412,468	525,191
Loss on asset disposal	(3,275)	(2,199,003)	2,195,728
Other revenue	165,720	73,534	92,186
Total Non-Operating Revenues	<u>\$ 11,632,514</u>	<u>\$ 9,069,043</u>	<u>\$ 2,563,471</u>
Total Revenues	<u>\$ 54,183,122</u>	<u>\$ 52,306,638</u>	<u>\$ 1,876,484</u>
Operating Expenses			
Water	\$ 30,997,727	\$ 30,157,585	\$ 840,142
Electric	8,047,991	7,347,723	700,268
Recreation	1,931,830	1,558,081	373,749
Total Operating Expenses	<u>\$ 40,977,548</u>	<u>\$ 39,063,389</u>	<u>\$ 1,914,159</u>
Non-Operating Expenses			
Interest Expense	1,265,805	1,320,756	(54,951)
Other Expense	83,234	-	83,234
Total Non-Operating Expenses	<u>\$ 1,349,039</u>	<u>\$ 1,320,756</u>	<u>\$ 28,283</u>
Total Expenses	<u>42,326,587</u>	<u>40,384,145</u>	<u>1,942,442</u>
Income (Loss) Before Capital Contributions	<u>\$ 11,856,535</u>	<u>\$ 11,922,493</u>	<u>\$ (65,958)</u>
Capital Contributions			
Facility Capacity Charges	414,305	854,499	(440,194)
Other Capital Contributions	757,298	18,776	738,522
Total Transfers and Capital Contributions	<u>\$ 1,171,603</u>	<u>\$ 873,275</u>	<u>\$ 298,328</u>
Change in Net Position	<u>\$ 13,028,138</u>	<u>\$ 12,795,768</u>	<u>\$ 232,370</u>
Net Position - Beginning of Year	\$ 408,102,683	\$ 395,306,915	\$ 12,795,768
Restatement	\$ (35,434,957)	\$ -	\$ (35,434,957)
Net position, Beginning of Year, as restated	<u>\$ 372,667,726</u>	<u>\$ 395,306,915</u>	<u>\$ (22,639,189)</u>
Net Position - End of Year	<u>\$ 385,695,864</u>	<u>\$ 408,102,683</u>	<u>\$ (22,406,819)</u>

The District's total net position increased by \$13 million in 2015 as compared with \$12.7 during the year ended December 31, 2014. The year over year change in net position reflects a slight increase of \$.2 million resulting from a reduction in operating revenues, decreases on fixed asset disposals, which has the impact of expense savings, and net increases in capital contributions. The restatement in 2015 is primarily due to the implementation of GASB No. 68, which required the recording of the net pension liability and related deferred inflows/outflows as of January 1, 2015 (Note 14).

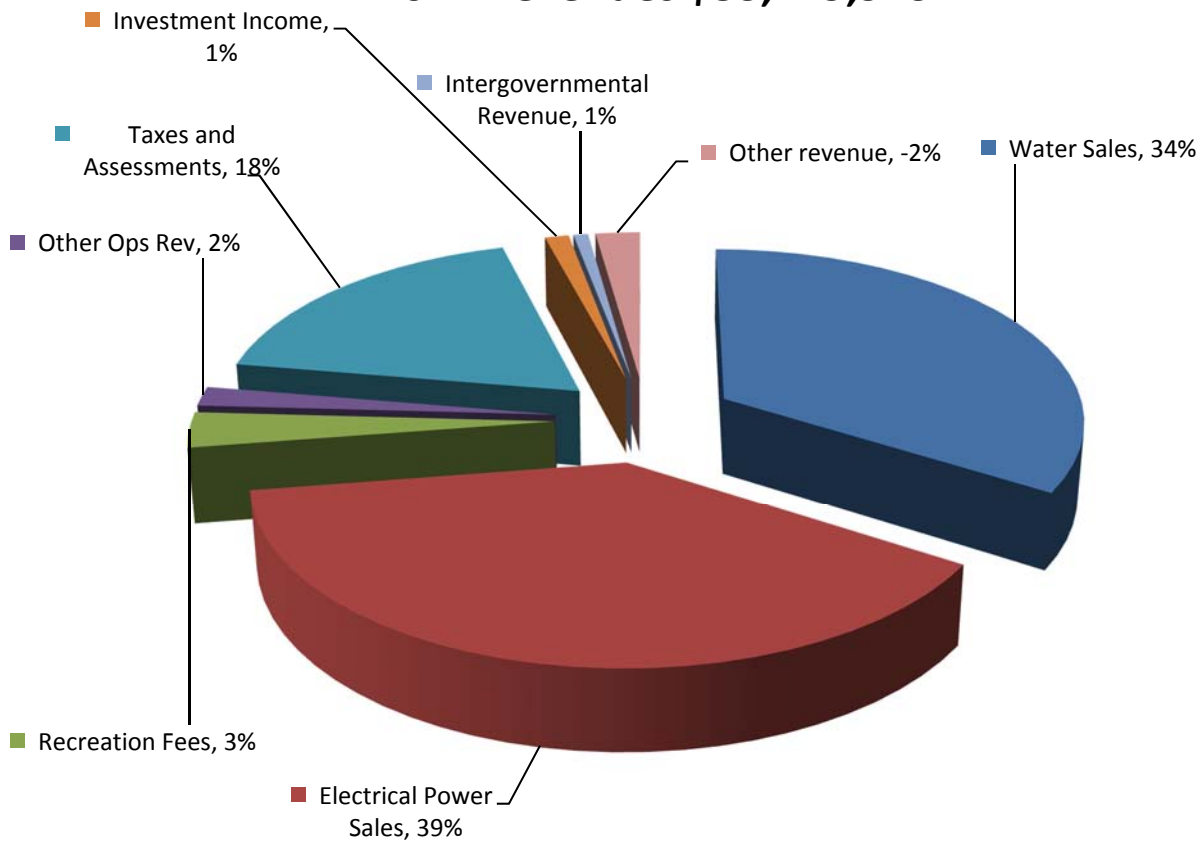
The District saw a relatively modest decrease of \$.7 million in water sales and a comparable increase in taxes and assessments of \$.6 million.

Total operating expenses increased in 2015 across all operations due to increased administration and general expenses (salaries, consultants), which contain Hydro and Recreation activities and transmission and distribution facilities (Water Operations). The District received \$.4 million in capacity fee charges as reflected in the Government Code 66013 report, which is \$.4 million less than the prior year. The District has extended financing options of these fees. Other capital contribution came in at \$.7 million and is an indication of increased project activity.

The chart displays revenues for 2015 and 2014 as follows:



2014 Revenues \$53,179,913



Capital Assets. The District's investment in capital assets as of December 31, 2015 was \$373,366,474 as compared to \$363,651,613 (net of accumulated depreciation) for 2014. This investment in capital assets includes land, utility plants in service, recreation facilities, machinery and equipment and construction in progress. The net increase in the District's investment in capital assets for 2015 is \$9.7 million, primarily due to new construction projects.

Major capital asset categories include the following:

Major Capital Improvements

	2015	2014
Nondepreciable capital assets	\$ 123,742,103	\$ 119,236,254
Depreciable capital assets	400,775,307	389,798,084
Less: Accumulated depreciation	<u>(151,150,936)</u>	<u>(145,382,725)</u>
Net Depreciable Capital Assets	<u>249,624,371</u>	<u>244,415,359</u>
Net Capital Assets	<u>\$ 373,366,474</u>	<u>\$ 363,651,613</u>

Additional information on the District's capital assets is located under Note 4 to the basic financial statements.

Long-Term Liabilities. At the end of the current fiscal year, the District had certain long-term liabilities outstanding of \$70,643,257 comprised of compensated absences, net pension liability, 2011 revenue bonds, and state loans for which the District is liable. The District paid off its 2005 certificates of participation and notes payable in 2015. Funding of the District's \$37,053,826 net pension liability is an actuarial determined balance and not a requirement of GAAP.

Long-Term Liabilities & Total Debt

	2015	2014
Compensated absences	\$ 2,774,217	\$ 2,512,368
Net pension liability	37,053,826	-
2005 Certificates of Participation	-	1,935,000
2011 Revenue Bonds	23,255,000	24,350,000
State of California Loans	7,560,214	8,756,023
Notes Payable	-	50,000
Total Outstanding	<u>\$ 70,643,257</u>	<u>\$ 37,603,391</u>

Additional information on the Nevada Irrigation District's long-term liabilities is located in Note 5 to the basic financial statements.

Economic Factors and Next Year's Rates

The District increased its water rates for fiscal year 2015 and 2016 by an average of six percent (6%) for both raw water and treated water customers. Despite this increase, overall water sales decreased slightly in 2015 due to mandated consumption measures. The District has an approved five-year rate increase strategy through 2018 and will be required to prepare a new Proposition 218 rate increase notice for any proposed rate increase subsequent to 2018.

The District continues to make an investment in its relicensing efforts with the Federal Energy Regulatory Commission (FERC). These licenses, expired on April 30, 2013, allow the District to operate its Yuba-Bear hydroelectric facilities located primarily on the South Yuba and Bear rivers in Nevada and Placer counties. The District is currently operating on annual licenses from FERC until full license is issued by FERC. The District has expended approximately \$15.7 million through December 31, 2015 in relicensing efforts.

The District's 2016 spending plan considered the above results. The District is not required to adopt a budget in accordance with California law but must file a listing of anticipated revenues and expenditures with the county auditor.

Requests for Information

This financial report is designed to provide a general overview of the Nevada Irrigation District's finances to all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information, contact the District's Finance Manager at 1036 West Main Street, Grass Valley, California, 95945.

NEVADA IRRIGATION DISTRICT

BALANCE SHEETS

As of December 31, 2015

	Water	Electric	Recreation	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 4,120,335	\$ 20,605,421	\$ 130,301	\$ 24,856,057
Accounts receivable, net	2,038,341	1,779,409	4,243	3,821,993
Interest receivable	84,947	41,526	-	126,473
Assessments receivable	5,844,841	-	-	5,844,841
Other receivables	1,096,430	-	-	1,096,430
Inventory	1,044,962	-	-	1,044,962
Prepaid expenses and other current assets	454,169	167,996	10,717	632,882
Deposits	13,709	-	-	13,709
Total Current Assets	<u>14,697,734</u>	<u>22,594,352</u>	<u>145,261</u>	<u>37,437,347</u>
Noncurrent Assets				
Restricted cash and cash equivalents	177,448	-	-	177,448
Investments	26,458,083	10,021,592	-	36,479,675
Restricted Investments	6,801,736	-	-	6,801,736
Due from other governments	5,061,359	-	-	5,061,359
Advances to Electric Fund	5,705,092	-	-	5,705,092
Loans receivable	663,179	-	-	663,179
Other postemployment benefit asset	-	1,185,000	-	1,185,000
Total noncurrent assets	<u>44,866,897</u>	<u>11,206,592</u>	<u>-</u>	<u>56,073,489</u>
Capital Assets				
Non-depreciable	47,505,819	48,335,625	27,900,659	123,742,103
Depreciable, net	208,007,619	35,504,268	6,112,484	249,624,371
Total capital assets, net	<u>255,513,438</u>	<u>83,839,893</u>	<u>34,013,143</u>	<u>373,366,474</u>
TOTAL ASSETS	<u>315,078,069</u>	<u>117,640,837</u>	<u>34,158,404</u>	<u>466,877,310</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - pensions	4,880,696	815,690	181,310	5,877,696
Deferred amount on refunding	295,922	-	-	295,922
TOTAL DEFERRED OUTFLOWS	<u>5,176,618</u>	<u>815,690</u>	<u>181,310</u>	<u>6,173,618</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 320,254,687</u>	<u>\$ 118,456,527</u>	<u>\$ 34,339,714</u>	<u>\$ 473,050,928</u>

(Continued)

NEVADA IRRIGATION DISTRICT

BALANCE SHEETS (Continued)

As of December 31, 2015

	Water	Electric	Recreation	Total
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 1,073,026	\$ 371,663	\$ 9,027	\$ 1,453,716
Accrued payroll and benefits payable	447,956	25,301	13,670	486,927
Deposits	324,685	61,491	-	386,176
Retention payable	213,446			213,446
Grants payable	390,511			390,511
Unearned revenue	516,588	-	562	517,150
Accrued interest payable	409,237	-	-	409,237
Compensated absences, due within one year	778,613	85,679	17,876	882,168
Long-term debt, due within one year	1,581,039	-	-	1,581,039
Total current liabilities	<u>5,735,101</u>	<u>544,134</u>	<u>41,135</u>	<u>6,320,370</u>
Noncurrent Liabilities				
Other postemployment benefit liability	646,000	-	-	646,000
Compensated absences, due after one year	1,581,486	256,935	53,628	1,892,049
Advances from Water Fund	-	5,705,092	-	5,705,092
Net pension liability	30,768,593	5,142,228	1,143,005	37,053,826
Long-term debt	30,189,464	-	-	30,189,464
Total noncurrent liabilities	<u>63,185,543</u>	<u>11,104,255</u>	<u>1,196,633</u>	<u>75,486,431</u>
TOTAL LIABILITIES	<u>68,920,644</u>	<u>11,648,389</u>	<u>1,237,768</u>	<u>81,806,801</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow - pension	4,607,143	769,972	171,148	5,548,263
TOTAL DEFERRED INFLOWS	<u>4,607,143</u>	<u>769,972</u>	<u>171,148</u>	<u>5,548,263</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>73,527,787</u>	<u>12,418,361</u>	<u>1,408,916</u>	<u>87,355,064</u>
NET POSITION				
Net Investment in capital assets	224,038,856	83,839,893	34,013,143	341,891,892
Restricted for capacity expansion	6,190,556	-	-	6,190,556
Restricted for debt service	611,180	-	-	611,180
Unrestricted	15,886,308	22,198,273	(1,082,345)	37,002,236
Total Net Position	<u>246,726,900</u>	<u>106,038,166</u>	<u>32,930,798</u>	<u>385,695,864</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 320,254,687</u>	<u>\$ 118,456,527</u>	<u>\$ 34,339,714</u>	<u>\$ 473,050,928</u>

The notes to the basic financial statements are an integral part of this statement.

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NEVADA IRRIGATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2015

	Water	Electric	Recreation	Total
Operating Revenues				
Water sales	\$ 18,182,972	\$ -	\$ -	\$ 18,182,972
Electric power sales	-	20,938,643	-	20,938,643
Standby charges	127,318	-	-	127,318
Reimbursements	662,415	53,129	-	715,544
New connections and installations	391,315	-	-	391,315
Recreation fees	-	-	1,680,426	1,680,426
Other revenue	512,709	1,681	-	514,390
Total Operating Revenues	19,876,729	20,993,453	1,680,426	42,550,608
Operating Expenses				
Administration and general	8,595,638	6,622,660	1,638,956	16,857,254
Water treatment	5,038,911	-	-	5,038,911
Transmission and distribution	9,595,141	-	-	9,595,141
Pumping	705,111	-	-	705,111
Depreciation and amortization	7,062,926	1,425,331	292,874	8,781,131
Total Operating Expenses	30,997,727	8,047,991	1,931,830	40,977,548
Net Income/(Loss) from Operations	(11,120,998)	12,945,462	(251,404)	1,573,060
Nonoperating Revenue (Expenses)				
Taxes and assessments	10,707,911	-	-	10,707,911
Investment income	(298,111)	121,698	912	(175,501)
Rents and leases	101,065	704	63,951	165,720
(Loss) gain on sale/disposition of capital assets	(29,908)	4,170	22,463	(3,275)
Intergovernmental revenue	937,659	-	-	937,659
Interest expense	(1,265,805)	-	-	(1,265,805)
Other non-operating expenses	(83,234)	-	-	(83,234)
Total nonoperating revenue (expenses)	10,069,577	126,572	87,326	10,283,475
Net Income Before Capital Contributions	(1,051,421)	13,072,034	(164,078)	11,856,535
Transfers and capital contributions				
Facility capacity charges	414,305	-	-	414,305
Other capital contributions	757,298	-	-	757,298
Transfers in	35,199	72,975	-	108,174
Transfers out	(72,975)	(35,061)	(138)	(108,174)
Total capital contributions	1,133,827	37,914	(138)	1,171,603
Change in Net Position	82,406	13,109,948	(164,216)	13,028,138
Net Position, Beginning of Year	300,372,381	107,730,302	-	408,102,683
Restatement	(53,727,887)	(14,802,084)	33,095,014	(35,434,957)
Net position, Beginning of Year, as restated	246,644,494	92,928,218	33,095,014	372,667,726
Net Position, End of Year	\$ 246,726,900	\$ 106,038,166	\$ 32,930,798	\$ 385,695,864

The notes to the basic financial statements are an integral part of this statement.

NEVADA IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2015

	<u>Water</u>	<u>Electric</u>	<u>Recreation</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 19,800,075	\$ 21,095,379	\$ 1,676,745	\$ 42,572,199
Payments to suppliers	(6,107,376)	(3,160,299)	(984,166)	(10,251,841)
Payments to employees	(19,473,313)	(2,989,244)	(647,270)	(23,109,827)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(5,780,614)</u>	<u>14,945,836</u>	<u>45,309</u>	<u>9,210,531</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Assessments received	10,433,904			10,433,904
Rents and leases	101,065	704	63,951	165,720
Amounts received/(paid) from other funds	6,064,253	(6,046,064)	(18,189)	-
Payments to improvement districts	(83,234)			(83,234)
Operating grants and reimbursements	254,987			254,987
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>16,770,975</u>	<u>(6,045,360)</u>	<u>45,762</u>	<u>10,771,377</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(11,976,189)	(3,637,416)		(15,613,605)
Interest payments on long-term debt	(1,372,464)			(1,372,464)
Principal payments on long-term debt	(4,172,874)		(50,000)	(4,222,874)
Facility capacity charges received	235,241			235,241
Reimbursements from improvement districts	284,674			284,674
Reimbursements for capital projects	127,224			127,224
Proceeds from sale of capital assets	22,064	15,858	22,463	60,385
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(16,852,324)</u>	<u>(3,621,558)</u>	<u>(27,537)</u>	<u>(20,501,419)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	120,759	175,871	912	297,542
Investment purchases	(22,878,153)	(10,105,847)		(32,984,000)
Investment sales/maturities	11,715,720			11,715,720
Payments received on notes receivable	52,877			52,877
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>(10,988,797)</u>	<u>(9,929,976)</u>	<u>912</u>	<u>(20,917,861)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(16,850,760)	(4,651,058)	64,446	(21,437,372)
Cash and cash equivalents at beginning of year	21,148,543	25,256,479	65,855	46,470,877
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,297,783</u>	<u>\$ 20,605,421</u>	<u>\$ 130,301</u>	<u>\$ 25,033,505</u>

(Continued)

NEVADA IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended December 31, 2015

	<u>Water</u>	<u>Electric</u>	<u>Recreation</u>	<u>Total</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS				
Cash and cash equivalents	\$ 4,120,335	\$ 20,605,421	\$ 130,301	\$ 24,856,057
Restricted cash and cash equivalents	177,448			177,448
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 4,297,783</u>	<u>\$ 20,605,421</u>	<u>\$ 130,301</u>	<u>\$ 25,033,505</u>
RECONCILIATION OF NET (LOSS) INCOME FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Net (loss) income from operations	\$ (11,120,998)	\$ 12,945,462	\$ (251,404)	\$ 1,573,060
Adjustments to reconcile net loss from operations to net cash provided (used) by operating activities:				
Depreciation and amortization	7,062,926	1,425,331	292,874	8,781,131
Abandoned projects written off	8,173			8,173
Changes in operating assets and liabilities:				
Accounts receivable, net	(37,419)	101,926	(4,243)	60,264
Other receivables	39,230			39,230
Inventory	100,747			100,747
Prepaid expenses and other current assets	(66,681)	(35,750)	(9,059)	(111,490)
Deposits	67,602			67,602
Other postemployment benefits asset		127,000	13,000	140,000
Accounts payable	(683,661)	67,975	(483)	(616,169)
Accrued payroll and benefits payable	(394,096)	(67,749)	(11,835)	(473,680)
Deposits	(13,998)			(13,998)
Grants payable	390,511			390,511
Unearned revenue	(146,067)		562	(145,505)
Other postemployment benefit liability	23,000			23,000
Accrued compensated absences	177,780	75,619	8,449	261,848
Net pension liability and related deferred inflows (outflows)	(1,187,663)	306,022	7,448	(874,193)
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (5,780,614)</u>	<u>\$ 14,945,836</u>	<u>\$ 45,309</u>	<u>\$ 9,210,531</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Change in fair value of investments	\$ (426,841)	\$ (84,255)	\$ -	\$ (511,096)
Donated infrastructure	338,396			338,396
Trade-in allowances received	3,000	6,653		9,653

The notes to the basic financial statements are an integral part of this statement.

