

# **NEVADA IRRIGATION DISTRICT**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended  
December 31, 2017**



# **NID**

**Prepared by the Finance Department  
Marvin V. Davis, MBA, CPA  
Finance Manager/Treasurer  
Grass Valley, California**

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NEVADA IRRIGATION DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2017

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# INTRODUCTORY SECTION



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# NEVADA IRRIGATION DISTRICT

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(530) 273-6185 ~ Fax: (530) 477-2646 ~ [www.nidwater.com](http://www.nidwater.com)

September 19, 2018

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, 2017. 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 completeness and reliability 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 the 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 contracts with the District 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, 2017, are free from material misstatement. The independent audit involves 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, 2017, are in conformity with GAAP. The independent auditor's report is the first component located in 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 and MD&A complement the readers' understanding. The District's MD&A is located immediately following the independent auditor's report.

The CAFR contains Introductory, Financial, Required Supplementary Information, Supplementary Information, Statistical and Compliance sections. 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, 2017 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 costs 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 AF 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 safe, dependable water supply, strive to be good stewards of the watersheds and conserve the available resources.

### 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.

### Irrigation Water

The District operates a network of more than 475 miles of canals and pipelines to transport water to its agricultural customer base. These distribution facilities supply irrigation water to more than 5,700 customers who receive water through individual metered service outlets. A large majority of agricultural purchases occur during the summer irrigation season of April 15, through October 14, and provide the supplies to sustain a large variety of agricultural crops including but not limited to irrigated pasture, vineyards, orchards, and family gardens. District water supplies are integral in sustaining a robust multi-million dollar agricultural industry in Nevada, Placer, and Yuba counties. The District's water distribution network is also pivotal in providing the water supply needs for the District's six domestic water treatment plants and the raw water supply to the City of Grass Valley, Nevada City, and a small portion of the City of Lincoln.

### Domestic Water

The District operates and maintains six domestic drinking water treatment facilities with a total treatment capacity of 41.4 million gallons a day (MGD). Last year the District produced over 2.7 billion gallons of water to more than 19,400 customers. All water supplied met or exceeded state and federal regulations for potable drinking water. These facilities include the Elizabeth George Water Treatment Plant with a capacity of 18 MGD to provide service the unincorporated areas of Nevada City and Cascade Shores area, the Loma Rica Water Treatment Plant with a capacity of 8.3 MGD to supply the unincorporated areas of Grass Valley and the Alta Sierra area, the North Auburn Water Treatment Plant with a capacity of 6 MGD to serve the North Auburn area, the Lake of the Pines Water Treatment Plant with a capacity of 5 MGD to serve the Lake of the Pines and Dark Horse subdivisions, the Lake Wildwood Water Treatment Plant with a capacity of 4 MGD to serve the Lake Wildwood and Penn Valley subdivisions; and the Smartsville Water Treatment Plant with a capacity of 0.085 MGD to serve the town of Smartsville.

### 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. Successful conservation activities have yielded a year over

year conservative savings over 20% of 2013 levels. 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 and 1 solar array producing 80 kilowatt hours. The District has a hydroelectric 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's North Auburn 80 kilowatt solar array came online in June 2005 to offset power cost at the North Auburn water treatment plant.

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. For 2017, the District proudly served 193,442 campers and day use visitors among its campgrounds.

The District's mountain campgrounds reside at Faucherie, Bowman 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. The District operates certain campgrounds located on United States Forest Service under permit.

### Summary of District Operations:

- Customers: 25,492 (includes 3 municipal customers: Grass Valley, Nevada City, City of Lincoln)

- Number of Employees: 206
- District Geographical Size: 287,000 acres
- Mountain Watershed: 70,000 acres
- Storage Capacity: 280,380 acre-feet
- Reservoirs: 27
- Water Treatment Plants: 6
- Storage Tanks: 44
- Hydroelectric Plants: 7
- Solar Array: 80 Kilowatt
- Recreation Sites: 12
- Canals: 460 miles
- Pipelines: 300 miles
- 2018 Combined Budget: \$81.5 million (excluding Interfund Transfers)
  - Water Division: \$64.3 million
  - Hydroelectric Division: \$14.7 million
  - Recreation Division: \$2.5 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 July 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 transactions 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 2017 estimated population figures, as provided by the State Department of Finance for Nevada County are 98,828. This is a slight increase from 2016 with about 68% or 66,857 of the residents living in the unincorporated areas. The Town of Truckee is the largest of the three cities within the County, with approximately 15,904 residents in 2017. The City of Grass Valley is the second largest city within the boundaries of the County with a population of 12,859. Nevada City serves as the County seat with a population of 3,208.

The County's June 2017 labor force totaled 47,440, which was a decrease of 1,600 from the 2016 figure for the same month. Nevada County's unemployment rate in June 2017 was 4.3% which was a small decrease from June 2016's unemployment rate of 4.8%, California's statewide rate was 4.9% for the same period. The median household income within the County of Nevada is \$56,521 (in 2015 dollars as provided by the US Census Bureau). This is 8% lower than the California median household income of \$61,818.

The County, like many other rural counties, is in the economic recovery cycle and seeing strong indicators of

improvements. The 1% Local Sales and Use Tax revenue to the County increased 22% from year to year which is an indication that consumer confidence is rising helping the local economy rebound. Sales tax revenue is estimated to increase approximately 3.0% in the subsequent fiscal year.

The real estate market continues to show improvement with housing prices on the rise. Per Realty Trac, the median residential property price in Western Nevada County decreased 4.5% from \$372,000 in September 2016 to \$355,000 in September 2017. The real estate market in the eastern portion of the county has increased sharply with the median sales reported at \$635,000, which is a 32% increase from 2016.

### Placer County

During fiscal year (FY) 16-17, Placer County's positive economic trends continued in real estate, tourism and labor market". The County's unemployment level reached 4.1% as of June 2017. The June 2017 unemployment rate was below the national level of 4.4% and the state level of 4.7%. Property tax, the County's largest discretionary revenue source, continues to increase due to the recovery in property values. The fiscal year 2017 total secured tax roll shows an 5.2% increase in assessed value to \$67.66 billion. The County's median home value increased in 2016 to approximately \$429,000. Average annual wages had a slight increase to \$53,508 in 2016 from \$52,156 in 2015. The percent of persons in poverty was 8.6% in 2016, which was below the State's level of 14.3%. Transient occupancy taxes (TOI) increased by 5% in fiscal year 2017. According to the most recent Economic and Demographic profile, the County offers 38 lodging facilities with over 50+ rooms.

The economy continues to modestly improve in the wake of the "Great Recession". Property and real property transfer taxes project moderate growth at 2 to 2.5% annually and sales tax collections are estimated to increase by \$775,000 in fiscal year 2017-18. 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 74,727 as of January 1, 2018 represents an increase over 2017 data of 0.1 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 79 percent reside in the unincorporated areas. The Department of Finance projects Yuba County's population at 79,087 and 102,221 by 2020 and 2060 respectively. This equates to an average growth rate of .6% or 29%. This anticipated growth requires improving infrastructure elements such as roads, water, wastewater, and levee systems. Special attention to major transportation arteries will be especially critical.

In 2016, Yuba had a Per Capita Personal Income (PCPI) of \$39,214. This PCPI ranked 46<sup>th</sup> in the state and was 70 percent of the state average of \$56,374. The 2016 PCPI reflected an increase of 3.4 percent from 2015 compared to the state's change of 3.0 percent. In 2006, the PCPI of Yuba was \$27,207 and ranked 48<sup>th</sup> in the state. 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 7.3 percent for March 2018.

### 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 estimates current and future operating needs in conjunction 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 2018 Budget, the Board approved a 6% water rate increase effective January 1, 2018.

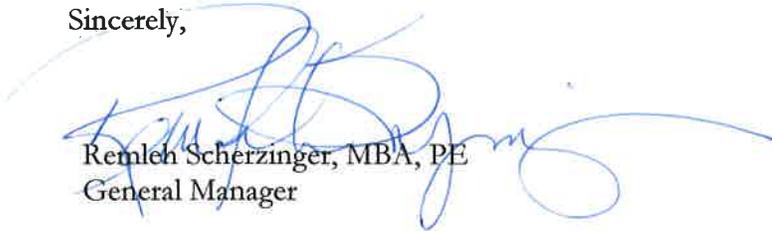
### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Nevada Irrigation District for its comprehensive annual financial report for the fiscal year ended December 31, 2016. This is the second consecutive year the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Nevada Irrigation District**  
**California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO

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# *Nevada Irrigation District*

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## List of Elected and Appointed Officials December 31, 2017

### Board of Directors – Elected Officials



Nancy Weber – Director Division I  
12/2014 – 12/2018



John H. Drew – Vice President Division II  
12/2014 – 12/2018



W. Scott Miller, MD – Director Division III  
12/2016 – 12/2020



William Morebeck – President Division IV  
12/2016 – 12/2018



Nick Wilcox – Director Division V  
12/2016 – 12/2020

### Staff – Appointed Officials

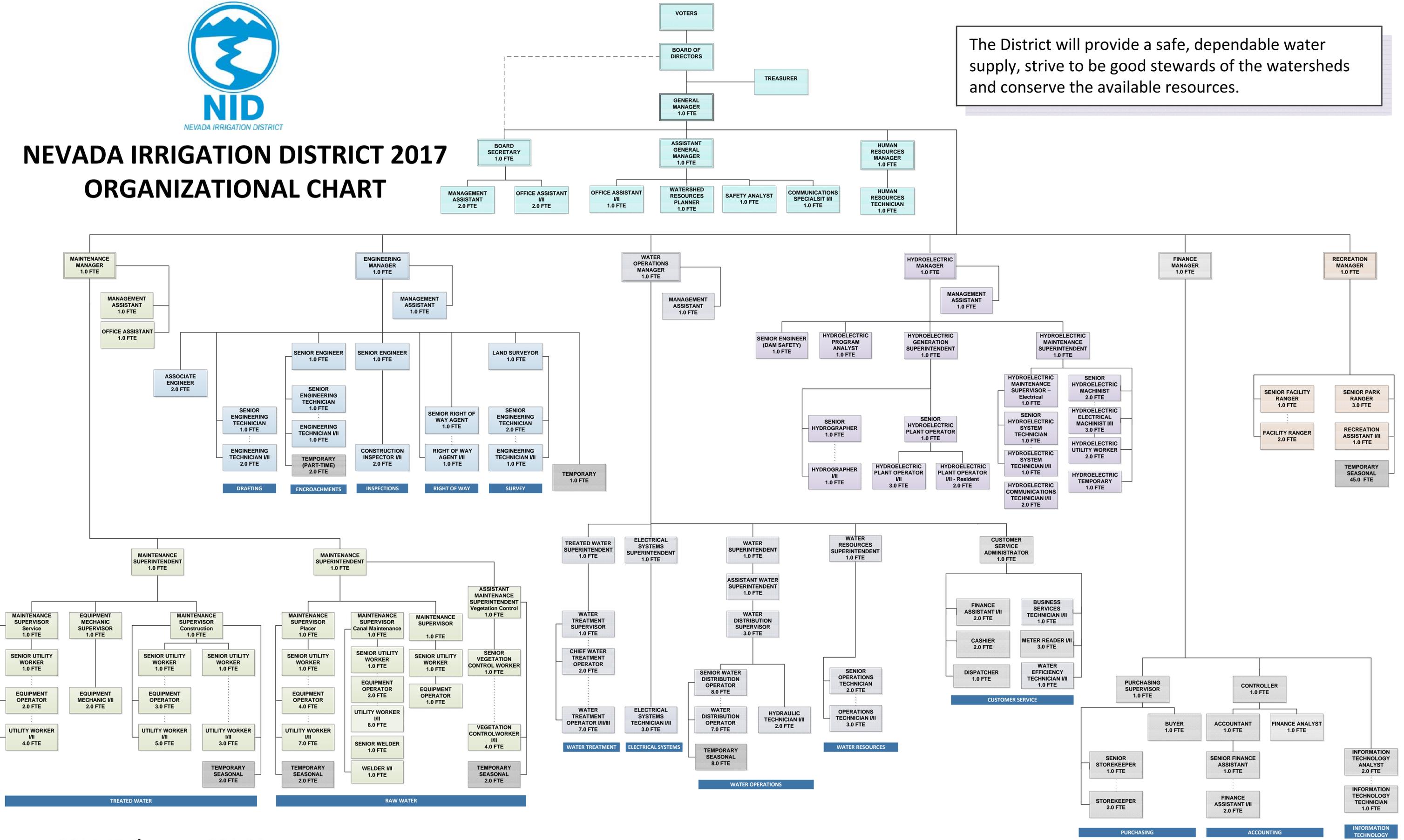
General Manager ..... Remleh Scherzinger, MBA, P.E.  
Assistant General Manager ..... Gregory Jones, MBA  
Finance Manager/Treasurer ..... Marvin Davis, MBA, CPA  
Engineering Manager ..... Gary King, DBA, P.E.  
Operations Manager ..... Armon “Chip” Close, T5  
Maintenance Manager ..... Brian Powell, P.E.  
Hydroelectric Manager ..... Keane Sommers, P.E., MSC, QSP/QSD  
Recreation Manager ..... Monica Reyes  
Board Secretary ..... Kris Stepanian, MBA  
Human Resources Manager ..... Jana Kolakowski

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# NEVADA IRRIGATION DISTRICT 2017 ORGANIZATIONAL CHART

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



2017 FTE's 206.00  
2017 TEMPS 63.00



# FINANCIAL SECTION



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## 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, 2017, 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, 2017 and the changes in financial position 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.

## **Other Matters**

### *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.

### *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 September 14, 2018 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

To the Board of Directors  
Nevada Irrigation District

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*

September 14, 2018

## 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 fiscal year ended December 31, 2017. The analysis serves as an introduction to the District's audited financial statements and complements 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 206 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 19,300 treated water connections and 5,200 irrigation water customers located within its 287,000 acreage 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 \$411,268,277 (*net position*). The District has \$366,586,609 investment in capital assets \$7,138,137 restricted by statute and debt service, and \$37,543,531 unrestricted. (see Note 6)
- The District increased its net position in 2017 by \$13.4 million, a 3.4% increase over 2016. The changes representing this growth in net position is due to an increase in sales (Water, Electric, Recreation) of \$3 million, an increase in taxes and assessments of \$.4 million, a decrease in grant revenue of \$.4 million, and an increase in operating expenses of \$3.7 million. The District's non-operating revenues reflects an increase in investment income of \$1.6 million due to unrealized loss in 2016 of \$.2 million. Generally Accepted Accounting Principles (GAAP) requires recording actual earnings with unrealized gains and losses, a function of market volatility. In addition, capacity charges and contributions represent a \$.7 million increase over 2016.

- The District's working capital, current assets of \$28,246,081 minus current liabilities of \$9,948,069 a positive \$18,298,012, slightly down from 2016, reflects an appropriate level of liquidity. This demonstrates a strong financial position, undoubtedly contributing to an excellent bond rating.
- Investments of the District 2016A JPA bond issuance proceeds of \$25,683,684 as of the beginning of the year have contributed to an increase in the District's interest earnings.
- The increase in District operating expenses of \$3.7 million are primarily driven from increases in administration and general expenses associated with salaries and general inflation of \$3.6 million and transmission and distribution of \$.5 million, offset by fewer expenses in water treatment of \$.5 million.
- The District's Other Post- Employment Benefits (OPEB) liability was determined in 2018 and sufficient for 2017 and 2018 estimates. The reporting period's Annual OPEB Cost amounts to \$1.8 million. The District continues to fund this obligation with an estimated amortization period of 10 years. The District contributed \$2 million toward this liability and considering prior year's asset balance, the District still maintains an asset of \$.6 million. Another actuarial report will be required in 2018 for reporting compliance under GASB 75. (see Note 8)
- During 2017, the Nevada Irrigation District's total liabilities and deferred inflows decreased by \$3.6 million driven by reductions in long-term liabilities of \$5.6 million and \$3.2 million in deferred pension inflows offset by an increase in Net Pension Liability (NPL) of \$5.4 million. Beginning January 1, 2018, the District is required to record its' OPEB unfunded liability currently at \$9.4 million. The recording of net pension and OPEB liabilities are non-cash transactions, thus 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 11, the District has significant outstanding capital commitments as of December 31, 2017 of \$6.8 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 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, 2017. 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 1<sup>st</sup> through December 31<sup>st</sup>.

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, 2017. 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 commence on page 19 and conclude on page 44 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 is located on page 45 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 \$411,268,277 at the close of the most recent fiscal year.

By far the largest portion of the Nevada Irrigation District's net assets (89% percent), consist of its investment in capital assets (e.g., land, buildings, machinery, and equipment). The District's maintains these capital assets to provide excellent services to the citizens of its community and consequently are unable to cover liabilities.

**Table 1**  
**Statements of Net Position**

	2017	2016	Change
<b>Assets</b>			
Current and other assets	\$ 112,153,779	\$ 117,945,597	\$ (5,791,818)
Capital assets (net of accumulated depreciation)	400,655,988	384,429,209	16,226,779
<b>Total assets</b>	512,809,767	502,374,806	10,434,961
<b>Deferred outflows of resources</b>			
Deferred outflows	9,607,304	10,150,717	(543,413)
<b>Total deferred outflows</b>	9,607,304	10,150,717	(543,413)
<b>Total assets and deferred outflows</b>	<u>\$ 522,417,071</u>	<u>\$ 512,525,523</u>	<u>\$ 9,891,548</u>
<b>Liabilities</b>			
Current Liabilities	\$ 9,948,069	\$ 10,031,376	\$ (83,307)
Long-Term Liabilities	100,684,855	100,964,881	(280,026)
<b>Total liabilities</b>	110,632,924	110,996,257	(363,333)
<b>Deferred inflows of resources</b>			
Deferred inflows of resources	515,870	3,714,476	(3,198,606)
<b>Total deferred inflows</b>	515,870	3,714,476	(3,198,606)
<b>Total liabilities and deferred inflows</b>	<u>\$ 111,148,794</u>	<u>\$ 114,710,733</u>	<u>\$ (3,561,939)</u>
<b>Net Position</b>			
Investment in capital assets	\$ 366,586,609	\$ 350,611,745	\$ 15,974,864
Restricted by statute	6,526,957	5,715,219	811,738
Restricted for debt service	611,180	623,240	(12,060)
Unrestricted	37,543,531	40,864,586	(3,321,055)
<b>Net Position</b>	<u>\$ 411,268,277</u>	<u>\$ 397,814,790</u>	<u>\$ 13,453,487</u>

The District's restricted net position of \$7,138,137 represents resources that are subject to statutory restrictions and debt service requirements. The remaining balance of its' net position, \$37,543,531 serves to meet all short and long-term annual liabilities. Unrestricted liquid cash (short-term cash and cash equivalents) is at \$13 million and is sufficient to meet the District's ongoing obligations to citizens and creditors consistent with prudent investment policy. 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.

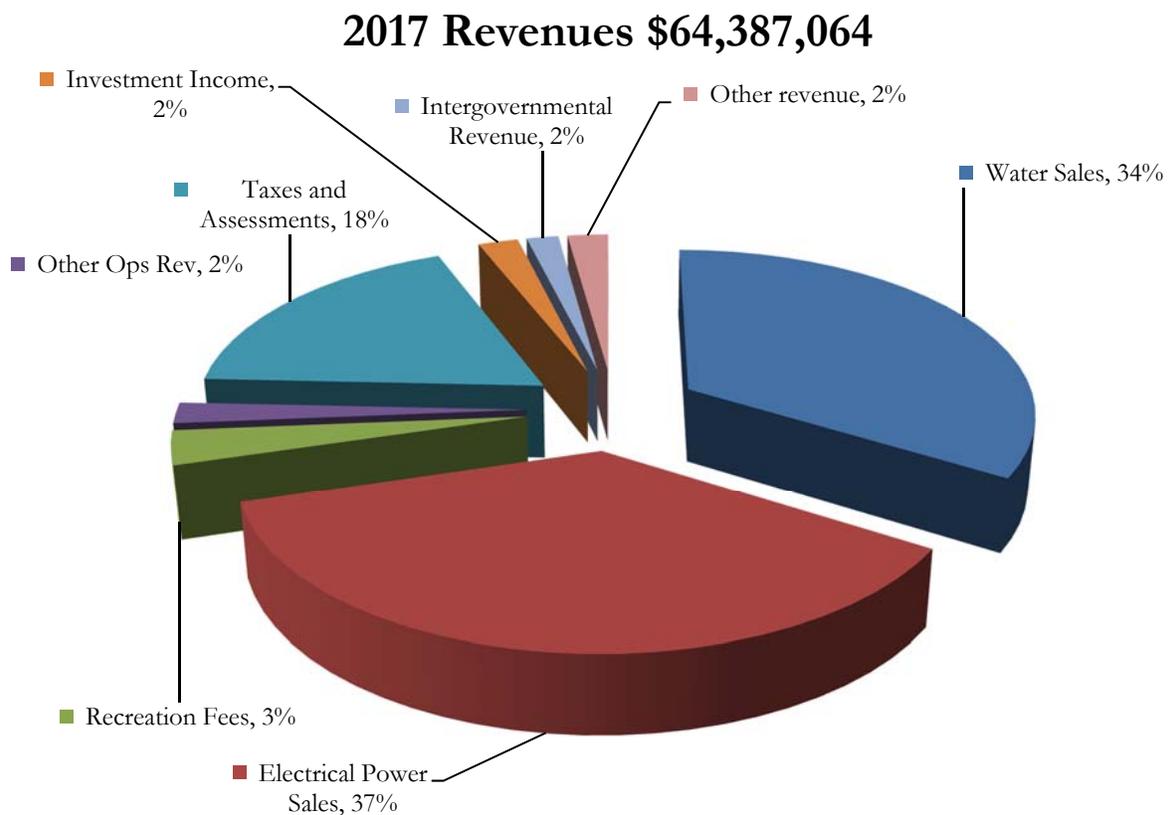
**Table 2**  
**Statement of Revenues, Expenses and Changes in Net Position**

	2017	2016	Change
Operating Revenues			
Water Sales	\$ 21,754,315	\$ 19,965,010	\$ 1,789,305
Electrical Power Sales	23,578,561	22,559,519	1,019,042
Recreation Fees	2,118,007	2,056,885	61,122
Other revenue	1,291,819	1,116,109	175,710
Total Operating Revenues	<u>\$ 48,742,702</u>	<u>\$ 45,697,523</u>	<u>\$ 3,045,179</u>
Non-Operating Revenues			
Taxes and Assessments	\$ 11,750,933	\$ 11,363,997	\$ 386,936
Investment Income	1,383,301	(187,349)	1,570,650
Intergovernmental Revenue	1,102,666	1,501,698	(399,032)
Gain on asset disposal	324	17,535	(17,211)
Other revenue	158,024	730,331	(572,308)
Total Non-Operating Revenues	<u>\$ 14,395,248</u>	<u>\$ 13,426,212</u>	<u>\$ 969,035</u>
Total Revenues	<u>\$ 63,137,950</u>	<u>\$ 59,123,735</u>	<u>\$ 4,014,214</u>
Operating Expenses			
Water	\$ 36,443,432	\$ 34,148,453	\$ 2,294,979
Electric	10,675,301	9,211,690	1,463,611
Recreation	2,151,100	2,164,924	(13,824)
Total Operating Expenses	<u>\$ 49,269,833</u>	<u>\$ 45,525,067</u>	<u>\$ 3,744,766</u>
Non-Operating Expenses			
Interest Expense	1,663,744	2,055,024	(391,280)
Total Non-Operating Expenses	<u>\$ 1,663,744</u>	<u>\$ 2,055,024</u>	<u>\$ (391,280)</u>
Total Expenses	<u>50,933,577</u>	<u>47,580,091</u>	<u>3,353,486</u>
Income (Loss) Before Capital Contributions	<u>\$ 12,204,373</u>	<u>\$ 11,543,644</u>	<u>\$ 660,728</u>
Capital Contributions			
Facility Capacity Charges	1,038,453	575,282	463,171
Other Capital Contributions & Transfers	210,661	-	210,661
Total Transfers and Capital Contributions	<u>\$ 1,249,114</u>	<u>\$ 575,282</u>	<u>\$ 673,832</u>
Change in Net Position	<u>\$ 13,453,487</u>	<u>\$ 12,118,926</u>	<u>\$ 1,334,560</u>
Net Position - Beginning of Year	<u>\$ 397,814,790</u>	<u>\$ 385,695,864</u>	<u>\$ 12,118,926</u>
Net Position - End of Year	<u>\$ 411,268,277</u>	<u>\$ 397,814,790</u>	<u>\$ 13,453,487</u>

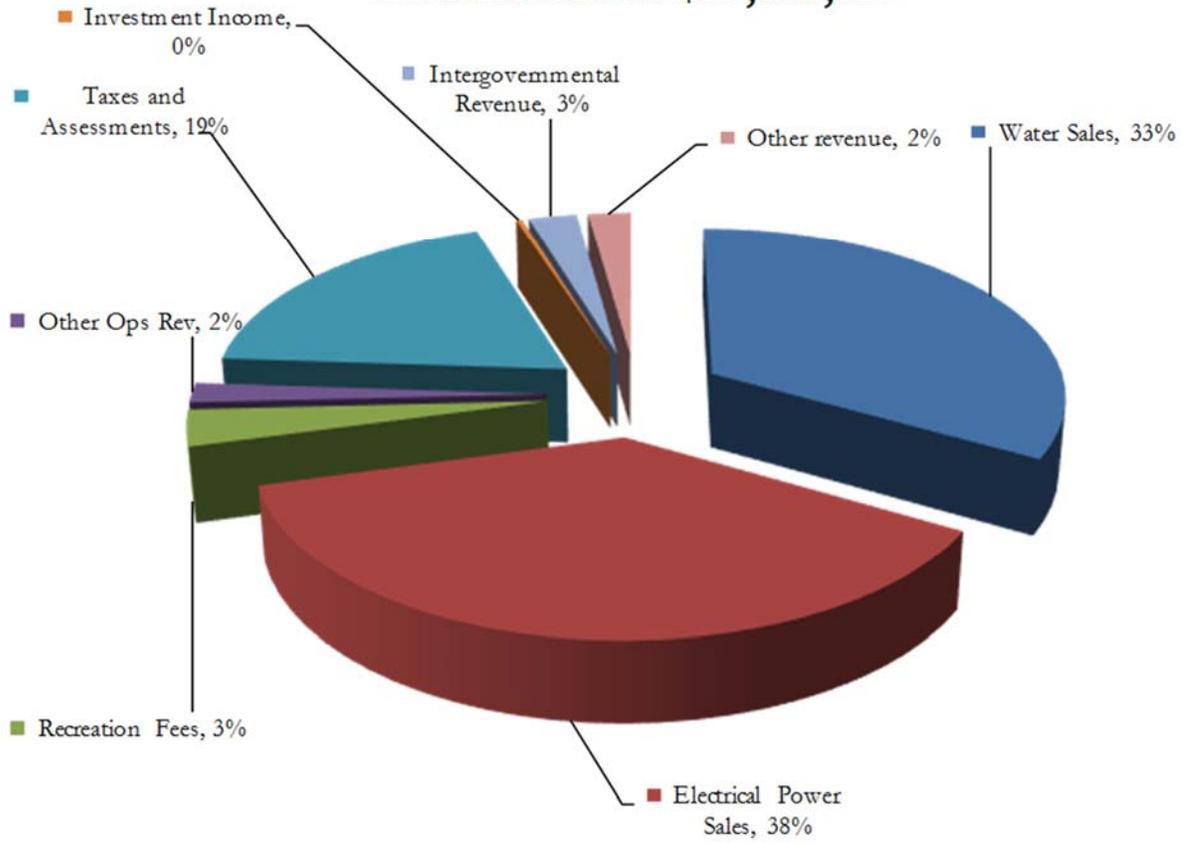
The District's total net position increased by \$13.5 million in 2017 as compared with \$12.1 for the year ended December 31, 2016. Total revenues of \$63.1 million outpaced operating expenses of \$49.3 million by \$13.8 million being driven by increases in water sales, rates adjustment and power sales. The District saw a relatively modest increase in sales (water, electric, and recreation) of \$3 million as well as taxes and assessments of \$.4 million. Non-operating expenses, resulting from debt service consumed an additional \$1.7 million driving the income before capital contributions down to \$12.2 million. This year's capacity fees and capital contributions were healthy, contributing \$1.2 million, relative to prior year's \$.6 million, to arrive at the net position of \$13.5 million.

