



Financial Statements  
and  
Independent Auditor's Reports  
2014

# BROWNS VALLEY IRRIGATION DISTRICT

## Financial Statements

December 31, 2014

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**BROWNS VALLEY IRRIGATION DISTRICT**  
Management's Discussion and Analysis  
December 31, 2014

This discussion and analysis is intended to be a summarized analysis and interpretation of the Browns Valley Irrigation District's financial activities for the year ended December 31, 2014, based on currently known facts, decisions or conditions.

Even though 2014 was a dry year, Collins Lake filled to about 75% of capacity, allowing BVID to have a normal season which ended with the lake at about half of its total capacity. At the Board's request, we made major changes to the billing system in 2013 that, for the most part worked well. Those changes will remain in place for at least the next few years. The District remains financially sound with cash-on-hand on December 31<sup>st</sup> increasing by over \$1,000,000 as compared to the end of 2013 (due to out-of-District water sales).

**Basic Financial Statements:**

The District's basic financial statements include four components:

- Statement of Net Position
- Statement of Activities, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements

The statement of net position includes all of the District's assets and liabilities, with the difference between the two reported as net position.

The statement of net position provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The statement of activities and changes in net position presents information, which shows how, the District's net position changed during each year. All of the year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of activities and changes in net position measure the success of the District's operations during the year and determine whether the District has recovered its costs through user fees and other charges.

The statement of cash flows provides information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

- Operating
- Non-capital financing
- Capital financing and related financing
- Investing

# BROWNS VALLEY IRRIGATION DISTRICT

## Management's Discussion and Analysis

December 31, 2014

### Basic Financial Statement: (Continued)

This statement differentiates from the statement of activities and changes in net position by only accounting for transactions that result in cash receipts or cash disbursements.

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

### District Financial Statements:

The statement of net position includes all the District's assets and liabilities and provides information about the nature and amount of investments in resources and the obligation to creditors. This statement provides the basis for evaluating the capital structure and assessing the liquidity and the financial flexibility of the District.

A summary of the District's statement of net position is presented as follows:

	<u>Statement of Net Position</u>			
	<u>12/31/14</u>	<u>12/31/13</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	\$ 3,972,171	\$ 2,943,128	\$ 1,029,043	34.96%
Capital Assets	7,545,225	7,429,578	115,647	1.56%
Construction in Progress	<u>1,376,143</u>	<u>1,264,564</u>	<u>111,579</u>	<u>8.82%</u>
Total Assets	<u>\$ 12,893,539</u>	<u>\$ 11,637,270</u>	<u>\$ 1,256,269</u>	<u>10.80%</u>
Liabilities	\$ 468,194	\$ 437,070	\$ 31,124	7.12%
Net Position:				
Contributed Capital	540,440	540,440	-	0.00%
Invested in Capital Assets	8,921,368	8,694,142	227,226	2.61%
Unrestricted/Unassigned	<u>2,963,537</u>	<u>1,965,618</u>	<u>997,919</u>	<u>50.77%</u>
Total Liabilities and Net Position	<u>\$ 12,893,539</u>	<u>\$ 11,637,270</u>	<u>\$ 1,256,269</u>	<u>10.80%</u>

**BROWNS VALLEY IRRIGATION DISTRICT**  
**Management's Discussion and Analysis**  
**December 31, 2014**

**District Financial Statements (Continued)**

**Condensed Statement of Activities  
and Changes in Net Position**

	<u>12/31/14</u>	<u>12/31/13</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	\$ 3,471,622	\$ 2,281,204	\$ 1,190,418	52.18%
Less Operating Expenses	(1,359,840)	(1,236,467)	123,373	9.98%
Less Administrative Expenses	(756,122)	(594,641)	(161,481)	-27.16%
Less Depreciation	(234,038)	(226,801)	(7,237)	-3.19%
Add Non-Operating Revenues (Expenses)	<u>103,523</u>	<u>210,465</u>	<u>(106,942)</u>	<u>50.81%</u>
Increase (Decrease) in Net Position	1,225,145	433,760	791,385	-182.45%
Net Position - Beginning of year	<u>11,200,200</u>	<u>10,766,540</u>	<u>433,660</u>	<u>4.03%</u>
Prior Period Adjustment	<u>-</u>	<u>(100)</u>	<u>-</u>	<u>100.00%</u>
Net Position - End of year	<u>\$ 12,425,345</u>	<u>\$ 11,200,200</u>	<u>\$ 1,225,045</u>	<u>10.94%</u>