NEVADA IRRIGATION DISTRICT
STATEMENT OF FIDUCIARY NET POSITION

As of December 31, 2015

	Agency Funds
Assets	
Cash with fiscal agent	\$ 1,498,972
Accrued interest	988
Assessments receivable	209,703
Infrastructure donated to District	3,923,034
 Total Assets	 \$ 5,632,697
 Liabilities	
Interest payable	\$ 9,423
Due to other governments	4,495,959
Due to bondholders	565,400
Agency obligations	561,915
 Total liabilities	 \$ 5,632,697

The notes to the basic financial statements are an integral part of this statement.

NEVADA IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Nevada Irrigation District (the District) was incorporated on August 15, 1921. The District is a nonprofit water agency operated by and for the people who own land within its 287,000-acre boundaries. The District, a state agency, is governed by a five-member board of directors elected by District voters. The board is the District's policy-making body and policy is carried out by approximately 178 full- and part-time employees. The District supplies water for domestic, municipal, industrial and agricultural uses, produces electricity and provides public recreation at district reservoirs to customers in Nevada, Placer and Yuba counties. Electric power is produced at various hydroelectric facilities and is sold to Pacific Gas and Electric Utility Company (PG&E) under contract.

A. Basis of Presentation

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District is accounted for as an enterprise fund and applies all applicable GASB pronouncements in its accounting and reporting. In addition, the District follows Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

The accounts of the District are organized and operated as three enterprise funds and three agency funds. The operation of a fund is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Agency funds are used to account for assets held by the District in a fiduciary capacity for special assessment districts. The financial activities of these funds are excluded from the District-wide financial statements but are presented in separate Fiduciary Fund financial statements.

B. Basis of Accounting

The 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 at the time liabilities are incurred, regardless of when the related cash flows take place. The Agency Funds do not involve the results of operations and do not use a measurement basis.

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The District's policy is to first apply restricted grant resources to such programs, followed by unrestricted resources if necessary. Restricted amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available.

Operating revenues and expenses consists of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

C. Measurement Focus

Enterprise funds are accounted for on a flow of economic resources measurement focus, which means that all assets, deferred outflows, liabilities, and deferred inflows associated with the activity are included on the balance sheets. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows the District defines cash and cash equivalents to include all cash and temporary investments with original maturities of three months or less from the date of acquisition, including restricted assets, and all pooled deposits.

E. Restricted Assets

Certain capital expansion fees as well as certain resources set aside for debt repayment and reserves and contract retentions, are classified as restricted cash and investments because their use is legally restricted. Restricted cash and investments are not available for general operational expenses.

F. Investments

Investments are stated at fair value. Included in investment income (loss) is the net change in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) of those investments. Measurement of the fair value of investments is based upon quoted market prices.

G. Receivables

Accounts receivable arise from billings to customers for water usage and certain improvements made to customers' property and billings to PG&E for electric power sales. The District determined that as of December 31, 2015, an allowance for doubtful accounts was not needed, as all amounts are considered collectible. The District also has loans receivable related to connection fees that are paid over a period of time.

H. Inventory

Inventories of materials and supplies are stated on an average cost basis. Physical inventories are taken on a cycle basis each month throughout the year.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Prepaid Expenses

Prepaid expenses are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year.

J. Deposits

The District collects money from new *outside district* and *inside district* commercial customers to insure payment of utility bills.

K. Capital Assets

Capital assets are stated at historical cost if purchased or constructed. The District capitalizes all assets with a historical cost of at least \$5,000 for machinery and equipment and \$100,000 for projects. The cost of additions to utility plant and major replacements of property are capitalized. Capitalized costs include material, direct labor, transportation and such indirect items as engineering, supervision, employee fringe benefits and interest on net borrowed funds related to plant under construction, if material. Contributed property is recorded at estimated fair market value at the date of donation. Repairs, maintenance and minor replacements of capital assets are expensed.

Capital assets are depreciated using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The District's water rights and FERC license are intangible assets. The District has assigned the useful lives listed below to capital assets and intangible assets:

Description	Estimated Life
Land	N/A
Intangibles (Rights, Easements, License)	N/A
Buildings and Structures	40 years
Equipment, Tools, Furniture	5 – 7 years
Vehicles	5 years
Infrastructure	50 – 100 years

L. Budgets and Budgetary Accounting

The District adopts an annual budget in December each year. The budget is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions. The department heads can provide transfers within their own departmental operations budget. Budget transfers between two departments require the approval of the respective department heads. The General Manager may approve the transfer of appropriations from one department to another. All other transfers must be approved by the Board of Directors. The Board may approve additional appropriations throughout that year as well.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Tax Assessments

Nevada and Placer counties assess, bill, collect and apportion all property taxes for the District and remit "Teeter Plan" collections periodically. Taxes are assessed for each July 1 to June 30 fiscal year, payable in two equal installments due by November 1 and February 1 and become delinquent December 10 and April 10, each year. Taxes collected by the counties prior to January 1 and apportioned during January have been accrued by the District at year-end, as applicable.

N. Bond Discounts, Issuance Costs and Deferred Amounts on Refunding

Bond discounts, premiums, and deferred amounts on refunding are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond discounts and premiums. Deferred amounts on refunding are reported as deferred outflows on the balance sheet. Issuance costs are expensed when paid.

O. Compensated Absences

The liability for employee accrued vacation, sick leave and compensatory time off is computed annually at year-end, and the change in the liability is charged to expense in the Water and Electric Utility Funds for that year. Based on the memorandum of understanding, employees earn eight hours of sick leave per month. Upon retirement, voluntary termination, or death, the District pays one-half of the number of days earned. Employees can earn up to 122 sick leave days.

Employees accumulate vacation at varying rates depending on longevity. They are entitled to carry forward a maximum of two years accrued vacation depending on their individual annual accrual rate.

Based on the memorandum of understanding, at the sole discretion of the District, employees may convert annually, overtime hours equivalent to 120 hours of compensatory time off (CTO). CTO accrual balances per employee may not exceed 60 hours.

P. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employee's Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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 those estimates.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Reclassifications

Certain amounts have been reclassified for 2015 compared to the presentation in the 2014 financial statements.

S. New Pronouncements

In February 2015, the GASB approved Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements and will require additional disclosures about assets and liabilities measured at fair value. This Statement is effective for periods beginning after June 15, 2015.

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)", replaces the requirements of GASB Statement No. 45 and requires governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria to report a net OPEB liability, which is the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments, on the face of the financial statements. Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. This Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. This Statement is effective beginning the year ended December 31, 2018.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement establishes criteria for an external investment pool to qualify for making an election to measure all of its investments at amortized cost for financial reporting purposes. Pools that do not meet the criteria are required to report its investments at fair value. Pool participants are required to measure their investments consistently with how the pool measures its investments. The requirements of this Statement are effective for periods beginning after December 15, 2015.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for component units to add an additional criterion that requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for the years beginning after June 15, 2016.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement clarifies certain accounting and reporting issues related to pension plans, including the presentation of payroll related measures in required supplementary information, clarifies the use of the term deviation for the selection of assumptions and clarifies the classification of employer-paid member contributions and the period in which they should be recognized. The requirements of this Statement are effective for periods beginning after June 15, 2015, and should be applied retroactively.

The District will fully analyze the impact of these new Statements prior to the effective dates listed above.

NOTE 2 - CASH AND INVESTMENTS

The District’s cash and investments consisted of the following at December 31, 2015:

Water Fund:	
Cash and cash equivalents	\$ 4,120,335
Restricted cash and cash equivalents	177,448
Investments	26,458,083
Restricted investments	6,801,736
	<u>37,557,602</u>
Electric Fund:	
Cash and cash equivalents	20,605,421
Investments	10,021,592
	<u>30,627,013</u>
Recreation Fund:	
Cash and cash equivalents	130,301
	<u>130,301</u>
Fiduciary Funds:	
Cash with fiscal agent	1,498,972
	<u>1,498,972</u>
Total Cash and Investments	<u>\$ 69,813,888</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

Cash and investments were classified under GASB Statement No. 40 as follows at December 31, 2015:

Cash on hand	\$ 4,900
Deposits with financial institutions	6,777,585
Total Cash	<u>6,782,485</u>
Investment in Local Agency Investment Fund (LAIF)	19,636,452
Money Market Mutual Funds	113,540
Negotiable certificates of deposit	3,248,258
U.S. Agency securities	39,056,863
International Bank strip	976,290
Total Investments	<u>63,031,403</u>
Total Cash and Investments	<u>\$ 69,813,888</u>

Investments Authorized by the California Government Code and the District's Investment Policy: The District's Investment Policy and the California Government Code allow the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the District's Investment Policy where the District's Investment Policy is more restrictive. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of the debt agreement and not the provisions of the California Government Code or the District's Investment Policy.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	N/A	None	None
U.S. Agency Securities	5 years	N/A	None	None
Bankers' Acceptances	180 days	N/A	15%	15%
Commercial Paper	270 days	A	20%	10%
Negotiable Certificates of Deposit	1 year	A	20%	25%
Medium Term Corporate Notes	5 years	A	10%	None
Money Market Mutual Funds	N/A	AAA	20%	None
California Local Agency Investment Fund (LAIF)	N/A	N/A	None	None
Municipal Bonds	5 years	A	20%	None
Time Deposits	5 years	A	None	25%

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements: Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The debt agreements contain certain provisions that address interest risk, credit risk and concentration of credit risk. The permitted investments, maximum percentage of the portfolio and maximum investment in one issuer specified in debt agreements are identical to the table above with the exception of debt agreements not allowing investments in repurchase agreements. In addition, the debt agreements require obligations of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and money market mutual funds to be rated AAA by the applicable national statistical rating agency.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity or earliest call date as of December 31, 2015:

Investment Type	Total	Remaining Maturity		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund	\$ 19,636,452	\$ 19,636,452		
Money Market Mutual Funds	113,540	113,540		
U.S. Agency Securities	39,056,863	4,030,960		\$ 35,025,903
Certificates of Deposit	3,248,258	1,258,383	\$ 249,158	1,740,717
International Bank strip	976,290		976,290	
Total	<u>\$ 63,031,403</u>	<u>\$ 25,039,335</u>	<u>\$ 1,225,448</u>	<u>\$ 36,766,620</u>

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of December 31, 2015 for each investment type.

Investment Type	Amount	Ratings as of fiscal year-end			
		AAA	AA	A	Not rated
Local Agency Investment Fund	\$ 19,636,452				\$ 19,636,452
Money Market Mutual Funds	113,540	\$ 113,540			
U.S. Agency Securities	39,056,863		\$ 35,025,903	\$ 1,021,030	3,009,930
Certificates of Deposit	3,248,258				3,248,258
International bank strip	976,290	976,290			
Total	<u>\$ 63,031,403</u>	<u>\$ 1,089,830</u>	<u>\$ 35,025,903</u>	<u>\$ 1,021,030</u>	<u>\$ 25,894,640</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk: The investment policy of the District limited the amount that can be invested in any one issuer to the amount stipulated by the California Government Code. As of December 31, 2015, the District invested in the following investments which each represent more than 5% of its total investment in any one issuer (other than U.S. Treasury obligations, mutual funds and external investment pools):

Issuer	Investment Type	Amount
Federal Home Loan Bank	U.S. Agency Security	\$ 12,943,270
Federal Farm Credit Bank	U.S. Agency	8,954,570
Federal Home Loan Mortgage Corporation	U.S. Agency Security	8,933,770
Federal National Mortgage Association	U.S. Agency Security	8,225,253

Concentration of Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At December 31, 2015, the carrying amount of the District's deposits in financial institutions was \$6,777,585. Of the balance in financial institutions, \$404,439 was covered by federal depository insurance and \$6,963,238 was collateralized by securities pledged by the financial institution.

As of December 31, 2015, following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

Investment Type	Reported Amount
U.S. Agency Securities	\$ 39,056,863
Negotiable certificates of deposit	3,248,258
International Bank strip	976,290

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investment in LAIF: LAIF is stated at fair value. LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The total fair value amount invested by all public agencies in LAIF is \$65,578,744,744 and is managed by the State Treasurer. Of that amount, 98.24 percent is invested in non-derivative financial products and 1.76 percent in derivative financial products and structured financial instruments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

The fair value of the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The weighted average maturity of investments held by LAIF was 179 days at December 31, 2015.

NOTE 3 - DUE FROM OTHER GOVERNMENTS

At December 31, 2015 the District had the following amounts due from the Agency Funds, reported in the Water Fund:

Rodeo Flat Improvement District	\$ 565,400
Cement Hill Assessment District	<u>4,495,959</u>
	<u>\$ 5,061,359</u>

The \$565,400 due from the Rodeo Flat Improvement District represents the Rodeo Flat Improvement Bonds for which the District is the bondholder. The \$4,495,959 due from the Cement Hill Assessment District represents the Assessment District's share of the State loan used to finance the construction of the Cement Hill pump zone extension. The Assessment District is responsible for approximately half of the repayment of this loan. The full amount of the loan is reflected in the financial statements of the District.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 4 – CAPITAL ASSETS

A. Capital assets activity

The activity in the capital assets for the year ended December 31, 2015 are summarized below:

	Balance at January 1, 2015 (Restated)	Additions	Deletions	Transfers	Balance at December 31, 2015
<u>Water Fund</u>					
Capital Assets not Being Depreciated:					
Land	\$ 18,260,940				\$ 18,260,940
Bear River Water Rights	681,644				681,644
Construction in Progress	26,231,796	\$ 10,519,210	\$ (8,176)	\$ (8,179,595)	28,563,235
Total Capital Assets not Being Depreciated	<u>45,174,380</u>	<u>10,519,210</u>	<u>(8,176)</u>	<u>(8,179,595)</u>	<u>47,505,819</u>
Capital Assets Being Depreciated:					
Water Plant in Service	232,983,189	338,396	(313,902)	6,215,034	239,222,717
Electric Plant				222,672	222,672
Structures and Improvements	12,081,480	387,862		127,871	12,597,213
Dams and Reservoirs	36,096,759			250,883	36,347,642
Transportation Equipment	4,537,083	740,974	(189,486)	(30,092)	5,058,479
General Equipment	7,114,244	344,532	(34,099)	1,363,135	8,787,812
Total Capital Assets Being Depreciated	<u>292,812,755</u>	<u>1,811,764</u>	<u>(537,487)</u>	<u>8,149,503</u>	<u>302,236,535</u>
Less Accumulated Depreciation and Amortization for:					
Plant in Service	(80,945,126)	(6,184,624)	267,207		(86,862,543)
Tools and Equipment	(3,896,735)	(519,163)	28,824		(4,387,074)
Transportation Equipment	(2,876,730)	(322,149)	189,488	30,092	(2,979,299)
Total Accumulated Depreciation	<u>(87,718,591)</u>	<u>(7,025,936)</u>	<u>485,519</u>	<u>30,092</u>	<u>(94,228,916)</u>
Total Capital Assets Being Depreciated, Net	<u>205,094,164</u>	<u>(5,214,172)</u>	<u>(51,968)</u>	<u>8,179,595</u>	<u>208,007,619</u>
Total Capital Assets, Net - Water Fund	<u>\$ 250,268,544</u>	<u>\$ 5,305,038</u>	<u>\$ (60,144)</u>	<u>\$ -</u>	<u>\$ 255,513,438</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 4 – CAPITAL ASSETS (Continued)

	Balance at January 1, 2015 (Restated)	Additions	Deletions	Transfers	Balance at December 31, 2015
<u>Electric Fund</u>					
Capital Assets not Being Depreciated:					
Land	\$ 44,813,061				\$ 44,813,061
Power Rights	1,568,942				1,568,942
Construction in Progress	2,162,793	\$ 3,548,366		\$ (3,757,537)	1,953,622
Total Capital Assets not Being Depreciated	48,544,796	3,548,366		(3,757,537)	48,335,625
Capital Assets Being Depreciated:					
Electric Plant in Service	47,921,459				47,921,459
Bowman Power Project	2,887,922				2,887,922
Structures and Improvements	3,612,781				3,612,781
Dams and Reservoirs	24,063,091			3,270,466	27,333,557
Transportation Equipment	1,023,692	23,225	\$ (22,314)		1,024,603
General Equipment	1,646,079	120,593		487,071	2,253,743
Total Capital Assets Being Depreciated	81,155,023	143,818	(22,314)	3,757,537	85,034,064
Less Accumulated Depreciation and Amortization for:					
Plant in Service	(47,050,821)	(1,135,923)			(48,186,744)
Tools and Equipment	(626,335)	(190,663)			(816,998)
Transportation Equipment	(437,935)	(98,745)	10,626		(526,054)
Total Accumulated Depreciation	(48,115,091)	(1,425,331)	10,626		(49,529,796)
Total Capital Assets Being Depreciated, Net	33,039,932	(1,281,513)	(11,688)	3,757,537	35,504,268
Total Capital Assets, Net - Electric Fund	\$ 81,584,728	\$ 2,266,853	\$ (11,688)	\$ -	\$ 83,839,893

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 4 – CAPITAL ASSETS (Continued)

	Balance at January 1, 2015 (Restated)	Additions	Deletions	Transfers	Balance at December 31, 2015
Recreation Fund					
Capital Assets not Being Depreciated:					
Land	\$ 27,900,659				\$ 27,900,659
Total Capital Assets not Being Depreciated	27,900,659				27,900,659
Capital Assets Being Depreciated:					
General Plant	619,133				619,133
Structures and Improvements	12,372,109				12,372,109
Dams and Reservoirs	112,115				112,115
Transportation Equipment	460,463		\$ (104,090)	\$ 30,092	386,465
General Equipment	14,887				14,887
Total Capital Assets Being Depreciated	13,578,707		(104,090)	30,092	13,504,709
Less Accumulated Depreciation and Amortization for:					
General Plant	(72,845)	\$ (13,504)			(86,349)
Facilities	(6,672,919)	(273,183)			(6,946,102)
Tools and Equipment	(14,887)				(14,887)
Transportation Equipment	(412,699)	(6,187)	104,090	(30,092)	(344,888)
Total Accumulated Depreciation	(7,173,348)	(292,874)	104,090	(30,092)	(7,392,224)
Total Capital Assets Being Depreciated, Net	6,405,358	(292,874)			6,112,484
Total Capital Assets, Net - Recreation Fund	\$ 34,306,017	\$ (292,874)	\$ -	\$ -	\$ 34,013,143

The January 1, 2014 restatements relate to assets that were reclassified from machinery and equipment to Water Plant or Electric Plant and also the write-off of a fully depreciated power plant that was removed from service in 2012. These restatements did not affect the net book value of capital assets.

B. Depreciation Allocation

Depreciation expense is charged to the water and electric funds based on their usage of related assets. The amounts allocated were as follows:

Water	\$ 7,025,936
Electric	1,425,331
Recreation	292,874
Total Depreciation Expense	<u>\$ 8,744,141</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 5 – LONG-TERM LIABILITIES

The District’s debt issues and transactions are summarized below and discussed in detail thereafter.