Operating expenses increased in 2017 due to increased administration and general expenses (salaries, consultants), which contain Hydro and Recreation activities and treatment facilities (Water Operations). The District received \$1 million in capacity fee charges as reflected in the Government Code 66013 report, which is \$.4 million more than the prior year. The District has extended financing options for these fees. Other capital contribution increased from the prior year and is an indication of more developer activity.

The chart displays revenues for 2017 and 2016 as follows:



## 2016 Revenues \$59,699,017



**Capital Assets.** The District’s investment in capital assets as of December 31, 2017 was \$400,655,988 as compared to \$384,429,209 (net of accumulated depreciation) for 2016. 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 2017 is \$16.2 million, primarily due to new construction projects. Additional information on the District’s capital assets is located under Note 4 to the basic financial statements.

Major capital asset categories include the following:

### Major Capital Improvements

	2017	2016
Nondepreciable capital assets	\$ 153,467,799	\$ 133,111,311
Depreciable capital assets	411,223,528	406,616,965
Less: Accumulated depreciation	<u>(164,035,339)</u>	<u>(155,299,067)</u>
Net Depreciable Capital Assets	<u>247,188,189</u>	<u>251,317,898</u>
Net Capital Assets	<u>\$ 400,655,988</u>	<u>\$ 384,429,209</u>

**Long-Term Liabilities.** At the end of the current fiscal year, the District had certain long-term liabilities outstanding of \$98,697,695 comprised of compensated absences, net pension liability, revenue bonds and state loans. Recording of the District's \$48,877,917 net pension, as compared with prior period amounts of \$43,525,370 is an actuarial determined balance and a requirement of GAAP. Actuarial assumptions for net pension liability are driving these significant changes. Under current standards, the OPEB plan has an asset balance but, again, beginning January 1, 2018, the District is required to record its' OPEB unfunded liability, currently at \$9.4 million.

**Long-Term Liabilities & Total Debt**

	2017	2016
Compensated absences	2,951,389	2,966,504
Net pension liability	48,877,917	43,525,370
2016 Revenue Bonds	19,660,000	20,210,000
2011 Revenue Bonds	20,950,000	22,115,000
State of California Loans	6,258,389	6,719,175
Total Outstanding	\$ 98,697,695	\$ 95,536,049

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

**Economic Factors and Next Year's Rates**

The District increased its water rates for fiscal year 2017 and 2016 by an average of six percent (6%) for both raw water and treated water customers. This increase, along with usage contributed to revenue increases. 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. Currently, the District operates on annual licenses from FERC until issuance of the full license by the Commission. The District has expended approximately \$15.8 million through December 31, 2017 in relicensing efforts.

The District's 2018 budget considered the above results. The District adopts its budget in accordance with California Government Codes Section 53900 – 53901, Water Code Division 11 Section 20500 – 29978 and District policy and prudent practice.

## 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/Treasurer at 1036 West Main Street, Grass Valley, California, 95945.

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NEVADA IRRIGATION DISTRICT

BALANCE SHEETS

As of December 31, 2017

	Water	Electric	Recreation	Total
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 4,819,298	\$ 7,100,282	\$ 1,132,707	\$ 13,052,287
Accounts receivable, net	2,703,483	2,202,391	4,577	4,910,451
Interest receivable	335,349			335,349
Assessments receivable	6,488,335			6,488,335
Grants receivable	1,212,088			1,212,088
Other receivables	3,178			3,178
Due from other funds		12,304	1,206	13,510
Inventory	1,507,422	865		1,508,287
Prepaid expenses and other current assets	488,026	186,245	20,892	695,163
Deposits	27,433			27,433
Total Current Assets	<u>17,584,612</u>	<u>9,502,087</u>	<u>1,159,382</u>	<u>28,246,081</u>
Noncurrent Assets				
Restricted cash and cash equivalents	763,021			763,021
Investments	11,228,710	42,401,402		53,630,112
Restricted Investments	23,745,602			23,745,602
Due from other governments	3,966,100			3,966,100
Loans receivable	798,637			798,637
Other postemployment benefit asset		1,004,226		1,004,226
Total noncurrent assets	<u>40,502,070</u>	<u>43,405,628</u>	<u>-</u>	<u>83,907,698</u>
Capital Assets				
Non-depreciable	75,272,662	50,027,808	28,167,329	153,467,799
Depreciable, net	205,520,531	35,725,594	5,942,064	247,188,189
Total capital assets, net	<u>280,793,193</u>	<u>85,753,402</u>	<u>34,109,393</u>	<u>400,655,988</u>
TOTAL ASSETS	<u>338,879,875</u>	<u>138,661,117</u>	<u>35,268,775</u>	<u>512,809,767</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflow - pensions	7,508,290	1,562,663	314,410	9,385,363
Deferred amount on refunding	221,941			221,941
TOTAL DEFERRED OUTFLOWS	<u>7,730,231</u>	<u>1,562,663</u>	<u>314,410</u>	<u>9,607,304</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 346,610,106</u>	<u>\$ 140,223,780</u>	<u>\$ 35,583,185</u>	<u>\$ 522,417,071</u>

(Continued)

NEVADA IRRIGATION DISTRICT

BALANCE SHEETS (Continued)

As of December 31, 2017

	Water	Electric	Recreation	Total
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 2,716,359	\$ 519,546	\$ 92,690	\$ 3,328,595
Accrued payroll and benefits payable	752,912	165,782	26,147	944,841
Due to other funds	13,510			13,510
Deposits	409,805			409,805
Retention payable	298,103	63,769		361,872
Grants payable	763,507			763,507
Unearned revenue	297,903		27,203	325,106
Accrued interest payable	610,756			610,756
Compensated absences, due within one year	803,413	111,791	18,973	934,177
Long-term debt, due within one year	2,255,900			2,255,900
Total current liabilities	<u>8,922,168</u>	<u>860,888</u>	<u>165,013</u>	<u>9,948,069</u>
Noncurrent Liabilities				
Other postemployment benefit liability	350,279		41,407	391,686
Compensated absences, due after one year	1,624,920	335,374	56,918	2,017,212
Net pension liability	39,102,334	8,138,173	1,637,410	48,877,917
Long-term debt	49,398,040			49,398,040
Total noncurrent liabilities	<u>90,475,573</u>	<u>8,473,547</u>	<u>1,735,735</u>	<u>100,684,855</u>
TOTAL LIABILITIES	<u>99,397,741</u>	<u>9,334,435</u>	<u>1,900,748</u>	<u>110,632,924</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow - pensions	412,696	85,892	17,282	515,870
TOTAL DEFERRED INFLOWS	<u>412,696</u>	<u>85,892</u>	<u>17,282</u>	<u>515,870</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>99,810,437</u>	<u>9,420,327</u>	<u>1,918,030</u>	<u>111,148,794</u>
<b>NET POSITION</b>				
Net investment in capital assets	246,723,815	85,753,402	34,109,392	366,586,609
Restricted for capacity expansion	6,526,957	-	-	6,526,957
Restricted for debt service	611,180	-	-	611,180
Unrestricted	(7,062,283)	45,050,051	(444,237)	37,543,531
Total Net Position	<u>246,799,669</u>	<u>130,803,453</u>	<u>33,665,155</u>	<u>411,268,277</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 346,610,106</u>	<u>\$ 140,223,780</u>	<u>\$ 35,583,185</u>	<u>\$ 522,417,071</u>

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

NEVADA IRRIGATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2017

	Water	Electric	Recreation	Total
Operating Revenues				
Water sales	\$ 21,754,315			\$ 21,754,315
Electric power sales		\$ 23,578,561		23,578,561
Standby charges	128,868			128,868
Reimbursements	67,514	82,843		150,357
New connections and installations	419,977			419,977
Recreation fees			\$ 2,118,007	2,118,007
Other revenue	591,875	742		592,617
Total Operating Revenues	<u>22,962,549</u>	<u>23,662,146</u>	<u>2,118,007</u>	<u>48,742,702</u>
Operating Expenses				
Administration and general	12,673,826	9,200,564	1,925,100	23,799,490
Water treatment	6,862,080			6,862,080
Transmission and distribution	8,656,311			8,656,311
Pumping	980,341			980,341
Depreciation and amortization	7,270,874	1,474,737	226,000	8,971,611
Total Operating Expenses	<u>36,443,432</u>	<u>10,675,301</u>	<u>2,151,100</u>	<u>49,269,833</u>
Net Income/(Loss) from Operations	<u>(13,480,883)</u>	<u>12,986,845</u>	<u>(33,093)</u>	<u>(527,131)</u>
Nonoperating Revenue (Expenses)				
Taxes and assessments	11,750,933			11,750,933
Investment income (loss)	1,708,440	(325,139)		1,383,301
Rents and leases	84,186	512	73,326	158,024
Gain on sale/disposition of capital assets	324			324
Intergovernmental revenue	1,102,666			1,102,666
Interest expense	(1,635,664)	(28,080)		(1,663,744)
Total nonoperating revenue (expenses)	<u>13,010,885</u>	<u>(352,707)</u>	<u>73,326</u>	<u>12,731,504</u>
Net Income Before Capital Contributions	(469,998)	12,634,138	40,233	12,204,373
Transfers and capital contributions				
Facility capacity charges	1,038,453			1,038,453
Other capital contributions	210,661			210,661
Transfers in	258,161	9,894	201,207	469,262
Transfers out	(199,041)	(269,053)	(1,168)	(469,262)
Total capital contributions	<u>1,308,234</u>	<u>(259,159)</u>	<u>200,039</u>	<u>1,249,114</u>
Change in Net Position	838,236	12,374,979	240,272	13,453,487
Net Position, Beginning of Year	<u>245,961,433</u>	<u>118,428,474</u>	<u>33,424,883</u>	<u>397,814,790</u>
Net Position, End of Year	<u>\$ 246,799,669</u>	<u>\$ 130,803,453</u>	<u>\$ 33,665,155</u>	<u>\$ 411,268,277</u>

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, 2017

	Water	Electric	Recreation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 23,288,002	\$ 23,593,951	\$ 2,146,892	\$ 49,028,845
Payments to suppliers	(18,548,479)	(3,857,493)	(1,063,432)	(23,469,404)
Payments to employees	(9,479,827)	(3,543,028)	(759,394)	(13,782,249)
Rent and lease receipts	84,186	512	73,325	158,023
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<b>(4,656,118)</b>	<b>16,193,942</b>	<b>397,391</b>	<b>11,935,215</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Assessments received	11,401,037			11,401,037
Amounts received/(paid) from other funds	2,788,823	(2,986,449)	197,626	-
Intergovernmental grants received	1,102,666			1,102,666
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>15,292,526</b>	<b>(2,986,449)</b>	<b>197,626</b>	<b>12,503,703</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(21,550,925)	(3,830,570)	(486,360)	(25,867,855)
Interest payments on long-term debt	(2,001,435)	(28,080)		(2,029,515)
Principal payments on long-term debt	(2,175,786)			(2,175,786)
Facility capacity charges received in cash	1,038,453			1,038,453
Reimbursements from improvement districts	372,398			372,398
Proceeds from sale of capital assets	23,022			23,022
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(24,294,273)</b>	<b>(3,858,650)</b>	<b>(486,360)</b>	<b>(28,639,283)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income received	1,392,141	151,444		1,543,585
Investment purchases	(2,145,722)	(10,200,001)		(12,345,723)
Investment sales/maturities	13,543,401			13,543,401
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>12,789,820</b>	<b>(10,048,557)</b>	<b>-</b>	<b>2,741,263</b>
(DECREASE) INCREASE IN				
CASH AND CASH EQUIVALENTS	(868,045)	(699,714)	108,657	(1,459,102)
Cash and cash equivalents at beginning of year	6,450,364	7,799,996	1,024,050	15,274,410
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 5,582,319</b>	<b>\$ 7,100,282</b>	<b>\$ 1,132,707</b>	<b>\$ 13,815,308</b>

(Continued)

NEVADA IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended December 31, 2017

	<u>Water</u>	<u>Electric</u>	<u>Recreation</u>	<u>Total</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS</b>				
Cash and cash equivalents	\$ 4,819,298	\$ 7,100,282	\$ 1,132,707	\$ 13,052,287
Restricted cash and cash equivalents	<u>763,021</u>	<u>-</u>	<u>-</u>	<u>763,021</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 5,582,319</u></b>	<b><u>\$ 7,100,282</u></b>	<b><u>\$ 1,132,707</u></b>	<b><u>\$ 13,815,308</u></b>
<b>RECONCILIATION OF NET (LOSS) INCOME FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Net income (loss) from operations	\$(13,480,883)	\$ 12,986,845	\$ (33,093)	\$ (527,131)
Adjustments to reconcile net loss from operations to net cash provided (used) by operating activities:				
Depreciation and amortization	7,270,874	1,474,737	226,000	8,971,611
Abandoned projects written off	130,685	490,183		620,868
Rent and lease receipts	84,186	512	73,325	158,023
Changes in operating assets and liabilities:				
Accounts receivable, net	(374,636)	(68,195)	6,304	(436,527)
Grants and other receivables	921,681		1,102	922,783
Inventory	(355,822)	(865)		(356,687)
Prepaid expenses and other current assets	39,991	(11,731)	(3,742)	24,518
Deposits	(2,214)			(2,214)
Other postemployment benefits asset		106,478		106,478
Loans receivable	2,319			2,319
Accounts payable	445,014	193,091	58,350	696,455
Accrued payroll and benefits payable	(31,786)	(34,979)	(36,020)	(102,785)
Deposits	35,541			35,541
Grants payable	(238,544)			(238,544)
Unearned revenue	(221,697)		21,479	(200,218)
Other postemployment benefit liability	(401,931)		17,407	(384,524)
Accrued compensated absences	(3,211)	35,828	(47,732)	(15,115)
Net pension liability	3,578,166	1,566,066	208,315	5,352,547
Deferred outflows/inflows	<u>(2,053,851)</u>	<u>(544,028)</u>	<u>(94,304)</u>	<u>(2,692,183)</u>
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ (4,656,118)</u></b>	<b><u>\$ 16,193,942</u></b>	<b><u>\$ 397,391</u></b>	<b><u>\$ 11,935,215</u></b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Change in fair value of investments	\$ (174,341)	\$ 325,139		\$ 150,798
Donated infrastructure	210,661			210,661

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, 2017

	<u>Agency Funds</u>
Assets	
Cash with fiscal agent	\$ 707,863
Assessments receivable	212,655
Infrastructure donated to District	<u>3,620,341</u>
Total Assets	<u><u>\$ 4,540,859</u></u>
Liabilities	
Interest payable	\$ 9,088
Due to other governments	3,496,900
Due to bondholders	469,200
Agency obligations	<u>565,671</u>
Total liabilities	<u><u>\$ 4,540,859</u></u>

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, 2017

**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.

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.

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

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, contract retentions and unspent bond proceeds, 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, 2017, 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, 2017

**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 acquisition 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, 2017

**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, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**R. *Reclassifications***

Certain amounts have been reclassified for 2017 compared to the presentation in the 2016 financial statements.

**S. *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 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 November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's), which is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The timing and pattern of recognition of the liability and corresponding deferred outflow of resources recorded is defined in this Statement. This Statement is effective for periods beginning the year ended December 31, 2019.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying and disclosing fiduciary activities of state and local governments. The focus of the criterion is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements of the government. Four fiduciary funds should be reported under this statement: Pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. This Statement is effective for the year ended December 31, 2019.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB statements, including issues related to blending component units, goodwill, fair value measurements and application, pensions and other postemployment benefits. This Statement is effective for the year ended December 31, 2018.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement is effective for the year ended December 31, 2018.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows or resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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, 2017:

Water Fund:	
Cash and cash equivalents	\$ 4,819,298
Restricted cash and cash equivalents	763,021
Investments	11,228,710
Restricted investments	23,745,602
	<u>40,556,631</u>
Electric Fund:	
Cash and cash equivalents	7,100,282
Investments	42,401,402
	<u>49,501,684</u>
Recreation Fund:	
Cash and cash equivalents	1,132,707
	<u>1,132,707</u>
Fiduciary Funds:	
Cash and investments	707,863
	<u>707,863</u>
Total	<u>707,863</u>
Total cash, equivalents and investments	<u>\$ 91,898,885</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

Cash and investments were classified under GASB Statement No. 40 as follows at December 31, 2017:

Cash on hand	\$ 5,000
Deposits with financial institutions	1,555,436
Total Cash	<u>1,560,436</u>
Investment in Local Agency Investment Fund (LAIF)	12,940,781
Money Market Mutual Funds	21,930
Negotiable certificates of deposit	6,199,285
U.S. Agency securities	70,571,765
Collateralized Mortgage Obligations	604,688
Total Investments	<u>90,338,449</u>
Total Cash and Investments	<u>\$ 91,898,885</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
Collateralized Mortgage Obligations	5 years	N/A	None	None
Bankers' Acceptances	180 days	N/A	40%	50%
Commercial Paper	270 days	A	25%	50%
Negotiable Certificates of Deposit	5 years	A	30%	50%
California Local Agency Investment Fund (LAIF)	N/A	N/A	None	\$50,000,000
Municipal Bonds	5 years	A	30%	50%
Medium Term Corporate Notes	5 years	A	30%	50%
Money Market Mutual Funds	N/A	AAA	15%	50%
Mortgage/Pass-Through Security	5 years	A	20%	50%

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**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, 2017:

Investment Type	Total	Remaining Maturity		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund	\$ 12,940,781	\$ 12,940,781		
Money Market Mutual Funds	21,930	21,930		
Negotiable certificates of deposit	6,199,285	499,935	\$ 2,734,443	\$ 2,964,907
U.S. Agency Securities	70,571,765	1,986,825	2,956,890	65,628,050
Collateralized Mortgage Obligations	604,688		145,282	459,406
<b>Total</b>	<b>\$ 90,338,449</b>	<b>\$ 15,449,471</b>	<b>\$ 5,836,615</b>	<b>\$ 69,052,363</b>

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, 2017 for each investment type.

Investment Type	Amount	Ratings as of fiscal year-end			
		AAA	AA	A	Not rated
Local Agency Investment Fund	\$ 12,940,781				\$ 12,940,781
Money Market Mutual Funds	21,930	\$ 21,930			
Negotiable certificates of deposit	6,199,285				6,199,285
U.S. Agency Securities	70,571,765		\$ 70,571,765		
Collateralized Mortgage Obligations	604,688		604,688		
<b>Total</b>	<b>\$ 90,338,449</b>	<b>\$ 21,930</b>	<b>\$ 71,176,453</b>	<b>\$ -</b>	<b>\$ 19,140,066</b>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**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, 2017, 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 National Mortgage Association	U.S. Agency Security	\$ 27,775,585
Federal Farm Credit Bank	U.S. Agency Security	14,673,145
Federal Home Loan Bank	U.S. Agency Security	13,697,953
Federal Home Loan Mortgage Corporation	U.S. Agency Security	14,425,058

Custodial 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 fair 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, 2017, the carrying amount of the District's deposits in financial institutions was \$1,555,436. Of the balance in financial institutions, \$269,903 was covered by federal depository insurance and \$3,522,890 was collateralized by securities pledged by the financial institution.

As of December 31, 2017, 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
Negotiable certificates of deposit	\$ 6,199,285
U.S. Agency Securities	70,571,765
Collateralized Mortgage Obligations	604,688

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

Investment in LAIF: LAIF is stated at net asset 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 \$74,320,250,742 and is managed by the State Treasurer. Of that amount, 96.41 percent is invested in non-derivative financial products and 3.59 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 186 days at December 31, 2017.

Fair Value Measurement: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of December 31, 2017:

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Money Market Mutual Funds	\$ 21,930		\$ 21,930	
Negotiable certificates of deposit	6,199,285		6,199,285	
U.S. Agency Securities	70,571,765		70,571,765	
Collateralized Mortgage Obligations	604,688		604,688	
Total Investments by Fair Value Level	77,397,668	\$ -	\$ 77,397,668	\$ -
Investments Measured at Net Asset Value:				
LAIF	12,940,781			
Total	\$ 90,338,449			

All securities and certificates of deposits classified in Level 2 are valued using pricing models based in market data, such as matrix or model pricing from outside pricing services. These valuation techniques include matrix pricing, market corroborated pricing, inputs such as yield curves and indices and reference data including market research publications.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**NOTE 3 – DUE FROM OTHER GOVERNMENTS**

At December 31, 2017 the District had the following amounts due from the Agency Funds, reported in the Water Fund:

Rodeo Flat Improvement District	\$ 469,200
Cement Hill Assessment District	<u>3,496,900</u>
	<u>\$ 3,966,100</u>

The \$496,200 due from the Rodeo Flat Improvement District represents the Rodeo Flat Improvement Bonds for which the District is the bondholder. The \$3,496,900 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.

**NOTE 4 – CAPITAL ASSETS**

**A. Capital assets activity**

The activity in the capital assets for the year ended December 31, 2017 are summarized below:

	Balance at January 1, 2017	Additions	Deletions	Transfers	Balance at December 31, 2017
<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	38,521,762	\$ 19,790,000	\$ (130,685)	\$ (1,850,999)	56,330,078
Total Capital Assets not Being Depreciated	<u>57,464,346</u>	<u>19,790,000</u>	<u>(130,685)</u>	<u>(1,850,999)</u>	<u>75,272,662</u>
Capital Assets Being Depreciated:					
Water Plant in Service	244,060,795	718,119	(49,330)	2,213,970	246,943,554
Electric Plant	222,672				222,672
Structures and Improvements	12,736,347	31,479		(387,862)	12,379,964
Dams and Reservoirs	37,159,981				37,159,981
Transportation Equipment	4,102,340	472,923	(53,693)	4,615	4,526,185
General Equipment	8,280,691	487,360	(53,780)	(12,304)	8,701,967
Total Capital Assets Being Depreciated	<u>306,562,826</u>	<u>1,709,881</u>	<u>(156,803)</u>	<u>1,818,419</u>	<u>309,934,323</u>
Less Accumulated Depreciation and Amortization for:					
Plant in Service	(93,062,941)	(6,178,763)	49,330		(99,192,374)
Tools and Equipment	(2,607,463)	(651,412)	51,917	2,410	(3,204,548)
Transportation Equipment	(1,628,098)	(440,699)	32,858	19,069	(2,016,870)
Total Accumulated Depreciation	<u>(97,298,502)</u>	<u>(7,270,874)</u>	<u>134,105</u>	<u>21,479</u>	<u>(104,413,792)</u>
Total Capital Assets Being Depreciated, Net	<u>209,264,324</u>	<u>(5,560,993)</u>	<u>(22,698)</u>	<u>1,839,898</u>	<u>205,520,531</u>
Total Capital Assets, Net - Water Fund	<u>\$ 266,728,670</u>	<u>\$ 14,229,007</u>	<u>\$ (153,383)</u>	<u>\$ (11,101)</u>	<u>\$ 280,793,193</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**NOTE 4 – CAPITAL ASSETS (Continued)**

	Balance at January 1, 2017	Additions	Deletions	Transfers	Balance at December 31, 2017
<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	1,306,206	\$ 2,829,782	\$ (490,183)		3,645,805
Total Capital Assets not Being Depreciated	<u>47,688,209</u>	<u>2,829,782</u>	<u>(490,183)</u>		<u>50,027,808</u>
Capital Assets Being Depreciated:					
Electric Plant in Service	49,668,455	269,356			49,937,811
Bowman Power Project	2,887,922				2,887,922
Structures and Improvements	3,612,781				3,612,781
Dams and Reservoirs	27,491,727	385,172			27,876,899
Transportation Equipment	1,055,118	302,496	(51,512)		1,306,102
General Equipment	2,086,902	68,909	(34,835)	\$ 12,304	2,133,280
Total Capital Assets Being Depreciated	<u>86,802,905</u>	<u>1,025,933</u>	<u>(86,347)</u>	<u>12,304</u>	<u>87,754,795</u>
Less Accumulated Depreciation and Amortization for:					
Plant in Service	(49,326,042)	(1,161,356)			(50,487,398)
Tools and Equipment	(820,024)	(197,558)	34,836	(2,410)	(985,156)
Transportation Equipment	(492,335)	(115,823)	51,511		(556,647)
Total Accumulated Depreciation	<u>(50,638,401)</u>	<u>(1,474,737)</u>	<u>86,347</u>	<u>(2,410)</u>	<u>(52,029,201)</u>
Total Capital Assets Being Depreciated, Net	<u>36,164,504</u>	<u>(448,804)</u>		<u>9,894</u>	<u>35,725,594</u>
Total Capital Assets, Net - Electric Fund	<u>\$ 83,852,713</u>	<u>\$ 2,380,978</u>	<u>\$ (490,183)</u>	<u>\$ 9,894</u>	<u>\$ 85,753,402</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**NOTE 4 – CAPITAL ASSETS (Continued)**

	Balance at January 1, 2017	Additions	Deletions	Transfers	Balance at December 31, 2017
<b>Recreation Fund</b>					
Capital Assets not Being Depreciated:					
Land	\$ 27,900,659				\$ 27,900,659
Construction in Progress	58,097	\$ 240,147		\$ (31,574)	266,670
Total Capital Assets not Being Depreciated	<u>27,958,756</u>	<u>240,147</u>		<u>(31,574)</u>	<u>28,167,329</u>
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	132,990	7,534		\$ (27,840)	112,684
General Equipment	14,887	238,679	\$ (14,887)	79,690	318,369
Total Capital Assets Being Depreciated	<u>13,251,234</u>	<u>246,213</u>	<u>(14,887)</u>	<u>51,850</u>	<u>13,534,410</u>
Less Accumulated Depreciation and Amortization for:					
General Plant	(86,679)	(12,383)			(99,062)
Facilities	(7,196,664)	(188,017)			(7,384,681)
Tools and Equipment	(14,887)	(11,003)	14,887	(19,472)	(30,475)
Transportation Equipment	(63,934)	(14,597)		403	(78,128)
Total Accumulated Depreciation	<u>(7,362,164)</u>	<u>(226,000)</u>	<u>14,887</u>	<u>(19,069)</u>	<u>(7,592,346)</u>
Total Capital Assets Being Depreciated, Net	<u>5,889,070</u>	<u>20,213</u>		<u>32,781</u>	<u>5,942,064</u>
Total Capital Assets, Net - Recreation Fund	<u>\$ 33,847,826</u>	<u>\$ 260,360</u>	<u>\$ -</u>	<u>\$ 1,207</u>	<u>\$ 34,109,393</u>

**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	\$ 7,270,874
Electric	1,474,737
Recreation	<u>226,000</u>
Total Depreciation Expense	<u>\$ 8,971,611</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**NOTE 5 – LONG-TERM LIABILITIES**

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

	Balance at January 1, 2017	Additions	Reductions	Balance at December 31, 2017	Due within One Year
2016A Revenue Bonds	\$ 20,210,000		\$ (550,000)	\$ 19,660,000	\$ 575,000
2011A Refunding Revenue Bonds	22,115,000		(1,165,000)	20,950,000	1,210,000
State of California loan-Cement Hill	6,719,175		(460,786)	6,258,389	470,900
Total	49,044,175	-	(2,175,786)	46,868,389	2,255,900
Unamortized premiums	5,167,469		(381,918)	4,785,551	
Total Debt and Loans	54,211,644	-	(2,557,704)	51,653,940	
Other postemployment benefits	776,210	\$ 1,498,000	(1,882,524)	391,686	
Compensated absences	2,966,504	1,029,024	(1,044,139)	2,951,389	934,177
Net pension liability	43,525,370	5,352,547		48,877,917	
	47,268,084	7,879,571	(2,926,663)	52,220,992	934,177
	101,479,728			99,089,381	\$ 3,190,077
Less: Due Within One Year	(3,219,939)			(3,190,077)	
Total	\$ 98,259,789	\$ -	\$ -	\$ 95,899,304	

The District’s long-term debt consisted of the following at December 31, 2017:

Revenue Bonds

In April 2016, the Nevada Irrigation District Joint Powers Authority sold \$20,210,000 of Series 2016A Revenue Bonds, with interest rates ranging from 4% to 5%. The proceeds were used to finance the acquisition of the Combine Phase 1 Canal and Bear River Siphon Replacement Project; preliminary engineering and environmental studies related to the Centennial Reservoir, and acquire certain land and interest in land for mitigation of various District projects. Principal payments ranging \$550,000 to \$2,190,000 are due on March 1 through 2031. Interest payments ranging from \$43,800 to \$483,800 are due on March 1 and September 1 through March 1, 2031.