During the year ended December 31, 2014 the District's operating revenues increased by 52.18% due to an increase in District's water sales to other water districts and increased power sales.

**Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the year ended December 31, 2014 by \$12,425,345. Of this amount, \$2,963,537 is in *Unrestricted/Unassigned Net Position*.
- The District's total net position increased by \$1,225,145 from the previous year.
- The District's operating expenses totaled \$2,115,962 for the current year an increase of \$284,854 over last year.
- The District's current year total revenues increased compared to the prior year by \$1,083,476 to a total of \$3,575,145 for the year ended December 31, 2014. Total revenue for the prior year was \$2,491,669. *Out of District Water Sales* increased by \$753,461 in 2014 compared to the prior year. No grant revenues were received during 2014.
- The cash and investment balance available at the end of the current year was \$3,807,205, an increase of \$1,043,431 from the prior period.

# BROWNS VALLEY IRRIGATION DISTRICT

## Management's Discussion and Analysis

December 31, 2014

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of the following components: 1) Independent Auditor's Report, 2) Management's Discussion and Analysis, 3) Statement of Net Position, 4) Statement of Activities, 5) Statement of Cash Flows, and 6) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements. Items 3, 4, 5 and the supplemental statement of operating expenses are in comparative format, showing both the current year and the prior year.

**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 to the financial statements can be found on pages 12-18 of this report.

**Supplemental Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information: 1) Schedule of Operating Expenses and 2) Statement of Revenue and Expenditures -Budget and Actual. These reports can be found on pages 19 and 20.

### Budgetary Highlights

- Total revenues of the District were under the budgeted revenues by \$41,175 mainly due to not realizing grant revenues.
- Management and General Expense exceeded the budgeted expenses by \$1,867, due mainly to *Water Sales out of District Expense* exceeding the budgeted amount by \$56,738. Partially offset by decrease in other budget categories.
- Operations Expenses were lower than the budgeted expenses by \$872,068 primarily due to lower capital project expenses.

**BROWNS VALLEY IRRIGATION DISTRICT**  
**Management's Discussion and Analysis**  
**December 31, 2014**

**Capital Assets**

The District owns real property at its office and yard location on Browns Valley School Road. The District also owns the Collins Lake recreation area, including the dam and powerhouse. Also owned is a fish screen and a pumping facility on the Yuba River, miscellaneous booster pumps, a hydro powered lift pump, and an open ditch and pipeline delivery system. In addition, the District owns a considerable amount of vehicles and district maintenance equipment. These fixed assets, along with additions, deletions, and accumulated depreciation, are detailed in the Notes to the Financial Statements, Note 3.

Additions to the fixed assets during the year included the purchase of two 2014 F-150 pickups \$34,419, a Polaris Utility Vehicle \$7,585 and a copy machine for \$7,166. Construction in progress additions for 2014 included expense for Peoria pipeline of \$3,402. Dry Creek of \$38,798, Tennessee Ditch Hydro of \$30,214, Saddleback for \$30,990, and Ellis for \$8,175. In addition, the Obrien life pump project was completed and capitalized at \$300,473.

The Table below provides a comparative Summary.