	Balance at January 1, 2015	Additions	Reductions	Balance at December 31, 2015	Due within One Year
2011A Refunding Revenue Bonds	\$ 24,350,000		\$ (1,095,000)	\$ 23,255,000	\$ 1,140,000
2005A Certificates of Participation	1,935,000		(1,935,000)		
State of California loan-Cement Hill	8,703,087		(1,142,874)	7,560,213	441,039
State of California loan-Lake Vera	52,936		(52,936)		
Long Ravine Campground Note	50,000		(50,000)		
Total	35,091,023		(4,275,810)	30,815,213	1,581,039
Unamortized premiums	1,036,775		(81,485)	955,290	
Total Debt and Loans	36,127,798		(4,357,295)	31,770,503	1,581,039
Other postemployment benefits	610,000	\$ 36,000		646,000	
Compensated absences	2,512,367	1,069,700	(807,850)	2,774,217	882,168
Net pension liability		37,053,826		37,053,826	
	3,122,367	38,159,526	(807,850)	40,474,043	882,168
	39,250,165	38,159,526	(5,165,145)	72,244,546	\$ 2,463,207
Less: Due Within One Year	(4,359,993)			(2,463,207)	
Total	\$ 34,890,172	\$ 38,159,526	\$ (5,165,145)	\$ 69,781,339	

The District’s long-term debt consisted of the following at December 31, 2015:

	<u>Balance Due</u>
<u>Revenue Bonds</u>	
In December 2011, the Nevada Irrigation District Joint Powers Authority sold \$25,970,000 of Series 2011A Revenue Bonds, with interest rates ranging from 2% to 5%. The proceeds were used to advance refund a portion of the 2002 Certificate of Participation, finance a portion of the Lower Cascade Canal/Banner Cascade pipeline project, and pay the costs of the 2011A bond issuance. Principal payments ranging from \$790,000 to \$1,470,000 are due on March 1 through 2036. Interest payments ranging from \$14,438 to \$472,109 are due on March 1 and September 1 through March 1, 2036.	\$ 23,255,000
<u>State of California Loans</u>	
In October 2007, the District signed a \$9,768,858 agreement with the State of California Department of Public Health to finance construction of the Cement Hill pump zone extension to meet the California safe drinking water standards. Interest is at 2.2836%. Principal payments ranging from \$72,320 to \$301,324 and interest payments ranging from \$826 to \$86,323 are due semi-annually on January 1 and July 1 through 2030.	7,560,213
Totals	<u>\$ 30,815,213</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 5 – LONG-TERM LIABILITIES (Continued)

Annual debt service requirements are shown below for the above debt issues:

For the Year Ended December 31	Revenue Bonds		State Loans		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,140,000	\$ 944,219	\$ 441,039	\$ 170,141	\$ 1,581,039	\$ 1,114,360
2017	1,165,000	909,644	451,168	160,012	1,616,168	1,069,656
2018	1,210,000	867,969	461,530	149,651	1,671,530	1,017,620
2019	1,265,000	812,144	472,130	139,051	1,737,130	951,195
2020	1,330,000	747,269	482,972	128,208	1,812,972	875,477
2021-2025	5,315,000	2,881,694	2,586,428	469,474	7,901,428	3,351,168
2026-2030	4,720,000	2,015,988	2,664,946	158,511	7,384,946	2,174,499
2031-2035	5,790,000	937,334			5,790,000	937,334
2036-2038	1,320,000	28,875			1,320,000	28,875
Total	<u>\$ 23,255,000</u>	<u>\$ 10,145,136</u>	<u>\$ 7,560,213</u>	<u>\$ 1,375,048</u>	<u>\$ 30,815,213</u>	<u>\$ 11,520,184</u>

Pledged Revenues: The District has pledged future water system revenues, net of specified operating expenses to repay its Revenue Bond in the original amount of \$25,970,000. Proceeds of the Bonds were used to refund certain debt issuances as described above and to fund improvements to the District's water systems. The Bonds are payable solely from water system revenues and special assessments and are payable through 2036. Annual principal and interest payments on the Bonds are expected to require approximately 125% of net revenues. Total principal and interest remaining to be paid on the Bonds was \$33,400,136, at December 31, 2015. Cash basis principal and interest paid on the Bonds was \$2,078,219, and total water system net revenues calculated in accordance with the covenants was \$17,663,236 for the Revenue Bond.

NOTE 6 – NET POSITION

Net Position is the excess of all the District's assets and deferred outflows over all its liabilities, and deferred inflows. Net Position is divided into three categories as follows:

Investment in Capital Assets describes the portion of net position which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. These principally include facility capacity fees received for use on capital projects, fees charged for the provision of future water resources and debt service reserve funds.

Unrestricted describes the portion of net position which is not restricted as to use.

Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action. They are reported as part of the District's unrestricted net position.

Although the Water Fund does not have sufficient unrestricted net position to cover all of the designated balances, the Water Fund has sufficient cash balances.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 6 – NET POSITION (Continued)

The District’s unrestricted net position consists of the following at December 31, 2015:

	<u>Water</u>	<u>Electric</u>	<u>Recreation</u>
DESIGNATED:			
Comprehensive insurance reserve	\$ 7,518,750		
Accrued Leave	2,182,317	\$ 266,996	
Operating reserve		5,909,737	
Water rate stabilization reserve	2,005,000		
Raw water system expansion reserve	2,005,000		
Watershed stewardship reserve	2,145,749		
Capital improvement reserve	5,012,500	10,000,000	
Hydroelectric relicensing	259,962		
TOTAL DESIGNATED	<u>21,129,278</u>	<u>16,176,733</u>	<u>-</u>
UNDESIGNATED	<u>(5,243,970)</u>	<u>6,021,540</u>	<u>\$ (1,082,345)</u>
TOTAL UNRESTRICTED NET POSITION	<u>\$ 15,885,308</u>	<u>\$ 22,198,273</u>	<u>\$ (1,082,345)</u>

NOTE 7 – PENSION PLANS

Plan Description: All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS) which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues a publicly available report that includes a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. One agent plan is used for all three of the District’s rate plans. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 7 – PENSION PLANS (Continued)

The Plans' provisions and benefits in effect for the year ended December 31, 2015 is summarized as follows for each rate plan:

Hire date	Miscellaneous Plan (Prior to May 1, 2010)	Miscellaneous Plan (After May 1, Prior to January 1, 2013)	Miscellaneous Plan (On or after January 1, 2013)
Benefit formula (at full retirement)	2.5% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates:			
January 1 to June 30	8.000%	7.000%	6.750%
July 1 to December 31	8.000%	7.000%	6.750%
Required employer contribution rates:			
January 1 to June 30	26.499%	26.499%	26.499%
July 1 to December 31	27.907%	27.907%	27.907%

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires the 2.0% at 62 benefit to be used by any new participants that were not members of CalPERS on January 1, 2013.

Employees Covered: At the June 30, 2015 (the most recent date available) the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	212
Inactive employees entitled to but not yet receiving benefits	49
Active employees	<u>167</u>
Total	<u><u>428</u></u>

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 7 – PENSION PLANS (Continued)

Net Pension Liability: The District’s net pension liability for the Plan is measured as the total pension liability, less the plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions: The total pension liability at the June 30, 2015 measurement dates was determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.20% (1)
Investment Rate of Return	7.65% (2)
Mortality - pre-retirement	0.020% to 0.99%

(1) Depending on entry age and service

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation was based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 7.65% in the June 30, 2015 valuation for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.65 investment return assumption used at the June 30, 2015 measurement date was corrected to no longer be reduced for administrative expenses.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 7 – PENSION PLANS (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class for the Plan as of the measurement dates of June 30. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(0.55)%	(1.05)%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 7 – PENSION PLANS (Continued)

Changes in the Net Pension Liability: The changes in Net Pension Liability for the Plan for the year ended December 31, 2015 are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$ 111,177,303	\$ 77,661,352	\$ 33,515,951
Changes in the year:			
Service cost	1,691,635		1,691,635
Interest on the total pension liability	8,255,944		8,255,944
Changes in assumptions	(1,922,782)		(1,922,782)
Differences between actual and expected experience	1,142,319		1,142,319
Plan to plan resource movement			
Changes in benefit terms			
Contribution - employer		3,098,851	(3,098,851)
Contribution - employee		921,705	(921,705)
Net investment income		1,695,016	(1,695,016)
Benefit payments, including refunds of employee contributions	(6,643,641)	(6,643,641)	-
Administrative expenses		(86,331)	86,331
Net changes during 2014-15	2,523,475	(1,014,400)	3,537,875
Balance at June 30, 2015	\$ 113,700,778	\$ 76,646,952	\$ 37,053,826

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the District for the Plan, calculated using the discount rate for the Plan, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous Plan
1% Decrease	6.65%
Net Pension Liability	\$ 51,406,133
Current Discount Rate	7.65%
Net Pension Liability	\$ 37,053,826
1% Increase	8.65%
Net Pension Liability	\$ 25,180,271

Pension Plan Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 7 – PENSION PLANS (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: For the year ended December 31, 2015, the District recognized pension expense of \$3,434,463. At December 31, 2015 the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,719,744	
Differences between actual and expected experience	863,705	
Changes in assumptions		\$ (1,453,811)
Net differences between projected and actual earnings on plan investments	<u>3,294,247</u>	<u>(4,094,452)</u>
Total	<u>\$ 5,877,696</u>	<u>\$ (5,548,263)</u>

The \$1,719,744 reported as deferred outflows of resources related to contributions subsequent to the measurement date of June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense as follows as of December 31, 2015:

Year Ended December 31	
2016	\$ (731,613)
2017	(731,613)
2018	(731,613)
2019	<u>804,528</u>
	<u>\$ (1,390,311)</u>

Payable to the Pension Plan: At December 31, 2015, the District reported payables of \$116,774 for the outstanding amount of required contributions to the Plan.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description: The District’s other postemployment benefits (OPEB) healthcare plan (the Plan) provides medical benefits to employees that directly retire from the District and their eligible dependents, subject to a monthly limitation pursuant to Government Code Section 22892, as amended by AB 2544. Eligibility rules include retirement from the District at age 50 or later with five years of service. The District’s Board of Directors has the authority to establish and amend benefit provisions. The District participates in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administrated by CalPERS, and is managed by an appointed board not under the control of the District’s Board of Directors. This Trust is not considered a component unit by the District and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

Funding Policy: The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The benefits are fully funded by the District. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2015, the District contributed approximately \$2,108,000 to the Plan, which represents current premiums and \$1,000,000 of pre-funding. Plan members did not make any contributions to the Plan.

Annual OPEB Cost and Net OPEB Obligation: The District’s annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for 2015, the amount actually contributed to the Plan, and changes in the District’s net OPEB asset.

Annual Required Contribution (ARC)	\$ 2,245,000
Interest on Net OPEB Obligation	(65,000)
Adjustment to Annual Required Contribution	91,000
Annual OPEB Cost (Expense)	<u>2,271,000</u>
Contributions Made	<u>(2,108,000)</u>
Increase in OPEB Asset	163,000
Net OPEB (Asset) Liability - Beginning of Year	<u>(702,000)</u>
Net OPEB (Asset) - End of Year	<u><u>\$ (539,000)</u></u>

This net OPEB asset is reported by fund as follows:

Water	\$ 646,000
Electric	<u>(1,185,000)</u>
Net OPEB (asset)	<u><u>\$ (539,000)</u></u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the three most recent fiscal years are as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability (Asset)
December 31, 2013	\$ 2,162,000	55.09%	\$ 39,000
December 31, 2014	2,232,000	133.20%	(702,000)
December 31, 2015	2,271,000	92.82%	(539,000)

Funded Status and Funding Progress: The funded status of the Plan as of June 30 2013, the Plan’s most recent actuarial valuation date, was as follows:

Actuarial Accrued Liability (AAL)	\$ 23,637,000
Actuarial Value of Plan Assets	<u>7,904,000</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 15,733,000</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	33.44%
Covered Payroll (Active Plan Participants)	\$ 9,980,000
UAAL as a Percentage of Covered Payroll	157.65%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013 actuarial valuation, the entry age normal cost method was used. The actuarial valuation used the rates of mortality, disability and other withdrawals used by CalPERS in the valuation of the District’s pension plan. The actuarial assumptions included a 7.25% investment rate of return, a 3.0% rate of inflation, an 8.0% healthcare premium increase in 2015 trending down to 5.0% in 2021, and a 3.25% increase in payroll. The UAAL is being amortized as a level percent of pay over a closed 18 year period. The remaining amortization period at December 31, 2015 was 12 years.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 9 - INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District participates in the Special District Risk Management Authority (SDRMA) Property and Liability Insurance Program for risk of loss. The program provides general liability, property, commercial auto, boiler and machinery, employment practices, employee dishonesty coverage, employment benefits liability, public official errors and omissions and public official personal liability insurance coverage.

SDRMA is composed of California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et seq. The purpose of SDRMA is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance and administrative services.

The District paid no material uninsured losses during the last three fiscal years and had no significant reductions in coverage during the year. Liabilities of the District are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The District considers claims incurred and reported, as well as claims incurred but not reported, to be immaterial and has not accrued an estimate of such claims payable.

The District's maximum coverage as of December 31, 2015 consisted of \$10 million for general liability, public officials and employees' errors, employment practices liability and auto liability, \$500,000 of personal liability coverage for Board members, \$1,000,000 for employee dishonesty and for uninsured motorists. In addition, the District has property coverage of \$1 billion and boiler and machinery coverage of \$100 million. The District also has workers compensation insurance up to the statutory limit and \$5 million for employers' liability coverage. Deductibles range from \$1,000 to \$500,000.

NOTE 10 – INTERFUND TRANSACTIONS

Interfund transactions between funds are reflected as loans, services provided, reimbursements or transfers. Loans are reported as receivables or payables as appropriate, and are subject to elimination upon consolidation. The District transfers resources among funds in the course of normal operations. Services provided, deemed to be at market or near market rates are accounted for as revenues and expenditures/expenses. Transactions to reimburse a fund for expenditures/expenses initially made from it that are applicable to another fund are recorded as expenditures/expenses in the correct fund and as reductions of expenditures/expenses in the original fund. All other interfund transactions are reported as transfers.

Advances Between Funds

Interfund advances as of December 31, 2015 were as follows:

	<u>Advances to other funds</u>	<u>Advances from other funds</u>
Water Utility Fund	\$ 5,705,092	
Electric Utility Fund		\$ 5,705,092
	<u>\$ 5,705,092</u>	<u>\$ 5,705,092</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 10 – INTERFUND TRANSACTIONS (Continued)

The Water Fund advanced the Electric Fund \$15,705,092 between 2006 and 2015 to pay for the FERC Relicensing of the Yuba Bear Hydroelectric Project. As of December 31, 2015, \$5,705,092 was outstanding on this advance, including accrued and unpaid interest of \$293,752 starting from August 10, 2004. This loan accrues simple interest at the Pooled Money Investment Account average monthly yields. Principal payments of not less than \$3,000,000 per year are due annually at December 31, along with the accrued interest on that amount.

Transfers Between Funds

Interfund transfers for operations as of December 31, 2015 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
Water Utility Fund	\$ 35,199	\$ 72,975
Electric Utility Fund	72,975	35,061
Recreation Fund	-	138
	<u>\$ 108,174</u>	<u>\$ 108,174</u>

These transfers were made to transfer resources to the fund incurring the expense.

NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES

Capital Project Commitments: The District had the following significant capital project commitments outstanding as of December 31, 2015:

Raw Water Intertie Rock Creek Reservoir	\$ 1,787,839
Centennial Dam Design	1,185,005
Siphon Lane Pump Station	290,435
Shale Ridge Tank 24"	279,073
Raw Water Master Plan	265,653
Combie Phase 1 Bypass	225,143
Voltage Regulator at Chicago Park	167,431
Locksley Lane Intertie	138,080
Bowman Power House Upgrade	103,217
Mercury Removal	86,940
Plan Phase Lincoln	63,285
Rollins Penstock Powerhouse	62,420
Syst Modeling Reliability and Redundancy	<u>52,220</u>
Total	<u>\$ 4,706,741</u>

Litigation: The District is a defendant in a number of lawsuits, which have arisen, in the normal course of business including challenges over certain rates and changes. The ultimate outcome of these matters is not presently determinable. In the opinion of the District, these actions when finally adjudicated will not have a material adverse effect on the financial position of the District.

During 2015, the District received 99.7% of its total Electric Fund revenue from PG&E for power generated from the District's power plants.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 12 – AGREEMENT WITH PACIFIC GAS AND ELECTRIC COMPANY

The District has entered into a twenty-year power purchase agreement with PG&E beginning July 1, 2013. The District bills PG&E monthly based on energy generation and PG&E bills the District for any CAISO charges. If the contract is terminated early, a termination payment will be calculated according to the terms of the contract.

NOTE 13 – RELICENSING

The District has been preparing for the relicensing of its Yuba Bear Power Project as required by the Federal Energy Regulatory Commission (FERC). The FERC license on this project expired April 30, 2013. In connection with the relicensing, the District has incurred expenses, entered into service contracts, and established cash reserves to pay for anticipated costs. Costs incurred for the relicensing are being capitalized, and will be amortized over the life of the new license once it has been issued by FERC. Total cost capitalized as of December 31, 2015 amounted to \$15,691,011. Until the relicensing process is completed, operations continue under the current FERC license conditions.

NOTE 14 – RESTATEMENTS

The District restated its net position balances from amounts previously reported at December 31, 2014 as follows:

	Water Net Position	Electric Net Position	Recreation Net Position	Total	Fiduciary Funds
Balance as Originally Reported - December 31, 2014	\$ 300,372,381	\$ 107,730,302		\$ 408,102,683	
Segregate Recreation and Fiduciary Funds	(35,680,177)	-	\$ 34,220,409	(1,459,768)	\$ 1,459,768
Record pension liability	(31,682,704)	(4,790,488)	(1,125,395)	(37,598,587)	
Reclassify FERC relicensing loan	15,705,092	(15,705,092)	-	-	
FERC relicensing loan payment in prior years	(4,000,000)	4,000,000	-	-	
Adjust cement hill receivable	721,815	-	-	721,815	
Record Rodeo Flat receivable	565,400	-	-	565,400	
True-up balance to capital asset list	681,185	1,693,496	-	2,374,681	
Restate District Construction in Progress	132,993	-	-	132,993	
Remove trust fund cash incorrectly included	(168,515)	-	-	(168,515)	
Corrections to various balance sheet accounts	(2,976)	-	-	(2,976)	
Total effect of changes	<u>(53,727,887)</u>	<u>(14,802,084)</u>	<u>33,095,014</u>	<u>(35,434,957)</u>	<u>1,459,768</u>
Balance as Restated - December 31, 2014	<u>\$ 246,644,494</u>	<u>\$ 92,928,218</u>	<u>\$ 33,095,014</u>	<u>\$ 372,667,726</u>	<u>\$ 1,459,768</u>

During the year ended December 31, 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. These Statements required the District to recognize in its accrual basis financial statements its net pension liability, deferred outflows of resources and deferred inflows of resources for the District's pension plans. These Statements also required contributions made after June 30, 2015 measurement date used in the actuarial valuations for the pension plans to be reported as deferred outflows of resources.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE 14 – RESTATEMENTS (Continued)

Due to the implementation of these Statements, the District's total net position as of January 1, 2015 was restated compared to the amounts reported in the December 31, 2014 financial statements, resulting in a decrease in net position of \$37,598,587.

NOTE 15 – SUBSEQUENT EVENT

In April 2016, the District issued through its existing JPA, Nevada Irrigation District Joint Powers Authority, \$20,210,000 in Revenue Bonds, Series 2016A. These 2016A Bonds were issued to provide funding to finance the acquisition of certain capital improvements to the District's Water System.