\$ 19,660,000

Revenue Bonds

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.

20,950,000

State of California Loans

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.

6,258,389

Totals

\$ 46,868,389

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**NOTE 5 – LONG-TERM LIABILITIES (Continued)**

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

For the Year Ended December 31	2016A Revenue Bonds		2011A Revenue Bonds		State Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 575,000	\$ 925,725	\$ 1,210,000	\$ 867,969	\$ 470,900	\$ 140,280
2019	605,000	896,225	1,265,000	812,144	481,753	129,427
2020	635,000	865,225	1,330,000	747,269	492,817	118,363
2021	670,000	832,600	1,400,000	679,019	504,135	107,045
2022	705,000	798,225	1,470,000	607,269	515,713	95,467
2023-2027	8,255,000	2,912,375	4,225,000	2,511,075	2,761,763	294,139
2028-2032	8,215,000	715,225	5,110,000	1,622,969	1,031,308	26,781
2033-2036			4,940,000	443,559		
Total	<u>\$ 19,660,000</u>	<u>\$ 7,945,600</u>	<u>\$ 20,950,000</u>	<u>\$ 8,291,273</u>	<u>\$ 6,258,389</u>	<u>\$ 911,502</u>

Pledged Revenues: The District has pledged future water system revenues, net of specified operating expenses to repay its 2011 and 2016 Revenue Bonds in the original amount of \$25,970,000 and \$20,210,000. Proceeds of the Bonds were used to refund certain debt issuances as described above and to fund acquisition 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 \$56,846,873, at December 31, 2017. Cash basis principal and interest paid on the Bonds was \$3,578,494 and total water system net revenues calculated in accordance with the covenants was \$22,989,690 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:

*Net 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, excluding unspent proceeds.

*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, 2017

**NOTE 6 – NET POSITION (Continued)**

The District’s unrestricted net position consists of the following at December 31, 2017:

	<u>Water</u>	<u>Electric</u>	<u>Recreation</u>
DESIGNATED:			
Accrued Leave	\$ 1,091,159	\$ 133,518	\$ 35,751
Operating reserve	11,623,455	15,000,000	488,298
Community investment stabilization reserve	1,500,000		
Watershed stewardship reserve	2,191,339		
Capital improvement reserve		32,835,101	500,000
Hydroelectric relicensing		2,500,000	
TOTAL DESIGNATED	<u>16,405,953</u>	<u>50,468,619</u>	<u>1,024,049</u>
UNDESIGNATED	<u>(23,468,236)</u>	<u>(5,418,568)</u>	<u>(1,468,286)</u>
TOTAL UNRESTRICTED NET POSITION	<u>\$ (7,062,283)</u>	<u>\$ 45,050,051</u>	<u>\$ (444,237)</u>

The Board has made designations of net position; however, the unrestricted net position balance is not sufficient to cover the designations in the Water and Recreation Funds. The District has sufficient cash balances for these designations.

**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, 2017

**NOTE 7 – PENSION PLANS (Continued)**

The Plans’ provisions and benefits in effect for the year ended December 31, 2017 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 December 30	8.000%	7.000%	6.750%
Required employer contribution rates:			
January 1 to June 30	29.973%	29.973%	29.973%
July 1 to December 31	29.373%	29.373%	29.373%

The required employer contribution rates above include contributions for the District’s unfunded accrued liability (UAL). 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, 2017 (the most recent date available) the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	217
Inactive employees entitled to but not yet receiving benefits	73
Active employees	187
Total	477

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, 2017

**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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. 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, 2017 measurement dates was determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.20% (1)
Mortality - pre-retirement	0.020% to 0.99%

(1) Depending on entry age and service

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 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 7.15% in the June 30, 2017 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 appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate is 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.

In the June 30, 2017 valuation, the discount rate was reduced from 7.65% to 7.15%.

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.

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.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**NOTE 7 – PENSION PLANS (Continued)**

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%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	(0.40)%	(0.90)%
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.

Changes in the Net Pension Liability: The changes in Net Pension Liability for the Plan for the year ended December 31, 2017 are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at December 31, 2016	\$ 118,160,792	\$ 74,635,422	\$ 43,525,370
Changes in the year:			
Service cost	2,298,162		2,298,162
Interest on the total pension liability	8,801,321		8,801,321
Changes in assumptions	7,082,987		7,082,987
Differences between actual and expected experience	290,763		290,763
Contribution - employer		3,954,877	(3,954,877)
Contribution - employee		1,021,683	(1,021,683)
Net investment income		8,254,320	(8,254,320)
Benefit payments, including refunds of employee contributions	(7,176,467)	(7,176,467)	-
Administrative expenses		(110,194)	110,194
Net changes during 2017	11,296,766	5,944,219	5,352,547
Balance at December 31, 2017	\$ 129,457,558	\$ 80,579,641	\$ 48,877,917

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**NOTE 7 – PENSION PLANS (Continued)**

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	6.15%
Net Pension Liability	\$ 65,799,807
Current Discount Rate	7.15%
Net Pension Liability	\$ 48,877,917
1% Increase	8.15%
Net Pension Liability	\$ 34,924,796

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

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: For the year ended December 31, 2017, the District recognized pension expense of \$6,634,051. At December 31, 2017, 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	\$ 1,940,995	
Differences between actual and expected experience	946,686	
Changes in assumptions	5,396,563	\$ (515,870)
Net differences between projected and actual earnings on plan investments	1,101,119	
Total	<u>\$ 9,385,363</u>	<u>\$ (515,870)</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**NOTE 7 – PENSION PLANS (Continued)**

The \$1,940,995 reported as deferred outflows of resources related to contributions subsequent to the measurement date of June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense as follows as of December 31, 2017:

Year Ended December 31	
2018	\$ 1,679,958
2019	3,216,098
2020	2,284,148
2021	<u>(251,706)</u>
	<u>\$ 6,928,498</u>

Payable to the Pension Plan: At December 31, 2017, the District reported payables of \$476,152 for the outstanding amount of required contributions to the Plan.

**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, 2017, the District contributed \$646,000 to the Trust, paid \$1,190,046 of current retiree premiums and contributed \$214,000 in the form of an implied subsidy of retiree premiums. 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 2017, the amount actually contributed to the Plan, and changes in the District’s net OPEB asset.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)**

Annual Required Contribution (ARC)	\$ 1,735,000
Interest on Net OPEB Obligation	(24,000)
Adjustment to Annual Required Contribution	61,000
Annual OPEB Cost (Expense)	1,772,000
Contributions Made	(2,050,046)
(Increase) Decrease in OPEB Asset	(278,046)
Net OPEB (Asset) Liability - Beginning of Year	(334,494)
Net OPEB (Asset) - End of Year	\$ (612,540)

This net OPEB (asset) liability is reported by fund as follows:

Water	\$ 350,279
Electric	(1,004,226)
Recreation	41,407
Net OPEB (asset)	\$ (612,540)

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, 2015	\$ 2,271,000	92.82%	\$ (539,000)
December 31, 2016	1,709,000	88.03%	(334,494)
December 31, 2017	1,772,000	115.69%	(612,540)

Funded Status and Funding Progress: The funded status of the Plan as of June 30 2017, the Plan's most recent actuarial valuation date, was as follows:

Actuarial Accrued Liability (AAL)	\$ 24,095,000
Actuarial Value of Plan Assets	14,721,000
Unfunded Actuarial Accrued Liability (UAAL)	\$ 9,374,000
Funded Ratio (Actuarial Value of Plan Assets/AAL)	61.10%
Covered Payroll (Active Plan Participants)	\$ 12,876,000

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

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)**

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, 2017 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 6.75% investment rate of return, a 2.75% rate of inflation, an 8.0% healthcare premium increase in 2015 trending down to 5.0% in 2021, and a 3.0% 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, 2017 was 10 years.

**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, 2017 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.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**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.

Transfers Between Funds

Interfund transfers for operations as of December 31, 2017 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
Water Utility Fund	\$ 258,161	\$ 199,041
Electric Utility Fund	9,894	269,053
Recreation Fund	201,207	1,168
	<u>\$ 469,262</u>	<u>\$ 469,262</u>

The transfer from the Electric Utility Fund to the Recreation Fund of \$200,000 was for reserves for future capital improvements. The remaining transfers were made to transfer resources to the fund incurring the expense.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES**

Capital and Other Project Commitments: The District had the following significant capital and other project commitments outstanding as of December 31, 2017:

Combie Phase I Bypass	\$ 2,998,670
Centennial Water Supply	960,057
Rollins Hb Valve	499,048
Purchase of Vac-Con Hydro Excavator	413,793
Loma Rica Hydroelectric	373,882
Mercury Removal Demo	317,012
Combie Mercury Removal	225,123
Greenhorn Creek Sediment	140,055
Main Office Building Expansion	126,468
Hemphill Fish Diversion	121,094
FERC Inspections	110,183
Alta Sierra Tank Replacement	101,601
FERC Licensing	89,119
Loma Rica Hydraulic Calibrations	80,490
Willow Creek Pipeline	76,015
Elizabeth George Tank Slab	62,274
SCADA Upgrade	57,843
Raw Water Master Plan	<u>56,648</u>
 Total	 <u>\$ 6,809,375</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 2017, the District received 99.8% of its total Electric Fund revenue from PG&E for power generated from the District's power plants.

**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.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

**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, 2017 amounted to \$15,806,448. Until the relicensing process is completed, operations continue under the current FERC license conditions.

REQUIRED SUPPLEMENTARY INFORMATION

NEVADA IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2017

Last 10 Years

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

	2017	2016	2015	2014
Total Pension Liability				
Service Cost	\$ 2,298,162	\$ 1,926,560	\$ 1,691,635	\$ 1,765,326
Interest on Total Pension Liability	8,801,321	8,570,812	8,255,944	7,905,821
Changes in Assumptions	7,082,987		(1,922,782)	
Differences Between Actual and Expected Experience	290,763	782,741	1,142,319	
Benefit Payments, Including Refunds of Employee Contributions	(7,176,467)	(6,820,099)	(6,643,641)	(6,044,270)
Net Change in Total Pension Liability	11,296,766	4,460,014	2,523,475	3,626,877
Total Pension Liability - Beginning	118,160,792	113,700,778	111,177,303	107,550,426
Total Pension Liability - Ending (a)	<u>\$ 129,457,558</u>	<u>\$ 118,160,792</u>	<u>\$ 113,700,778</u>	<u>\$ 111,177,303</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 3,954,877	\$ 3,510,366	\$ 3,098,851	\$ 2,449,665
Contributions - Employee	1,021,683	975,138	921,705	909,560
Net Investment Income	8,254,320	369,777	1,695,016	11,836,566
Benefit Payments	(7,176,467)	(6,820,099)	(6,643,641)	(6,044,270)
Administrative Expenses	(110,194)	(46,712)	(86,331)	
Net Change in Plan Fiduciary Net Position	5,944,219	(2,011,530)	(1,014,400)	9,151,521
Plan Fiduciary Net Position - Beginning	74,635,422	76,646,952	77,661,352	68,509,831
Plan Fiduciary Net Position - Ending (b)	<u>\$ 80,579,641</u>	<u>\$ 74,635,422</u>	<u>\$ 76,646,952</u>	<u>\$ 77,661,352</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 48,877,917</u>	<u>\$ 43,525,370</u>	<u>\$ 37,053,826</u>	<u>\$ 33,515,951</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>62.24%</u>	<u>63.16%</u>	<u>67.41%</u>	<u>69.85%</u>
Covered Payroll	<u>\$ 12,972,241</u>	<u>\$ 12,230,577</u>	<u>\$ 10,522,081</u>	<u>\$ 10,387,326</u>
Net Pension Liability as a Percentage of Covered Payroll	<u>376.79%</u>	<u>355.87%</u>	<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: In 2017, amounts reported reflect an adjustment of the discount rate from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction from pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

Omitted Years: GASB Statement No. 68 was implemented during the year ended December 31, 2014. No information was available prior to this date. Ten years of information will be presented as it becomes available.

NEVADA IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2017

Last 10 Years

SCHEDULE OF CONTRIBUTIONS - PENSION PLAN (Unaudited)

	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Contractually Required Contribution (Actuarially Determined)	\$ 3,973,687	\$ 3,729,988	\$ 3,434,463	\$ 2,676,564
Contributions in Relation to the Actuarially Determined Contributions	(3,973,687)	(3,729,988)	(3,434,463)	(2,676,564)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll - District Calendar Year	\$ 13,675,680	\$ 12,889,477	\$ 12,633,291	\$ 10,921,603
Contributions as a Percentage of Covered Payroll	29.06%	28.94%	27.19%	24.51%
Valuation Date:	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement Date:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 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	19 years (2017), 20 Years (2016), 21 Years (2015), 24 Years (2014)
Asset Valuation Method	Market Value (2017 and 2016) 15-year Smoothed Market (2015 and 2014)
Inflation	2.75%
Salary Increases	3.20% to 12.20% (2017, 2016 and 2015), 3.30% to 14.20% (2014) Depending on Entry Age and Service.
Payroll Growth	3.00%
Investment Rate of Return	7.50%, Net of Administrative Expenses, including inflation.
Retirement Age	50 to 67 years. Probabilities of Retirement are Based on the 2014 CalPERS Experience Study for the Period 1997 to 2011. (2017). 50 to 67 years. Probabilities of Retirement are Based on the 2010 CalPERS Experience Study for the Period 1997 to 2007. (2016, 2015 and 2014)
Mortality	Based on 2014 CalPERS Experience Study for the Period 1997 to 2011. (2017). Based on 2010 CalPERS Experience Study for the Period 1997 to 2007. (2016, 2015 and 2014)

Omitted Years: GASB Statement No. 68 was implemented during the year ended December 31, 2014. Information was not available prior to 2014. Ten years of information will be presented as it becomes available.

NEVADA IRRIGATION DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2017

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, 2013	\$ 7,904,000	\$ 23,637,000	\$ 15,733,000	33.44%	\$ 9,980,000	157.65%
June 30, 2015	11,384,000	22,093,000	10,709,000	51.53%	11,699,000	91.54%
June 30, 2017	14,721,000	24,095,000	9,374,000	61.10%	12,876,000	72.80%

## SUPPLEMENTARY INFORMATION

NEVADA IRRIGATION DISTRICT

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

For the Year Ended December 31, 2017

	Balance December 31, 2016	Additions	Deductions	Balance December 31, 2017
<u>Cement Hill</u>				
Assets				
Cash with fiscal agent	\$ 135,136		\$ (51,278)	\$ 83,858
Accrued interest	316		(316)	-
Assessments receivable	183,008	\$ 2,389		185,397
Infrastructure donated to District	3,484,938		(257,293)	3,227,645
Total Assets	<u>\$ 3,803,398</u>	<u>\$ 2,389</u>	<u>\$ (308,887)</u>	<u>\$ 3,496,900</u>
Liabilities				
Due to other governments	\$ 3,803,398		\$ (306,498)	\$ 3,496,900
Total liabilities	<u>\$ 3,803,398</u>		<u>\$ (306,498)</u>	<u>\$ 3,496,900</u>
<u>Rodeo Flat</u>				
Assets				
Cash with fiscal agent	\$ 120,626		\$ (62,292)	\$ 58,334
Accrued interest	282		(282)	-
Assessments receivable	24,935	\$ 2,323		27,258
Infrastructure donated to District	428,645		(35,949)	392,696
Total Assets	<u>\$ 574,488</u>	<u>\$ 2,323</u>	<u>\$ (98,523)</u>	<u>\$ 478,288</u>
Liabilities				
Interest payable	\$ 9,088			\$ 9,088
Due to bondholders	565,400		\$ (96,200)	469,200
Total liabilities	<u>\$ 574,488</u>		<u>\$ (96,200)</u>	<u>\$ 478,288</u>
<u>Improvement Districts</u>				
Assets				
Cash with fiscal agent	\$ 565,671			\$ 565,671
Accrued interest	1,321		\$ (1,321)	-
Total Assets	<u>\$ 566,992</u>	<u>\$ -</u>	<u>\$ (1,321)</u>	<u>\$ 565,671</u>
Liabilities				
Agency obligations	\$ 566,992		\$ (1,321)	\$ 565,671
Total liabilities	<u>\$ 566,992</u>	<u>\$ -</u>	<u>\$ (1,321)</u>	<u>\$ 565,671</u>
<u>All Agency Funds</u>				
Assets				
Cash with fiscal agent	\$ 821,433		\$ (113,570)	\$ 707,863
Accrued interest	1,919		(1,919)	-
Assessments receivable	207,943	\$ 4,712	-	212,655
Infrastructure donated to District	3,913,583	-	(293,242)	3,620,341
Total Assets	<u>\$ 4,944,878</u>	<u>\$ 4,712</u>	<u>\$ (408,731)</u>	<u>\$ 4,540,859</u>
Liabilities				
Interest payable	\$ 9,088			\$ 9,088
Due to other governments	3,803,398		\$ (306,498)	3,496,900
Due to bondholders	565,400		(96,200)	469,200
Agency obligations	566,992		(1,321)	565,671
Total liabilities	<u>\$ 4,944,878</u>	<u>\$ -</u>	<u>\$ (404,019)</u>	<u>\$ 4,540,859</u>

**Nevada Irrigation District**  
**Table 18: Capacity Fee Report**  
**Government Code Section 66013**  
Fiscal Year Ended December 31, 2017

Beginning balance		\$ 5,715,219
<u>Revenues:</u>		
Fees Collected		\$ 1,038,454
Interest Earned		83,442
	Total	1,121,896
<u>Expenses:</u>		
Debt Service		\$ 218,578
Rattlesnake Road BEP 1089*		91,580
	Total	310,158
Net Changes for the Year		811,738
Ending balance *		\$ 6,526,957

California Government Code (CGC) Section 66013 requires the District to place capacity fees received and any interest income earned from the investment of these monies in a separate capacity fee fund. These monies are to be used solely for the purposes for which they were collected and not commingled with other District funds. A capacity charge means a charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future.

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.

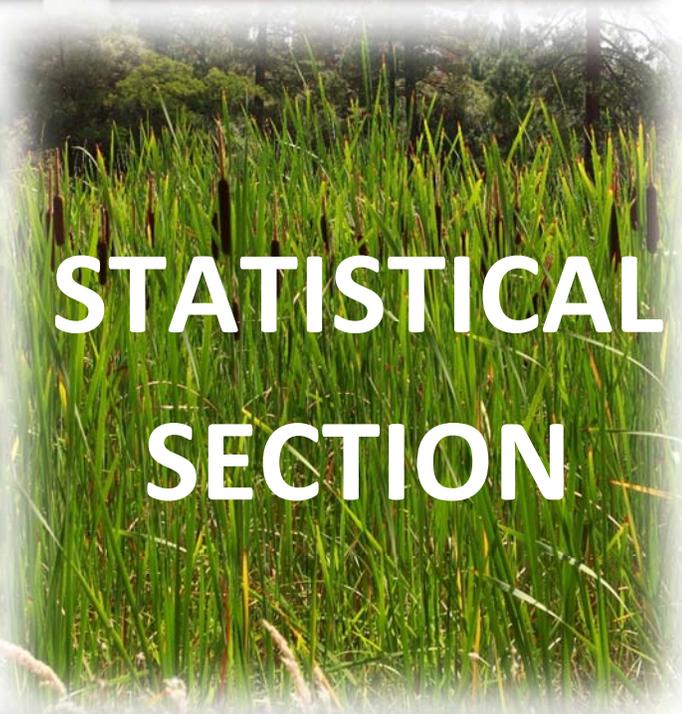
Capacity fees are imposed for initiating water connection service by the District at the request of the customer. No fees are imposed upon real property or upon person as an incident of property ownership, but rather as a condition of service.

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

\* Total project authorized in Budget Amendment 2017-60 for \$1,479,958 leaving an uncommitted balance of \$4,785,725

Source: Nevada Irrigation District Finance Department

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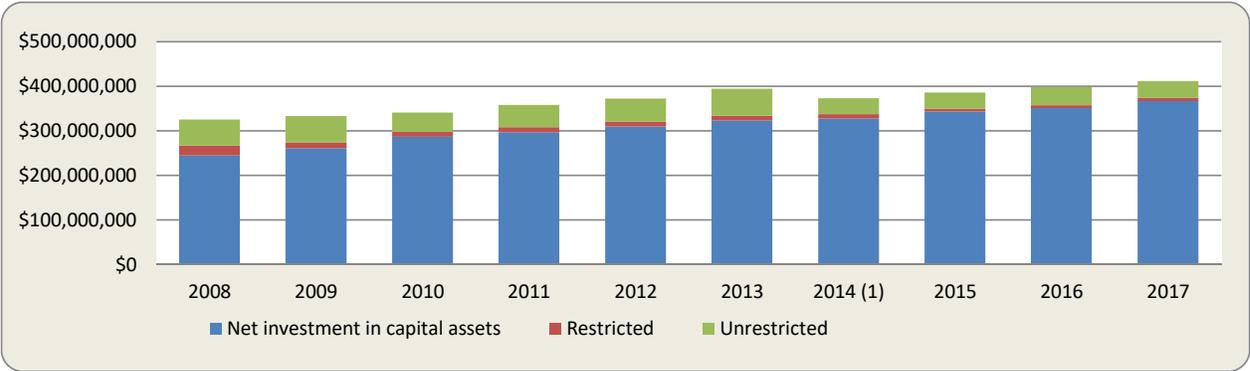
## STATISTICAL SECTION

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.