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REQUIRED SUPPLEMENTARY INFORMATION

NEVADA IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

Last 10 Years

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (Unaudited)

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service Cost	\$ 1,691,635	\$ 1,765,326
Interest on Total Pension Liability	8,255,944	7,905,821
Changes in Assumptions	(1,922,782)	
Differences Between Actual and Expected Experience	1,142,319	
Benefit Payments, Including Refunds of Employee Contributions	(6,643,641)	(6,044,270)
Net Change in Total Pension Liability	<u>2,523,475</u>	<u>3,626,877</u>
Total Pension Liability - Beginning	<u>111,177,303</u>	<u>107,550,426</u>
Total Pension Liability - Ending (a)	<u>\$ 113,700,778</u>	<u>\$ 111,177,303</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 3,098,851	\$ 2,449,665
Contributions - Employee	921,705	909,560
Net Investment Income	1,695,016	11,836,566
Benefit Payments	(6,643,641)	(6,044,270)
Plan to Plan Resource Movement		
Administrative Expenses	(86,331)	
Net Change in Plan Fiduciary Net Position	<u>(1,014,400)</u>	<u>9,151,521</u>
Plan Fiduciary Net Position - Beginning	<u>77,661,352</u>	<u>68,509,831</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 76,646,952</u>	<u>\$ 77,661,352</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 37,053,826</u>	<u>\$ 33,515,951</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>67.41%</u>	<u>69.85%</u>
Covered - Employee Payroll	<u>\$ 10,522,081</u>	<u>\$ 10,387,326</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>352.15%</u>	<u>322.66%</u>

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after valuation dates. This applies for voluntary benefit changes as well as any offers of Two Years of Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: The discount rate was changed from 7.5% (net of administrative expense) in 2014 to 7.65% in 2015. Administrative expenses were no longer netted against the investment return assumption in 2015.

Omitted Years: Information was not available prior to 2014.

NEVADA IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

Last 10 Years

SCHEDULE OF CONTRIBUTIONS - PENSION PLAN (Unaudited)

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution (Actuarially Determined)	\$ 3,098,851	\$ 2,449,665
Contributions in Relation to the Actuarially Determined Contributions	<u>(3,098,851)</u>	<u>(2,449,665)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered - Employee Payroll	\$ 10,522,081	\$ 10,387,326
Contributions as a Percentage of Covered - Employee Payroll	29.45%	23.58%

Notes to Schedule:

Valuation Date: June 30, 2014 (for 2015) and June 30, 2013 (for 2014).

Measurement Date: June 30, 2015 (for 2015) and June 30, 2014 (for 2014).

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percentage of Payroll
Average Remaining Amortization Period	21 Years (2015), 24 Years (2014)
Asset Valuation Method	15-year Smoothed Market
Inflation	2.75%
Salary Increases	3.20% to 12.20% (2015), 3.30% to 14.20% (2014) Depending on Entry Age and Service.
Payroll Growth	3.00%
Investment Rate of Return	7.65% (2015) and 7.50%, Net of Administrative Expenses (2014), Including Inflation.
Retirement Age	50 to 67 years. Probabilities of Retirement are Based on the 2010 CalPERS Experience Study for the Period 1997 to 2007.
Mortality	Based on 2010 CalPERS Experience Study for the Period 1997 to 2007.

Omitted Years: GASB Statement No. 68 was implemented during the year ended December 31, 2015. Information was not available prior to 2014.

NEVADA IRRIGATION DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

SCHEDULE OF FUNDING PROGRESS OF THE
 OTHER POSTEMPLOYMENT BENEFITS PLAN (UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2011	\$ 3,668,000	\$ 22,691,000	\$ 19,023,000	16.16%	\$ 9,734,000	195.43%
June 30, 2012	5,338,000	22,346,000	17,008,000	23.89%	9,666,000	175.96%
June 30, 2013	7,904,000	23,637,000	15,733,000	33.44%	9,980,000	157.65%

SUPPLEMENTARY INFORMATION

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NEVADA IRRIGATION DISTRICT

COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS

For the Year Ended December 31, 2015

	Balance December 31, 2014	Additions	Deductions	Balance December 31, 2015
<u>Cement Hill</u>				
Assets				
Cash with fiscal agent	\$ 708,916	\$ 82,385		\$ 791,301
Accrued interest	122	15		137
Assessments receivable	215,987		\$ (31,172)	184,815
Infrastructure donated to District	3,855,608		(335,902)	3,519,706
Total Assets	<u>\$ 4,780,633</u>	<u>\$ 82,400</u>	<u>\$ (367,074)</u>	<u>4,495,959</u>
Liabilities				
Due to other governments	<u>\$ 4,780,633</u>		<u>\$ (284,674)</u>	<u>\$ 4,495,959</u>
Total liabilities	<u>\$ 4,780,633</u>		<u>\$ (284,674)</u>	<u>\$ 4,495,959</u>
<u>Rodeo Flat</u>				
Assets				
Cash with fiscal agent	\$ 131,186	\$ 15,245		\$ 146,431
Accrued interest	157	19		176
Assessments receivable	29,086		\$ (4,198)	24,888
Infrastructure donated to District	424,071		(20,743)	403,328
Total Assets	<u>\$ 584,500</u>	<u>\$ 15,264</u>	<u>\$ (24,941)</u>	<u>\$ 574,823</u>
Liabilities				
Interest payable	\$ 9,677		\$ (254)	\$ 9,423
Due to bondholders	574,823		(9,423)	565,400
Total liabilities	<u>\$ 584,500</u>		<u>\$ (9,677)</u>	<u>\$ 574,823</u>
<u>Improvement Districts</u>				
Assets				
Cash with fiscal agent	\$ 502,809	\$ 58,431		\$ 561,240
Accrued interest	603	72		675
Total Assets	<u>\$ 503,412</u>	<u>\$ 58,503</u>		<u>\$ 561,915</u>
Liabilities				
Agency obligations	<u>\$ 503,412</u>	<u>\$ 58,503</u>		<u>\$ 561,915</u>
Total liabilities	<u>\$ 503,412</u>	<u>\$ 58,503</u>		<u>\$ 561,915</u>
<u>All Agency Funds</u>				
Assets				
Cash with fiscal agent	\$ 1,342,911	\$ 156,061		\$ 1,498,972
Accrued interest	882	106		988
Assessments receivable	245,073		\$ (35,370)	209,703
Infrastructure donated to District	4,279,679		(356,645)	3,923,034
Total Assets	<u>\$ 5,868,545</u>	<u>\$ 156,167</u>	<u>\$ (392,015)</u>	<u>\$ 5,632,697</u>
Liabilities				
Interest payable	\$ 9,677		\$ (254)	\$ 9,423
Due to other governments	4,780,633		(284,674)	4,495,959
Due to bondholders	574,823		(9,423)	565,400
Agency obligations	503,412	\$ 58,503		561,915
Total liabilities	<u>\$ 5,868,545</u>	<u>\$ 58,503</u>	<u>\$ (294,351)</u>	<u>\$ 5,632,697</u>

NEVADA IRRIGATION DISTRICT
 CAPACITY FEE SCHEDULE
 GOVERNMENT CODE SECTION 66013

Fiscal Year Ended December 31, 2015

Beginning balance			\$ 6,770,673
<u>Revenues:</u>			
Fees Collected	\$	414,305	
Interest Earned		22,419	
	Total	436,724	
<u>Expenses:</u>			
Debt Service	\$	1,016,841	
Capital Projects		-	
	Total	1,016,841	
Net Changes for the Year			(580,117)
Ending balance			\$ 6,190,556

California Government Code (CGC) Section 66013 requires the District to place capital facilities fees received and any interest income earned from the investment of these monies in a separate capital facilities fund. These monies are to be used solely for the purposes for which they were collected and not commingled with other District funds.

The Section requires the District to make certain information available to the public within 180 days after the close of each fiscal year. Furthermore, the Section allows the required information to be included in the District's annual financial report. The Capacity Fee Report meets this requirement.

Capacity fees are imposed for initiating water connection service by the District at the request of the customer. No fees are imposed upon real property or upon person as an incident of property ownership, but rather as a condition of service.

The District's five year Capital Improvement Plan forecast usage of these fees for treated water growth/expansion related projects. No interfund loans are connected to these fees.

Source: Nevada Irrigation District Finance Department

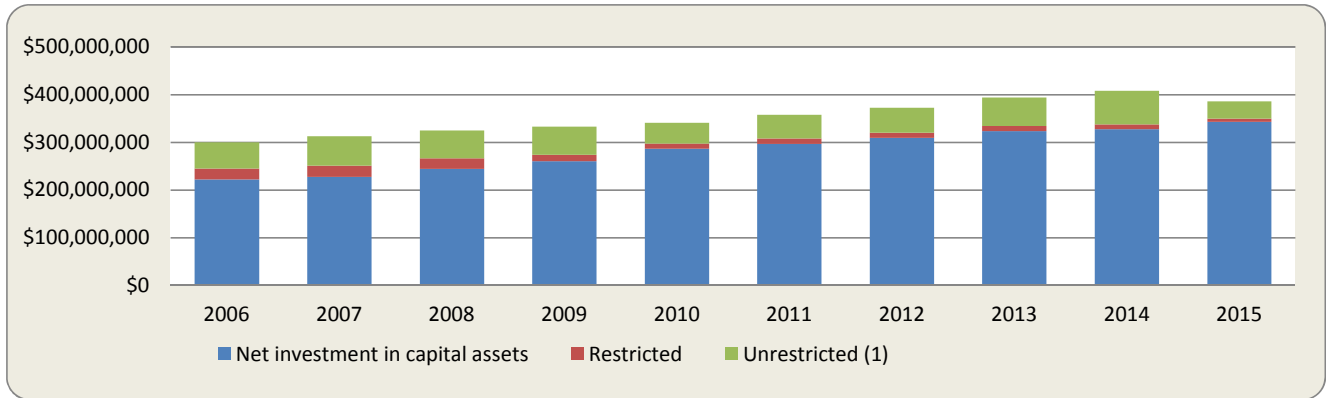
STATISTICAL SECTION

STATISTICAL SECTION

This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statement, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Content</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information for assessing the District's financial performance and well-being changed over time.</i>	52-53
Revenue Capacity <i>These schedules contain information to assess the District's most significant local revenue source, water sales, hydroelectric sales and property taxes.</i>	54-60
Debt Capacity <i>These schedules present information to assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.</i>	61-64
Demographic and Economic Information <i>These schedules provide demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</i>	66-67
Operating Information <i>These schedules contain service and infrastructure data to assist the reader in understanding how the information in the District's financial report relates to the services the District provides and the activities it performs.</i>	68-69

Nevada Irrigation District
Table 1: Net Position by Component
 (Accrual Basis of Accounting)

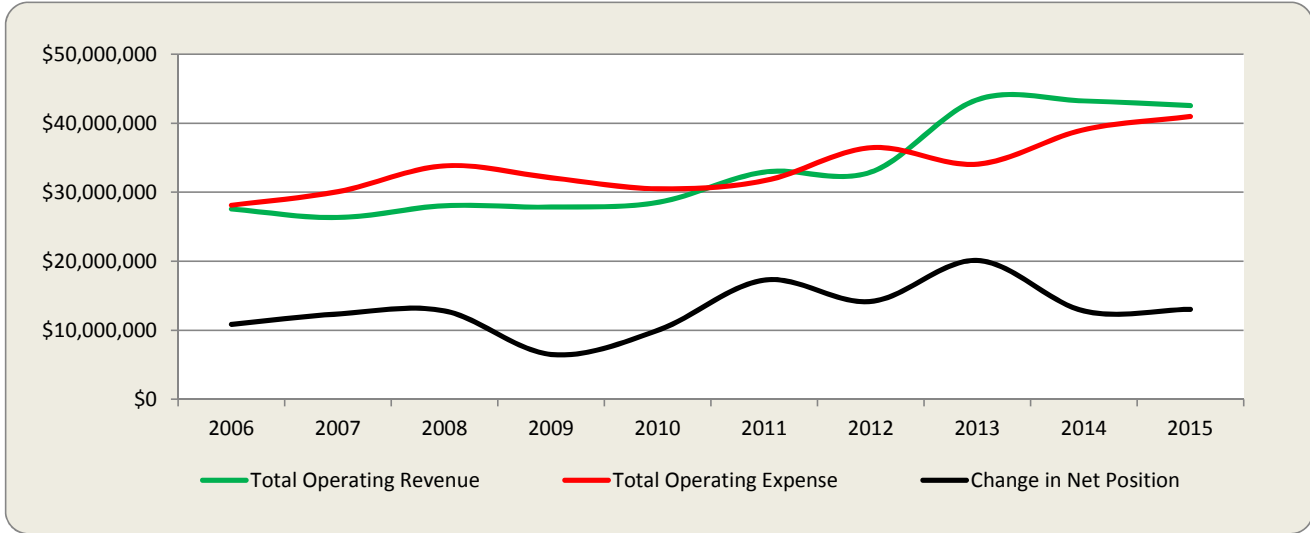


	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Position:										
Net investment in capital assets	\$222,546,587	\$228,067,879	\$244,566,486	\$260,500,460	\$286,182,245	\$296,671,739	\$309,004,602	\$322,987,110	\$326,939,315	\$342,551,262
Restricted	22,749,740	23,239,235	21,541,519	13,141,413	10,539,569	10,891,261	10,768,846	10,763,551	10,109,236	6,801,736
Unrestricted (1)	54,670,960	60,949,017	58,566,844	58,880,504	43,969,378	50,128,251	52,278,409	60,186,554	71,054,132	36,342,866
Total net position	\$299,967,287	\$312,256,131	\$324,674,849	\$332,522,377	\$340,691,192	\$357,691,251	\$372,051,857	\$393,937,215	\$408,102,683	\$385,695,864

(1) The decrease in 2015 unrestricted net position is due to the implementation of GASB 68.

Source: Nevada Irrigation District Finance Department

Nevada Irrigation District
Table 2: Changes in Net Position
 (Accrual Basis of Accounting)



	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Operating Revenues:</u>										
Water sales	\$ 15,130,682	\$ 14,693,664	\$ 16,446,593	\$ 16,228,200	\$ 16,000,740	\$ 16,639,336	\$ 17,857,842	\$ 19,226,399	\$ 18,879,014	\$ 18,182,972
Electric power sales	11,152,810	10,011,923	9,950,305	10,020,206	10,711,380	14,345,166	12,798,978	21,560,091	21,547,522	20,938,643
Standby charges	124,648	131,771	127,801	125,120	110,312	132,398	123,807	77,343	199,031	127,318
Reimbursements	26,456	18,050	24,297	15,919	104,957	7,862	22,208	55,489	66,945	715,544
New connections and instl	265,621	259,631	134,328	88,447	118,253	215,128	124,916	245,965	172,943	391,315
Recreation fees	568,613	869,482	956,975	970,118	1,093,022	1,150,541	1,471,825	1,773,812	1,814,050	1,680,426
Other revenue	292,919	349,075	402,458	393,788	387,196	437,184	514,794	484,391	558,090	514,390
Total Operating Revenue	27,561,749	26,333,596	28,042,757	27,841,798	28,525,860	32,927,615	32,914,370	43,423,490	43,237,595	42,550,608
<u>Operating Expenses</u>										
Administration and general	12,994,793	13,776,532	15,721,193	14,598,800	13,770,783	12,592,040	16,520,096	11,296,190	15,038,106	16,857,254
Water treatment	3,169,253	3,777,112	3,987,615	3,885,028	3,903,220	3,985,813	3,968,769	4,243,379	5,125,173	5,038,911
Transmission and distr	6,987,212	7,736,692	8,897,553	8,553,808	7,720,425	8,011,035	7,984,101	9,082,023	8,675,374	9,595,141
Pumping	807,312	639,489	699,143	668,774	688,388	741,398	736,270	794,287	814,440	705,111
Depreciation and amort	4,156,235	4,159,627	4,519,100	4,391,641	4,420,861	6,325,122	7,253,596	8,648,909	9,410,296	8,781,131
Total Operating Expense	28,114,805	30,089,452	33,824,604	32,098,051	30,503,677	31,655,408	36,462,832	34,064,788	39,063,389	40,977,548
<u>Nonoperating Rev (Exp)</u>										
Taxes and assessments	8,344,780	10,678,618	11,229,400	10,847,807	10,131,516	9,990,235	10,302,102	9,750,780	10,108,508	10,707,911
Investment income	2,639,061	4,011,993	3,496,895	1,160,520	1,719,826	378,489	486,989	433,678	673,536	652,266
Unrealized gain/(loss)	-	1,499,429	1,853,898	(792,783)	27,040	524,320	100,082	-	-	(827,767)
Rents and leases	190,583	192,235	77,208	64,941	71,235	40,090	94,585	84,532	73,534	165,720
Gain/(loss) on sale assets	(373,167)	(1,089,826)	1,490,765	(125,655)	71,610	(44,458)	(87,326)	1,067	(2,199,003)	(3,275)
Intergovernmental revenue	661,919	94,470	-	-	-	-	-	863,830	412,468	937,659
Interest expense	(1,555,946)	(1,407,886)	(1,283,074)	(1,157,049)	(821,327)	(207,418)	(1,551,584)	(1,463,127)	(1,320,756)	(1,265,805)
Other										(83,234)
Total Nonoperating	9,907,230	13,979,033	16,865,092	9,997,781	11,199,900	10,681,258	9,344,848	9,670,760	7,748,287	10,283,475
Income before contribution	9,354,174	10,223,177	11,083,245	5,741,528	9,222,083	11,953,465	5,796,386	19,029,462	11,922,493	11,856,535
<u>Transfers and contributions</u>										
Capacity charges	556,011	729,082	854,984	385,992	298,908	855,473	363,568	714,427	854,499	414,305
Capital contributions	932,458	1,411,296	856,208	366,288	452,684	4,456,123	8,004,707	369,150	18,776	757,298
Total Transfers and contri	1,488,469	2,140,378	1,711,192	752,280	751,592	5,311,596	8,368,275	1,083,577	873,275	1,171,603
Change in Net Position	\$ 10,842,643	\$ 12,363,555	\$ 12,794,437	\$ 6,493,808	\$ 9,973,675	\$ 17,265,061	\$ 14,164,661	\$ 20,113,039	\$ 12,795,768	\$ 13,028,138

Source: Nevada Irrigation District Finance Department

Nevada Irrigation District
Table 3: Treated Water Rates and Connection Fees
 Effective January 1

	2006	2007	2008 ⁽¹⁾	2009	2010	2011	2012	2013	2014	2015
Commodity Rate/HCF:										
Residential										
2 to 58 hcf	\$ 1.157	\$ 1.157	\$ 1.08	\$ 1.17	\$ 1.22	\$ 1.36	\$ 1.47	\$ 1.53	\$ 1.62	\$ 1.72
Next 340 hcf	1.290	1.290	1.40	1.51	1.57	1.76	1.90	1.98	2.10	2.22
Over 400 hcf	1.387	1.387								
Daily Base Charge (fixed based on meter size):										
5/8"	\$ 0.50	\$ 0.50	\$ 0.52	\$ 0.54	\$ 0.54	\$ 0.57	\$ 0.58	\$ 0.61	\$ 0.64	\$ 0.69
3/4"	0.64	0.64	0.70	0.75	0.77	0.83	0.88	0.91	0.97	1.04
1"	0.92	0.92	1.05	1.16	1.21	1.36	1.46	1.52	1.61	1.74
1.5"	1.46	1.46	1.79	2.07	2.21	2.64	2.92	3.04	3.22	3.47
2"	2.20	2.20	2.75	3.23	3.48	4.20	4.68	4.87	5.16	5.56
3"	3.87	3.87	4.95	5.90	6.38	7.82	8.77	9.12	9.67	10.42
4"	5.36	5.36	6.86	9.17	10.08	12.80	14.62	15.21	16.12	17.37
6"	10.47	10.47	14.71	18.34	20.16	25.61	29.25	30.42	32.24	34.74
8"	22.64	22.64	28.06	32.74	35.07	42.11	46.79	48.67	51.59	55.59
Daily Base Charge for Private Fire Lines (fixed based on meter size):										
1"							\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.10
4"	\$ 0.42	\$ 0.42	\$ 0.44	\$ 0.47	\$ 0.48	\$ 0.50	0.51	0.52	0.54	0.57
6"	0.45	0.45	0.46	0.50	0.51	0.52	0.54	0.55	0.58	0.60
8"	0.50	0.50	0.52	0.55	0.57	0.58	0.60	0.61	0.64	0.67
Connection Fees										
5/8"	\$ 6,985	\$ 6,888.04	\$ 7,291.37	\$ 7,291.37	\$ 7,329.47	\$ 7,559.00	\$ 7,810.00	\$ 8,003.00	\$ 9,775.00	\$ 10,097.00
3/4"	11,005.00	9,732.68	10,313.48	10,313.48	10,363.12	10,688.00	11,044.00	11,317.00	13,859.00	14,317.00
1"	20,400.00	16,936.65	17,696.16	17,969.16	18,045.74	18,613.00	19,233.00	19,711.00	24,212.00	25,014.00
1.5"	47,325.00	37,623.68	39,946.87	39,946.87	40,103.47	41,367.00	42,746.00	43,810.00	53,913.00	55,703.00
2"	107,710.00	66,452.26	70,582.29	70,582.29	70,846.96	73,082.00	75,521.00	77,404.00	95,343.00	98,511.00
Over 2"										

(1) 1st 10 hcf for 2 to 58 hcf, Next 340 hcf Over

Source: Nevada Irrigation District Finance Department

Nevada Irrigation District
Table 4: Hydroelectric Rates, Production, and Sales
 Effective January 1

	2013	2014	2015
<u>Rates/(kwh)</u>			
Location: # Power Plants			
Chicago Powerhouse	\$ 0.31	\$ 0.29	\$ 0.29
Dutch Flat Powerhouse	0.38	0.36	0.45
Rollins Powerhouse	0.20	0.32	0.35
Bowman Powerhouse	0.06	0.07	0.05
Scotts Flat Powerhouse	0.09	0.10	0.10
Combie South Powerhouse	0.09	0.09	0.09
Combie North Powerhouse	0.11	0.11	0.12
<u>Unit Availability</u>			
Location:			
Chicago Powerhouse	99.93%	99.67%	99.79%
Dutch Flat Powerhouse	99.99%	99.93%	96.52%
Rollins Powerhouse	100.00%	100.00%	99.78%
Average	99.97%	99.87%	98.70%
<u>Generation/(kwh)</u>			
Location:			
Chicago Powerhouse	37,430,000	35,031,000	33,699,000
Dutch Flat Powerhouse	8,569,000	14,537,000	11,984,000
Rollins Powerhouse	16,237,000	16,305,000	14,478,000
Bowman Powerhouse	6,330,295	5,141,450	4,840,567
Scotts Flat Powerhouse	4,471,288	2,884,553	2,168,488
Combie South Powerhouse	2,317,223	2,157,744	1,508,582
Combie North Powerhouse	1,587,292	1,370,468	1,020,454
Total	76,942,098	77,427,215	69,699,091
<u>Sales</u>			
Location:			
Chicago Powerhouse	\$ 11,474,067	\$ 10,156,075	\$ 9,688,911
Dutch Flat Powerhouse	3,291,586	5,247,154	5,417,285
Rollins Powerhouse	3,227,045	5,149,273	5,100,484
Bowman Powerhouse	372,104	374,415	255,516
Scotts Flat Powerhouse	399,675	274,400	209,302
Combie South Powerhouse	215,180	192,624	141,890
Combie North Powerhouse	172,502	152,041	125,255
Total	\$ 19,152,159	\$ 21,545,982	\$ 20,938,643

Note: Prior to 2013, NID was only reimbursed cost

Numerical information is only for CAFR statistical purposes and not related to contract agreement.

Source: Nevada Irrigation District Finance and Hydroelectric Department

Nevada Irrigation District
Table 5: Recreation Sales and Facilities
 Effective January 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Sales</u>										
Location:										
Scotts Flat	\$ 1,120,844	\$ 655,836	\$ 577,359	\$ 614,946	\$ 736,374	\$ 745,751	\$ 747,115	\$ 778,515	\$ 768,982	\$ 663,142
Long Ravine	-	-	-	-	-	-	431,962	462,154	491,167	531,932
Orchard	-	279,473	272,763	256,244	268,288	282,351	298,869	290,052	344,864	295,275
Peninsula	-	-	-	-	-	-	-	194,740	151,235	190,077
Total	1,120,844	935,309	850,122	871,190	1,004,662	1,028,102	1,477,946	1,725,461	1,756,248	1,680,426
# Campsites:										
Scotts Flat	200	200	200	200	200	200	200	200	200	200
Long Ravine	-	-	-	-	-	-	101	101	101	101
Orchard	-	91	91	91	91	91	91	91	91	91
Peninsula	-	-	-	-	-	-	-	70	70	70
Total	200	291	291	291	291	291	392	462	462	462

Note: Rates vary by length of stay, vehicle type & occupants. Revenues consist of reservations, boat launch, store items, and royalties
 Source: Nevada Irrigation District Finance and Recreation Department

Nevada Irrigation District
Table 6: Raw Water Rates and Connection Fees
 Effective January 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
0.25 MI	\$ 232.26	\$ 232.26	\$ 300.19	\$ 316.55	\$ 325.18	\$ 351.99	\$ 371.16	\$ 391.38	\$439.16	\$465.52
0.5	309.68	309.68	363.09	382.15	392.19	423.00	445.56	467.50	495.55	525.29
1	412.90	412.90	462.48	483.29	494.17	527.76	551.52	573.90	608.34	644.84
1.5	582.21	582.21	595.90	595.90	600.35	628.98	654.14	680.30	721.13	764.39
2	707.34	707.34	723.96	723.96	723.96	727.36	756.44	786.70	833.91	883.94
2.5	833.53	833.53	853.12	853.12	853.13	853.13	858.75	893.10	946.70	1,003.49
3	947.01	947.01	969.27	969.27	969.27	969.27	969.27	999.50	1,059.49	1,123.04
3.5	1,048.74	1,048.74	1,073.29	1,073.39	1,073.38	1,073.38	1,073.38	1,105.90	1,172.27	1,242.59
4	1,139.60	1,139.60	1,166.36	1,166.36	1,166.36	1,166.36	1,166.36	1,212.30	1,285.05	1,362.14
4.5	1,220.31	1,220.31	1,249.01	1,249.01	1,249.02	1,249.02	1,267.97	1,318.70	1,397.84	1,481.69
5	1,291.75	1,291.75	1,322.12	1,322.12	1,322.10	1,322.10	1,370.30	1,425.10	1,510.62	1,601.24
6	1,479.48	1,479.48	1,514.23	1,514.23	1,514.22	1,514.22	1,574.88	1,637.90	1,736.19	1,840.34
7	1,655.57	1,655.57	1,694.49	1,694.49	1,694.49	1,711.11	1,779.54	1,850.70	1,961.76	2,079.44
8	1,820.48	1,820.48	1,863.26	1,863.26	1,863.28	1,907.85	1,984.16	2,063.50	2,187.33	2,318.54
9	1,974.60	1,974.60	2,021.00	2,021.00	2,022.30	2,104.62	2,188.71	2,276.30	2,412.90	2,557.64
10	2,118.60	2,118.60	2,168.35	2,168.35	2,190.60	2,301.36	2,393.40	2,489.10	2,638.47	2,796.74
11	2,253.02	2,253.02	2,305.93	2,309.57	2,355.76	2,498.10	2,597.98	2,701.90	2,864.04	3,035.84
12	2,377.92	2,377.92	2,433.80	2,491.47	2,541.24	2,694.87	2,802.60	2,914.70	3,089.61	3,274.94
13	2,494.31	2,494.31	2,706.14	2,706.14	2,743.26	2,891.61	3,007.16	3,127.50	3,315.18	3,514.04
14	2,602.04	2,602.04	2,823.05	2,855.27	2,912.42	3,088.35	3,211.88	3,340.30	3,540.75	3,753.14
15	2,702.10	2,702.10	2,931.47	3,037.17	3,097.95	3,285.12	3,416.40	3,553.10	3,766.32	3,992.24
16	2,793.76	2,793.76	3,077.90	3,219.07	3,283.52	3,481.86	3,621.12	3,765.90	3,991.89	4,231.34
17	2,898.61	2,898.61	3,214.52	3,383.28	3,460.18	3,678.60	3,825.68	3,978.70	4,217.46	4,470.44
18	2,956.32	2,956.32	3,347.37	3,523.11	3,615.66	3,875.37	4,030.20	4,191.50	4,443.03	4,709.54
19	3,027.65	3,027.65	3,476.96	3,659.50	3,755.54	4,053.84	4,234.91	4,404.30	4,668.60	4,948.64
20+ per MI	152.99	152.99	3,586.60							
20				3774.90	3,874.00	4,181.67	4,401.20	4,614.10	4,894.17	5,187.74
Per MI			174.90	181.90	185.54	196.75	204.62	212.80	225.57	239.1
Fixed Fee			296.80	308.67	314.85	333.86	347.21	361.10	382.77	405.74
Connection Fees For Irrigation Box										
1/2 - 25MI Box	\$ 880.00	\$ 880.00	\$ 880.00	\$ 880.00	\$ 966.00	\$ 992.00	\$ 1,022.00	\$ 1,042.00	\$ 1,089.00	\$ 1,119.00
26 - 40 MI Box	1,450.00	1,450.00	1,450.00	1,450.00	1,597.00	1,640.00	1,690.00	1,724.00	1,801.00	1,850.00
Over 40 MI										
Orificied Svc	845.00	845.00	845.00	845.00	895.00	919.00	947.00	966.00	1,009.00	1,036.00

Source: Nevada Irrigation District Finance Department

Nevada Irrigation District
Table 7: Water Sales and Production by Type
 Last Ten Fiscal Years

Fiscal Year	Treated	Raw	Other	Total Water Sales	Total Treated Water Deliveries (CCF)	Total Raw & Other Deliveries (Acre Feet)
2006	\$ 9,316,151	\$ 3,806,815	\$ 2,007,716	\$ 15,130,682	4,663,332	136,772
2007	\$ 9,492,508	\$ 3,805,770	\$ 1,395,386	\$ 14,693,664	4,599,459	125,305
2008	\$ 10,793,847	\$ 4,212,266	\$ 1,440,480	\$ 16,446,593	4,860,750	141,832
2009	\$ 10,468,503	\$ 4,271,307	\$ 1,488,390	\$ 16,228,200	4,387,560	135,829
2010	\$ 10,300,311	\$ 4,377,306	\$ 1,323,123	\$ 16,000,740	3,974,606	135,741
2011	\$ 10,975,709	\$ 4,533,812	\$ 1,129,815	\$ 16,639,336	3,775,395	132,551
2012	\$ 12,217,782	\$ 4,585,872	\$ 1,054,188	\$ 17,857,842	4,269,839	123,090
2013	\$ 12,986,505	\$ 4,876,339	\$ 1,363,555	\$ 19,226,399	4,286,955	112,970
2014	\$ 12,561,235	\$ 5,222,372	\$ 1,095,407	\$ 18,879,014	3,932,684	117,566
2015	\$ 11,878,330	\$ 5,275,370	\$ 1,029,272	\$ 18,182,972	3,455,708	118,641

Sources: Nevada Irrigation District Finance and Operations Department

Nevada Irrigation District
Table 8: Ten Largest Water Customers
 Current Year and Two Years Ago

Treated Water	Fiscal Year					
	2015			2013 ⁽²⁾		
Customer ⁽³⁾	Total Sales	Rank	% of Sales ⁽¹⁾	Total Sales	Rank	% of Sales
19640, 19748, 32159, 35503	\$ 81,369	1	0.69%	\$ 76,300	1	0.59%
20947	38,379	6	0.32%	61,554	2	0.47%
15726	54,957	3	0.46%	57,904	3	0.45%
18747	44,125	4	0.37%	56,036	4	0.43%
17171	37,396	7	0.31%	54,530	5	0.42%
36408	30,074	9	0.25%	52,485	6	0.40%
32940, 32941, 37390, 40629	61,359	2	0.52%	49,764	7	0.38%
21675	32,013	8	0.27%	45,933	8	0.35%
15789	42,200	5	0.36%	45,533	9	0.35%
31657	13,882	10	0.12%	44,399	10	0.34%
Total	\$ 435,754		3.7%	\$ 544,438		4.2%

Raw Water	Fiscal Year					
	2015			2013 ⁽²⁾		
Customer ⁽³⁾	Total Sales	Rank	% of Sales ⁽¹⁾	Total Sales	Rank	% of Sales
39424	\$ 315,468	1	5.98%	\$ 361,390	1	7.41%
39423, 18813	240,373	2	4.56%	281,520	2	5.77%
24794	-		0.00%	219,209	3	4.50%
37013	84,598	3	1.60%	71,527	4	1.47%
17033	66,546	4	1.26%	67,317	5	1.38%
21778	58,483	5	1.11%	60,304	6	1.24%
23709, 23724, 24259, 35032	51,881	6	0.98%	55,053	7	1.13%
22598, 22673	48,631	7	0.92%	41,118	8	0.84%
36965	41,052	8	0.78%	36,537	9	0.75%
22937, 34870, 3641, 41881	39,185	9	0.74%	34,874	10	0.72%
23633, 23639	37,919	10	0.72%	-		0.00%
Total	\$ 984,136		18.66%	\$ 1,228,849		25.20%

Notes:

(1) "% of Sales" is expressed as a percentage of treated and raw water sales.

(2) The District began collecting this data in fiscal year 2013, so information for nine years ago is not available.

(3) Customer numbers are used as clients are sensitive. A customer might have multiple accounts.

Source: Nevada Irrigation District Finance and Operations Department

Nevada Irrigation District
Table 9: Principal Property Taxpayers
Current Year (first year District began reporting)

Taxpayer	Primary Land Use	2014-15	
		Taxable Assessed Value	Percentage of Total Taxable Assessed Value
RI-Grass Valley LLC	Commercial Store	\$ 20,699,842	0.17%
FW CA Auburn Village LLC	Commercial Store	19,430,000	0.16
Kanmawr-Nevada City LLC	Office Building	17,595,830	0.14
Target Corporation	Commercial Store	17,508,642	0.14
Longs Drug Stores California Inc.	Office Building	16,389,985	0.13
GVSC LLC	Commercial Store	15,760,634	0.13
JPS Development LLC	Shopping Center	15,598,213	0.13
VTR Quail Ridge LP	Assisted Living Facility	12,500,000	0.10
Irish Patricia, Trustee	Industrial	12,375,631	0.10
Lowes HIW Inc.	Commercial Store	12,000,000	0.10
HD Development of Maryland Inc.	Commercial Store	11,841,850	0.10
Safeway Inc.	Commercial Store	10,505,376	0.09
Cresleigh Homes Corporation	Residential	10,381,650	0.08
3830 Bronx Blvd. Associates LLC	Commercial Store	9,990,149	0.08
Auburn Plaza LLC	Shopping Center	9,217,950	0.07
Mahogany Investments LLC	Commercial Store	8,973,054	0.07
Nine Plus LLC, et. Al.	Industrial	8,779,036	0.07
Emerichip Emerald Hills LLC	Assisted Living Facility	8,474,270	0.07
Andrew L. and Shana A. Laursen, Trustees	Residential	8,458,230	0.07
Grass Valley Glade MHP Assoiicates LP	Mobile Home Park	8,297,000	0.07
Total		\$ 254,777,342	2.06%

2014-2015 Total Secured Assessed Valuation:

\$12,354,631,861

Source: California Municipal Statistics, Inc.

Nevada Irrigation District
Table 10: Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year	Yuba Bear River Development Bonds	State of California DWR Loans	Certificates of Participation			2011 Revenue Bonds	Imp District Bonds	Note Payable	Total Debt	% of Personal Income	Per Capita
			1997	2002	2005						
2006	\$ 16,562,000	\$ 1,234,147	\$ 605,000	\$ 12,740,000	\$ 8,620,000	\$ -	\$ -	\$ -	\$ 39,761,147	0.20%	\$ 95.69
2007	14,439,000	1,064,975	-	11,870,000	8,420,000	-	-	-	35,793,975	0.17%	84.31
2008	12,235,000	891,417	-	10,985,000	7,580,000	-	681,628	-	32,373,045	0.15%	74.87
2009	9,948,000	3,261,085	-	10,070,000	6,715,000	-	667,300	-	30,661,385	0.15%	69.74
2010	7,574,000	7,350,200	-	9,135,000	5,820,000	-	652,300	-	30,531,500	0.15%	68.53
2011	5,111,000	9,597,879	-	2,045,000	4,900,000	28,088,578	636,600	-	50,379,057	0.23%	110.43
2012	2,555,000	9,541,518	-	1,035,000	3,945,000	27,099,745	620,100	150,000	44,946,363	0.19%	97.67
2013	-	9,008,290	-	-	2,960,000	26,523,260	602,700	100,000	39,194,250	0.16%	84.30
2014	-	8,756,023	-	-	1,935,000	25,386,775	584,500	50,000	36,712,298	0.15%	78.40
2015	-	7,560,214	-	-	-	24,210,290	565,400	-	32,335,904	N/A	N/A

Note: Details regarding the District's debt can be found in the notes to the financial statements.

Source: Nevada Irrigation District Finance Department

Nevada Irrigation District
Table 11: Computation of Direct and Overlapping Bonded Debt
December 31, 2015

2014-15 Assessed Valuation: \$12,662,489,473

	Total Debt 12/31/2015	% Applicable ⁽¹⁾	District's Share of Debt 12/31/2015
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Sierra Joint Community College District School Facilities Improvement District No. 2	\$ 31,951,044	85.029%	\$ 27,167,653
Western Placer Unified School District	22,389,254	28.003	6,269,663
Nevada Joint Union High School District	18,533,701	84.509	15,662,645
Placer Union High School District	26,417,543	16.366	4,323,495
Loomis Union School District	4,395,000	0.091	3,999
Nevada Irrigation District	0	100	0
City of Lincoln Community Facilities District No. 2003-1	91,860,000	26.712	24,537,643
Western Placer Unified School District Community Facilities District No. 1	11,909,462	0.307	36,562
City of Grass Valley and Lincoln 1915 Act Bonds	33,952,000	26.804-100	10,431,929
California Statewide Communities Development Authority 1915 Act Bonds	1,596,559	0.072-100	338,818
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 88,772,407
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Nevada County Certificates of Participation	\$ 4,090,000	54.716%	\$ 2,237,884
Placer County General Fund Obligations	34,200,000	6.743	2,306,106
Placer County Board of Education Certificates of Participation	1,650,000	6.743	111,260
Sierra Joint Community College District Certificates of Participation	7,859,000	16.130	1,267,657
Western Placer Unified School District Certificates of Participation	127,825,000	28.003	35,794,835
Auburn Union School District Certificates of Participation	33,565,888	39.106	13,126,276
Other School District General Fund Obligation	7,811,967	Various	935,749
City of Auburn Pension Obligation Bonds	3,930,000	3.692	145,096
City of Lincoln General Fund Obligations	19,260,000	23.866	4,596,592
Placer County Mosquito & Vector Control District Certificates of Participation	305,000	6.743	249,828
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 60,771,283
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>			
Placer County Tax Allocation Bonds	\$ 21,070,000	8.815%	\$ 1,857,321
City of Grass Valley Tax Allocation Bonds	8,680,000	14.185	1,231,258
City of Grass Valley Lease Revenue Bonds	810,000	14.185	114,899
TOTAL OVERLAPPING TAX INCREMENT DEBT			\$ 3,203,478
TOTAL DIRECT DEBT			\$0
TOTAL OVERLAPPING DEBT			\$ 152,747,168
COMBINED TOTAL DEBT			\$ 152,747,168 (2)

(1) The percentage of overlapping debt applicable to the district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the district divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt.....	0.70%
Combined Total Debt.....	1.21%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$125,325,154):

Total Overlapping Tax Increment Debt.....	2.56%
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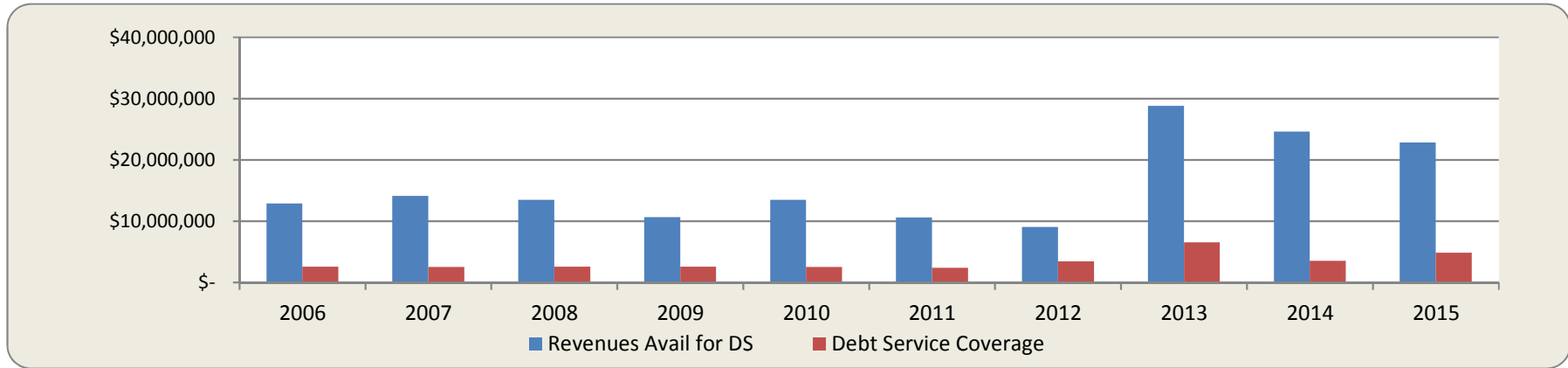
Source: California Municipal Statistics, Inc.