<b><u>Content</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> <i>These schedules contain trend information for assessing the District's financial performance and well-being changed over time.</i>	51-52
<b>Revenue Capacity</b> <i>These schedules contain information to assess the District's most significant local revenue source, water sales, hydroelectric sales and property taxes.</i>	53-59
<b>Debt Capacity</b> <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>	60-63
<b>Demographic and Economic Information</b> <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>	64-65
<b>Operating Information</b> <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>	66-67

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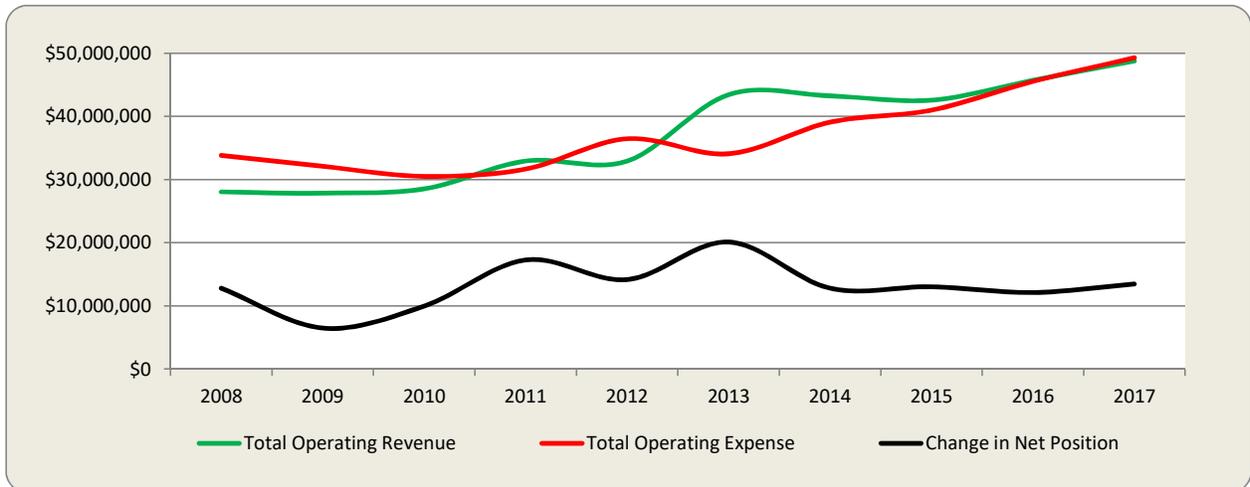
**Nevada Irrigation District**  
**Table 1: Net Position by Component**  
 (Accrual Basis of Accounting)



	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014 (1)	2015	2016	2017
Net Position:										
Net investment in capital assets	\$244,566,486	\$260,500,460	\$286,182,245	\$296,671,739	\$309,004,602	\$322,987,110	\$326,939,315	\$342,551,262	\$350,611,745	\$366,586,609
Restricted	21,541,519	13,141,413	10,539,569	10,891,261	10,768,846	10,763,551	10,109,236	6,801,736	6,338,459	7,138,137
Unrestricted	58,566,844	58,880,504	43,969,378	50,128,251	52,278,409	60,186,554	35,619,175	36,342,866	40,864,586	37,543,531
<b>Total net position</b>	<b>\$324,674,849</b>	<b>\$332,522,377</b>	<b>\$340,691,192</b>	<b>\$357,691,251</b>	<b>\$372,051,857</b>	<b>\$393,937,215</b>	<b>\$372,667,726</b>	<b>\$385,695,864</b>	<b>\$397,814,790</b>	<b>\$411,268,277</b>

(1) Balances shown for 2014 were restated to reflect the implementation of GASB 68. Information needed to restate years prior to 2013 was not readily available.  
 Source: Nevada Irrigation District Finance Department

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



	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Operating Revenues:</u>										
Water sales	\$ 16,446,593	\$ 16,228,200	\$ 16,000,740	\$ 16,639,336	\$ 17,857,842	\$ 19,226,399	\$ 18,879,014	\$ 18,182,972	\$ 19,965,010	\$ 21,754,315
Electric power sales	9,950,305	10,020,206	10,711,380	14,345,166	12,798,978	21,560,091	21,547,522	20,938,643	22,559,519	23,662,146
Standby charges	127,801	125,120	110,312	132,398	123,807	77,343	199,031	127,318	124,533	128,868
Reimbursements	24,297	15,919	104,957	7,862	22,208	55,489	66,945	715,544	344,065	67,514
New connections and instl	134,328	88,447	118,253	215,128	124,916	245,965	172,943	391,315	225,972	419,977
Recreation fees	956,975	970,118	1,093,022	1,150,541	1,471,825	1,773,812	1,814,050	1,680,426	2,056,885	2,118,007
Other revenue	402,458	393,788	387,196	437,184	514,794	484,391	558,090	514,390	421,539	591,875
<b>Total Operating Revenue</b>	<b>28,042,757</b>	<b>27,841,798</b>	<b>28,525,860</b>	<b>32,927,615</b>	<b>32,914,370</b>	<b>43,423,490</b>	<b>43,237,595</b>	<b>42,550,608</b>	<b>45,697,523</b>	<b>48,742,702</b>
<u>Operating Expenses</u>										
Administration and general	15,721,193	14,598,800	13,770,783	12,592,040	16,520,096	11,296,190	15,038,106	16,857,254	20,237,948	23,799,490
Water treatment	3,987,615	3,885,028	3,903,220	3,985,813	3,968,769	4,243,379	5,125,173	5,038,911	7,394,700	6,862,080
Transmission and distr	8,897,553	8,553,808	7,720,425	8,011,035	7,984,101	9,082,023	8,675,374	9,595,141	8,152,298	8,656,311
Pumping	699,143	668,774	688,388	741,398	736,270	794,287	814,440	705,111	852,879	980,341
Depreciation and amort	4,519,100	4,391,641	4,420,861	6,325,122	7,253,596	8,648,909	9,410,296	8,781,131	8,887,242	8,971,611
<b>Total Operating Expense</b>	<b>33,824,604</b>	<b>32,098,051</b>	<b>30,503,677</b>	<b>31,655,408</b>	<b>36,462,832</b>	<b>34,064,788</b>	<b>39,063,389</b>	<b>40,977,548</b>	<b>45,525,067</b>	<b>49,269,833</b>
<u>Nonoperating Rev (Exp)</u>										
Taxes and assessments	11,229,400	10,847,807	10,131,516	9,990,235	10,302,102	9,750,780	10,108,508	10,707,911	11,363,997	11,750,933
Investment income	3,496,895	1,160,520	1,719,826	378,489	486,989	433,678	673,536	652,266	1,164,646	1,232,503
Other Interest Income	-	-	-	-	-	-	-	-	374,996	-
Unrealized gain/(loss)	1,853,898	(792,783)	27,040	524,320	100,082	-	-	(827,767)	(1,351,995)	150,798
Rents and leases	77,208	64,941	71,235	40,090	94,585	84,532	73,534	165,720	206,923	158,024
Gain/(loss) on sale assets	1,490,765	(125,655)	71,610	(44,458)	(87,326)	1,067	(2,199,003)	(3,275)	17,535	324
Intergovernmental revenue	-	-	-	-	-	863,830	412,468	937,659	1,501,698	1,102,666
Interest expense	(1,283,074)	(1,157,049)	(821,327)	(207,418)	(1,551,584)	(1,463,127)	(1,320,756)	(1,265,805)	(2,055,024)	(1,663,744)
Other non-operating expenses	-	-	-	-	-	-	-	(83,234)	148,412	-
<b>Total Nonoperating</b>	<b>16,865,092</b>	<b>9,997,781</b>	<b>11,199,900</b>	<b>10,681,258</b>	<b>9,344,848</b>	<b>9,670,760</b>	<b>7,748,287</b>	<b>10,283,475</b>	<b>11,371,188</b>	<b>12,731,504</b>
<b>Income before contribution</b>	<b>11,083,245</b>	<b>5,741,528</b>	<b>9,222,083</b>	<b>11,953,465</b>	<b>5,796,386</b>	<b>19,029,462</b>	<b>11,922,493</b>	<b>11,856,535</b>	<b>11,543,644</b>	<b>12,204,373</b>
<u>Transfers and contributions</u>										
Capacity charges	854,984	385,992	298,908	855,473	363,568	714,427	854,499	414,305	575,282	1,038,453
Capital contributions	856,208	366,288	452,684	4,456,123	8,004,707	369,150	18,776	757,298	-	210,661
Transfers in (out)	-	-	-	-	-	-	-	-	-	-
<b>Total Transfers and contri</b>	<b>1,711,192</b>	<b>752,280</b>	<b>751,592</b>	<b>5,311,596</b>	<b>8,368,275</b>	<b>1,083,577</b>	<b>873,275</b>	<b>1,171,603</b>	<b>575,282</b>	<b>1,249,114</b>
<b>Change in Net Position</b>	<b>\$ 12,794,437</b>	<b>\$ 6,493,808</b>	<b>\$ 9,973,675</b>	<b>\$ 17,265,061</b>	<b>\$ 14,164,661</b>	<b>\$ 20,113,039</b>	<b>\$ 12,795,768</b>	<b>\$ 13,028,138</b>	<b>\$ 12,118,926</b>	<b>\$ 13,453,487</b>

Source: Nevada Irrigation District Finance Department

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

	2008 <sup>(1)</sup>	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Commodity Rate/HCF:</b>										
Residential										
2 to 58 hcf	\$ 1.08	\$ 1.17	\$ 1.22	\$ 1.36	\$ 1.47	\$ 1.53	\$ 1.62	\$ 1.72	\$ 1.82	\$ 1.93
Next 340 hcf	1.40	1.51	1.57	1.76	1.90	1.98	2.10	2.22	2.36	2.50
Over 400 hcf										
<b>Daily Base Charge (fixed based on meter size):</b>										
5/8"	\$ 0.52	\$ 0.54	\$ 0.54	\$ 0.57	\$ 0.58	\$ 0.61	\$ 0.64	\$ 0.69	\$ 0.74	\$ 0.45
3/4"	0.70	0.75	0.77	0.83	0.88	0.91	0.97	1.04	1.10	1.17
1"	1.05	1.16	1.21	1.36	1.46	1.52	1.61	1.74	1.84	1.95
1.5"	1.79	2.07	2.21	2.64	2.92	3.04	3.22	3.47	3.68	3.90
2"	2.75	3.23	3.48	4.20	4.68	4.87	5.16	5.56	5.89	6.25
3"	4.95	5.90	6.38	7.82	8.77	9.12	9.67	10.42	11.05	11.71
4"	6.86	9.17	10.08	12.80	14.62	15.21	16.12	17.37	18.41	19.52
6"	14.71	18.34	20.16	25.61	29.25	30.42	32.24	34.74	36.83	39.04
8"	28.06	32.74	35.07	42.11	46.79	48.67	51.59	55.59	58.93	62.46
<b>Daily Base Charge for Private Fire Lines (fixed based on meter size):</b>										
1"					\$ 0.09	\$ 0.09	0.09	0.10	0.10	0.10
4"	0.44	\$ 0.47	\$ 0.48	\$ 0.50	0.51	0.52	0.54	0.57	0.58	0.60
6"	0.46	0.50	0.51	0.52	0.54	0.55	0.58	0.60	0.62	0.64
8"	0.52	0.55	0.57	0.58	0.60	0.61	0.64	0.67	0.68	0.71
<b>Connection Fees</b>										
5/8"	\$ 7,291.37	\$ 7,291.37	\$ 7,329.47	\$ 7,559.00	\$ 7,810.00	\$ 8,003.00	\$ 9,775.00	\$ 10,097.00	\$ 10,294.00	\$ 10,641.00
3/4"	10,313.48	10,313.48	10,363.12	10,688.00	11,044.00	11,317.00	13,859.00	14,317.00	14,598.00	15,090.00
1"	17,696.16	17,969.16	18,045.74	18,613.00	19,233.00	19,711.00	24,212.00	25,014.00	25,506.00	26,365.00
1.5"	39,946.87	39,946.87	40,103.47	41,367.00	42,746.00	43,810.00	53,913.00	55,703.00	56,799.00	58,710.00
2"	70,582.29	70,582.29	70,846.96	73,082.00	75,521.00	77,404.00	95,343.00	98,511.00	100,450.00	103,827.00
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	2016	2017
<u>Rates/(kwh)</u>					
<b>Location: # Power Plants</b>					
Chicago Powerhouse	\$ 0.11	\$ 0.17	\$ 0.14	\$ 0.06	\$ 0.05
Dutch Flat Powerhouse	0.17	0.26	0.25	0.06	0.04
Rollins Powerhouse	0.06	0.19	0.18	0.07	0.06
Bowman Powerhouse	0.06	0.07	0.06	0.05	0.05
Scotts Flat Powerhouse	0.09	0.09	0.09	0.09	0.09
Combie South Powerhouse	0.09	0.09	0.09	0.09	0.10
Combie North Powerhouse	0.11	0.11	0.10	0.11	0.10
<u>Unit Availability</u>					
<b>Location:</b>					
Chicago Powerhouse	99.93%	99.67%	99.79%	99.79%	99.39%
Dutch Flat Powerhouse	99.99%	99.93%	96.52%	99.55%	98.79%
Rollins Powerhouse	100.00%	100.00%	99.78%	97.97%	99.19%
Bowman Powerhouse	0%	0%	0%	0%	92.87%
Average	99.97%	99.87%	98.70%	99.10%	97.56%
<u>Generation/(kwh)</u>					
<b>Location:</b>					
Chicago Powerhouse	107,134,000	59,831,000	69,133,000	161,362,000	186,509,000
Dutch Flat Powerhouse	19,301,000	19,912,000	21,793,000	90,897,000	144,680,000
Rollins Powerhouse	51,213,000	27,008,000	28,588,000	74,461,000	86,912,000
Bowman Powerhouse	6,280,200	5,083,000	3,952,800	14,700,000	20,462,400
Scotts Flat Powerhouse	4,471,000	2,891,000	2,228,000	3,911,000	4,107,600
Combie South Powerhouse	2,317,100	2,158,000	1,652,400	7,927,000	8,456,400
Combie North Powerhouse	1,587,000	1,370,000	1,279,000	1,855,000	2,167,200
Total	192,303,300	118,253,000	128,626,200	355,113,000	453,294,600
<u>Sales</u>					
<b>Location:</b>					
Chicago Powerhouse	\$ 11,474,067	\$ 10,156,075	\$ 9,688,911	\$ 9,856,454	\$ 10,014,437
Dutch Flat Powerhouse	3,291,586	5,247,154	5,417,285	5,573,524	5,526,812
Rollins Powerhouse	3,227,045	5,149,273	5,100,484	5,159,473	5,544,927
Bowman Powerhouse	372,104	374,415	255,516	722,338	1,043,161
Scotts Flat Powerhouse	399,675	274,400	209,302	357,684	355,583
Combie South Powerhouse	215,180	192,624	141,890	694,311	865,791
Combie North Powerhouse	172,502	152,041	125,255	195,735	227,850
Total	\$ 19,152,159	\$ 21,545,982	\$ 20,938,643	\$ 22,559,519	\$ 23,578,561

*Prior to 2013, NID was only reimbursed cost at the Chicago Park, Dutch Flat #2, and Rollins Powerhouses.*

*Bowman Powerhouse converted to availability based contract on January 1, 2017. No prior availability data is available.*

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

*Source: Nevada Irrigation District Finance and Hydroelectric Department*

*Generation/(kwh) information updated for years 2013-2017*

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>Sales</u>										
<b>Location:</b>										
Scotts Flat	\$ 577,359	\$ 614,946	\$ 736,374	\$ 745,751	\$ 747,115	\$ 778,515	\$ 768,982	\$ 663,142	\$ 790,761	\$ 937,907
Long Ravine	-	-	-	-	431,962	462,154	491,167	531,932	520,854	531,109
Orchard Springs	272,763	256,244	268,288	282,351	298,869	290,052	344,864	295,275	295,307	323,029
Peninsula	-	-	-	-	-	194,740	151,235	190,077	219,821	232,094
Combie	-	-	-	-	-	-	-	-	116	-
Jackson Meadows	-	-	-	-	-	-	-	-	230,026	93,868
Total	850,122	871,190	1,004,662	1,028,102	1,477,946	1,725,461	1,756,248	1,680,426	2,056,885	2,118,007
<b># Campsites:</b>										
Scotts Flat	200	200	200	200	200	200	200	200	200	200
Long Ravine	-	-	-	-	101	101	101	101	101	101
Orchard Springs	91	91	91	91	91	91	91	91	91	91
Peninsula	-	-	-	-	-	70	70	70	70	70
Jackson Meadows	-	-	-	-	-	-	-	-	170	170
Total	291	291	291	291	392	462	462	462	632	632

*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*

*Jackson Meadows Campground management changed from the Forest Service over to NID in 2016*

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
0.25 MI	\$ 300.19	\$ 316.55	\$ 325.18	\$ 351.99	\$ 371.16	\$ 391.38	\$439.16	\$465.52	\$493.44	\$523.05
0.5	363.09	382.15	392.19	423.00	445.56	467.50	495.55	525.29	556.81	590.21
1	462.48	483.29	494.17	527.76	551.52	573.90	608.34	644.84	683.53	724.54
1.5	595.90	595.90	600.35	628.98	654.14	680.30	721.13	764.39	810.26	858.87
2	723.96	723.96	723.96	727.36	756.44	786.70	833.91	883.94	936.98	993.20
2.5	853.12	853.12	853.13	853.13	858.75	893.10	946.70	1,003.49	1,063.71	1,127.53
3	969.27	969.27	969.27	969.27	969.27	999.50	1,059.49	1,123.04	1,190.43	1,261.86
3.5	1,073.29	1,073.39	1,073.38	1,073.38	1,073.38	1,105.90	1,172.27	1,242.59	1,317.16	1,396.19
4	1,166.36	1,166.36	1,166.36	1,166.36	1,166.36	1,212.30	1,285.05	1,362.14	1,443.88	1,530.52
4.5	1,249.01	1,249.01	1,249.02	1,249.02	1,267.97	1,318.70	1,397.84	1,481.69	1,570.61	1,664.85
5	1,322.12	1,322.12	1,322.10	1,322.10	1,370.30	1,425.10	1,510.62	1,601.24	1,697.33	1,799.18
6	1,514.23	1,514.23	1,514.22	1,514.22	1,574.88	1,637.90	1,736.19	1,840.34	1,950.78	2,067.84
7	1,694.49	1,694.49	1,694.49	1,711.11	1,779.54	1,850.70	1,961.76	2,079.44	2,204.23	2,336.50
8	1,863.26	1,863.26	1,863.28	1,907.85	1,984.16	2,063.50	2,187.33	2,318.54	2,457.68	2,605.16
9	2,021.00	2,021.00	2,022.30	2,104.62	2,188.71	2,276.30	2,412.90	2,557.64	2,711.13	2,873.82
10	2,168.35	2,168.35	2,190.60	2,301.36	2,393.40	2,489.10	2,638.47	2,796.74	2,964.58	3,142.48
11	2,305.93	2,309.57	2,355.76	2,498.10	2,597.98	2,701.90	2,864.04	3,035.84	3,218.03	3,411.14
12	2,433.80	2,491.47	2,541.24	2,694.87	2,802.60	2,914.70	3,089.61	3,274.94	3,471.48	3,679.80
13	2,706.14	2,706.14	2,743.26	2,891.61	3,007.16	3,127.50	3,315.18	3,514.04	3,724.93	3,948.46
14	2,823.05	2,855.27	2,912.42	3,088.35	3,211.88	3,340.30	3,540.75	3,753.14	3,978.38	4,217.12
15	2,931.47	3,037.17	3,097.95	3,285.12	3,416.40	3,553.10	3,766.32	3,992.24	4,231.83	4,485.78
16	3,077.90	3,219.07	3,283.52	3,481.86	3,621.12	3,765.90	3,991.89	4,231.34	4,485.28	4,754.44
17	3,214.52	3,383.28	3,460.18	3,678.60	3,825.68	3,978.70	4,217.46	4,470.44	4,738.73	5,023.10
18	3,347.37	3,523.11	3,615.66	3,875.37	4,030.20	4,191.50	4,443.03	4,709.54	4,992.18	5,291.76
19	3,476.96	3,659.50	3,755.54	4,053.84	4,234.91	4,404.30	4,668.60	4,948.64	5,245.63	5,560.42
20+ per MI	3,586.60									
20		3,774.90	3,874.00	4,181.67	4,401.20	4,614.10	4,894.17	5,187.74	5,499.08	5,829.08
Per MI	174.90	181.90	185.54	196.75	204.62	212.80	225.57	239.10	253.45	268.66
Fixed Fee	296.80	308.67	314.85	333.86	347.21	361.10	382.77	405.74	430.08	455.88
<b>Connection Fees For Irrigation Box</b>										
1/2 - 25MI Box	\$ 880.00	\$ 880.00	\$ 966.00	\$ 992.00	\$ 1,022.00	\$ 1,042.00	\$ 1,089.00	\$ 1,119.00	\$ 1,139.00	\$ 1,180.00
26 - 40 MI Box	1,450.00	1,450.00	1,597.00	1,640.00	1,690.00	1,724.00	1,801.00	1,850.00	1,883.00	1,951.00
Over 40 MI										
Orificed Svc	845.00	845.00	895.00	919.00	947.00	966.00	1,009.00	1,036.00	1,055.00	1,093.00

Source: Nevada Irrigation District Finance Department

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

<b>Fiscal Year</b>	<b>Treated</b>		<b>Raw</b>		<b>Other</b>		<b>Total Water Sales</b>	<b>Total Treated Water Deliveries (CCF)</b>	<b>Total Raw &amp; Other Deliveries (Acre Feet)</b>
<b>2008</b>	\$	10,793,847	\$	4,212,266	\$	1,440,480	\$ 16,446,593	4,860,750	141,832
<b>2009</b>		10,468,503		4,271,307		1,488,390	16,228,200	4,387,560	135,829
<b>2010</b>		10,300,311		4,377,306		1,323,123	16,000,740	3,974,606	135,741
<b>2011</b>		10,975,709		4,533,812		1,129,815	16,639,336	3,775,395	132,551
<b>2012</b>		12,217,782		4,585,872		1,054,188	17,857,842	4,269,839	123,090
<b>2013</b>		12,986,505		4,876,339		1,363,555	19,226,399	4,286,955	112,970
<b>2014</b>		12,561,235		5,222,372		1,095,407	18,879,014	3,932,684	117,566
<b>2015</b>		11,878,330		5,275,370		1,029,272	18,182,972	3,455,708	118,641
<b>2016</b>		13,311,605		5,771,850		881,555	19,965,010	3,157,246	119,385
<b>2017</b>		14,534,980		6,165,356		1,053,979	21,754,315	3,437,750	120,757

Sources: Nevada Irrigation District Finance and Operations Department

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

Treated Water	Fiscal Year									Fiscal Year		
	2017			2016			2015			2013 <sup>(2)</sup>		
Customer <sup>(3)</sup>	Total Sales	Rank	% of Sales <sup>(1)</sup>	Total Sales	Rank	% of Sales <sup>(1)</sup>	Total Sales	Rank	% of Sales <sup>(1)</sup>	Total Sales	Rank	% of Sales
18747-00, 22832-00, 36754-00	\$ 95,527	1	0.72%	\$ 53,617	5	0.40%	\$ 44,125	4	0.37%	\$ 56,036	4	0.43%
40658-00, 31728-00, 31657-00												
15726-00, 15743-00, 15776-00	75,519	2	0.57%	72,991	1	0.55%	54,957	3	0.46%	57,904	3	0.45%
31822-00, 36188-0, 40335-0, 42165-00	72,176	3	0.54%	60,589	4	0.46%	-		0.00%	-		0.00%
19640-00, 35503-00, 32159-00	68,651	4	0.52%	68,966	2	0.52%	81,369	1	0.69%	76,300	1	0.59%
19748-00, 32855-00, 39710-00												
21675-00, 32335-00	57,897	5	0.43%	45,760	6	0.34%	32,013	8	0.27%	45,933	8	0.35%
18812-00, 40629-00, 32138-00												
32139-00, 19037-00, 21523-00												
32940-00, 37390-00, 37470-00												
37471-00, 38473-00, 40539-01												
32941-00, 32138-00, 18735-02												
18813-00, 37390-00, 21523-00	57,692	6	0.43%	61,135	3	0.46%	-		0.00%	-		0.00%
17419-01, 36156-00, 31596-00												
31123-00, 31121-00, 17440-00,	54,070	7										
17438-00, 17436-00, 17435-00,												
17420-00			0.41%									
17221-00, 36317-00	51,479	8	0.39%									
15789-00	49,435	9	0.37%	45,059	7	0.34%	42,200	5	0.36%	45,533	9	0.35%
17171-00	43,103	10	0.32%	39,267	8	0.29%	37,396	7	0.31%	54,530	5	0.42%
36408-00	-		0.00%	37,117	9	0.28%	30,074	9	0.25%	52,485	6	0.40%
31089-00	-		0.00%	34,059	10	0.26%	-		0.00%	-		0.00%
20947	-		0.00%	-		0.00%	38,379	6	0.32%	61,554	2	0.47%
32940, 32941, 37390, 40629	-		0.00%	-		0.00%	61,359	2	0.52%	49,764	7	0.38%
31657	-		0.00%	-		0.00%	13,882	10	0.12%	44,399	10	0.34%
<b>Total</b>	<b>\$ 625,549</b>		<b>4.7%</b>	<b>\$ 518,560</b>		<b>3.9%</b>	<b>\$ 435,754</b>		<b>3.7%</b>	<b>\$ 544,438</b>		<b>4.2%</b>
<b>Total Treated Water Sales</b>	<b>\$14,534,980</b>			<b>\$13,311,605</b>			<b>\$11,878,330</b>			<b>\$12,986,505</b>		
<b>Raw Water</b>	<b>Fiscal Year</b>									<b>Fiscal Year</b>		
	<b>2017</b>			<b>2016</b>			<b>2015</b>			<b>2013<sup>(2)</sup></b>		
Customer <sup>(3)</sup>	Total Sales	Rank	% of Sales <sup>(1)</sup>	Total Sales	Rank	% of Sales <sup>(1)</sup>	Total Sales	Rank	% of Sales <sup>(1)</sup>	Total Sales	Rank	% of Sales
39424-00, 35375-00	\$ 311,010	1	5.39%	\$ 207,758	2	3.60%	\$ 315,468	1	5.98%	\$ 361,390	1	7.41%
18813-00, 39423-00	307,823	2	5.33%	262,655	1	4.55%	240,373	2	4.56%	281,520	2	5.77%
17033-00	82,236	3	1.42%	52,160	6	0.90%	66,546	4	1.26%	67,317	5	1.38%
35032-00, 24259-00, 23724-00, 23709-00	58,291	4	1.01%	54,993	5	0.95%	51,881	6	0.98%	55,053	7	1.13%
22598-00, 22673-00	54,644	5	0.95%	51,550	7	0.89%	48,631	7	0.92%	41,118	8	0.84%
21778-0	54,183	6	0.94%	68,221	4	1.18%	58,483	5	1.11%	60,304	6	1.24%
36965-00	46,128	7	0.80%	43,517	8	0.75%	41,052	8	0.78%	36,537	9	0.75%
22937-00, 41881-00, 34870-00, 36541-00	45,708	8	0.79%	43,121	9	0.75%	39,185	9	0.74%	34,874	10	0.72%
23609-0, 37669-0, 41065-0, 23615-0	45,026	9	0.78%									
23633, 23639	44,160	10	0.77%	-		0.00%	37,919	10	0.72%	-		0.00%
37013-00			0.00%	89,675	3	1.55%	84,598	3	1.60%	71,527	4	1.47%
37208-00			0.00%	40,824	10	0.71%	-		0.00%	-		0.00%
24794	-		0.00%	-		0.00%	-		0.00%	219,209	3	4.50%
<b>Total</b>	<b>\$ 1,049,209</b>		<b>18.18%</b>	<b>\$ 914,474</b>		<b>15.84%</b>	<b>\$ 984,136</b>		<b>18.66%</b>	<b>\$ 1,228,849</b>		<b>25.20%</b>
<b>Total Raw Water Sales</b>	<b>\$6,165,356</b>			<b>\$5,771,850</b>			<b>\$ 5,275,370</b>			<b>\$4,876,339</b>		

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 in lieu of personal information. Customers may have multiple accounts.