Nevada Irrigation District
Table 12: Ratio of Annual Debt Service Expenses for All Debt to Total General Expenses
 Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total Operating Expenses	Ratio of Debt Service to Total Operating Expenses
2006	\$ 3,822,850	\$ 1,555,946	\$ 5,378,796	\$ 28,114,805	19.13%
2007	3,967,172	1,407,886	5,375,058	30,089,452	17.86%
2008	4,102,558	1,283,074	5,385,632	33,824,604	15.92%
2009	4,367,478	1,157,049	5,524,527	32,098,051	17.21%
2010	4,287,662	821,327	5,108,989	30,503,677	16.75%
2011	10,672,031	207,418	10,879,449	31,655,408	34.37%
2012	5,188,113	1,551,584	6,739,697	36,462,832	18.48%
2013	5,670,628	1,463,127	7,133,755	34,064,788	20.94%
2014	2,400,467	1,320,756	3,721,223	39,063,389	9.53%
2015	4,275,809	1,265,805	5,541,614	40,977,548	13.52%

Source: Nevada Irrigation District Finance Department

Nevada Irrigation District
Table 13: Debt Service Coverage
 Last Ten Fiscal Years



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water Operating Revenue										
Water Sales	\$ 15,130,682	\$ 14,693,664	\$ 16,446,593	\$ 16,228,200	\$ 16,000,740	\$ 16,639,336	\$ 17,857,842	\$ 19,226,401	\$ 18,879,014	\$ 18,182,972
Other Sales	1,252,208	1,595,366	1,620,529	1,573,267	1,693,613	1,905,990	2,228,497	1,670,952	977,335	3,374,183
Total Operating	\$ 16,382,890	\$ 16,289,030	\$ 18,067,122	\$ 17,801,467	\$ 17,694,353	\$ 18,545,326	\$ 20,086,339	\$ 20,897,353	\$ 19,856,349	\$ 21,557,155
Other Revenues⁽¹⁾										
1% Property Taxes	\$ 8,344,780	\$ 10,678,618	\$ 11,229,400	\$ 10,847,807	\$ 10,131,516	\$ 9,990,235	\$ 10,302,102	\$ 9,750,780	\$ 10,108,508	\$ 10,707,911
Interest Earned	2,553,451	3,838,707	3,447,727	1,159,356	1,716,104	573,703	474,070	419,444	633,073	446,313
Grants	661,919	94,470	-	-	-	-	-	-	412,468	937,659
Other Revenues	641,779	225,138	1,698,723	64,557	74,295	39,706	94,201	84,148	73,439	165,016
Total Other	\$ 12,201,929	\$ 14,836,933	\$ 16,375,850	\$ 12,071,720	\$ 11,921,915	\$ 10,603,644	\$ 10,870,373	\$ 10,254,372	\$ 11,227,488	\$ 12,256,899
Total Water Revenues	\$ 28,584,819	\$ 31,125,963	\$ 34,442,972	\$ 29,873,187	\$ 29,616,268	\$ 29,148,970	\$ 30,956,712	\$ 31,151,725	\$ 31,083,837	\$ 33,814,054
Water O & M Costs⁽²⁾	\$ 17,226,325	\$ 18,815,965	\$ 22,757,197	\$ 21,573,478	\$ 19,173,658	\$ 20,836,690	\$ 23,699,863	\$ 18,989,137	\$ 22,484,107	\$ 25,573,767
Net Water Revenues	\$ 11,358,494	\$ 12,309,998	\$ 11,685,775	\$ 8,299,709	\$ 10,442,610	\$ 8,312,280	\$ 7,256,849	\$ 12,162,588	\$ 8,599,730	\$ 8,240,287
Hydro Revenues	\$ 1,516,959	\$ 1,779,422	\$ 1,784,790	\$ 2,328,033	\$ 3,034,702	\$ 2,288,000	\$ 1,784,300	\$ 21,630,775	\$ 21,607,754	\$ 21,200,110
Hydro O & M⁽³⁾	-	-	-	-	-	-	-	5,006,891	5,610,905	6,622,660
Net Hydro Revenues	\$ 1,516,959	\$ 1,779,422	\$ 1,784,790	\$ 2,328,033	\$ 3,034,702	\$ 2,288,000	\$ 1,784,300	\$ 16,623,884	\$ 15,996,849	\$ 14,577,450
Revenues Avail for DS	\$ 12,875,453	\$ 14,089,420	\$ 13,470,565	\$ 10,627,742	\$ 13,477,312	\$ 10,600,280	\$ 9,041,149	\$ 28,786,472	\$ 24,596,579	\$ 22,817,737

(Continued)

Nevada Irrigation District
Table 13: Debt Service Coverage (Continued)
 Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Service										
2002 COPs	\$ 1,424,050	\$ 1,412,950	\$ 1,416,400	\$ 1,404,375	\$ 1,396,975	\$ 1,252,763	\$ 1,086,750	\$ 1,060,875	\$ -	\$ -
2005 COPs	1,130,844	1,110,390	1,128,638	1,132,688	1,130,838	1,129,038	1,128,000	1,108,300	1,110,663	1,968,863
2011A Revenue Bonds	-	-	-	-	-	-	827,977	1,547,269	2,081,219	2,078,218
Yuba Bear Bonds ⁽⁴⁾	-	-	-	-	-	-	-	2,555,000	-	-
DPH Loan, Other ⁽⁵⁾	-	-	-	-	-	-	397,276	267,450	305,343	806,035
Total Debt Service	\$ 2,554,894	\$ 2,523,340	\$ 2,545,038	\$ 2,537,063	\$ 2,527,813	\$ 2,381,801	\$ 3,440,003	\$ 6,538,894	\$ 3,497,225	\$ 4,853,116
 Debt Service Coverage	 5.04	 5.58	 5.29	 4.19	 5.33	 4.45	 2.63	 4.40	 7.03	 4.70

Notes

(1) Excludes Contributed Capital, Disposal of capital assets - gain/(loss), Unrealized gain/(loss) on investment, Capacity Fees, Transfer In/(Out), includes Recreation Revenues

(2) Excludes Depreciation and amortization, includes Recreation expenses

(3) Prior to 2013, portions of Hydroelectric O&M was covered by PG&E contract and are difficult to estimate, Yuba Bear Bonds were considered. Hydro's Revenue & O&M taken from Series 2011A Official Statement

(4) The 1963 Yuba Bear Revenue Bonds were no longer outstanding after July 1, 2013.

(5) Reflects portion of CDPH loan paid by Water and Hydroelectric Funds.

Source: Nevada Irrigation District Finance Department

Nevada Irrigation District
Table 14: Labor Force and Employment for Counties Served (Nevada & Placer)
 Current Year and Nine Years Ago

<u>Industry Title</u>	Fiscal Year 2015*		<u>Industry Title</u>	Fiscal Year 2006	
	%	No. of Employed		%	No. of Employed
Other Services	16%	38,530	Trade, Transportation and Utilities	15%	35,300
Trade, Transportation and Utilities	15%	36,160	Other Services	15%	35,100
Educational and Health Services	12%	29,760	Retail Trade	11%	27,100
Retail Trade	11%	27,860	Government	11%	25,700
Leisure and Hospitality	10%	25,040	Leisure and Hospitality	10%	23,600
Government	10%	23,380	Educational and Health Services	8%	19,540
Professional and Business Services	8%	19,090	NR, Mining & Constructi	8%	18,900
NR, Mining & Constructi	5%	12,930	Professional and Business Svcs	7%	17,300
Financial Activities	5%	12,840	Financial Activities	6%	13,300
Manufacturing	3%	7,700	Manufacturing	5%	11,000
Wholesale Trade	2%	4,390	Wholesale Trade	2%	4,300
Transpor, Warehousing and Utilitie	2%	3,910	Transpor, Warehousing and Utilitie	2%	3,900
Information	1%	2,490	Information	1%	3,200
Total, All Industries	100%	244,080		100%	238,240

Sources: EDD Labor Market Information

* Placer County 2014

Nevada Irrigation District
Table 15: Demographic and Economic Statistics
 Last Ten Fiscal Years

	Population		Total Personal Income		Per Capita Personal		Unemployment Rate	
	Nevada County	Placer County	Nevada County	Placer County	Nevada County	Placer County	Nevada County	Placer County
2006	98,068	317,437	\$ 4,089,483,000	\$ 15,500,815,000	\$ 41,700	\$ 48,831	4.40%	4.20%
2007	98,581	325,985	\$ 4,269,160,000	\$ 16,252,666,000	\$ 43,306	\$ 49,857	4.80%	4.80%
2008	98,558	333,805	\$ 4,304,597,000	\$ 16,751,898,000	\$ 43,676	\$ 50,185	6.60%	6.50%
2009	98,682	340,995	\$ 4,100,659,000	\$ 16,101,330,000	\$ 41,554	\$ 47,219	10.30%	10.20%
2010	98,409	347,133	\$ 4,189,804,000	\$ 16,562,270,000	\$ 42,575	\$ 47,712	11.70%	11.60%
2011	98,069	358,152	\$ 4,424,557,000	\$ 17,619,978,000	\$ 45,117	\$ 49,197	11.10%	10.80%
2012	97,763	362,417	\$ 4,686,620,000	\$ 18,858,330,000	\$ 47,939	\$ 52,035	9.80%	9.40%
2013	97,766	367,176	\$ 4,784,502,000	\$ 19,407,381,000	\$ 48,938	\$ 52,856	8.10%	7.70%
2014	98,037	370,238	\$ 4,975,533,000	\$ 20,228,856,000	\$ 50,752	\$ 54,637	6.50%	6.30%
2015	98,095	373,796	Not available	Not available	Not available	Not available	5.50%	5.00%

Sources: State of California Department of Finance
 State of California Employment Development Department
 US Bureau of Economic Analysis

Nevada Irrigation District
Table 16: Water System Capital Asset and Operating Indicators
 Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Facilities:										
# of Treatment Plants	7	7	7	7	7	7	7	7	7	7
Plant Capacity (MGD)	33.7	33.7	33.7	33.7	33.7	41.7	41.7	41.7	41.7	41.7
# of Reservoirs	10	10	10	10	10	10	10	10	10	10
# of Hydroelectric Power Plants	7	7	7	7	7	7	7	7	7	7
Canals (miles)	400	400	400	400	400	400	475	475	475	475
Pipelines (miles)	300	300	300	300	300	300	400	400	400	400
# of Fire Hydrants ⁽¹⁾										2449
# of Valves ⁽¹⁾										3643
# of Pumping Stations ⁽¹⁾										21
Water Supply Available (AF):										
Watershed Runoff	342,333	125,975	150,955	198,509	267,369	335,773	223,069	89,763	120,041	77,378
Carryover Storage	156,456	149,221	137,824	144,143	202,490	177,077	211,955	147,408	179,724	149,930
PG&E Contract Water	59,361	59,361	59,361	59,361	59,361	59,361	59,361	59,361	34,400	25,716
Total Water Supply	558,150	334,557	348,140	402,013	529,220	572,211	494,385	296,532	334,165	253,024
Water Supply Delivered: (AF)										
Treated	10,538	10,301	10,965	10,105	9,201	8,672	9,908	9,496	8,410	8,521
Raw	136,772	125,305	141,832	135,829	135,741	132,551	123,090	112,970	117,566	118,641
Total Water Supply Delivered	147,310	135,606	152,797	145,934	144,942	141,223	132,998	122,466	125,976	127,162
Connections:										
Treated Water	17,889	18,092	18,170	18,670	18,760	18,735	18,777	18,701	18,991	19,077
Irrigation	5,108	5,041	5,060	5,029	5,018	4,927	4,909	4,661	4,913	4,963
Total Connections	22,997	23,133	23,230	23,699	23,778	23,662	23,686	23,362	23,904	24,040

Note: (1) Data not available from 2006 through 2014

Source: Nevada Irrigation District Finance and Operations Department

Nevada Irrigation District
Table 17: Full Time Equivalents
 Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Management										
Administration	4	4	4	4	4	4	4	4	4	5
Central Files	3	2	2	2	3	2	3	3	3	3
Human Resources	2	3	3	2	2	2	2	2	2	2
Safety						1	1	1	1	1
Engineering	16	15	13	13	18	19	21	20	20	19
Finance										
Accounting	5	6	5	4	5	6	5	6	6	7
Cashiering	3	2	2	2	2	2	1	1	1	2
Customer Serv	6	4	5	4	4	5	5	3	5	6
Information Tech	4	4	5	4	4	3	2	2	3	3
Purchasing	6	6	6	6	5	5	4	5	6	5
Hydroelectric	21	20	23	23	24	24	26	25	22	21
Recreation	0	0	0	1	2	4	4	5	6	7
Maintenance										
Operations	47	46	47	52	54	52	50	52	55	61
Shop Operations	2	2	1	1	2	2	2	2	2	3
Water										
Operations	29	32	36	41	40	36	28	31	29	34
Treatment	13	13	13	13	10	10	10	10	10	9
Total FTEs	161	159	165	172	179	177	168	172	175	188

Sources:

Nevada Irrigation District Finance Department

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COMPLIANCE REPORT

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Nevada Irrigation District
Grass Valley, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Water, Recreation and Electric Funds and the Agency Funds of the Nevada Irrigation District (the District) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 20, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. However, as discussed in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in 2014-1, 2014-3 and 2014-4 in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Findings 2015-1, 2014-7 and 2014-9 in the accompany schedule of findings to be significant deficiencies.

To the Board of Directors
Nevada Irrigation District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

July 20, 2016

NEVADA IRRIGATION DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015

MATERIAL WEAKNESSES IN INTERNAL CONTROL

No new material weaknesses identified in 2015.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROLS

Finding 2015-1 – Grant Accounting

Condition: Generally accepted accounting principles require that all financial transactions of the District be recorded and reflected in the accounting records. It was noted that the District was only recording grant revenues when a check was received regardless of the period to which the revenue was related and did not record a receivable when qualified grant expenditures were incurred and billable. Amounts owed to pass-through entities were being recorded as grant revenues earned, when these amounts should have been reflected as a payable to the other entities.

Cause: The District's grant activity is currently recorded using incomplete pieces of data that are not summarized by grant to provide an adequate audit trail supporting journal entries prepared. This methodology results in numerous journal entries which impair accounting department efficiency.

Recommendations: The District should record the grant transactions on a regular and periodic manner to ensure completeness of the accounting records. Each quarterly billing, the District should create a journal entry to record a receivable and revenue for the amounts to be billed under each grant contract as well as a payable and receivable for the pass-through portion. A request for reimbursement (billing) should then be sent to the responsible grantor agency.

Additionally, we recommend that the above grant accounting be maintained on an Excel spreadsheet by grant. Adjusting journal entries made would then be based on quarterly identified amounts billed and unbilled receivables by grant and be based on qualified reimbursable expenditures and amounts to be paid to sub-recipients.

District's response: The District concurs with the auditors and developed an Excel file to account for all grants and ensures all grant billing will be processed through its accounting system in accordance with generally accepted accounting principles. The District developed accounting procedures that require monthly reconciliation of all grant contracts.

NEVADA IRRIGATION DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015

MATERIAL WEAKNESSES IDENTIFIED IN PRIOR YEARS

Finding 2014-1: Year-End Closing Procedures

Condition: This year's audit was delayed because of delays in producing closing entries, schedules, reconciliations, account analyzes, and other financial reports needed by management and the auditors, which resulted in numerous adjustments. The large number of adjustments identified during the audit indicate that the District does not have the internal controls in place to prevent or detect misstatements on a timely basis.

We believe that the year-end closing process could proceed more quickly and smoothly by developing a logical order for closing procedures and assigning responsibility for completing the procedures to specific personnel. The required closing procedures should be documented in a checklist that indicates who will perform each procedure and when completion of each procedure is due and is accomplished. The District needs to ensure that all balance sheet accounts are reviewed and reconciled to supporting schedules and are reviewed and approved prior to the beginning of fieldwork. Areas where accounts and transactions were not adequately reconciled and evaluated for proper recording prior to the start of the audit fieldwork and areas that require improvement included the following:

- Procedures for ensuring all general ledger balances can be supported by an analysis or document.
- Maintaining documentation supporting all grant revenue, receivables and unearned revenue balances and periodic reconciliations of these accounts, including analysis of unearned exchange revenue received from property owners to determine if these amounts are earned by incurring qualifying expenditures/expenses.
- Procedures for accounting for long-term debt and related accounts need to be refined to include: recording of debt service cash reserves and recording of the current portion on all debt instruments.
- Determination of the current portion of compensated absences and recording these amounts in the respective funds general ledgers.
- Record activity between the Water and Fiduciary Funds.
- Reconciliation of all accounts and loans receivable balances to the subsidiary receivable system or other supporting documentation. Auditor inquiry prompted District evaluation of the propriety of recorded balances, which resulted in adjustments.
- Procedures to ensure transactions among the District's funds (Water, Electric, Recreation and Fiduciary Funds), including due to and from other funds and transfers in and out are in balance.
- Procedures for determining proper accrual of various revenue sources such as grant and other revenue.
- For net position balances in the financial statements, a process needs to be developed to ensure segregation of net position balances between restricted and unrestricted components for presentation in the financial statements.
- Procedure for segregating restricted and unrestricted cash balances in the general ledger.

NEVADA IRRIGATION DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015

Recommendation: We recommend that the District streamline accounting processes to create timely, accurate financial reporting. Monthly procedures should be in place to prepare reconciliations of all balance sheet accounts, and post required journal entries monthly as needed, thereby decreasing the time required to prepare for the start of the audit. The review function should include monitoring compliance with District policy and generally accepted accounting principles. Procedures should be in place to prepare the required reconciliations at year-end and post entries needed to close the books prior to the start of the audit.

Status: While some of the items noted above were corrected as part of the audit, there were still a large number of adjustments made after the start of the audit indicating that the District still needs to improve its procedures over the closing of the books.