Source: Nevada Irrigation District Finance and Operations Department

**Nevada Irrigation District**  
**Table 9: Principal Property Taxpayers**  
 Current & Previous Year (2014-2015 first year District began reporting)

Taxpayer	Primary Land Use	2016-17		2015-16		2014-15	
		Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
EREP Auburn Village I LP	Commercial Store	\$ 31,777,318	24.31%	\$ 26,287,079	20.11%	\$ -	0.00%
JPS Development LLC	Shopping Center	23,254,396	0.18	19,044,372	0.15	15,598,213	0.13
RI-Grass Valley LLC	Commercial Store	21,454,922	0.16	21,133,134	0.16	20,699,842	0.00
Kanmawr-Nevada City LLC	Office Building	18,221,090	0.14	17,947,393	0.14	17,595,830	0.14
Target Corporation	Commercial Store	17,722,921	0.14	17,663,480	0.14	17,508,642	0.14
Longs Drug Stores California Inc.	Commercial Store	16,546,424	0.13	16,515,885	0.13	16,389,985	0.13
GVSC LLC	Commercial Store	16,320,678	0.12	16,075,529	0.12	15,760,634	0.13
Lowe's HIW Inc.	Commercial Store	16,025,000	0.12	15,000,000	0.11	12,000,000	0.10
HD Development of Maryland Inc.	Commercial Store	13,318,944	0.10	11,778,540	0.09	11,841,850	0.10
VTR Quail Ridge LP	Assisted Living Facility	12,944,181	0.10	12,749,749	0.10	12,500,000	0.10
12225 Shale Ridge Road LLC	Assisted Living Facility	12,849,661	0.10	12,656,648	0.10	-	0.00
Patricia Irish, Trustee	Industrial	12,675,346	0.10	12,641,594	0.10	12,375,631	0.10
Andrew L. and Shana A. Laursen, Trustees	Residential	11,926,053	0.09	11,735,294	0.09	8,458,230	0.07
Auburn Plaza LLC	Shopping Center	11,759,024	0.09	11,459,274	0.09	9,217,950	0.07
Raley's	Commercial Store	11,300,871	0.09	10,703,821	0.08	-	0.00
Safeway Inc.	Commercial Store	11,256,377	0.09	10,832,588	0.08	10,505,376	0.09
Cresleigh Homes Corporation	Residential	11,004,370	0.08	10,888,044	0.08	10,381,650	0.08
3830 Bronx Blvd. Associates LLC	Commercial Store	10,345,144	0.08	10,189,751	0.08	9,990,149	0.08
MFT-Miners LLC	Apartments	9,402,839	0.07	-	0.00	-	0.00
Mahogany Investments LLC	Commercial Store	9,291,906	0.07	9,152,334	0.07	8,973,054	0.07
Nine Plus LLC, et. Al.	Industrial	-	0.00	8,954,441	0.07	8,779,036	0.07
FW CA Auburn Village LLC	Commercial Store	-	0.00	-	0.00	19,430,000	0.16
Emerichip Emerald Hills LLC	Assisted Living Facility	-	0.00	-	0.00	8,474,270	0.07
Grass Valley Glade MHP Assoiates LP	Mobile Home Park	-	0.00	-	0.00	8,297,000	0.07
<b>Total</b>		<b>\$ 299,397,465</b>	<b>2.20%</b>	<b>\$ 283,408,950</b>	<b>2.17%</b>	<b>\$ 254,777,342</b>	<b>2.06%</b>
Total Secured Assessed Valuation:		\$13,637,637,304		\$13,071,916,606		\$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	2016 Revenue Bonds	Note Payable	Total Debt	% of Personal Income	Per Capita	Imp District Bonds <sup>(1)</sup>
			1997	2002	2005							
2008	\$ 12,235,000	\$ 891,417	\$ -	\$ 10,985,000	\$ 7,580,000	\$ -	\$ -	\$ -	\$ 31,691,417	0.15%	\$ 72.73	\$ 681,628
2009	9,948,000	3,261,085	-	10,070,000	6,715,000	-	-	-	29,994,085	0.15%	67.80	667,300
2010	7,574,000	7,350,200	-	9,135,000	5,820,000	-	-	-	29,879,200	0.14%	66.54	652,300
2011	5,111,000	9,597,879	-	2,045,000	4,900,000	28,088,578	-	-	49,742,457	0.22%	109.18	636,600
2012	2,555,000	9,541,518	-	1,035,000	3,945,000	27,099,745	-	150,000	44,326,263	0.19%	96.47	620,100
2013	-	9,008,290	-	-	2,960,000	26,523,260	-	100,000	38,591,550	0.16%	82.99	602,700
2014	-	8,756,023	-	-	1,935,000	25,386,775	-	50,000	36,127,798	0.14%	76.89	584,500
2015	-	7,560,214	-	-	-	23,255,000	-	-	30,815,214	0.11%	64.97	565,400
2016	-	6,719,175	-	-	-	22,115,000	20,210,000	-	49,044,175	0.17%	102.25	565,400
2017	-	6,258,389	-	-	-	20,950,000	19,660,000	-	46,868,389	N/A	N/A	545,300

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

*(1) The \$545,400 due from the Rodeo Flat Improvement District represents the Rodeo Flat Improvement Bonds for which the District is the bondholder.*

*Notes to the basic financial statements, Note 3.*

*Source: Nevada Irrigation District Finance Department*

**Nevada Irrigation District**  
**Table 11: Computation of Direct and Overlapping Bonded Debt**  
December 31, 2017

2016-17 Assessed Valuation: \$13,935,990,736

	Total Debt 12/31/2017	% Applicable <sup>(1)</sup>	District's Share of Debt 12/31/2017
<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Sierra Joint Community College District School Facilities Improvement District No. 2	\$ 29,026,156	84.944%	\$ 24,655,978
Western Placer Unified School District	74,756,418	27.476%	20,540,073
Nevada Joint Union High School District	25,375,760	84.420%	21,422,217
Placer Union High School District	24,411,873	16.297%	3,978,403
Loomis Union School District	3,485,000	0.090%	3,137
<b>Nevada Irrigation District</b>	<b>0</b>	<b>100</b>	<b>0</b>
City of Lincoln Community Facilities District No. 2003-1	87,575,000	26712.000%	23,393,034
Western Placer Unified School District Community Facilities District No. 1	10,898,403	0.307%	33,458
City of Grass Valley and Lincoln 1915 Act Bonds	28,226,000	26.804-100%	8,448,441
California Statewide Communities Development Authority 1915 Act Bonds	1,696,101	0.072-100%	1,103,120
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 103,577,861</b>
<b><u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u></b>			
Nevada County Certificates of Participation	\$ 15,646,000	54.316%	\$ 8,498,281
Nevada County Board of Education Certificates of Participation	1,112,893	54.316%	604,479
Placer County General Fund Obligations	28,705,000	6.567%	1,885,057
Placer County Board of Education Certificates of Participation	1,300,000	6.567%	85,371
Sierra Joint Community College District Certificates of Participation	5,403,000	15.654%	845,786
Western Placer Unified School District Certificates of Participation	127,600,000	27.476%	35,059,376
Auburn Union School District Certificates of Participation	39,267,117	38.779%	15,227,395
Other School District General Fund Obligation	5,101,967	Various	582,967
City of Auburn Pension Obligation Bonds	3,445,000	3.793%	130,669
City of Lincoln General Fund Obligations	16,860,000	23.217%	3,914,386
Placer County Mosquito & Vector Control District Certificates of Participation	3,270,000	6.567%	214,741
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 67,048,508</b>
<b><u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u></b>			
Placer County Tax Allocation Bonds	\$ 19,670,000	9.279%	\$ 1,825,179
City of Grass Valley Tax Allocation Bonds	8,200,000	13.416%	1,100,112
City of Grass Valley Lease Revenue Bonds	680,000	13.416%	91,229
<b>TOTAL OVERLAPPING TAX INCREMENT DEBT</b>			<b>\$ 3,016,520</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$0</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 173,642,899</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$ 173,642,899 (2)</b>

(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 2016-17 Assessed Valuation:

**Direct Debt**.....**0.00%**  
Total Direct and Overlapping Tax and Assessment Debt.....0.74%  
Combined Total Debt.....1.25%

**Ratios to Redevelopment Successor Agency Incremental Valuation (\$153,386,815):**

Total Overlapping Tax Increment Debt.....1.97%

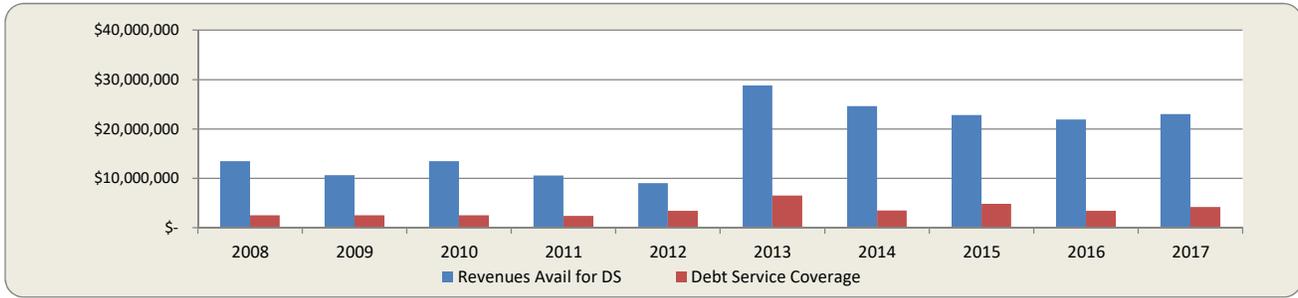
Source: California Municipal Statistics, Inc.

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

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total Operating Expenses</b>	<b>Ratio of Debt Service to Total Operating Expenses</b>
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%
2016	1,951,039	1,885,641	3,836,680	45,525,067	8.43%
2017	2,175,800	2,013,888	4,189,688	49,269,833	8.50%

*Source: Nevada Irrigation District Finance Department*

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



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Water Operating Revenue</b>										
Water Sales	\$ 16,446,593	\$ 16,228,200	\$ 16,000,740	\$ 16,639,336	\$ 17,857,842	\$ 19,226,401	\$ 18,879,014	\$ 18,182,972	\$ 19,965,010	\$ 21,754,315
Other Sales	1,620,529	1,573,267	1,693,613	1,905,990	2,228,497	1,670,952	977,335	3,374,192	3,121,891	3,326,241
<b>Total Operating</b>	<b>\$ 18,067,122</b>	<b>\$ 17,801,467</b>	<b>\$ 17,694,353</b>	<b>\$ 18,545,326</b>	<b>\$ 20,086,339</b>	<b>\$ 20,897,353</b>	<b>\$ 19,856,349</b>	<b>\$ 21,557,164</b>	<b>\$ 23,086,901</b>	<b>\$ 25,080,556</b>
<b>Other Revenues<sup>(1)</sup></b>										
1% Property Taxes	\$ 11,229,400	\$ 10,847,807	\$ 10,131,516	\$ 9,990,235	\$ 10,302,102	\$ 9,750,780	\$ 10,108,508	\$ 10,707,911	\$ 11,363,997	\$ 11,750,933
Interest Earned	3,447,727	1,159,356	1,716,104	573,703	474,070	419,444	633,073	446,313	(51,388)	1,534,099
Grants	-	-	-	-	-	-	412,468	937,659	1,501,698	1,102,666
Other Revenues	1,698,723	64,557	74,295	39,706	94,201	84,148	73,439	165,016	206,283	157,512
<b>Total Other</b>	<b>\$ 16,375,850</b>	<b>\$ 12,071,720</b>	<b>\$ 11,921,915</b>	<b>\$ 10,603,644</b>	<b>\$ 10,870,373</b>	<b>\$ 10,254,372</b>	<b>\$ 11,227,488</b>	<b>\$ 12,256,899</b>	<b>\$ 13,020,590</b>	<b>\$ 14,545,210</b>
<b>Total Water Revenues</b>	<b>\$ 34,442,972</b>	<b>\$ 29,873,187</b>	<b>\$ 29,616,268</b>	<b>\$ 29,148,970</b>	<b>\$ 30,956,712</b>	<b>\$ 31,151,725</b>	<b>\$ 31,083,837</b>	<b>\$ 33,814,063</b>	<b>\$ 36,107,491</b>	<b>\$ 39,625,766</b>
<b>Water O &amp; M Costs<sup>(2)</sup></b>	<b>\$ 22,757,197</b>	<b>\$ 21,573,478</b>	<b>\$ 19,173,658</b>	<b>\$ 20,836,690</b>	<b>\$ 23,699,863</b>	<b>\$ 18,989,137</b>	<b>\$ 22,484,107</b>	<b>\$ 25,573,767</b>	<b>\$ 28,862,448</b>	<b>\$ 31,097,658</b>
<b>Net Water Revenues</b>	<b>\$ 11,685,775</b>	<b>\$ 8,299,709</b>	<b>\$ 10,442,610</b>	<b>\$ 8,312,280</b>	<b>\$ 7,256,849</b>	<b>\$ 12,162,588</b>	<b>\$ 8,599,730</b>	<b>\$ 8,240,296</b>	<b>\$ 7,245,043</b>	<b>\$ 8,528,108</b>
<b>Hydro Revenues</b>	<b>\$ 1,784,790</b>	<b>\$ 2,328,033</b>	<b>\$ 3,034,702</b>	<b>\$ 2,288,000</b>	<b>\$ 1,784,300</b>	<b>\$ 21,630,775</b>	<b>\$ 21,607,754</b>	<b>\$ 21,200,110</b>	<b>\$ 22,475,301</b>	<b>\$ 23,662,146</b>
<b>Hydro O &amp; M<sup>(3)</sup></b>	<b>\$ -</b>	<b>\$ 5,006,891</b>	<b>\$ 5,610,905</b>	<b>\$ 6,622,660</b>	<b>\$ 7,775,377</b>	<b>\$ 9,200,564</b>				
<b>Net Hydro Revenues</b>	<b>\$ 1,784,790</b>	<b>\$ 2,328,033</b>	<b>\$ 3,034,702</b>	<b>\$ 2,288,000</b>	<b>\$ 1,784,300</b>	<b>\$ 16,623,884</b>	<b>\$ 15,996,849</b>	<b>\$ 14,577,450</b>	<b>\$ 14,699,924</b>	<b>\$ 14,461,582</b>
<b>Revenues Avail for DS</b>	<b>\$ 13,470,565</b>	<b>\$ 10,627,742</b>	<b>\$ 13,477,312</b>	<b>\$ 10,600,280</b>	<b>\$ 9,041,149</b>	<b>\$ 28,786,472</b>	<b>\$ 24,596,579</b>	<b>\$ 22,817,746</b>	<b>\$ 21,944,967</b>	<b>\$ 22,989,690</b>
<b>Debt Service</b>										
2002 COPs	\$ 1,416,400	\$ 1,404,375	\$ 1,396,975	\$ 1,252,763	\$ 1,086,750	\$ 1,060,875	\$ -	\$ -	\$ -	\$ -
2005 COPs	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	2,084,219	2,074,644
2016A Revenue Bonds	-	-	-	-	-	-	-	-	354,787	1,503,850
Yuba Bear Bonds <sup>(4)</sup>	-	-	-	-	-	2,555,000	-	-	-	-
CDPH Loan, Other <sup>(5)</sup>	-	-	-	-	397,276	267,450	305,343	806,035	1,011,179	611,194
<b>Total Debt Service</b>	<b>\$ 2,545,038</b>	<b>\$ 2,537,063</b>	<b>\$ 2,527,813</b>	<b>\$ 2,381,801</b>	<b>\$ 3,440,003</b>	<b>\$ 6,538,894</b>	<b>\$ 3,497,225</b>	<b>\$ 4,853,116</b>	<b>\$ 3,450,185</b>	<b>\$ 4,189,688</b>
<b>Debt Service Coverage</b>	<b>5.29</b>	<b>4.19</b>	<b>5.33</b>	<b>4.45</b>	<b>2.63</b>	<b>4.40</b>	<b>7.03</b>	<b>4.70</b>	<b>6.36</b>	<b>5.49</b>

*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 & Current Year and Nine Years Ago**

<u>Industry Title</u>	Fiscal Year 2017		Fiscal Year 2008	
	%	No. of Employed	%	No. of Employed
Service Providing	41%	2,051,250	39%	1,708,530
Trade, Transportation & Utilities	8%	425,450	9%	395,460
Educational & Health Services	8%	399,980	6%	268,390
Leisure & Hospitality	8%	337,720	7%	283,260
Government	6%	323,710	7%	306,130
Retail Trade	6%	320,420	7%	300,020
Total Private	6%	305,970	7%	293,590
Goods Producing	6%	299,030	7%	305,490
Local Government	6%	296,780	6%	278,230
Professional & Business Services	5%	267,870	5%	206,790
Total, All Industries	100%	<u>5,028,180</u>	100%	<u>4,345,890</u>

*Sources: EDD Labor Market Information Top 10*

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

	Population		Total Personal Income		Per Capita Personal		Unemployment	
	<u>Nevada County</u>	<u>Placer County</u>	<u>Nevada County</u>	<u>Placer County</u>	<u>Nevada County</u>	<u>Placer County</u>	<u>Nevada County</u>	<u>Placer County</u>
2008	98,200	337,568	\$ 4,430,963,000	\$ 16,546,226,000	\$ 45,122	\$ 49,016	6.60%	6.50%
2009	98,591	343,810	\$ 4,344,094,000	\$ 15,966,092,000	\$ 44,062	\$ 46,439	10.30%	10.20%
2010	98,777	350,234	\$ 4,462,159,000	\$ 16,605,248,000	\$ 45,174	\$ 47,412	11.70%	23.20%
2011	98,779	356,832	\$ 4,690,099,000	\$ 17,667,895,000	\$ 47,481	\$ 49,513	11.10%	21.60%
2012	98,288	361,215	\$ 4,841,516,000	\$ 18,888,019,000	\$ 49,258	\$ 52,290	9.70%	9.40%
2013	98,142	366,858	\$ 4,882,910,000	\$ 19,347,776,000	\$ 49,754	\$ 52,739	8.10%	7.70%
2014	98,763	371,105	\$ 5,180,113,000	\$ 20,440,132,000	\$ 52,450	\$ 55,079	6.50%	6.30%
2015	98,877	375,391	\$ 5,470,398,000	\$ 21,658,527,000	\$ 55,325	\$ 57,696	5.40%	5.00%
2016	99,107	380,531	\$ 5,569,234,000	\$ 22,968,749,000	\$ 56,194	\$ 60,360	4.70%	4.40%
2017	99,155	389,532	Not available	Not available	Not available	Not available	4.10%	3.80%

Sources: *State of California Department of Finance*  
*State of California Employment Development Department*  
*US Bureau of Economic Analysis*  
 Information updated for all years as per latest information available

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Facilities:</b>										
# of Treatment Plants	7	7	7	7	7	7	7	7	7	7
Plant Capacity (MGD)	33.7	33.7	33.7	41.7	41.7	41.7	41.7	41.7	41.7	41.7
# of Reservoirs	10	10	10	10	10	10	10	10	10	9
# of Hydroelectric Power Plants	7	7	7	7	7	7	7	7	7	7
Canals (miles)	400	400	400	400	475	475	475	475	475	475
Pipelines (miles)	300	300	300	300	400	400	400	400	400	401
# of Fire Hydrants <sup>(1)</sup>								2,449	2,478	2,514
# of Valves <sup>(1)</sup>								3,643	3,689	3,798
# of Pumping Stations <sup>(1)</sup>								21	22	24
<b>Water Supply Available (AF):</b>										
Watershed Runoff	150,955	198,509	267,369	335,773	223,069	89,763	120,041	77,378	253,180	582,626
Carryover Storage	137,824	144,143	202,490	177,077	211,955	147,408	179,724	149,930	242,431	211,776
PG&E Contract Water	59,361	59,361	59,361	59,361	59,361	59,361	34,400	25,716	59,361	59,361
<b>Total Water Supply</b>	<b>348,140</b>	<b>402,013</b>	<b>529,220</b>	<b>572,211</b>	<b>494,385</b>	<b>296,532</b>	<b>334,165</b>	<b>253,024</b>	<b>554,972</b>	<b>853,763</b>
<b>Water Supply Delivered: (AF)</b>										
Treated	10,965	10,105	9,201	8,672	9,908	9,496	8,410	8,521	7,202	7,892
Raw	141,832	135,829	135,741	132,551	123,090	112,970	117,566	118,641	119,385	121,025
<b>Total Water Supply Delivered</b>	<b>152,797</b>	<b>145,934</b>	<b>144,942</b>	<b>141,223</b>	<b>132,998</b>	<b>122,466</b>	<b>125,976</b>	<b>127,162</b>	<b>126,587</b>	<b>128,917</b>
<b>Connections:</b>										
Treated Water	18,170	18,670	18,760	18,735	18,777	18,701	18,991	19,077	19,135	19,282
Irrigation	5,060	5,029	5,018	4,927	4,909	4,661	4,913	4,963	5,128	5,220
<b>Total Connections</b>	<b>23,230</b>	<b>23,699</b>	<b>23,778</b>	<b>23,662</b>	<b>23,686</b>	<b>23,362</b>	<b>23,904</b>	<b>24,040</b>	<b>24,263</b>	<b>24,502</b>

*Note: (1) Data not available from 2008 through 2014*

*Source: Nevada Irrigation District Finance and Operations Department*

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Management</b>										
Administration	4	4	4	4	4	4	4	5	5	6
Central Files	2	2	3	2	3	3	3	3	3	3
Human Resources	3	2	2	2	2	2	2	2	2	3
Safety				1	1	1	1	1	1	1
Watershed*									1	1
<b>Engineering</b>	13	13	18	19	21	20	20	19	20	18
<b>Finance</b>										
Accounting	5	4	5	6	5	6	6	7	7	6
Information Tech	5	4	4	3	2	2	3	3	3	3
Purchasing	6	6	5	5	4	5	6	5	5	5
<b>Hydroelectric</b>	23	23	24	24	26	25	22	21	23.5	25.0
<b>Recreation</b>	0	1	2	4	4	5	6	7	8.5	7.0
<b>Maintenance</b>										
Operations	47	52	54	52	50	52	55	61	62	65
Shop Operations	1	1	2	2	2	2	2	3	3	3
<b>Water</b>										
Operations/Treatment	36	41	40	36	28	31	29	34	45	43
Cashiering**	2	2	2	2	1	1	1	2	2	2
Customer Serv (Includes Dispatcher)**	5	4	4	5	5	3	5	6	6	7
<b>Total FTEs</b>	<b>152</b>	<b>159</b>	<b>169</b>	<b>167</b>	<b>158</b>	<b>162</b>	<b>165</b>	<b>179</b>	<b>197</b>	<b>198</b>

Sources:

*Nevada Irrigation District Finance Department*

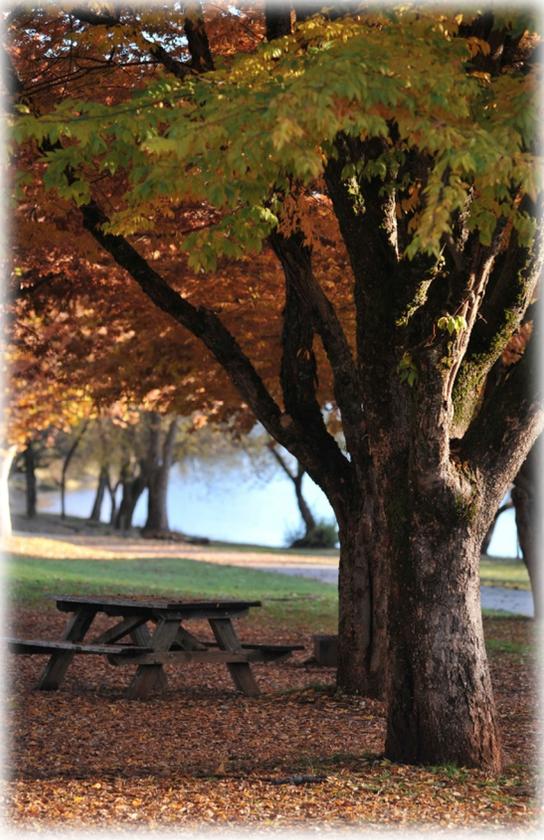
*\*Addition of Watershed Department*

*\*\*Changes in Management of Customer Service & Cashiering shifted to Water Operations*

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# COMPLIANCE SECTION



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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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 14, 2018.

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 preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that have not been identified. 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 and 2014-5 in the accompanying schedule of findings to be material weaknesses.

To the Board of Directors  
Nevada Irrigation District

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 deficiency described in Finding 2014-7 in the accompany schedule of findings to be a significant deficiency.

#### 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*

September 14, 2018

NEVADA IRRIGATION DISTRICT  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017

MATERIAL WEAKNESSES IN INTERNAL CONTROL

No new material weaknesses identified in 2017.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROLS

No new significant deficiencies identified in 2017.

NEVADA IRRIGATION DISTRICT  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017

MATERIAL WEAKNESSES IDENTIFIED IN PRIOR YEARS - UNRESOLVED

**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. Auditor inquiry prompted District evaluation of the propriety of recorded balances, which resulted in adjustments as follows:

- Recording of new term payments related to capacity fees including current year activity.
- Record receivable for reimbursable projects billed during the current year.
- Proper accrual of all amounts payable by the District at December 31, 2017. One unrecorded invoices were uncovered during testing that required adjustment.
- Recording of the current year unrealized gain/loss amount in corresponding fund.
- Procedure for segregating cash and investment balances for financial statement presentation.
- Reconciliation of project level and general ledger detail for all open construction in progress projects and capital asset accounts. Record variances in the general ledger timely including any correction to depreciation expense or accumulated depreciation.
- Segregate interest income from investing activity from interest earned on customer generated or interfund transactions.
- Reconciliation of all accounts and loans receivable balances to the subsidiary receivable system or other supporting documentation.
- 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.