District's response: Staff implemented significant, numerous accounting policies and procedures as listed in the Management Letter, including changing the District's underlying Chart of Accounts. The prior structure required maintenance of a separate Access database to produce monthly and end of year reporting. These improvements will continue to streamline transaction processing and end of year reporting. Significant improvements made during the year include the ability to disperse a single check across multiple Funds (10, 30, 50) and recording cash receipts through proper codes linked to GL accounts thus preventing adjusting journal entry reclassifications.

Finding 2014-3: Budget to actual comparison reports

Condition: Currently, a budget to actual comparison of operating activity is not generated from the general ledger system. Use of a manually prepared budget to actual report creates an opportunity for errors to be made both intentional and unintentional.

Recommendation: We recommend that the existing budgeting module available in the Pentamation system be used by the District to produce budget to actual reports for managerial use. This will ensure timely reporting to management and the Board.

Status: The District continues to prepare the budget to actual comparisons outside of the accounting system.

District's response: Staff analyzed why the accounting system would not produce the budget to actual reports and determined that a change in the actual Chart of Account string was necessary to produce the report. Staff implemented a new "Chart of Account coding procedure" along with extensive training and is going live in July 2016.

Finding 2014-4: Physical inventory procedures

Condition: Currently the District performs nine cycle counts of inventory items annually. These cycle counts are organized such that all inventory items on hand are counted at least once during the year. However, there is not a year-end physical inventory count. Additionally, the inventory program is a real time system so that prior month balances cannot be reproduced systemically.

Recommendation: We recommend that a year-end priced inventory report is generated at or near December 31 which would then be used to adjust the December 31 general ledger balance, if necessary. This report generation and reconciliation process should be incorporated into the District's year-end closing procedures. We also recommend the District perform a year-end physical inventory count as part of its closing procedures. This will assist in verifying the accuracy of inventory amounts on-hand at year-end.

NEVADA IRRIGATION DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015

Status: The District was able to produce a listing at December 31, 2015 that was within about \$43,000 of the balance in the general ledger. However, we still recommend that a year-end inventory count be performed.

District's Response: Staff developed a physical counting approach in 2016 that counts approximately 90% of the District's inventory value within the fourth quarter on an annual basis.

Finding 2014-5: Recreation Division Cash Handling

Condition: The District operates four campgrounds in the Grass Valley/Colfax area with the majority of activity between Memorial Day and Labor Day. Currently the District employs a bookkeeper who works out of a mobile home on the Scotts Flat campground property. The bookkeeper is responsible for processing, recording and depositing all cash collected at the four campgrounds, which does not provide for an adequate segregation of duties. During our visit to the Scotts Flat campground in 2014, we noted the following weaknesses in internal controls:

- Bank deposits and general ledger recording of campground sales activity are delinquent. The deposit and recording of the recreation cash receipts were approximately 10 days behind when we visited the Scotts Flat facility in July 2014. This situation results in excess cash on hand at the Scott Flat campground facility awaiting reconciliation and deposit, which increases the chances for theft and loss. This delay in depositing the cash collected has continued in 2014.
- Shift ending (Z tape) totals run at the end of a shift from the cash registers are not used to compare to the shift worker's reported cash and credit card receipts. The bookkeeper force balances each shift, resulting in no cash variances being reported.
- Void or over-ring transactions done at the point of sale locations are not approved by a supervisor as they occur.
- All four campground cash and change funds are recorded in two general ledger accounts. Accounts 30-10207 (Scott's Flat) and 30-10209 (Orchard Springs) are currently used. Separate general ledger accounts should be used/created for each location's cash and change funds for improved monitoring.
- Standardized shift paperwork needs to be created to provide the responsible employee an area of the form to record the cash and checks collected, credit card receipt totals and to attach the "Z" tapes from the cash register. This paperwork needs to be signed by the employee who worked the shift, providing evidence that the cash, checks and credit card receipt totals are correct.
- Daily summaries listing each point of sale location within the campground need to be created to provide evidence that each location's daily deposit is complete.
- The Recreation department bookkeeper operates without any supervision over her cash handling activities.

These weaknesses described above not only create fraud or misstatement risk for the District but a reputational risk to the District, since District cash receipts are being handled in a fairly remote location by an employee who has little or no supervision. Additionally, this District employee is transporting cash to the Bank through remote or sparsely populated areas, which increases the risk of theft.

NEVADA IRRIGATION DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015

Recommendation: We recommend that this cash reconciliation and deposit activity be moved to the District's main office. Since the majority of this activity is seasonal in nature, this transfer of responsibility might be more cost effective for the District and improve the timeliness of the deposit of campground deposits.

Status: The conditions noted above still existed during 2015.

District's response: Staff recognizes the weakness associated with this function. Recreation staff will record cash receipts directly into the accounting system. Cash drawer variances will be recorded against an over/short account. The general ledger as well as bank has proper segregation for all campgrounds. Cash deposits for recreation as well as the main office have been contracted through courier service.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL IDENTIFIED IN PRIOR YEARS

Finding 2014-7: Accounts payable trial balance

Condition: The District's accounts payable system apparently cannot generate an open payable trial balance. The District's December 31, 2013 accounts payable balance was the accumulation of the first four check runs processed in January 2014 plus an accrual entry developed in February and March 2014 for any invoices where the service or material was rendered or received in 2013.

Recommendation: We recommend that the District's accounting staff work with the software vendor or their internal IT department to produce this report at least quarterly. In order for the system to produce the proper reports, invoices would need to be entered into the payables system as they are received.

Status: An open accounts payable trial balance report was not produced from the system during 2015.

District's response: Staff recognizes the system is unable to generate an open payable trial balance and will investigate if a report of this nature is possible. However, staff provided an outstanding payables list from subsequent check registers that reconciled to the accounts payable balance at the end of year. Staff is aware that testing is difficult since the report does not provide invoice service dates.

Finding 2014-9: Strategic Plan Update

Condition: The District's most current Strategic Plan is for 2010-11.

Recommendation: We recommend that the District update this Plan document to the current year. The update of this document provides strategic direction for District activities.

Status: The Strategic Plan was not updated during 2015.

District's response: The District presented a Strategic Plan draft to the Board March 3, 2016 that addressed succession planning, climate change, safety, financial systems, human resources, seasonal employment, capital planning, and other concerns within an integrated four-goal framework. In addition, improved annual budgeting is possible under the new COA and five year forecasting apart from rate studies is the goal.



550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

MANAGEMENT LETTER

To the Board of Directors and Management
Nevada Irrigation District
Grass Valley, California

In planning and performing our audit of the financial statements of the Nevada Irrigation District (the District) as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated July , 2016 contains our report on significant deficiencies or material weaknesses in the District's internal control. This letter does not affect our report dated July 20, 2016, on the financial statements of the District.

Accounting Policies and Procedures

The District does not currently have extensive written accounting policies and procedures. We understand that the District is currently in the process of developing such written accounting policies and procedures. We recommend such policies and procedures to ensure consistency in accounting when turnover in District personnel is experienced, and to ensure unique and complex accounting issues are documented.

The District has or in the process of implementing the following policies and procedures:

- Comprehensive Procurement Policy
- Comprehensive Procurement Procedures
- Development of new District Budgeting Procedures
- Development of new Monthly Budget vs Actual Reporting
- Year End Accounting Procedures
- Development of new Chart of Account & Coding Procedures
- Implemented new cash posting process
- Bank Reconciliation Procedures
- Development of new Recreation Cash posting & deposit procedures
- Development of new Purchase Order processing & reporting
- Implementation of new Human Resources & Payroll online system
- Capital Asset & Financial Tracking Policy and Procedures
- Miscellaneous Billing & Customer Deposit Procedures
- Reimbursement & Grant Accounting Procedures
- Inventory Physical Counting Procedures

New Pronouncements

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)", replaces the requirements of GASB Statement No. 45 and requires governments to report a net OPEB liability, which is the difference between the total OPEB liability and assets accumulated in the trust, on the face of the financial statements that was previously just disclosed in the footnotes. Based on the October 2013 actuarial report, the District's liability would increase by approximately \$16,000,000 as a result of implementing GASB 75, which will be effective beginning in 2018.

* * * * *

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us during the course of the examination. This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Richardson & Company, LLP

July 20, 2016



550 Howe Avenue, Suite 210
Sacramento, California 95825

Telephone: (916) 564-8727
FAX: (916) 564-8728

REQUIRED COMMUNICATIONS LETTER

To the Board of Directors
Nevada Irrigation District
Grass Valley, California

We have audited the financial statements of the Water, Recreation, Electric Funds and Agency Funds of the Nevada Irrigation District (the District) for the year ended December 31, 2015, and have issued our report thereon dated July 20, 2016. Professional standards require that we provide you with the information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards (GAAS) and *Government Auditing Standards*

As stated in our engagement letter dated January 7, 2016, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. The Schedule of Findings included within the audited financial statements discloses a number of material weaknesses and significant deficiencies in internal control.

We performed the audit according to the planned scope previously communicated to you in our engagement letter dated January 7, 2016.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. The District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which resulted in the District recording a restatement of beginning net position to record a pension liability and deferred outflows of resources related to the District's pension plan with CalPERS as of January 1, 2015, which reduced net position by \$37,598,587. Additional required disclosures under GASB Statement No. 68 were also added to Note 7 to the financial statement due to the adoption of these Statements.

Other restatements were reflected in the 2015 financial statements, as noted in Note 14 of the financials, including segregating the Recreation Fund in a separate fund instead of including it within the Water Fund, reflecting the amount owed by the Electric Fund to the Water Fund for the FERC relicensing costs paid by the Water Fund on behalf of the Electric Fund, and to segregate the activity related to the assessment districts within a separate agency fund, among other items.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were: depreciable lives and method used to depreciate capital assets, the allowance for doubtful accounts, and the accrual for employee pension and postemployment benefits. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole. Management's estimate of the allowance for doubtful accounts is based on historical water revenues, historical loss levels, and an analysis of the collectability of the accounts. The net pension liability was determined through an actuarial valuation performed by CalPERS, which is performed annually. The accrual for postemployment benefits was determined by an actuarial valuation, which is required to be performed every three years.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements include, the employee retirement plan footnote (Note 7), the other post-employment benefits plan footnote (Note 8), and the restatement footnote including the change in accounting principles discussing the implementation of GASB Statement Nos. 68 and 71 (Note 14).

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

The material weaknesses in internal control encountered in completing our 2014 audit that were mostly still present in the 2015 audit, as documented in the Schedule of Prior Year Findings, and the large number of adjustments during the audit process resulted in significant delays and additional time needed to complete

the audit. While there was improvement in this year's audit process, there were still many general ledger accounts that had not been reviewed and reconciled properly to underlying supporting documents that were identified during the audit that caused delays in completing the audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Adjustments included 30 closing entries and audit adjustments needed to correct balances of the accounts and transactions not reconciled or analyzed prior to the start of our audit as listed in the Schedule of Findings and Schedule of Prior Year Findings, which is an improvement compared to the 47 adjustments needed during the 2014 audit. This large number of adjustments indicates that the District's reporting processes and closing procedures need to be strengthened to ensure these types of adjustments are identified and recorded prior to the start of the audit so they do not have a significant effect on the District's financial reporting process. A list of these adjustments is attached to this letter. In addition, the attached schedules summarize uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 20, 2016.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, and the Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions – Pension Plan and Schedule of Funding Progress – Post-Employment Health Care Benefits Plan, which are required

supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the District's supplementary information, which accompany the financial statements, but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Richardson & Company, LLP

July 20, 2016

NEVADA IRRIGATION DISTRICT
SUMMARY OF UNADJUSTED DIFFERENCES
YEAR ENDED DECEMBER 31, 2015
WATER FUND

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of:				
	Total Assets	Deferred Outflows	Total Liabilities	Net Position	Change in Net Position
Underaccrual of CalPERS employer contribution for the period December 28 to December 31, 2015			\$ (44,660)	\$ 44,660	\$ 44,660
Accumulated depreciation is understated due to changes in the estimated useful life of fire hydrants not calculated correctly in 2004	\$ 349,836			349,836	(94,716)
Accumulated depreciation is understated due to not adjusting accumulated depreciation for 1999 to 2004 for an asset cost correction discovered in 2004	217,007			217,007	
Recording cash proceeds from the sale of Electric Fund assets in the Water Fund	31,718			31,718	31,718
Accrued interest on interfund loan not recorded	(293,752)			(293,472)	34,723
Net Unadjusted Audit Differences - This Year	304,809	-	(44,660)	349,749	16,385
Financial Statement Caption Totals	\$ 315,078,069	\$ 5,176,618	\$ 68,920,644	\$ 246,726,900	\$ 82,406
Net Audit Differences as % of Financial Statement Captions	0.10%	0.00%	-0.06%	0.14%	19.88%

NEVADA IRRIGATION DISTRICT
SUMMARY OF UNADJUSTED DIFFERENCES
YEAR ENDED DECEMBER 31, 2015
ELECTRIC FUND

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of:				
	Total Assets	Deferred Outflows	Total Liabilities	Net Position	Change in Net Position
Recording cash proceeds from the sale of Electric Fund assets in the Water Fund	\$ (31,718)			\$ (31,718)	\$ (31,718)
Calculation error in adjusting accumulated depreciation in fixed asset module	26,828			26,828	
Not accruing 2014 portion of annual FERC charges, paid after December 31, 2014			\$ (35,440)	35,440	35,440
Accrued interest on interfund loan not recorded			(293,752)	293,472	(34,723)
Net Unadjusted Audit Differences - This Year	(4,890)	-	(329,192)	324,022	(31,001)
Financial Statement Caption Totals	\$ 117,640,837	\$ 815,690	\$ 11,648,389	\$ 106,038,166	\$13,109,948
Net Audit Differences as % of Financial Statement Captions	0.00%		-2.83%	0.31%	-0.24%

Client: **NEVADA IRRIGATION DISTRICT**
Engagement: **2015 - NEVADA IRRIGATION DISTRICT**
Period Ending: **12/31/2015**
Trial Balance: **GASB Fund Trial Balance**
Fund Level: **Fund**
Index: **10, 50, 30, 22, 21, 20**

7/19/2016
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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
To record current portion of compensated absences at Dec. 31, 2015 for Water Fund				
10-20040	ACCRUED VACATION		200,484.00	
10-20050	ACCRUED SICK LEAVE		200,954.00	
10-20055	HRA REIMBURSEMENT		377,175.00	
10-20041	COMP ABSENCES - S/T			200,484.00
10-20051	COMP ABSENCES - S/T			200,954.00
10-20056	COMP ABSENCES - S/T			377,175.00
Total			778,613.00	778,613.00
Adjusting Journal Entries JE # 2				
To record current portion of compensated absences at Dec. 31, 2015 for the Recreation Fund				
30-20040	ACCRUED VACATION		8,088.00	
30-20050	ACCRUED SICK LEAVE		9,788.00	
30-20041	COMP ABSENCES - S/T			8,088.00
30-20051	COMP ABSENCES - S/T			9,788.00
Total			17,876.00	17,876.00
Adjusting Journal Entries JE # 3				
To record current portion of compensated absences at Dec. 31, 2015 for the Hydro Fund				
50-20040	ACCRUED VACATION		43,772.00	
50-20050	ACCRUED SICK LEAVE		41,907.00	
50-20041	COMP ABSENCES - S/T			43,772.00
50-20051	COMP ABSENCES - S/T			41,907.00
Total			85,679.00	85,679.00
Adjusting Journal Entries JE # 4				
Client entry 13-12.3C				
10-10101	CHECKING ACCOUNT		335.00	
30-20510	DUE TO GENERAL FUND		335.00	
10-12106	DUE FROM RECREATION			335.00
30-10101	CHECKING ACCOUNT			335.00
Total			670.00	670.00
Adjusting Journal Entries JE # 5				
Client entry ARDEC15Z				
10-46190	MISCELLANEOUS		3,002.00	
10-11308	TERM PAYMENTS			3,002.00
Total			3,002.00	3,002.00
Adjusting Journal Entries JE # 6				
Client entry 13-41.7				
10-35150	FUND BALANCE		1,042.00	
10-35150	FUND BALANCE		1,815.00	
10-35150	FUND BALANCE		120.00	
10-15101	COURT DEPOSITS-NEV. COND.			120.00

Client: **NEVADA IRRIGATION DISTRICT**
Engagement: **2015 - NEVADA IRRIGATION DISTRICT**
Period Ending: **12/31/2015**
Trial Balance: **GASB Fund Trial Balance**
Fund Level: **Fund**
Index: **10, 50, 30, 22, 21, 20**

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Account	Description	W/P Ref	Debit	Credit
10-19520	LOWER S/F DEVELOP COSTS			1,042.00
10-19600	OTHER DEFERRED COSTS			1,815.00
Total			2,977.00	2,977.00

Adjusting Journal Entries JE # 8

Client entry 13-01.5C

50521-56128	MISC ADMIN COSTS		11,030.00	
50523-56128	MISC ADMIN COSTS		16,912.00	
50531-56128	MISC ADMIN COSTS		5,147.00	
50711-56128	MISC ADMIN COSTS		3,677.00	
50715-56128	MISC ADMIN COSTS		645.00	
50-20010	ACCOUNTS PAYABLE			37,411.00
Total			37,411.00	37,411.00

Adjusting Journal Entries JE # 9

Client entry ARDEC15Y

10-45170	PIPELINE REIMB FEE		48,680.00	
10-20039	MISC AR-UNAPPLIED CREDIT			48,680.00
Total			48,680.00	48,680.00

Adjusting Journal Entries JE # 10

Client entry 13-41.8

10-34540	TRANSFERS IN		597,100.00	
10-35150	FUND BALANCE		168,514.00	
10-54000	TRANSFER OUT		171,824.00	
20-54000	TRANSFER OUT		594,063.00	
30-48601	GAIN/LOSS-DISPOSAL F/A		9,875.00	
10-34550	TRANSFERS OUT			171,824.00
10-47777	TRANSFER IN			597,100.00
10-54000	TRANSFER OUT			168,514.00
20-34550	TRANSFERS OUT			594,063.00
30-35150	FUND BALANCE			9,875.00
Total			1,541,376.00	1,541,376.00

Adjusting Journal Entries JE # 11

Client entry 13-41.6

10115-51101	ADMINISTRATION		18,109.00	
10115-51121	VARIOUS MEETINGS		9,684.00	
10115-51136	SURVEYING		1,285.00	
10115-51149	WATER REG/PATROL		125.00	
10115-51183	MAINT-PUMPS/MOTORS/CNTRLS		1,748.00	
10115-51184	MAINT-FACILITIES		30,764.00	
10115-51311	PENSION PREMIUMS		16,728.00	
10115-51312	HEALTH INSURANCE		1,662.00	
10115-51313	LIFE INSURANCE		425.00	
10115-51314	DENTAL INSURANCE		1,471.00	
10115-51315	VISION INSURANCE		223.00	
10115-51316	LONG TERM DISABILITY		148.00	

Client: **NEVADA IRRIGATION DISTRICT**
Engagement: **2015 - NEVADA IRRIGATION DISTRICT**
Period Ending: **12/31/2015**
Trial Balance: **GASB Fund Trial Balance**
Fund Level: **Fund**
Index: **10, 50, 30, 22, 21, 20**