**Recommendation:** We recommend that the District continue to 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.

NEVADA IRRIGATION DISTRICT  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**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:** The District is committed to the ongoing restructuring needed to resolve the timeliness of the closing process and continues its efforts to implement the required accounting policies, procedures, process changes and staffing to resolve this finding. Last year, an overhaul and implementation of a streamlined general ledger account structure that created a uniform chart of accounts across all divisions was accomplished significantly improving the ability to summarize transactions for reporting. This year, the District continued pursuing audit recommendations and instituted several more changes. First, additional in depth process improvements in the cash receipt, revenue billing, and payroll systems were implemented to ensure not only agreement of the postings to the appropriate general ledger accounts but also enhanced timing of the recording of the transactions in accordance with accrual based GAAP. Secondly, as recommended, heightened daily monitoring and review systems were implemented to review for policy and GAAP compliance. Third, and most importantly, late this year, the District completed a successful recruitment of a qualified Accountant to fill a staffing shortage from a long-term vacancy in the Accounting division. The addition of the staff member will significantly contribute to the completion of the required monthly balance sheet reconciliations needed to accomplish a fast closing of the books and audit preparation time. Prospectively, the District has contracted a consultant to assist with the selection and implementation of an integrated ERP system. The new system is expected to provide greater recording, summarizing and reporting functionalities thereby eliminating or significantly reducing much of the time consuming and burdensome manual processes that hinders the current accounting environment.

**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 that still warrant consideration:

- Void or over-ring transactions done at the point of sale locations are not approved by a supervisor as they occur.
- 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.

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.

**Recommendation:** We recommend that these remaining cash handling issues be resolved to reduce the risk of fraud or error.

**Status:** The conditions noted above still existed during 2017.

NEVADA IRRIGATION DISTRICT  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017

District's response: The District pursued several initiatives this year to improve the cash handling processes at the Recreation facilities. On site visits to the facility were implemented to review cash handling processes and management meetings were instituted to develop recommendations for better practices and staffing qualifications. A framework of best practices has been instituted specifically targeting the weaknesses described above. Internal controls were strengthened by rerouting bank statements from the Recreation division to the Accounting Division with increased oversight by the Accounting division to reconcile the bank account to the cash summary provided by the Recreation bookkeeper. Analytical tools are in development to analyze yearly revenue and expense trends as well as specific identification of all revenue streams and review of practices surrounding the collection of the revenue. Cash deposits for recreation as well as the main office continue to be contracted through a courier service. As mentioned earlier, prospective planning includes the acquisition of a new ERP system with enhanced POS capabilities developed specifically to reduce Recreation weaknesses.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL IDENTIFIED IN PRIOR YEARS – UNRESOLVED

None

PRIOR YEAR FINDINGS RESOLVED IN 2017

**Finding 2014-7: Accounts payable trial balance**

Condition: The District's accounts payable system 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: The District was able to provide an open payable listing in 2017.



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## 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, 2017, 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 September 14, 2018 contains our report on significant deficiencies or material weaknesses in the District's internal control. This letter does not affect our report dated August 3, 2017, on the financial statements of the District.

### Accounting for Capital Assets Transactions

Generally accepted accounting principles require that all financial transactions of the District be recorded and reflected in the accounting records. It was noted in our procedures that certain significant transactions related to the District's capture and recording of the capital assets was not performed on a regular and consistent basis during the year. The capital assets are accounted for only as part of the year-end audit preparation.

The capital assets require additional accounting for transactions that are outside of the routine cash disbursements activity. Expenditures are properly reflected in the accounting system of the District when the costs are incurred. However, generally accepted accounting principles require application of additional accounting theory to effect the proper capitalization and depreciation of the District's capital assets. Since this accounting is only done at year-end, extensive staff time was required to reconcile the respective general ledger accounts to reports generated by the capital assets software. The timeliness of the accounting department receiving information from other departments also has an effect on the ability of the District to update and reconcile their capital assets within a reasonable amount of time after year-end.

Information input into the District's fixed asset and project accounting modules should be complete and accurate. During the 2017 audit we noted the following observations and recommendations:

- We noted several discrepancies between the asset useful lives and acquisition dates recorded in the District's fixed asset module and the consultant's GASB 34 compliance report going back to fiscal year 2004. We recommend the District correct the useful lives of these assets within the fixed asset module, if practical, or track related depreciation separately, outside of the fixed asset module.

- There were instances where changes to assets' useful lives and asset cost corrections were not input properly in the fixed asset module, which affects the net book value of the capital assets recorded in the general ledger. We recommend the District correct the cost and accumulated depreciation for these assets within the fixed asset module, if practical, or track related depreciation separately, outside of the fixed asset module.
- The District incorrectly recorded several parcels of land for the Centennial Dam Project in construction in progress, whereas these land purchases should be recorded as land. We recommend the District analyze costs recorded in construction in progress and reclassify land parcels to the land account. Since land will retain its form after projects are completed, it should be recorded separate from construction in progress.
- Beginning balances for the Construction in Progress master list, which was generated from the project accounting module, did not agree to the general balances used in the 2016 audited financial statements. As a result, adjustments were made in 2017 to correct these differences that should have been made in 2016. We recommend the District reconcile the project accounting module to the general ledger on a quarterly basis to reduce the staff time required during the closing process. Also, we recommend the District establish cut-off procedures to ensure project costs are identified, recorded and capitalized in the correct period.
- Cash proceeds from the sale of Electric Fund assets were incorrectly recorded in the Water Fund in previous fiscal years. We recommend the District move the related cash from the Water Fund to the Electric Fund via an interfund transfer.
- We noted an instance where the Accounting Department did not receive invoices and information related to 2017 projects until July 2018. We recommend the District improve communication between departments so information is provided and received timely, allowing for sufficient analysis and decision-making.

We recommend the District record the transactions related to capital assets on a regular and periodic basis to ensure completeness of the accounting records. In this manner, the task is less onerous and more efficient for the year-end closing. Also, if done throughout the year, recollection of the underlying transactions is more current and fresh in the minds of the District's staff.

The District should also perform a secondary review of changes made within the fixed asset module and scan the fixed asset detail listing for reasonableness on a periodic basis, to assist in identifying potential input errors.

#### Accounting Procedure Manual and Trained Staff

The District does not currently have detailed written accounting procedures manual that cover various accounting functions. We recommend such procedures be documented that would serve as both a training tool for staff as well as to ensure consistency in accounting when turnover in District personnel is experienced. These documented procedures can be prepared to document unique and complex accounting issues. This documentation should include a description of the general ledger accounts, what they are used

for and how transactions are reflected in the accounts to ensure the accrual basis of accounting. The District also needs to ensure that it has sufficient staff that are adequately trained in accrual-basis accounting to ensure timely, efficient, well-documented reporting and accounting.

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 2015 actuarial report, the District's liability would increase by approximately \$11,000,000 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*

September 14, 2018

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## 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, 2017, and have issued our report thereon dated September 14, 2018. 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.

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), and the other post-employment benefits plan footnote (Note 8).

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

#### Difficulties Encountered in Performing the Audit

The material weaknesses in internal control related to year-end closing process encountered in completing our 2013, 2014, 2015 and 2016 audits were mostly still present in the 2017 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 119 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. 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.

The attached schedules summarize uncorrected misstatements in the financial statements. Management has determined that the 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 September 14, 2018.

#### 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*

September 14, 2018

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries</b>				
<b>Adjusting Journal Entries JE # 1</b>				
Client entry: to record correction to AJE 20170229: Union Bank Feb investment activity was inadvertently posted to GL Acct # 10154				
10-10153	INVESTS - UNION BANK (1580)		106,393.00	
11-47777	TRANSFER IN		106,393.00	
10-54000	TRANSFER OUT			106,393.00
11-10154	PROJ ACQ - LAIF 40, UB 1581			106,393.00
<b>Total</b>			<b>212,786.00</b>	<b>212,786.00</b>

### Adjusting Journal Entries JE # 2

Client entry: to transfer capital equipment purchases during 2017 to appropriate fixed asset accounts.

50-16230	GENERAL EQUIPMENT		34,265.00	
50-16230	GENERAL EQUIPMENT		15,415.00	
50-16230	GENERAL EQUIPMENT		5,619.00	
50-16230	GENERAL EQUIPMENT		10,753.00	
50-16230	GENERAL EQUIPMENT		18,273.00	
50161-52904	EQUIPMENT PURCHASES			34,265.00
50161-52904	EQUIPMENT PURCHASES			15,415.00
50167-52904	EQUIPMENT PURCHASES			5,619.00
50167-52904	EQUIPMENT PURCHASES			10,753.00
50167-52904	EQUIPMENT PURCHASES			18,273.00
<b>Total</b>			<b>84,325.00</b>	<b>84,325.00</b>

### Adjusting Journal Entries JE # 3

Client entry: to record LAIF and Union Bank reconciling items and record transfers to new fund 11.

10-10101	CHECKING (WFB 5558)		114,000.00	
10-10154	PROJ ACQ - LAIF 40, UB 1581		29.00	
10-54000	TRANSFER OUT		31,000.00	
10-54000	TRANSFER OUT		74,000.00	
10135-52804	BANK FEES		55.00	
10135-52804	BANK FEES		65.00	
11-10154	PROJ ACQ - LAIF 40, UB 1581		31,000.00	
11-10154	PROJ ACQ - LAIF 40, UB 1581		74,000.00	
11-54000	TRANSFER OUT		114,000.00	
10-10101	CHECKING (WFB 5558)			31,000.00
10-10154	PROJ ACQ - LAIF 40, UB 1581			74,000.00
10-10154	PROJ ACQ - LAIF 40, UB 1581			55.00

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
10-10154	PROJ ACQ - LAIF 40, UB 1581			65.00
10-47610	INTEREST INCOME:INVESTMNT			29.00
10-47777	TRANSFER IN			114,000.00
11-10154	PROJ ACQ - LAIF 40, UB 1581			114,000.00
11-47777	TRANSFER IN			31,000.00
11-47777	TRANSFER IN			74,000.00
<b>Total</b>			<b>438,149.00</b>	<b>438,149.00</b>

#### Adjusting Journal Entries JE # 4

To rollforward fund balance for the Water and Recreation funds

10-35150	FUND BALANCE		496.00	
30-60204	PRIOR PERIOD ADJUSTMENTS		1.00	
10-60204	PRIOR PERIOD ADJUSTMENTS			496.00
30-35150	FUND BALANCE			1.00
<b>Total</b>			<b>497.00</b>	<b>497.00</b>

#### Adjusting Journal Entries JE # 5

Client entry: AJE 20170888 To transfer capital equipment purchases during 2017 to appropriate fixed asset accounts.

30-16224	TRANSPORTATION EQUIPMENT		7,534.00	
30-16230	GENERAL EQUIPMENT		12,589.00	
30250-52906	TRANSFER TO FIXED ASSETS			7,534.00
30250-52906	TRANSFER TO FIXED ASSETS			12,589.00
30-10101	CHECKING (WFB 5558)			
<b>Total</b>			<b>20,123.00</b>	<b>20,123.00</b>

#### Adjusting Journal Entries JE # 6

Client entry: SLSTAX5

30-20015	ACCRUED SALES TAX PAYABLE		1.00	
30253-48734	STORE TAXABLE GROCERY			1.00
<b>Total</b>			<b>1.00</b>	<b>1.00</b>

#### Adjusting Journal Entries JE # 7

Client entry: AJE 20170890 To record the payment of the 3-31-17 quarterly fees assessment from NBS, paid by Water in 2016.

10-10101	CHECKING (WFB 5558)		2,169.00	
21-52603	CONSULTING/CONTRACTOR FEE		1,401.00	
22-52603	CONSULTING/CONTRACTOR FEE		768.00	
10-60204	PRIOR PERIOD ADJUSTMENTS			2,169.00

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
21-10101	CHECKING (WFB 5558)			1,401.00
22-10101	CHECKING (WFB 5558)			768.00
<b>Total</b>			<b>4,338.00</b>	<b>4,338.00</b>

#### Adjusting Journal Entries JE # 8

Client entry: AJE 20170889 To True-up YE SLS TX 2 Actual

10-20015	ACCRUED SALES TAX PAYABLE		271.00	
50-20015	ACCRUED SALES TAX PAYABLE		270.00	
10193-52504	MATERIALS			271.00
50167-52503	EQUIPMENT MAINTENANCE			270.00
<b>Total</b>			<b>541.00</b>	<b>541.00</b>

#### Adjusting Journal Entries JE # 9

Client entry: AJE 20170891 To record 2017 activity in the temporary service line accounts including the accrual of interest payable on the deposits.

10-19201	TSL receivable		20,000.00	
10114-60110	INTEREST EXPENSE		2,681.00	
10-28015	TEMPORARY SERVICE LINES			22,068.00
10114-60110	INTEREST EXPENSE			613.00
<b>Total</b>			<b>22,681.00</b>	<b>22,681.00</b>

#### Adjusting Journal Entries JE # 10

Client entry: AJE 20180289 To record adjustments to Hydro revenue, PG&E receivable, and Caiso charges for 2017 activity and adjust to calculated balance of accrued revenue at 12-31-17.

50-11601	RECEIVABLE FR PG&E		37,108.00	
50112-52608	FED/ST/CO FEES		4,404.00	
50112-52608	FED/ST/CO FEES		975.00	
50112-52608	FED/ST/CO FEES		3,235.00	
50112-52608	FED/ST/CO FEES		63.00	
50521-41160	POWER GENERATION		2,205.00	
50523-41160	POWER GENERATION		9,288.00	
50711-41160	POWER GENERATION		2,645.00	
50731-41160	POWER GENERATION		621.00	
50751-41160	POWER GENERATION		43,701.00	
50771-41160	POWER GENERATION		26,567.00	
50112-52608	FED/ST/CO FEES			1,354.00
50523-41160	POWER GENERATION			975.00
50523-41160	POWER GENERATION			27,172.00

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
50531-41160	POWER GENERATION			3,235.00
50751-41160	POWER GENERATION			87,860.00
50771-41160	POWER GENERATION			10,216.00
<b>Total</b>			<b>130,812.00</b>	<b>130,812.00</b>

**Adjusting Journal Entries JE # 11**

Client entry: AJE 20170892 Record final bank reconciliation adjustment

10-46190	MISCELLANEOUS		32,715.00	
10-46190	MISCELLANEOUS		2,472.00	
10-10101	CHECKING (WFB 5558)			32,715.00
10-10101	CHECKING (WFB 5558)			2,472.00
<b>Total</b>			<b>35,187.00</b>	<b>35,187.00</b>

**Adjusting Journal Entries JE # 12**

Client entry: AJE 20170893 A/P ACCR DEC WD PST 2018

10-20055	HRA REIMBURSEMENT		6,451.00	
10-20055	HRA REIMBURSEMENT		8,245.00	
10-24464	WATER - DEF RD COMP DEDUCTS		6,016.00	
10-24490	WITHHOLDING ORDERS		810.00	
10113-52710	OFFICE SUPPLIES		11.00	
10115-52710	OFFICE SUPPLIES		24.00	
10117-52711	EDUCATION/TRAINING/MEALS		51.00	
10151-52706	DUES, PUBLCTNS, SPNSRSHP		285.00	
10171-52503	EQUIPMENT MAINTENANCE		889.00	
10171-52504	MATERIALS		2,407.00	
10171-52713	UTILITIES		26.00	
10193-52710	OFFICE SUPPLIES		87.00	
30-24465	HYDROÆDEF RD COMP DEDUCTS		300.00	
30250-52710	OFFICE SUPPLIES		408.00	
50-24465	HYDRO - DEF RD COMP DEDUCTS		628.00	
50-24490	WITHHOLDING ORDERS		128.00	
50112-52920	PROJ BUD: PH IMPROVEMENTS		244.00	
50161-52504	MATERIALS		943.00	
50167-52504	MATERIALS		141.00	
50167-52711	EDUCATION/TRAINING/MEALS		700.00	
10-10101	CHECKING (WFB 5558)			25,302.00
30-10101	CHECKING (WFB 5558)			708.00
50-10101	CHECKING (WFB 5558)			2,784.00
<b>Total</b>			<b>28,794.00</b>	<b>28,794.00</b>

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 13</b>				
Client entry: AJE 20170895 ADJ INV 2 Physical YE 2017				
10-13194	POL 1, 2 & 3, NEVADA		15,636.00	
10-13194	POL 1, 2 & 3, NEVADA		17,793.00	
10-13195	POL 5, 6 & 7, PLACER		8,560.00	
10195-52503	EQUIPMENT MAINTENANCE		27,723.00	
50-13197	INVENTORY		865.00	
10-13195	POL 5, 6 & 7, PLACER			27,723.00
10195-52501	CHEMICALS			15,636.00
10195-52501	CHEMICALS			17,793.00
10195-52503	EQUIPMENT MAINTENANCE			8,560.00
50112-52501	CHEMICALS			865.00
<b>Total</b>			<b>70,577.00</b>	<b>70,577.00</b>

#### Adjusting Journal Entries JE # 14

Client entry: AJE 20170896 To record completion of earning process for funds collected for Table Meadows, Project #1042, completed 12/1/2017...

10-28025	MISCELLANEOUS DEF REV		307,487.00	
10-42101	TREATED WTR - CAPACITY FEES			307,487.00
<b>Total</b>			<b>307,487.00</b>	<b>307,487.00</b>

#### Adjusting Journal Entries JE # 15

Client entry: AJE 20170897

30-28025	MISCELLANEOUS DEF REV		1,446.00	
30253-48908	OFC ADV RESERV - GATE 2		3,968.00	
30253-48909	OFC ADV RESERV - GATE 1		6,744.00	
30256-48909	OFC ADV RESERV - GATE 1		1,977.00	
30257-48909	OFC ADV RESERV GATE 1		8,736.00	
30-28025	MISCELLANEOUS DEF REV			6,744.00
30-28025	MISCELLANEOUS DEF REV			3,968.00
30-28025	MISCELLANEOUS DEF REV			8,736.00
30-28025	MISCELLANEOUS DEF REV			1,977.00
30254-48909	OFC ADV RESERV - GATE 1			1,446.00
<b>Total</b>			<b>22,871.00</b>	<b>22,871.00</b>

#### Adjusting Journal Entries JE # 16

Client entry: AJE 20170898 To record OPEB liability at 12/31/17, per 2017 valuation report

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
10-20060	OPEB LIABILITY		401,931.00	
30250-51324	OPEB NET ARC		17,407.00	
50112-51324	OPEB NET ARC		106,478.00	
10114-51324	OPEB NET ARC			401,931.00
30-20060	OPEB LIABILITY			17,407.00
50-19630	OPEB ASSET			106,478.00
<b>Total</b>			<b>525,816.00</b>	<b>525,816.00</b>

**Adjusting Journal Entries JE # 17****A-3 D**

Reclass cash balance to/from investments

10-19999	Reclass to/from investments		21,177.00	
10-19998	Reclass to/from investments			21,177.00
<b>Total</b>			<b>21,177.00</b>	<b>21,177.00</b>

**Adjusting Journal Entries JE # 18**

Client entry: AJE 20170901 2017 additions to construction in progress (CIP) from projects.

10-16401	CONSTRUCTION IN PROGRESS		19,734,974.00	
10-52970	CORRECT 01-30.40 2013			18,324,589.00
10-52992	2017 CIP LABOR			1,103,941.00
10-52993	2017 CIP BENEFITS			306,444.00
<b>Total</b>			<b>19,734,974.00</b>	<b>19,734,974.00</b>

**Adjusting Journal Entries JE # 19**

Client entry: AJE 20170902 Assets transferred from construction in progress (CIP) to fixed assets during 2017.

10-16101	GENERAL PLANT		1,636,751.00	
10-16224	TRANSPORTATION EQUIPMENT		24,891.00	
10-16401	CONSTRUCTION IN PROGRESS			1,661,642.00
<b>Total</b>			<b>1,661,642.00</b>	<b>1,661,642.00</b>

**Adjusting Journal Entries JE # 20**

Client entry: AJE 20170903 Removal of projects (#1038 &amp; #7010) included in CIP balance but did not rise to the level of capitalization per NID policy.

10-52992	2017 CIP LABOR		195.00	
10-52993	2017 CIP BENEFITS		119.00	
10-16401	CONSTRUCTION IN PROGRESS			314.00
<b>Total</b>			<b>314.00</b>	<b>314.00</b>

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 21</b>				
Client entry: AJE 20170904 Removal of DFWLE projects included in CIP balance, but were cancelled (#1019, #2009 & #2010) or closed with a remaining CIP balance (#6906) during 2017.				
10-52970	CORRECT 01-30.40 2013		4,682.00	
10-52992	2017 CIP LABOR		2,998.00	
10-52993	2017 CIP BENEFITS		1,095.00	
10-16401	CONSTRUCTION IN PROGRESS			8,775.00
<b>Total</b>			<b>8,775.00</b>	<b>8,775.00</b>

#### Adjusting Journal Entries JE # 22

Client entry: AJE 20170905 Water fund assets transferred from projects to fixed assets in 2017. These projects were not included in CIP balance at 12/31/16.

10-16101	GENERAL PLANT		412,451.00	
10-16101	GENERAL PLANT		21,274.00	
10-16211	STRUCTURES, IMPROVEMENTS		31,479.00	
10-52970	CORRECT 01-30.40 2013			398,077.00
10-52970	CORRECT 01-30.40 2013			29,929.00
10-52970	CORRECT 01-30.40 2013			9,914.00
10-52992	2017 CIP LABOR			10,937.00
10-52992	2017 CIP LABOR			1,094.00
10-52992	2017 CIP LABOR			9,457.00
10-52993	2017 CIP BENEFITS			3,437.00
10-52993	2017 CIP BENEFITS			455.00
10-52993	2017 CIP BENEFITS			1,904.00
<b>Total</b>			<b>465,204.00</b>	<b>465,204.00</b>

#### Adjusting Journal Entries JE # 23

Client entry: AJE 20170906 Prior year labor from capitalizable projects, excluded from construction in progress (CIP) balance at 12/31/2016.

10-16401	CONSTRUCTION IN PROGRESS		157,089.00	
10-60204	PRIOR PERIOD ADJUSTMENTS			157,089.00
<b>Total</b>			<b>157,089.00</b>	<b>157,089.00</b>

#### Adjusting Journal Entries JE # 24

Client entry: AJE 20170907 Prior period capital project irreconcilable differences between project balances and CIP carrying amount. CIP balances adjusted to 12/31/16 project balances until staff can analyze each project using NID capitalization policy

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
10-60204	PRIOR PERIOD ADJUSTMENTS		186,303.00	
10-16401	CONSTRUCTION IN PROGRESS			186,303.00
<b>Total</b>			<b>186,303.00</b>	<b>186,303.00</b>

**Adjusting Journal Entries JE # 25**

Client entry: AJE 20170899

10-10156	US BANK 2016A BONDS		12,062.00	
10-47777	TRANSFER IN		12,060.00	
10-10156	US BANK 2016A BONDS			12,048.00
10-47610	INTEREST INCOME:INVESTMNT			1.00
10-47610	INTEREST INCOME:INVESTMNT			13.00
10-54000	TRANSFER OUT			12,060.00
<b>Total</b>			<b>24,122.00</b>	<b>24,122.00</b>

**Adjusting Journal Entries JE # 26**

Client entry: AJE 20170908 To record interest income earned in September 2017.

10-10161	US BANK 2011A		11.00	
10-47610	INTEREST INCOME:INVESTMNT			11.00
<b>Total</b>			<b>11.00</b>	<b>11.00</b>

**Adjusting Journal Entries JE # 27**

Client entry: AJE 20170909

10-47610	INTEREST INCOME:INVESTMNT		106,393.00	
10-10153	INVESTS - UNION BANK (1580)			106,393.00
<b>Total</b>			<b>106,393.00</b>	<b>106,393.00</b>

**Adjusting Journal Entries JE # 28**

Client entry: AJE 20170911 To adjust interest receivable to actual at 12/31/2017.

10-11621	INTEREST RECEIVABLE		141,958.00	
20-47610	INTEREST INCOME		1,321.00	
21-47610	INTERST INCOME		316.00	
22-47610	INTEREST INCOME		282.00	
30-47610	INTEREST INCOME		1,167.00	
50-47610	INTEREST INCOME:INVESTMNT		151,444.00	
10-47610	INTEREST INCOME:INVESTMNT			141,958.00
20-11621	INTEREST RECEIVABLE			1,321.00
21-11621	INTEREST RECEIVABLE			316.00

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
22-11621	INTEREST RECEIVABLE			282.00
30-11621	INTEREST RECEIVABLE			1,167.00
50-11621	INTEREST RECEIVABLE			151,444.00
<b>Total</b>			<b>296,488.00</b>	<b>296,488.00</b>

#### Adjusting Journal Entries JE # 29

Client entry: AJE 20170910 To record July 2017 gain on maturity of International BK investment.

10-10153	INVESTS - UNION BANK (1580)		52,320.00	
10-47612	REAL GAIN/LOSS ON INVEST			52,320.00
<b>Total</b>			<b>52,320.00</b>	<b>52,320.00</b>

#### Adjusting Journal Entries JE # 30

Client entry: AJE 20170925 To adjust FMV at 12/31/2017.

10-10151	MARKET VALUE ADJUSTMENT		174,341.00	
50-47611	UNREAL GAIN/LOSS-INVESTMT		325,139.00	
10-47611	UNREAL GAIN/LOSS-INVESTMT			174,341.00
50-10151	MARKET VALUE ADJUSTMENT			325,139.00
<b>Total</b>			<b>499,480.00</b>	<b>499,480.00</b>

#### Adjusting Journal Entries JE # 31

Client entry: AJE 20170926 OS Def Rev 28025

30252-48808	MARINA ADVANCED RESERV		1,500.00	
30-28025	MISCELLANEOUS DEF REV			1,500.00
<b>Total</b>			<b>1,500.00</b>	<b>1,500.00</b>

#### Adjusting Journal Entries JE # 32

Client entry: AJE 20170915 Hydroelectric fund assets transferred from projects to fixed assets in 2017. These projects were not included in CIP balance at 12/31/16.

50-16200	ELECTRIC PLANT		269,356.00	
50-16212	DAMS AND RESERVOIRS		385,172.00	
50-52970	HYD-FUND - TFR TO/FR PROJ			374,204.00
50-52970	HYD-FUND - TFR TO/FR PROJ			265,741.00
50-52992	HYD FUND-CAPITALIZED LABOR			9,004.00
50-52992	HYD FUND-CAPITALIZED LABOR			2,870.00
50-52993	HYD-FUND CAPITALIZED BENEFIT			1,964.00
50-52993	HYD-FUND CAPITALIZED BENEFIT			745.00
<b>Total</b>			<b>654,528.00</b>	<b>654,528.00</b>

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 33</b>				
Client entry: 20170916 To restore project expenses to capital project #201402 (Combie So Scour contermesure) after prior year JE transferred exp to CIP and reduced project balance on 2014 JE#13-50.6H.				
50112-52907	RESTORE PROJECT EXPENSES		15,333.00	
50-52970	HYD-FUND - TFR TO/FR PROJ			15,333.00
<b>Total</b>			<b>15,333.00</b>	<b>15,333.00</b>

#### Adjusting Journal Entries JE # 34

Client entry: AJE 20170917 Transfer non-capitalizable expense from Hydro capital project #2076 (Rollins LLO HB Valve) to O&M.

10151-52711	EDUCATION/TRAINING/MEALS		29.00	
10151-52921	PROJ BUD: RESERV, DAM, WA			29.00
<b>Total</b>			<b>29.00</b>	<b>29.00</b>

#### Adjusting Journal Entries JE # 35

Client entry: AJE 20170918 Prior year labor from capitalizable projects, excluded from construction in progress (CIP) balance at 12/31/16.

50-16401	CONSTRUCTION IN PROGRESS		339,604.00	
50-60204	PRIOR PERIOD ADJUSTMENTS			339,604.00
<b>Total</b>			<b>339,604.00</b>	<b>339,604.00</b>

#### Adjusting Journal Entries JE # 36

Client entry: AJE 20170919 2017 additions to Hydro construction in progress (CIP) from projects.

50-16401	CONSTRUCTION IN PROGRESS		127,833.00	
50-16401	CONSTRUCTION IN PROGRESS		2,644,432.00	
50-52970	HYD-FUND - TFR TO/FR PROJ			2,644,432.00
50-52992	HYD FUND-CAPITALIZED LABOR			103,771.00
50-52993	HYD-FUND CAPITALIZED BENEFIT			24,062.00
<b>Total</b>			<b>2,772,265.00</b>	<b>2,772,265.00</b>

#### Adjusting Journal Entries JE # 37

Client entry: AJE 20170920 Closed Project (#2052 Rollins Penstock Leak) removed from Construction in Progress (CIP) due to unmet capital preservation threshold of \$75K.

50-52970	HYD-FUND - TFR TO/FR PROJ		17,126.00	
50-52992	HYD FUND-CAPITALIZED LABOR		9,082.00	
50-52993	HYD-FUND CAPITALIZED BENEFIT		2,343.00	

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
50-16401	CONSTRUCTION IN PROGRESS			28,551.00
<b>Total</b>			<b>28,551.00</b>	<b>28,551.00</b>

#### Adjusting Journal Entries JE # 38

Client entry: AJE 20170922 Transfer Project #2091 (Long Ravine Boat Slips), complete and in service 5/31/17, to fixed assets (FA#12009). This Project was not included in CIP balance.

30-16230	GENERAL EQUIPMENT		226,090.00	
30-52970	REC FUND-TFR TO/FR PROJECTS			224,644.00
30-52992	REC FUND-CAPITALIZED SALARIES			1,053.00
30-52993	REC FUND- CAPITALIZED BENEFITS			393.00
<b>Total</b>			<b>226,090.00</b>	<b>226,090.00</b>

#### Adjusting Journal Entries JE # 39

Client entry: AJE 20170923 Recreation Fund 2017 additions to CIP from capitalizable projects (#2014, #2023, #2087, #2102).

30-16401	CONSTRUCTION IN PROGRESS		240,147.00	
30-52970	REC FUND-TFR TO/FR PROJECTS			135,810.00
30-52992	REC FUND-CAPITALIZED SALARIES			74,001.00
30-52993	REC FUND- CAPITALIZED BENEFITS			30,336.00
<b>Total</b>			<b>240,147.00</b>	<b>240,147.00</b>

#### Adjusting Journal Entries JE # 40

Client entry: AJE 20170924 Relief of recreation fund, construction in progress (CIP) project #2014 (Scotts Flat Wireless Internet System), completed and placed in service 5/8/17, transferred to fixed asset #12007.

30-16101	GENERAL PLANT		31,574.00	
30-16401	CONSTRUCTION IN PROGRESS			31,574.00
<b>Total</b>			<b>31,574.00</b>	<b>31,574.00</b>

#### Adjusting Journal Entries JE # 41

Client entry: AJE 20170928 To close the clearing account 20036 as Misc A/R deposits and refunds are now posted to GL Acct #20039.

10-40106	NON - COMMERCIAL - INSIDE		902.00	
10-20036	A/R CLEARING			902.00
<b>Total</b>			<b>902.00</b>	<b>902.00</b>

#### Adjusting Journal Entries JE # 42

Client entry: AJE 20170927 Tp adjust Misc A/R accounts for actual per detail @ 12/31/17.

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
10-11306	MISC A/R:REIMB PROJECTS		40,846.00	
10-11615	MISCELLANEOUS A/R		24,616.00	
10-11615	MISCELLANEOUS A/R		7,684.00	
30-20510	DUE TO WATER FUND 10		7,684.00	
30-20510	DUE TO WATER FUND 10		24,616.00	
50-11615	MISCELLANEOUS A/R		30,301.00	
10-11615	MISCELLANEOUS A/R			40,846.00
10-12106	DUE FROM RECREATION			24,616.00
10-12106	DUE FROM RECREATION			7,684.00
30-11615	MISCELLANEOUS A/R			24,616.00
30-11615	MISCELLANEOUS A/R			7,684.00
50715-45182	BOWMAN COSTS - HAYPRESS			30,301.00
<b>Total</b>			<b>135,747.00</b>	<b>135,747.00</b>

#### Adjusting Journal Entries JE # 43

Client entry: AJE 20170930 To gross up contract water sold to PG&E at Halsey Powerhouse, Wise Powerhouse, an Newcastle Powerhouse for the period June 2016 to November 2017 and to record water purchases for the same time period. PG&E paid the net amount

10171-52507	WATER PURCHASE		19,789.00	
10-40705	SUPPLEMENTAL/CONTRACT WTR			19,789.00
<b>Total</b>			<b>19,789.00</b>	<b>19,789.00</b>

#### Adjusting Journal Entries JE # 44

Client entry: AJE 20170929 Inventory adjusted to value report at 12/29/17. Adj. Inv. 12/29/17 Value Report

10-13191	S-1 SHOP, NEVADA		2,583.00	
10195-52501	CHEMICALS			2,583.00
<b>Total</b>			<b>2,583.00</b>	<b>2,583.00</b>

#### Adjusting Journal Entries JE # 45

Client entry: AJE 20170932 To correct JE 20170924 GL coding for fixed assets #12007, project #2014 (Scotts Flat Wireless).

30-16230	GENERAL EQUIPMENT		31,574.00	
30-16101	GENERAL PLANT			31,574.00
<b>Total</b>			<b>31,574.00</b>	<b>31,574.00</b>

#### Adjusting Journal Entries JE # 46

Client entry: AJE 20170933 Disposal of Recreation asset #07509 (Ford Compact Tractor). Purged from FA system.

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
30-16630	TOOLS & EQUIP - CCDEP		14,887.00	
30-16230	GENERAL EQUIPMENT			14,887.00
<b>Total</b>			<b>14,887.00</b>	<b>14,887.00</b>

#### Adjusting Journal Entries JE # 47

Client entry: AJE 20170934 Transfer assets #10155 and 10441, which are floating docks, out of transportation 16224, into general equipment 16230. Also, transfer accumulated depreciation along with asset #10155 & 10441 from 16635 to 16630.

30-16230	GENERAL EQUIPMENT		48,116.00	
30-16635	TRANSP EQUIP - ACCUM DEP		19,472.00	
30-16224	TRANSPORTATION EQUIPMENT			48,116.00
30-16630	TOOLS & EQUIP - CCDEP			19,472.00
<b>Total</b>			<b>67,588.00</b>	<b>67,588.00</b>

#### Adjusting Journal Entries JE # 48

Client entry: AJE 20170935 To correct accumulated depreciation for facilities from JE FXASSET 12/31/17. This was a system generated depreciation journal. Asset categories in Pentamation did not report correct accumulated depreciation GL codes for Recr

30-16610	PLANT IN SERVICE - ACCDEP		188,017.00	
30-16620	FACILITIES - ACCDEP			188,017.00
<b>Total</b>			<b>188,017.00</b>	<b>188,017.00</b>

#### Adjusting Journal Entries JE # 49

Client entry: AJE 20170936 Transfer asset #10253 (2010 Ford F150 4x4) from fund 10, dept 10171 to fund 30, dept 30253. 2017 depreciation expense posted in fund 30, to 30250-57101 and accum depr to 30-16635, as asset had been transferred before deprecia

10-12106	DUE FROM RECREATION		1,207.00	
10-16635	TRANSP EQUIP - ACCUM DEP		19,069.00	
30-16224	TRANSPORTATION EQUIPMENT		20,276.00	
10-16224	TRANSPORTATION EQUIPMENT			20,276.00
30-16635	TRANSP EQUIP - ACCUM DEP			19,069.00
30-20510	DUE TO WATER FUND 10			1,207.00
<b>Total</b>			<b>40,552.00</b>	<b>40,552.00</b>

#### Adjusting Journal Entries JE # 50

Client entry: AJE 20170937 Correct Accumlated depreciation for assets 12008 to 12009 due to code 16630 (AccDep Tools & Equip) category code error dierecting accumulated depreciation to 16635 (AccDep Transportation Equip) under code 032.

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
30-16635	TRANSP EQUIP - ACCUM DEP		8,899.00	
30-16630	TOOLS & EQUIP - CCDEP			8,899.00
<b>Total</b>			<b>8,899.00</b>	<b>8,899.00</b>

#### Adjusting Journal Entries JE # 51

Client entry: AJE 20170943 To adjust Misc A/R: Reimb projects to detail at 12/31/17.

10-46165	REIMBURSABLE PROJ REVENUE		28,417.00	
10-11306	MISC A/R:REIMB PROJECTS			28,417.00
<b>Total</b>			<b>28,417.00</b>	<b>28,417.00</b>

#### Adjusting Journal Entries JE # 52

Client entry: AJE 20170941 Per 2018 audit determination on the Centennial Water Storage Project #7013, transfer purchases of three buildings from fixed assets back into project 7013 expenses. These buildings were transferred out of the 7013 project expe

10-16401	CONSTRUCTION IN PROGRESS		387,862.00	
10-16610	PLANT IN SERVICE - ACCDEP		15,141.00	
10-16610	PLANT IN SERVICE - ACCDEP		28,949.00	
10151-52915	PROJ BUD: NON-PROGRAMMATI		387,862.00	
10-16211	STRUCTURES, IMPROVEMENTS			387,862.00
10-52970	CORRECT 01-30.40 2013			387,862.00
10-60204	PRIOR PERIOD ADJUSTMENTS			28,949.00
10114-57101	DEPRECIATION EXPENSE			15,141.00
<b>Total</b>			<b>819,814.00</b>	<b>819,814.00</b>

#### Adjusting Journal Entries JE # 53

Client entry: AJE 20170942

10-16610	PLANT IN SERVICE - ACCDEP		31,371.00	
10114-57101	DEPRECIATION EXPENSE			31,371.00
<b>Total</b>			<b>31,371.00</b>	<b>31,371.00</b>

#### Adjusting Journal Entries JE # 54

Client entry: AJE 20170965 To record pension liabilities, deferred inflows/outflows and pension expense FYE 12-31-17.

10-29000	DEFERRED INFLOWS - GASB 68		2,618,954.00	
10114-51325	PENSION EXPENSE		1,524,315.00	
30-29000	DEFERRED INFLOWSG+~+ãGASB 68		104,678.00	
30250-51325	PENSION EXPENSE		114,010.00	
50-19605	DEFERRED OUTFLOWS - GASB68		69,054.00	

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
50-29000	DEFERRED INFLOWS - GASB 68		474,974.00	
50112-51325	PENSION EXPENSE		1,022,038.00	
10-19605	DEFERRED OUTFLOWS - GASB68			565,103.00
10-28500	NET PENSION LIABILITY			3,578,166.00
30-19605	DEFERRED OUTFLOW - GASB68			10,373.00
30-28500	NET PENSION LIABILITY			208,315.00
50-28500	NET PENSION LIABILITY			1,566,066.00
<b>Total</b>			<b>5,928,023.00</b>	<b>5,928,023.00</b>

#### Adjusting Journal Entries JE # 55

Client entry: AJE 20170944 To record FY17 contributed capital from project #1035, Ridge Meadows Waterline Extension, by developer HBT of Ridge Meadows, LLC, A. Garcia. 4 fire hydrants and 2365 linear feet of 8" treated water pipeline

10-16101	GENERAL PLANT		210,661.00	
10-48650	CONTRIBUTED CAPITAL			210,661.00
<b>Total</b>			<b>210,661.00</b>	<b>210,661.00</b>

#### Adjusting Journal Entries JE # 56

Client entry: AJE 13-41.4 To record workers' comp, PERS, and mc liabilities related to compensated absence and wage accruals at 12/31/17.

10115-51310	MEDICARE		2,058.00	
10115-51310	MEDICARE		224.00	
10115-51311	PENSION PREMIUMS		12,236.00	
10115-51311	PENSION PREMIUMS		1,332.00	
10115-51317	WORKERS COMP		115.00	
10116-51310	MEDICARE		69.00	
10116-51310	MEDICARE		23.00	
10116-51311	PENSION PREMIUMS		412.00	
10116-51311	PENSION PREMIUMS		137.00	
10116-51317	WORKERS COMP		6.00	
10117-51310	MEDICARE		122.00	
10117-51310	MEDICARE		43.00	
10117-51311	PENSION PREMIUMS		723.00	
10117-51311	PENSION PREMIUMS		253.00	
10117-51317	WORKERS COMP		10.00	
10118-51310	MEDICARE		904.00	
10118-51310	MEDICARE		74.00	
10118-51311	PENSION PREMIUMS		5,374.00	

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
10118-51311	PENSION PREMIUMS		442.00	
10118-51317	WORKERS COMP		18.00	
10131-51310	MEDICARE		93.00	
10131-51310	MEDICARE		26.00	
10131-51311	PENSION PREMIUMS		555.00	
10131-51311	PENSION PREMIUMS		157.00	
10131-51317	WORKERS COMP		6.00	
10133-51310	MEDICARE		497.00	
10133-51310	MEDICARE		107.00	
10133-51311	PENSION PREMIUMS		2,958.00	
10133-51311	PENSION PREMIUMS		628.00	
10133-51317	WORKERS COMP		28.00	
10135-51310	MEDICARE		581.00	
10135-51310	MEDICARE		146.00	
10135-51311	PENSION PREMIUMS		3,453.00	
10135-51311	PENSION PREMIUMS		868.00	
10135-51317	WORKERS COMP		36.00	
10151-51310	MEDICARE		4,388.00	
10151-51310	MEDICARE		461.00	
10151-51311	PENSION PREMIUMS		26,091.00	
10151-51311	PENSION PREMIUMS		2,739.00	
10151-51317	WORKERS COMP		692.00	
10171-51310	MEDICARE		15,476.00	
10171-51310	MEDICARE		1,001.00	
10171-51311	PENSION PREMIUMS		92,026.00	
10171-51311	PENSION PREMIUMS		5,411.00	
10171-51317	WORKERS COMP		2,366.00	
10191-51310	MEDICARE		11,522.00	
10191-51310	MEDICARE		1,084.00	
10191-51311	PENSION PREMIUMS		68,514.00	
10191-51311	PENSION PREMIUMS		6,439.00	
10191-51317	WORKERS COMP		3,194.00	
10193-51310	MEDICARE		946.00	
10193-51310	MEDICARE		91.00	
10193-51311	PENSION PREMIUMS		5,623.00	
10193-51311	PENSION PREMIUMS		544.00	
10193-51317	WORKERS COMP		22.00	
10195-51310	MEDICARE		457.00	
10195-51310	MEDICARE		54.00	

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
10195-51311	PENSION PREMIUMS		2,719.00	
10195-51311	PENSION PREMIUMS		322.00	
10195-51317	WORKERS COMP		140.00	
30250-51310	MEDICARE		1,706.00	
30250-51310	MEDICARE		129.00	
30250-51311	PENSION PREMIUMS		10,142.00	
30250-51311	PENSION PREMIUMS		727.00	
30250-51317	WORKERS COMP		422.00	
50112-51310	MEDICARE		1,329.00	
50112-51310	MEDICARE		136.00	
50112-51311	PENSION PREMIUMS		7,903.00	
50112-51311	PENSION PREMIUMS		811.00	
50112-51317	WORKERS COMP		116.00	
50161-51310	MEDICARE		3,889.00	
50161-51310	MEDICARE		275.00	
50161-51311	PENSION PREMIUMS		23,125.00	
50161-51311	PENSION PREMIUMS		1,544.00	
50161-51317	WORKERS COMP		343.00	
50167-51310	MEDICARE		4,541.00	
50167-51310	MEDICARE		269.00	
50167-51311	PENSION PREMIUMS		27,003.00	
50167-51311	PENSION PREMIUMS		1,602.00	
50167-51317	WORKERS COMP		342.00	
10-14010	PREPAID WC INSURANCE			6,633.00
10-20022	PR CLEARING - MED/FICA ER			37,113.00
10-20022	PR CLEARING - MED/FICA ER			3,334.00
10-20023	PR CLEARING - PERS ER			220,684.00
10-20023	PR CLEARING - PERS ER			19,272.00
30-14010	PREPAID WC INSURANCE			422.00
30-20022	PR CLEARING - MED/FICA ER			1,706.00
30-20022	PR CLEARING - MED/FICA ER			129.00
30-20023	PR CLEARING - PERS ER			10,142.00
30-20023	PR CLEARING - PERS ER			727.00
50-14010	PREPAID WC INSURANCE			801.00
50-20022	PR CLEARING - MED/FICA ER			9,759.00
50-20022	PR CLEARING - MED/FICA ER			680.00
50-20023	PR CLEARING - PERS ER			58,031.00
50-20023	PR CLEARING - PERS ER			3,957.00
<b>Total</b>			<b>373,390.00</b>	<b>373,390.00</b>

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 57</b>				
Client entry: AJE 20170945 Disposal of and loss on disposal of fixed asset #09944, 2008 Canon Copier Digital.				
10-16630	TOOLS & EQUIP - ACCDEP		14,974.00	
10-48601	GAIN/LOSS - DISPOSAL F/A		1,664.00	
10-16230	GENERAL EQUIPMENT			16,638.00
<b>Total</b>			<b>16,638.00</b>	<b>16,638.00</b>

**Adjusting Journal Entries JE # 58**

Client entry: AJE 20170946 Disposal of fixed asset #10106, 2009 Ford Escape Hybrid vehicle. Gain on disposal recorded 2/28/17, \$1,775.00, 10-48601

10-16635	TRANSP EQUIP - ACCUM DEP		29,871.00	
10-16224	TRANSPORTATION EQUIPMENT			29,871.00
<b>Total</b>			<b>29,871.00</b>	<b>29,871.00</b>

**Adjusting Journal Entries JE # 59**

Client entry: AJE 20170947 Disposal and loss on disposal of fixed asset #10719, 2016 Ford F150 4x4 pickup truck, due to vehicle accident. Loss on disposal of \$20,956.06 may be offset by insurance settlement of \$12,226.64 (unable to locate the settleme

10-16635	TRANSP EQUIP - ACCUM DEP		2,515.00	
10-48601	GAIN/LOSS - DISPOSAL F/A		20,956.00	
10-16224	TRANSPORTATION EQUIPMENT			23,471.00
<b>Total</b>			<b>23,471.00</b>	<b>23,471.00</b>

**Adjusting Journal Entries JE # 60**

Client entry: AJE 20170948 Disposal of fixed asset #09707, 2006 Canon Imagerunner 4570 copier.

10-16630	TOOLS & EQUIP - ACCDEP		13,531.00	
10-16230	GENERAL EQUIPMENT			13,531.00
<b>Total</b>			<b>13,531.00</b>	<b>13,531.00</b>

**Adjusting Journal Entries JE # 61**

Client entry: AJE 20170949 Disposal of fixed asset #09653 Topcon GPT3002W 2" Total Station #603 (survey crew equipment)

10-16630	TOOLS & EQUIP - ACCDEP		9,253.00	
10-16230	GENERAL EQUIPMENT			9,253.00
<b>Total</b>			<b>9,253.00</b>	<b>9,253.00</b>

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 62</b>				
Client entry: AJE 20170950 Disposal of fixed asset #09619 Innerspace Workstation.				
10-16630	TOOLS & EQUIP - ACCDEP		5,362.00	
10-16230	GENERAL EQUIPMENT			5,362.00
<b>Total</b>			<b>5,362.00</b>	<b>5,362.00</b>
<b>Adjusting Journal Entries JE # 63</b>				
Client entry: AJE 20170951 Disposal of fixed asset #10134, ISCSI Data backup appliance.				
10-16630	TOOLS & EQUIP - ACCDEP		8,797.00	
10-16230	GENERAL EQUIPMENT			8,797.00
<b>Total</b>			<b>8,797.00</b>	<b>8,797.00</b>
<b>Adjusting Journal Entries JE # 64</b>				
Client entry: AJE 20170952 Disposal of fixed asset #H5249, 2010 Ford F150 w/camper shell vehicle. Proceeds from sale of asset \$2,500 recorded in 10-48601, 10/31/17, KC000963037				
50-16635	TRANSP EQUIP - ACCUM DEP		32,003.00	
50-16224	TRANSPORTATION EQUIPMENT			32,003.00
<b>Total</b>			<b>32,003.00</b>	<b>32,003.00</b>
<b>Adjusting Journal Entries JE # 65</b>				
Client entry: AJE 20170953 Disposal of fixed asset #H5242, 2010 Ford F150 4x4 pickup truck.				
50-16635	TRANSP EQUIP - ACCUM DEP		19,509.00	
50-16224	TRANSPORTATION EQUIPMENT			19,509.00
<b>Total</b>			<b>19,509.00</b>	<b>19,509.00</b>
<b>Adjusting Journal Entries JE # 66</b>				
Client entry: AJE 20170954 Disposal of fixed asset #H5324, Enoserv RTS Software vs 5.0 X.				
50-16630	TOOLS & EQUIP - ACCDEP		27,072.00	
50-16230	GENERAL EQUIPMENT			27,072.00
<b>Total</b>			<b>27,072.00</b>	<b>27,072.00</b>
<b>Adjusting Journal Entries JE # 67</b>				
Client entry: AJE 20170955 Disposal of fixed asset #H5159, Tubing bender kit.				
50-16630	TOOLS & EQUIP - ACCDEP		7,764.00	
50-16230	GENERAL EQUIPMENT			7,764.00

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
<b>Total</b>			<b>7,764.00</b>	<b>7,764.00</b>

**Adjusting Journal Entries JE # 68**

Client entry: AJE 20170966 To correct FY17 depreciation for Hydro assets U6989-CPPH voltage regulator upgrade, U6991-Combie So PH capacitor banks, and U6992-Bowman PH Upgrade. These asset values were adjusted down in 2016, however the FA module was not

50-16610	PLANT IN SERVICE - ACCDEP		7,235.00	
50112-57101	DEPRECIATION EXPENSE			7,235.00
<b>Total</b>			<b>7,235.00</b>	<b>7,235.00</b>

**Adjusting Journal Entries JE # 69**

Client entry: AJE 20170967 To correct current yr depreciation for asset H5352-Bowman 60KV line which was incorrectly assigned category code 019 communications equipment, accum depreciation code 16630...

50-16630	TOOLS & EQUIP - ACCDEP		15,669.00	
50-16610	PLANT IN SERVICE - ACCDEP			15,669.00
<b>Total</b>			<b>15,669.00</b>	<b>15,669.00</b>

**Adjusting Journal Entries JE # 70**

Client entry: AJE 20170956 Transfer fixed asset #10560, Flow meter, from Water Operations Department #10171 to Hydroelectric Operations Department #50161. Also transfer accumulated depreciation associated with fixed asset #10560 to Hydro.

10-12110	DUE FROM HYDRO FUND 50		12,304.00	
10-16630	TOOLS & EQUIP - ACCDEP		2,410.00	
50-16230	GENERAL EQUIPMENT		12,304.00	
50161-57101	DEPRECIATION EXPENSE		2,410.00	
10-16230	GENERAL EQUIPMENT			12,304.00
10171-57101	DEPRECIATION EXPENSE			2,410.00
50-16630	TOOLS & EQUIP - ACCDEP			2,410.00
50-20510	DUE TO WATER FUND 10			12,304.00
<b>Total</b>			<b>29,428.00</b>	<b>29,428.00</b>

**Adjusting Journal Entries JE # 71**

Client entry: AJE 20170957 To correct fixed asset addition #H5444, Polaris Pro RMK ATV, from general equipment (50-16230) to transportation equipment (50-16224).

50-16224	TRANSPORTATION EQUIPMENT		15,415.00	
50-16230	GENERAL EQUIPMENT			15,415.00
<b>Total</b>			<b>15,415.00</b>	<b>15,415.00</b>

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 72</b>				
Client entry: AJE 20170960 To correct transportation equipment variance to asset list at 12/31/17.				
10-60204	PRIOR PERIOD ADJUSTMENTS		351.00	
10-16224	TRANSPORTATION EQUIPMENT			351.00
<b>Total</b>			<b>351.00</b>	<b>351.00</b>
<b>Adjusting Journal Entries JE # 73</b>				
Client entry: AJE 20170961 To correct accumulated depreciation-transportation equipment variance to asset list at 12/31/17.				
10-16635	TRANSP EQUIP - ACCUM DEP		279.00	
10-60204	PRIOR PERIOD ADJUSTMENTS			279.00
<b>Total</b>			<b>279.00</b>	<b>279.00</b>
<b>Adjusting Journal Entries JE # 74</b>				
Client entry: AJE 20170962 To correct general equipment variance to asset list at 12/31/17.				
10-60204	PRIOR PERIOD ADJUSTMENTS		199.00	
10-16230	GENERAL EQUIPMENT			199.00
<b>Total</b>			<b>199.00</b>	<b>199.00</b>
<b>Adjusting Journal Entries JE # 75</b>				
Client entry: AJE 20170963 To correct accumulated depreciation tools & equipment variance to asset list at 12/31/17.				
10-16630	TOOLS & EQUIP - ACCDEP		193.00	
10-60204	PRIOR PERIOD ADJUSTMENTS			193.00
<b>Total</b>			<b>193.00</b>	<b>193.00</b>
<b>Adjusting Journal Entries JE # 76</b>				
Client entry: AJE 20170964 To correct prior period journal entry 20170264 to asset listing at 12/31/17.				
30-16635	TRANSP EQUIP - ACCUM DEP		400.00	
30-60204	PRIOR PERIOD ADJUSTMENTS			400.00
<b>Total</b>			<b>400.00</b>	<b>400.00</b>
<b>Adjusting Journal Entries JE # 77</b>				
Client entry: AJE 20170971 To record disposal of assets U2297 Renken Canal Encasement and U2220 Newton Canal Encasement. Both assets were replaced.				
10-16610	PLANT IN SERVICE - ACCDEP		49,330.00	

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
10-16101	GENERAL PLANT			49,330.00
<b>Total</b>			<b>49,330.00</b>	<b>49,330.00</b>

**Adjusting Journal Entries JE # 78**

Client entry: AJE 20170972 To correct FY17 depreciation expense for asset addition #U7008. Initial cost of asset entered in FA module as total project cost, \$612,062.50, rather than specific asset cost of \$77,690.14, then depreciated on incorrect value

10-16610	PLANT IN SERVICE - ACCDEP		11,133.00	
10171-57101	DEPRECIATION EXPENSE			11,133.00
<b>Total</b>			<b>11,133.00</b>	<b>11,133.00</b>

**Adjusting Journal Entries JE # 79**

Client entry: AJE 20170973 To adjust general ledger to fixed asset initial cost balance.