7/19/2016
9:03 AM

Account	Description	W/P Ref	Debit	Credit
10115-51317	WORKERS COMP INSURANCE		2,333.00	
10115-52504	MATERIALS & SUPPLIES		9,536.00	
10115-52603	CONSULTING FEES		119,768.00	
10115-52604	LEGAL FEES		7,777.00	
10115-52606	RENT/LEASE OF EQUIP		89,060.00	
10115-52608	FED/ST/CO MANDATED COSTS		1,019.00	
10115-52609	TEMPORARY LABOR		196.00	
10115-52704	INSURANCE		1,201.00	
10115-52710	OFFICE SUPPLIES/EXPENSES		55.00	
10115-52711	TRAVEL & MEAL EXPENSES		297.00	
10115-52801	SPECIAL DEPT EXPENSES		39,661.00	
10115-52999	CLR PRIOR YR 10990 B		28,762.00	
10151-51101	ADMINISTRATION		5,267.00	
10151-51121	VARIOUS MEETINGS		646.00	
10151-51127	INTERGOVT COORDINATION		382.00	
10151-51131	ENGINEERING		12,721.00	
10151-51132	DRAFTING		52,579.00	
10151-51133	ENCROACHMENT		54.00	
10151-51134	INSPECTION		8,260.00	
10151-51135	RIGHT OF WAY (SALARY)		5,486.00	
10151-51136	SURVEYING		52,793.00	
10151-51182	MAINT-HERBICIDES		763.00	
10151-51183	MAINT-PUMPS/MOTORS/CNTRLS		601.00	
10151-51184	MAINT-FACILITIES		32,542.00	
10151-51187	MAINT-EQUIPMENT		7,014.00	
10151-51311	PENSION PREMIUMS		42,791.00	
10151-51312	HEALTH INSURANCE		5,138.00	
10151-51313	LIFE INSURANCE		1,309.00	
10151-51314	DENTAL INSURANCE		2,437.00	
10151-51315	VISION INSURANCE		439.00	
10151-51316	LONG TERM DISABILITY		414.00	
10151-51317	WORKERS COMP INSURANCE		5,567.00	
10151-52503	MAINTENANCE OF EQUIPMENT		2,202.00	
10151-52504	MATERIALS & SUPPLIES		39,704.00	
10151-52603	CONSULTING FEES		129,094.00	
10151-52604	LEGAL FEES		5,096.00	
10151-52606	RENT/LEASE OF EQUIP		1,976.00	
10151-52609	TEMPORARY LABOR		2,081.00	
10151-52710	OFFICE SUPPLIES/EXPENSES		77.00	
10151-52801	SPECIAL DEPT EXPENSES		1,555.00	
10151-52901	RIGHT OF WAY ACQUISITIONS		14,700.00	
10151-52908	CONSULTING FEES-CAP PROJ		2,970.00	
10151-52999	CLR PRIOR YR 10990 B		35,551.00	
10171-51101	ADMINISTRATION		9,908.00	
10171-51121	VARIOUS MEETINGS		376.00	
10171-51311	PENSION PREMIUMS		2,677.00	
10171-51312	HEALTH INSURANCE		222.00	
10171-51313	LIFE INSURANCE		92.00	
10171-51314	DENTAL INSURANCE		221.00	

Client: **NEVADA IRRIGATION DISTRICT**
Engagement: **2015 - NEVADA IRRIGATION DISTRICT**
Period Ending: **12/31/2015**
Trial Balance: **GASB Fund Trial Balance**
Fund Level: **Fund**
Index: **10, 50, 30, 22, 21, 20**

7/19/2016
9:03 AM

Account	Description	W/P Ref	Debit	Credit
10171-51315	VISION INSURANCE		28.00	
10171-51316	LONG TERM DISABILITY		28.00	
10171-51317	WORKERS COMP INSURANCE		57.00	
10171-52504	MATERIALS & SUPPLIES		1,877.00	
10171-52603	CONSULTING FEES		5,469.00	
10171-52604	LEGAL FEES		2,580.00	
10171-52801	SPECIAL DEPT EXPENSES		13,139.00	
10171-52999	CLR PRIOR YR 10990 B		2,986.00	
10191-51101	ADMINISTRATION		102.00	
10191-51123	CUSTOMER SERVICE		132.00	
10191-51131	ENGINEERING		4,263.00	
10191-51132	DRAFTING		986.00	
10191-51134	INSPECTION		7,475.00	
10191-51135	RIGHT OF WAY (SALARY)		476.00	
10191-51136	SURVEYING		1,372.00	
10191-51142	HYDROGRAPHY		3,302.00	
10191-51148	WATER OUTAGES		102.00	
10191-51149	WATER REG/PATROL		801.00	
10191-51182	MAINT-HERBICIDES		3,638.00	
10191-51183	MAINT-PUMPS/MOTORS/CNTRLS		226.00	
10191-51184	MAINT-FACILITIES		31,523.00	
10191-51185	MAINT-FENCES/GATES		21.00	
10191-51192	MAINT-SHOTCRETE		2,462.00	
10191-51311	PENSION PREMIUMS		15,098.00	
10191-51312	HEALTH INSURANCE		4,519.00	
10191-51313	LIFE INSURANCE		386.00	
10191-51314	DENTAL INSURANCE		1,346.00	
10191-51315	VISION INSURANCE		207.00	
10191-51315	VISION INSURANCE		36.00	
10191-51316	LONG TERM DISABILITY		157.00	
10191-51317	WORKERS COMP INSURANCE		3,358.00	
10191-52504	MATERIALS & SUPPLIES		61,747.00	
10191-52603	CONSULTING FEES		2,093.00	
10191-52606	RENT/LEASE OF EQUIP		3,809.00	
10191-52609	TEMPORARY LABOR		1,600.00	
10191-52615	CONTRACT-FACILITIES MAINT		1,800.00	
10191-52999	CLR PRIOR YR 10990 B		12,457.00	
10195-51184	MAINT-FACILITIES		7,273.00	
10195-51311	PENSION PREMIUMS		1,980.00	
10195-51312	HEALTH INSURANCE		1,084.00	
10195-51313	LIFE INSURANCE		55.00	
10195-51314	DENTAL INSURANCE		251.00	
10195-51316	LONG TERM DISABILITY		23.00	
10195-51317	WORKERS COMP INSURANCE		436.00	
10195-52502	MAINT-BLDG & GROUNDS		2,936.00	
10195-52504	MATERIALS & SUPPLIES		3,566.00	
10195-52606	RENT/LEASE OF EQUIP		124.00	
10195-52999	CLR PRIOR YR 10990 B		1,446.00	
10253-52960	COST ALLOCATION		138.00	

Client: **NEVADA IRRIGATION DISTRICT**
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Account	Description	W/P Ref	Debit	Credit
30253-54000	COST ALLOCATION		138.00	
10253-47777	COST ALLOCATION			138.00
10990-51101	ADMINISTRATION			33,386.00
10990-51121	VARIOUS MEETINGS			10,706.00
10990-51123	CUSTOMER SERVICE			132.00
10990-51127	INTERGOVT COORDINATION			382.00
10990-51131	ENGINEERING			16,984.00
10990-51132	DRAFTING			53,565.00
10990-51133	ENCROACHMENT			54.00
10990-51134	INSPECTION			15,735.00
10990-51135	RIGHT OF WAY (SALARY)			5,962.00
10990-51136	SURVEYING			55,450.00
10990-51142	HYDROGRAPHY			3,302.00
10990-51148	WATER OUTAGES			102.00
10990-51149	WATER REG/PATROL			926.00
10990-51182	MAINT-HERBICIDES			4,401.00
10990-51183	MAINT-PUMPS/MOTORS/CNTRLS			2,575.00
10990-51184	MAINT-FACILITIES			102,102.00
10990-51185	MAINT-FENCES/GATES			21.00
10990-51187	MAINT-EQUIPMENT			7,014.00
10990-51192	MAINT-SHOTCRETE			2,462.00
10990-51311	PENSION PREMIUMS			79,274.00
10990-51312	HEALTH INSURANCE			12,625.00
10990-51313	LIFE INSURANCE			2,267.00
10990-51314	DENTAL INSURANCE			5,726.00
10990-51315	VISION INSURANCE			933.00
10990-51316	LONG TERM DISABILITY			770.00
10990-51317	WORKERS COMP INSURANCE			11,751.00
10990-52502	MAINT-BLDG & GROUNDS			2,936.00
10990-52503	MAINTENANCE OF EQUIPMENT			2,202.00
10990-52504	MATERIALS & SUPPLIES			116,430.00
10990-52603	CONSULTING FEES			256,424.00
10990-52604	LEGAL FEES			15,453.00
10990-52606	RENT/LEASE OF EQUIP			94,969.00
10990-52608	FED/ST/CO MANDATED COSTS			1,019.00
10990-52609	TEMPORARY LABOR			3,877.00
10990-52615	CONTRACT-FACILITIES MAINT			1,800.00
10990-52704	INSURANCE			1,201.00
10990-52710	OFFICE SUPPLIES/EXPENSES			132.00
10990-52711	TRAVEL & MEAL EXPENSES			297.00
10990-52801	SPECIAL DEPT EXPENSES			54,355.00
10990-52901	RIGHT OF WAY ACQUISITIONS			14,700.00
10990-52908	CONSULTING FEES-CAP PROJ			2,970.00
10990-52999	CLR PRIOR YR 10990 B			81,202.00
30253-52960	COST ALLOCATION			138.00
Total			1,078,850.00	1,078,850.00

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Adjusting Journal Entries JE # 12				
Auditor initiated client entry 13-41.9				
10-60106	FY 2015 AMORTIZATION		36,990.00	
10-19545	UNAMORT CHG-2011A REFNDG			36,990.00
Total			36,990.00	36,990.00

Adjusting Journal Entries JE # 14				
Auditor initiated client entry 13-41.3C				
10-11628	GRANTS RECEIVABLE		75,326.00	
10-11628	GRANTS RECEIVABLE		30.00	
10-11628	GRANTS RECEIVABLE		21,596.00	
10-48102	GRANTS FR DEPT WTR RESRCS		5,110.00	
10-48102	GRANTS FR DEPT WTR RESRCS		3,792.00	
10-48102	GRANTS FR DEPT WTR RESRCS		2,370.00	
10-11628	GRANTS RECEIVABLE			5,110.00
10-11628	GRANTS RECEIVABLE			3,792.00
10-11628	GRANTS RECEIVABLE			2,370.00
10-48102	GRANTS FR DEPT WTR RESRCS			75,326.00
10-48102	GRANTS FR DEPT WTR RESRCS			30.00
10-48102	GRANTS FR DEPT WTR RESRCS			21,596.00
Total			108,224.00	108,224.00

Adjusting Journal Entries JE # 15				
Client entry ARDEC15E				
10-45170	PIPELINE REIMB FEE		78,544.00	
10-48650	CONTRIBUTED CAPITAL			78,544.00
Total			78,544.00	78,544.00

Adjusting Journal Entries JE # 16				
Auditor initiated client entry 13-41.3				
10-11628	GRANTS RECEIVABLE		74,824.00	
10-11628	GRANTS RECEIVABLE		340,746.00	
10-11628	GRANTS RECEIVABLE		831.00	
10-11628	GRANTS RECEIVABLE		2,370.00	
10-11628	GRANTS RECEIVABLE		74,848.00	
10-11628	GRANTS RECEIVABLE		123,499.00	
10-11628	GRANTS RECEIVABLE		5,110.00	
10-11628	GRANTS RECEIVABLE		3,792.00	
10-48102	GRANTS FR DEPT WTR RESRCS		199,673.00	
10-48102	GRANTS FR DEPT WTR RESRCS		8,322.00	
10-48102	GRANTS FR DEPT WTR RESRCS		629.00	
10-48102	GRANTS FR DEPT WTR RESRCS		41,887.00	
10-11628	GRANTS RECEIVABLE			199,673.00
10-11628	GRANTS RECEIVABLE			8,322.00
10-11628	GRANTS RECEIVABLE			629.00
10-11628	GRANTS RECEIVABLE			41,887.00
10-48102	GRANTS FR DEPT WTR RESRCS			74,824.00
10-48102	GRANTS FR DEPT WTR RESRCS			340,746.00

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Account	Description	W/P Ref	Debit	Credit
10-48102	GRANTS FR DEPT WTR RESRCS			831.00
10-48102	GRANTS FR DEPT WTR RESRCS			2,370.00
10-48102	GRANTS FR DEPT WTR RESRCS			74,848.00
10-48102	GRANTS FR DEPT WTR RESRCS			123,499.00
10-48102	GRANTS FR DEPT WTR RESRCS			5,110.00
10-48102	GRANTS FR DEPT WTR RESRCS			3,792.00
Total			876,531.00	876,531.00

Adjusting Journal Entries JE # 17

Auditor initiated client entry 13-42.3

10-11306	ACCOUNTS REC'BLE-CLEARING		111,818.00	
10-46165	REIMBURSABLE PROJ REVENUE		72,975.00	
20-35150	FUND BALANCE		191,404.00	
10-20039	MISC AR-UNAPPLIED CREDIT			72,975.00
10-46165	REIMBURSABLE PROJ REVENUE			111,818.00
20214-47110	ASSESSMENTS			191,404.00
Total			376,197.00	376,197.00

Adjusting Journal Entries JE # 18

Client entry 13-41.5C

10-46165	REIMBURSABLE PROJ REVENUE		83,635.00	
10-46165	REIMBURSABLE PROJ REVENUE		408,496.00	
10-54000	TRANSFER OUT		83,635.00	
10-54000	TRANSFER OUT		408,496.00	
10-47777	TRANSFER IN			83,635.00
10-47777	TRANSFER IN			408,496.00
10-52999	RECLASS OF EXPENSES FOR OTHER FUNDS			408,496.00
10251-52990	REIMBURSEMENT/BILLINGS			1,530.00
10252-52990	REIMBURSEMENT/BILLINGS			2,980.00
10253-52990	REIMBURSEMENT/BILLINGS			78,149.00
10255-52990	REIMBURSEMENT/BILLINGS			87.00
10256-52990	REIMBURSEMENT/BILLINGS			373.00
10257-52990	REIMBURSEMENT/BILLINGS			516.00
Total			984,262.00	984,262.00

Adjusting Journal Entries JE # 20

Auditor initiated client entry

10-54000	TRANSFER OUT		72,975.00	
10-46165	REIMBURSABLE PROJ REVENUE			72,975.00
Total			72,975.00	72,975.00

Adjusting Journal Entries JE # 21

Auditor initiated client entry

50-11601	RECEIVABLE FR PG&E		40,135.00	
50-11615	MISCELLANEOUS A/R		32,840.00	
50-47777	TRANSFERS IN			72,975.00
Total			72,975.00	72,975.00

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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 22				
Auditor initiated client entry 13-13.1				
10-13196	YE 2015 INVENTORY AD		43,181.00	
10193-52504	MATERIALS & SUPPLIES			43,181.00
Total			43,181.00	43,181.00
Adjusting Journal Entries JE # 23				
Auditor initiated client entry 13-13.1				
10-35150	FUND BALANCE		131,701.00	
10151-52999	CLR PRIOR YR 10990 B			131,701.00
Total			131,701.00	131,701.00
Adjusting Journal Entries JE # 24				
Client entry				
10-35150	FUND BALANCE		7,500,000.00	
10-35150	FUND BALANCE		217,198,225.00	
10-99998	RECLASS TO RESTRICTED CASH		8,662,007.00	
30-32020	ACCRUED LEAVE RESERVE		1,013,144.00	
30-35150	FUND BALANCE		33,000,000.00	
50-35150	FUND BALANCE		76,000,000.00	
50-35150	FUND BALANCE		7,839,893.00	
10-19998	Reclass to/from investments			8,662,007.00
10-34453	GASB 34 BS CATEGORY			224,698,225.00
30-34453	GASB 34 BS CATEGORY			34,013,144.00
50-34453	GASB 34 BS CATEGORY			83,839,893.00
Total			351,213,269.00	351,213,269.00
Adjusting Journal Entries JE # 25				
To adjust HRA reimbursement payable balance to detailed listing				
10-20055	HRA REIMBURSEMENT		13,358.00	
10115-51322	HRA CONTRIBUTION-ACTV EMP			13,358.00
Total			13,358.00	13,358.00
Adjusting Journal Entries JE # 27				
Auditor initiated client entry 13-40.4C				
10-47610	INTEREST INCOME		65,815.00	
10-11621	INTEREST RECEIVABLE			65,815.00
Total			65,815.00	65,815.00
Adjusting Journal Entries JE # 28				
Auditor initiated client entry 13-41.3X				
10-48102	GRANTS FR DEPT WTR RESRCS		15,783.00	
10-48102	GRANTS FR DEPT WTR RESRCS		74,848.00	
10-20013	GRANT PAYABLE			15,783.00
10-20013	GRANT PAYABLE			74,848.00
Total			90,631.00	90,631.00

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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 29				
To reverse portion of the restricted cash entry for unearned revenues not restricted as to their use				
10-19998	Reclass to/from investments		516,588.00	
10-99998	RECLASS TO RESTRICTED CASH			516,588.00
Total			516,588.00	516,588.00
Adjusting Journal Entries JE # 30				
To reclass cash and investments on the Water Fund based on the composition of the investments				
10-19998	Reclass to/from investments	A-	15,311.00	
10-19999	Reclass to/from investments			15,311.00
Total			15,311.00	15,311.00
Adjusting Journal Entries JE # 31				
Client entry 13-41.5X				
10115-52999	CLR PRIOR YR 10990 B		24,151.00	
10151-52999	CLR PRIOR YR 10990 B		92,911.00	
10171-52999	CLR PRIOR YR 10990 B		10,677.00	
10191-52999	CLR PRIOR YR 10990 B		92,404.00	
10-35150	FUND BALANCE			220,143.00
Total			220,143.00	220,143.00
Adjusting Journal Entries JE # 32				
Entry to reclassify money market funds to cash and cash equivalents for financial statement presentation.				
10-19999	Reclass to/from investments	A-5	113,540.00	
10-19998	Reclass to/from investments			113,540.00
Total			113,540.00	113,540.00
Adjusting Journal Entries JE # 33				
Entry to reclass restricted cash portion for 2005 COPs to unrestricted, as these were paid-off during 2015.				
10-19998	Reclass to/from investments	A-2.2	1,968,863.00	
10-99998	RECLASS TO RESTRICTED CASH			1,968,863.00
Total			1,968,863.00	1,968,863.00
Adjusting Journal Entries JE # 34				
Entry to reclassify restricted net position for debt service for 2005 COPs, as they were paid off during the year.				
10-33250	DEBT SERVICE RESERVE	A-2.2	1,968,863.00	
10-35150	FUND BALANCE			1,968,863.00
Total			1,968,863.00	1,968,863.00
Adjusting Journal Entries JE # 35				
Entry reclassify debt service reserve for cement hill to restricted investments				
10-99998	RECLASS TO RESTRICTED CASH	A-2.2	611,180.00	
10-19998	Reclass to/from investments			611,180.00
Total			611,180.00	611,180.00

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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 36		A-2.2		
Entry to reclassify portion of net position to restricted for debt service for cement hill				
10-35150	FUND BALANCE		611,180.00	
10-33250	DEBT SERVICE RESERVE			611,180.00
Total			611,180.00	611,180.00
Adjusting Journal Entries JE # 37				
Auditor entry to properly record activity between the water fund and fiduciary funds at December 31, 2015				
10-47777	TRANSFER IN		1,089,366.00	
10-60200	AGENCY FUND EXPENSE		83,372.00	
20-47777	TRANSFER IN		1,058,388.00	
21-47777	TRANSFER IN		791,300.00	
22-47777	TRANSFER IN		146,432.00	
10-54000	TRANSFER OUT			1,172,738.00
20-54000	TRANSFER OUT			1,338,063.00
20-60200	OTHER NON-OPERATING INCOME			83,234.00
22-54000	TRANSFER OUT			574,823.00
Total			3,168,858.00	3,168,858.00
Adjusting Journal Entries JE # 38				
To reclass amount to match GL for fees collected				
10-35150	FUND BALANCE		14,000.00	
10-34053	TREATED SYSTEM EXPANSION			14,000.00
Total			14,000.00	14,000.00
Adjusting Journal Entries JE # 39				
Entry to true-up to restricted net position for capacity expansion.				
10-99998	RECLASS TO RESTRICTED CASH		14,000.00	
10-19998	Reclass to/from investments			14,000.00
Total			14,000.00	14,000.00
Total Adjusting Journal Entries			366,982,313.00	366,982,313.00
Total All Journal Entries			366,982,313.00	366,982,313.00