10-16101	GENERAL PLANT		90.00	
10-60204	PRIOR PERIOD ADJUSTMENTS			90.00
<b>Total</b>			<b>90.00</b>	<b>90.00</b>

**Adjusting Journal Entries JE # 80**

Client entry: AJE 20170974 To adjust general ledger to fixed asset accumulated depreciation balance.

10171-57101	DEPRECIATION EXPENSE		12,919.00	
10-16610	PLANT IN SERVICE - ACCDEP			12,919.00
<b>Total</b>			<b>12,919.00</b>	<b>12,919.00</b>

**Adjusting Journal Entries JE # 81**

Client entry: AJE 20170959 To record 3 months of USGS fees.

50112-52608	FED/ST/CO FEES		16,403.00	
50-20010	ACCOUNTS PAYABLE			16,403.00
<b>Total</b>			<b>16,403.00</b>	<b>16,403.00</b>

**Adjusting Journal Entries JE # 82**

Client entry: AJE 20170975 To adjust grant accounts per detail schedule at 12/31/17.

10-11628	GRANTS RECEIVABLE		1,055,475.00	
10-60204	PRIOR PERIOD ADJUSTMENTS		51,421.00	
10-20013	GRANT PAYABLE			499,591.00
10-48102	GRANTS FR DEPT WTR RESRCS			607,305.00
<b>Total</b>			<b>1,106,896.00</b>	<b>1,106,896.00</b>

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 83</b>				
Client entry: AJE 20170976 To correct posting of AJE 2017095: Grant Payable adjust to actual at 12/31/17.				
10-60204	PRIOR PERIOD ADJUSTMENTS		527,832.00	
10-20013	GRANT PAYABLE			527,832.00
<b>Total</b>			<b>527,832.00</b>	<b>527,832.00</b>

<b>Adjusting Journal Entries JE # 84</b>				
Client entry: 20170977 To record Health Reimbursement Arrangement transactions outstanding at FYE 17.				
10-20055	HRA REIMBURSEMENT		24,027.00	
10114-51312	HEALTH INSURANCE			20,578.00
10191-51312	HEALTH INSURANCE			3,449.00
<b>Total</b>			<b>24,027.00</b>	<b>24,027.00</b>

<b>Adjusting Journal Entries JE # 85</b>				
Client entry: AJE 20170978 To record current portion of Health Reimbursement Arrangement liability at FYE 17.				
10-20055	HRA REIMBURSEMENT		363,356.00	
10-20056	COMP ABSENCES HRA - CURR			363,356.00
<b>Total</b>			<b>363,356.00</b>	<b>363,356.00</b>

<b>Adjusting Journal Entries JE # 86</b>				
Entry to reclassify beginning accumulated depreciation for properties originally purchased for Centennial Dam and moved to CIP.				
10-60204	PRIOR PERIOD ADJUSTMENTS		28,949.00	
10114-57101	DEPRECIATION EXPENSE			28,949.00
<b>Total</b>			<b>28,949.00</b>	<b>28,949.00</b>

<b>Adjusting Journal Entries JE # 87</b>				
Entry to true-up depreciation expense in the recreation fund.				
30-60204	PRIOR PERIOD ADJUSTMENTS		401.00	
30250-57101	DEPRECIATION EXPENSE			401.00
<b>Total</b>			<b>401.00</b>	<b>401.00</b>

<b>Adjusting Journal Entries JE # 88</b>				
Entry to correct client's entry to transfer asset #10560 from the Water Fund to the Hydro Fund (AJE#70).				
10-34550	TRANSFERS OUT		9,894.00	
10171-57101	DEPRECIATION EXPENSE		2,410.00	

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
50-20510	DUE TO WATER FUND 10		12,304.00	
10-12110	DUE FROM HYDRO FUND 50			12,304.00
50-34540	TRANSFERS IN			9,894.00
50161-57101	DEPRECIATION EXPENSE			2,410.00
<b>Total</b>			<b>24,608.00</b>	<b>24,608.00</b>

#### Adjusting Journal Entries JE # 89

Entry to correct client entry to transfer asset #10253 from the Water Fund to the Recreation Fund (AJE# 49)

10-34550	TRANSFERS OUT		1,207.00	
30-20510	DUE TO WATER FUND 10		1,207.00	
10-12106	DUE FROM RECREATION			1,207.00
30-34540	TRANSFERS IN			1,207.00
<b>Total</b>			<b>2,414.00</b>	<b>2,414.00</b>

#### Adjusting Journal Entries JE # 90

Client entry: AJE 20170979 To record Hydroelectric division petty cash transactions through 12/31/17.

50112-52711	EDUCATION/TRAINING/MEALS		10.00	
50161-52711	EDUCATION/TRAINING/MEALS		103.00	
50112-52505	SAFETY			104.00
50112-52711	EDUCATION/TRAINING/MEALS			5.00
50161-52711	EDUCATION/TRAINING/MEALS			4.00
<b>Total</b>			<b>113.00</b>	<b>113.00</b>

#### Adjusting Journal Entries JE # 91

Client entry: AJE 20170980 Reclassify property expense related to Centennial Water Storage project #7013, recorded in 2017. Dept. of Forestry & Fire Prot. fee for 1900 Peaceful Valley Rd, Check #803338, Check date 5/19/17 was not recorded within the pr

10114-52608	FED/ST/CO FEES		117.00	
10-60204	PRIOR PERIOD ADJUSTMENTS			117.00
<b>Total</b>			<b>117.00</b>	<b>117.00</b>

#### Adjusting Journal Entries JE # 92

Client entry: AJE 20170987 Transfer cap project costs for Bear River Pines Paving to fixed assets. These costs are related to Project #6906 (Bear River Pines Pipe Replacement), but were mistakenly coded to facility 10314. Asset #U7016 in fixed asset

10-16101	GENERAL PLANT		73,022.00	
10151-52603	CONSULTING/CONTRACTOR FEE			542.00

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
10191-52603	CONSULTING/CONTRACTOR FEE			72,480.00
<b>Total</b>			<b>73,022.00</b>	<b>73,022.00</b>

#### Adjusting Journal Entries JE # 93

Client entry: AJE 20170981 Reclassifying property expense

10115-52603	CONSULTING/CONTRACTOR FEE		5,000.00	
10115-52603	CONSULTING/CONTRACTOR FEE		3,000.00	
10-60204	PRIOR PERIOD ADJUSTMENTS			5,000.00
10-60204	PRIOR PERIOD ADJUSTMENTS			3,000.00
<b>Total</b>			<b>8,000.00</b>	<b>8,000.00</b>

#### Adjusting Journal Entries JE # 94

Client entry: AJE 20180272 To adjust Hoskins Lane receivable account to detail at 12/31/17. Term payment activities were billed to miscellaneous revenue in 2017.

10-46190	MISCELLANEOUS		15,613.00	
10-46190	MISCELLANEOUS		2,800.00	
10-19210	HOSKIN LOAN RECEIVABLE			15,613.00
10-47610	INTEREST INCOME:INVESTMNT			2,800.00
<b>Total</b>			<b>18,413.00</b>	<b>18,413.00</b>

#### Adjusting Journal Entries JE # 95

Client entry: AJE 20170894 To record term payment activity per summary schedule provided by Customer Service and customer detail amort schedules.

10-11308	TERM PAYMENTS		96,674.00	
10-11308	TERM PAYMENTS		400.00	
10-46190	MISCELLANEOUS		2,468.00	
10-46190	MISCELLANEOUS		21,287.00	
10-11307	TERM PAYMENTS - CLEARING			2,468.00
10-11308	TERM PAYMENTS			18,965.00
10-19201	TSL receivable			20,000.00
10-40995	STANDBY CHARGES			368.00
10-42101	TREATED WTR - CAPACITY FEES			36,564.00
10-43101	TREATED WTR METER INSTALL			10,710.00
10-43103	NEW DBL CK VALVE INSTALL.			1,314.00
10-43107	SERVICE LINE INSTALL FEES			3,218.00
10-45170	PIPELINE REIMB FEE			24,448.00
10-46190	MISCELLANEOUS			52.00
10-47615	INTEREST INCOME: OTHER			2,322.00

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
10-47615	INTEREST INCOME: OTHER			400.00
<b>Total</b>			<b>120,829.00</b>	<b>120,829.00</b>

**Adjusting Journal Entries JE # 96**

Client entry: AJE 20170989 Mount Vernon Intertie Project expense (#7014) and transfer to Fixed Assets from Construction in Progress (10-16401) and Project #7014 (10-52970) Reimbursement from PCWA for CABY Grant Expense - project #6899 (Locksley Intertie

10-16101	GENERAL PLANT		504,197.00	
10-16101	GENERAL PLANT		62,314.00	
10-52970	CORRECT 01-30.40 2013		138,080.00	
10-60204	PRIOR PERIOD ADJUSTMENTS		92,382.00	
10151-52910	PROJ BUD: RAW WATER RPLC		301,634.00	
10-16401	CONSTRUCTION IN PROGRESS			202,563.00
10-16401	CONSTRUCTION IN PROGRESS			92,382.00
10-16401	CONSTRUCTION IN PROGRESS			138,080.00
10-20010	ACCOUNTS PAYABLE			239,743.00
10-46302	EXPENSE REIMBURSEMENTS			61,891.00
10-52970	CORRECT 01-30.40 2013			301,634.00
10-52970	CORRECT 01-30.40 2013			62,314.00
<b>Total</b>			<b>1,098,607.00</b>	<b>1,098,607.00</b>

**Adjusting Journal Entries JE # 97**

Client entry: AJE 20170988 Hydro - CIP Adjustments

50-16401	CONSTRUCTION IN PROGRESS		45,078.00	
50-16401	CONSTRUCTION IN PROGRESS		23,712.00	
50-52970	HYD-FUND - TFR TO/FR PROJ		11,199.00	
50-52992	HYD FUND-CAPITALIZED LABOR		56.00	
50-52993	HYD-FUND CAPITALIZED BENEFIT		20.00	
50-60204	PRIOR PERIOD ADJUSTMENTS		801,235.00	
50112-52921	PROJ BUD: RESERV, DAM, WA		45,078.00	
50112-52921	PROJ BUD: RESERV, DAM, WA		23,713.00	
50-16401	CONSTRUCTION IN PROGRESS			801,235.00
50-16401	CONSTRUCTION IN PROGRESS			11,275.00
50-52970	HYD-FUND - TFR TO/FR PROJ			45,078.00
50-52970	HYD-FUND - TFR TO/FR PROJ			23,712.00
50-60204	PRIOR PERIOD ADJUSTMENTS			23,713.00
50112-52603	CONSULTING/CONTRACTOR FEE			45,078.00
<b>Total</b>			<b>950,091.00</b>	<b>950,091.00</b>

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 98</b>				
Client Entry -20170990 to record new table meadows DFWLE receivable, record related revenue and reclass related payment.				
10-19201	TSL receivable		70,941.00	
10-19205	DFWLE RECEIVABLES		30,187.00	
10-43108	DFWLE INCOME		10,941.00	
10-42101	TREATED WTR - CAPACITY FEES			8,802.00
10-43101	TREATED WTR METER INSTALL			1,162.00
10-43103	NEW DBL CK VALVE INSTALL.			1,314.00
10-45170	PIPELINE REIMB FEE			100,791.00
<b>Total</b>			<b>112,069.00</b>	<b>112,069.00</b>

#### Adjusting Journal Entries JE # 99

Client entry - to record 2017 payment activity for Caroline Wintermoon DFWLE receivable

10-19205	DFWLE RECEIVABLES		78,914.00	
10-40106	NON - COMMERCIAL - INSIDE		148.00	
10-46190	MISCELLANEOUS		31.00	
10-47615	INTEREST INCOME: OTHER		144.00	
10-19212	HORSESHOE LANE RECEIVABLE			1,122.00
10-19213	RATTLESNAKE RECEIVABLE			21,843.00
10-19216	EAST HACIENDA LOAN RECVBL			51,937.00
10-47615	INTEREST INCOME: OTHER			4,335.00
<b>Total</b>			<b>79,237.00</b>	<b>79,237.00</b>

#### Adjusting Journal Entries JE # 100

Client entry - to record 2017 payment activity for Rattlesnake Road DFWLE receivable

10-19213	RATTLESNAKE RECEIVABLE		3,942.00	
10-47615	INTEREST INCOME: OTHER			3,798.00
10-47615	INTEREST INCOME: OTHER			144.00
<b>Total</b>			<b>3,942.00</b>	<b>3,942.00</b>

#### Adjusting Journal Entries JE # 101

Client entry - to record 2017 payment activity for Horsehoe Lane DFWLE receivable.

10-19212	HORSESHOE LANE RECEIVABLE		472.00	
10-47615	INTEREST INCOME: OTHER			472.00
<b>Total</b>			<b>472.00</b>	<b>472.00</b>

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 102</b>				
Client entry - to record 2017 payment activity for East Hacienda DFWLE receivable.				
10-19216	EAST HACIENDA LOAN RECVBL		17,008.00	
10-47615	INTEREST INCOME: OTHER			16,944.00
10-47615	INTEREST INCOME: OTHER			64.00
<b>Total</b>			<b>17,008.00</b>	<b>17,008.00</b>

**Adjusting Journal Entries JE # 103**

Client entry - to record payoff of Hydro loan, record interest through payoff date of 11-30-17, and correct overpayment from AJE 20170853

10-19215	ADVANCE TO HYDROELECTRIC		89,816.00	
50-10101	CHECKING (WFB 5558)		61,847.00	
50112-60110	INTEREST EXPENSE		27,969.00	
10-10101	CHECKING (WFB 5558)			61,847.00
10-47615	INTEREST INCOME: OTHER			27,969.00
50-27000	ADVANCE FROM WATER			89,816.00
<b>Total</b>			<b>179,632.00</b>	<b>179,632.00</b>

**Adjusting Journal Entries JE # 104**

Client entry : To update reconciliations between the Due to/Due from accounts accumulated through the year and close out the accounts by transferring cash between the pooled cash accounts.

10-10101	CHECKING (WFB 5558)		167,713.00	
10-10101	CHECKING (WFB 5558)		593,806.00	
10-12110	DUE FROM HYDRO FUND 50		799.00	
30-20510	DUE TO WATER FUND 10		167,713.00	
50-20510	DUE TO WATER FUND 10		593,806.00	
50167-52501	CHEMICALS		91.00	
10-12106	DUE FROM RECREATION			799.00
10-12106	DUE FROM RECREATION			167,713.00
10-12110	DUE FROM HYDRO FUND 50			593,806.00
30-10101	CHECKING (WFB 5558)			167,713.00
50-10101	CHECKING (WFB 5558)			593,806.00
50-20510	DUE TO WATER FUND 10			91.00
<b>Total</b>			<b>1,523,928.00</b>	<b>1,523,928.00</b>

**Adjusting Journal Entries JE # 105**

Client entry: to record Fiscal 2017 capacity fee activity per schedule

10-35150	FUND BALANCE		811,738.00	
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Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
10-34053	TREATED SYSTEM EXPANSION			811,738.00
<b>Total</b>			<b>811,738.00</b>	<b>811,738.00</b>

**Adjusting Journal Entries JE # 106**

Client entry to reclass capacity fee and cement hill debt service 12/31/17 amounts to restricted investments

10-99998	RECLASS TO RESTRICTED CASH		7,138,137.00	
10-19998	Reclass to/from investments			7,138,137.00
<b>Total</b>			<b>7,138,137.00</b>	<b>7,138,137.00</b>

**Adjusting Journal Entries JE # 109**

To reclass LAIF 40-29-002 account from restricted investments

10-10154A	LAIF SPEC PROJ 40-29-002		743,095.00	
10-99998	RECLASS TO RESTRICTED CASH			743,095.00
<b>Total</b>			<b>743,095.00</b>	<b>743,095.00</b>

**Adjusting Journal Entries JE # 110**

To reclass portion of the market value adjustment to restricted investments

10-10151	MARKET VALUE ADJUSTMENT		356,251.00	
10-10151A	MARKET VALUE ADJUSTMENT			356,251.00
<b>Total</b>			<b>356,251.00</b>	<b>356,251.00</b>

**Adjusting Journal Entries JE # 112**

Client entry: AJE 20171003 Reclass the 2017 rental property expenditures from O&M expenses to Capital project expense and correspondingly, to CIP.

10-16401	CONSTRUCTION IN PROGRESS		8,117.00	
10151-52915	PROJ BUD: NON-PROGRAMMATI		9,248.00	
10-52970	CORRECT 01-30.40 2013			8,117.00
10114-52608	FED/ST/CO FEES			117.00
10115-52603	CONSULTING/CONTRACTOR FEE			8,000.00
10135-52603	CONSULTING/CONTRACTOR FEE			1,131.00
<b>Total</b>			<b>17,365.00</b>	<b>17,365.00</b>

**Adjusting Journal Entries JE # 113**

Client entry: AJE 20171002 Reclass the rental income and rental expense activity for the years 2015-2017.

10-10425	CASH RESERVES		2,205.00	
10-49102	RENTAL INCOME		131,566.00	

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
10-52970	CORRECT 01-30.40 2013		189,667.00	
10-60204	PRIOR PERIOD ADJUSTMENTS		55,896.00	
10151-52915	PROJ BUD: NON-PROGRAMMATI		34,339.00	
10-16401	CONSTRUCTION IN PROGRESS			189,667.00
10151-52915	PROJ BUD: NON-PROGRAMMATI			224,006.00
<b>Total</b>			<b>413,673.00</b>	<b>413,673.00</b>

#### Adjusting Journal Entries JE # 114

Client entry: AJE 20171004 To reclassify accrued interest receivable at 1/1/17.

10-47615	INTEREST INCOME: OTHER		152,612.00	
30250-54000	TRANSFER OUT		1,168.00	
50-60110	Interest Expense		98.00	
50112-54000	TRANSFER OUT		151,444.00	
10-47777	TRANSFER IN			152,612.00
30-47610	INTEREST INCOME			1,168.00
50-47610	INTEREST INCOME:INVESTMNT			151,542.00
<b>Total</b>			<b>305,322.00</b>	<b>305,322.00</b>

#### Adjusting Journal Entries JE # 115

Client entry: AJE 20171006 To record the 2017 reserves, per policies as outlined in the attached detail as prepared by Marvin Davis.

10-32020	ACCRUED LEAVE RESERVE		1,091,159.00	
10-33250	DEBT SERVICE RESERVE		12,060.00	
10-34045	CAPITAL IMP/REPLC RESERVE		2,500,000.00	
10-34540	TRANSFERS IN		68.00	
30-32020	ACCRUED LEAVE RESERVE		35,752.00	
30-34510	SURPLUS		452,614.00	
50-32020	ACCRUED LEAVE RESERVE		133,478.00	
50-34080	HYDROELECTRIC RELICENSE		259,962.00	
50-34510	SURPLUS		14,469,359.00	
10-34011	OPERATING RESERVE			2,703,886.00
10-34060	WATERSHED STEWARDSHIP			196,090.00
10-34510	SURPLUS			703,311.00
30-34011	OPERATING RESERVE			488,298.00
30-34550	TRANSFERS OUT			68.00
50-31010	INS & CATASTROPHIC RESERVE			2,500,000.00
50-34011	OPERATING RESERVE			5,000,000.00
50-34045	CAPITAL IMP/REPLC RESERVE			7,362,799.00
<b>Total</b>			<b>18,954,452.00</b>	<b>18,954,452.00</b>

Client: **NEVADA IRRIGATION DISTRICT**  
Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
Period Ending: **12/31/2017**  
Trial Balance: **GASB Fund Trial Balance**  
Workpaper: **Adjusting Journal Entries Report**  
Fund Level: **All**  
Index: **All**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 116</b>				
Client entry: AJE 20171005 To record the change to Net investment in Capital assets equity account as a result of the posting of CIP of the Centennial rental property income/expenses for the years 2015-2017.				
10-34453	CAP ASSET NET DEBT		313,116.00	
10-35150	FUND BALANCE			313,116.00
<b>Total</b>			<b>313,116.00</b>	<b>313,116.00</b>
<b>Adjusting Journal Entries JE # 117</b>				
To record adjustment to Net Investments in capital assets				
<b>ZZ-2</b>				
10-35150	FUND BALANCE		14,481,974.00	
30-35150	FUND BALANCE		261,566.00	
50-35150	FUND BALANCE		1,900,848.00	
10-34453	CAP ASSET NET DEBT			14,481,974.00
30-34453	CAP ASSET NET DEBT			261,566.00
50-34453	CAP ASSET NET DEBT			1,900,848.00
<b>Total</b>			<b>16,644,388.00</b>	<b>16,644,388.00</b>
<b>Adjusting Journal Entries JE # 118</b>				
Client entry: AJE 20171007				
10-34453	CAP ASSET NET DEBT		356,249.00	
50-34453	CAP ASSET NET DEBT		159.00	
10-35150	FUND BALANCE			356,249.00
50-35150	FUND BALANCE			159.00
<b>Total</b>			<b>356,408.00</b>	<b>356,408.00</b>
<b>Adjusting Journal Entries JE # 119</b>				
To eliminate fund 11 transfers for financial statement purposes				
<b>AA-07</b>				
10-47777	TRANSFER IN		3,150,424.00	
11-47777	TRANSFER IN		20,869,295.00	
10-54000	TRANSFER OUT			20,869,295.00
11-54000	TRANSFER OUT			3,150,424.00
<b>Total</b>			<b>24,019,719.00</b>	<b>24,019,719.00</b>
<b>Adjusting Journal Entries JE # 120</b>				
Client entry 20170900 To record non-stock parts used by F30/F50 from March 2017.				
10-12106	DUE FROM RECREATION		2,539.00	
30250-52503	EQUIPMENT MAINTENANCE		1,740.00	

Client: **NEVADA IRRIGATION DISTRICT**  
 Engagement: **2017 - NEVADA IRRIGATION DISTRICT**  
 Period Ending: **12/31/2017**  
 Trial Balance: **GASB Fund Trial Balance**  
 Workpaper: **Adjusting Journal Entries Report**  
 Fund Level: **All**  
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
50161-52503	EQUIPMENT MAINTENANCE		799.00	
10191-52503	EQUIPMENT MAINTENANCE			2,539.00
30-20510	DUE TO WATER FUND 10			1,740.00
50-20510	DUE TO WATER FUND 10			799.00
<b>Total</b>			<b>5,078.00</b>	<b>5,078.00</b>
<b>Total Adjusting Journal Entries</b>			<b>114,026,132.00</b>	<b>114,026,132.00</b>
<b>Total All Journal Entries</b>			<b>114,026,132.00</b>	<b>114,026,132.00</b>

NEVADA IRRIGATION DISTRICT  
SUMMARY OF UNADJUSTED DIFFERENCES  
YEAR ENDED DECEMBER 31, 2017  
WATER FUND

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of:			
	Total Assets	Total Liabilities	Net Position	Change in Net Position
Costs incurred from December 29 to 31, 2016 were not capitalized until 2017				\$ 14,806
Cash proceeds from the sale of Electric Fund assets incorrectly recorded in the Water Fund	\$ 31,718		\$ 31,718	
Removal of prior year accumulated depreciation on rental properties acquired for the Centennial Dam project				28,949
True-up of Locksley Lane Intertie Project costs that were incurred in 2016 and prior				62,314
Accumulated depreciation is understated due to changes in the estimated useful life of fire hydrants not calculated correctly in 2004	203,134		203,134	(70,293)
Accumulated depreciation is understated due to not adjusting accumulated depreciation for 1999 to 2004 for an asset cost correction discovered in 2004 (E. George Pump Station)	217,007		217,007	
Correction of posting of 2016 and prior rental income during 2017				87,856
Net effect of construction in progress items incorrectly capitalized in 2016, reversed in 2017				(121,596)
Net Unadjusted Audit Differences - This Year	420,141	-	420,141	(12,770)
Financial Statement Caption Totals	\$338,879,875	\$99,397,741	\$ 246,799,669	\$ 838,236
Net Audit Differences as % of Financial Statement Captions	0.12%	0.00%	0.17%	-1.52%

NEVADA IRRIGATION DISTRICT  
SUMMARY OF UNADJUSTED DIFFERENCES  
YEAR ENDED DECEMBER 31, 2017  
ELECTRIC FUND

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of:			
	Total Assets	Total Liabilities	Net Position	Change in Net Position
Cash proceeds from the sale of Electric Fund assets incorrectly recorded in the Water Fund	\$ (31,718)		\$ (31,718)	
Effect of fixed asset module not calculating depreciation for certain assets in 2016 and 2017	53,656		53,656	26,828
Net effect of construction in progress items incorrectly capitalized in 2016, reversed in 2017				(457,951)
Net Unadjusted Audit Differences - This Year	21,938	-	21,938	(431,123)
Financial Statement Caption Totals	\$ 138,661,117	\$ 9,334,435	\$ 130,803,453	\$ 12,374,979
Net Audit Differences as % of Financial Statement Captions	0.02%	0.00%	0.02%	-3.48%

NEVADA IRRIGATION DISTRICT  
SUMMARY OF UNADJUSTED DIFFERENCES  
YEAR ENDED DECEMBER 31, 2017  
RECREATION FUND

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of:			
	Total Assets	Total Liabilities	Net Position	Change in Net Position
Costs incurred from December 29 to 31, 2016 were not capitalized until 2017				\$ 10,863
Net Unadjusted Audit Differences - This Year	-	-	-	10,863
Financial Statement Caption Totals	\$ 35,268,775	\$ 1,900,748	\$ 33,665,155	\$ 240,272
Net Audit Differences as % of Financial Statement Captions	0.00%	0.00%	0.00%	4.52%