**Capital Asset Activity:**

<u>Description</u>	<u>Capital Assets</u>		<u>Dollar Change</u>	<u>Percent Change</u>
	<u>Balance December 31, 2014</u>	<u>Balance December 31, 2013</u>		
Property and Equipment:				
Distribution System	\$ 11,346,551	\$ 11,046,078	\$ 300,473	2.72%
Building/Equipment	1,697,998	1,674,542	23,456	1.40%
Recreation Property	11,508	11,508	-	0.00%
Fish Screens	204,819	204,819		
Construction in Progress	1,376,143	1,264,564	111,579	8.82%
Accumulated Depreciation	<u>(5,715,651)</u>	<u>(5,507,369)</u>	<u>(208,282)</u>	<u>3.78%</u>
Total Property, Plant and Equipment - Net	<u>\$ 8,921,368</u>	<u>\$ 8,694,142</u>	<u>\$ 227,226</u>	<u>2.61%</u>

**Capital Debt:**

At December 31, 2014, the District had no bonds outstanding. The District has no expected need for future capital debt.

**Economic Factors:**

The District shows a net position increase of \$1,225,145 for the calendar year ended December 31, 2014.

**BROWNS VALLEY IRRIGATION DISTRICT**  
Management's Discussion and Analysis  
December 31, 2014

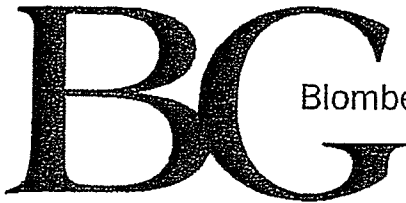
**Debt Administration**

**Long-term debt:** There was no new debt incurred during the current year.

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Browns Valley Irrigation District, General Manager at P.O. Box 6, Browns Valley, CA 95918.





Blomberg & Griffin Accountancy Corporation  
Certified Public Accountant

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Browns Valley Irrigation District  
Browns Valley, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Browns Valley Irrigation District as of and for the year's ended December 31, 2014 and 2013 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 opinions 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Browns Valley Irrigation District, as of December 31, 2014 and 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year's then ended in accordance with accounting principles generally accepted in the United States of America

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 6 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 23, 2015, on our consideration of the Browns Valley Irrigation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Browns Valley Irrigation District's internal control over financial reporting and compliance.

*Blomberg & Griffin A.C.*

Blomberg & Griffin A.C.  
Stockton, CA  
July 23, 2015

# BROWNS VALLEY IRRIGATION DISTRICT

## Statement of Net Position December 31, 2014 and 2013

### ASSETS

	<u>2014</u>	<u>2013</u>
<b>CURRENT ASSETS</b>		
Cash & Investments (Note 2)	\$ 3,807,205	\$ 2,763,774
Accounts Receivable	32,956	47,321
Interest Receivable	6,706	4,330
Inventory	88,009	91,456
Prepaid Insurance	37,295	36,247
<b>Total Current Assets</b>	<u>3,972,171</u>	<u>2,943,128</u>
<b>Property and Equipment - Net of Accumulated Depreciation (Note 3)</b>	<u>8,921,368</u>	<u>8,694,142</u>
<b>Total Assets</b>	<u>\$ 12,893,539</u>	<u>\$ 11,637,270</u>

### LIABILITIES AND NET POSITION

<b>CURRENT LIABILITIES</b>		
Accounts Payable & Accrued Payroll	\$ 28,307	\$ 49,797
Accord Conjunctive Liability (Note 4)	97,783	95,127
Compensated Absences	342,104	292,146
<b>Total Current Liabilities</b>	<u>468,194</u>	<u>437,070</u>
<b>NET POSITION</b>		
Contributed Capital ( Note 7 )	540,440	540,440
Invested in Capital Assets, (Note 7)	8,921,368	8,694,143
Unrestricted/Unassigned	2,963,537	1,965,617
<b>Total Net Position</b>	<u>12,425,345</u>	<u>11,200,200</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 12,893,539</u>	<u>\$ 11,637,270</u>

See accompanying notes to financial statements.

**BROWNS VALLEY IRRIGATION DISTRICT**  
Statement of Activities and Changes in Net Position  
For the Years Ended December 31, 2014 and 2013

	2014	2013
<b>OPERATING REVENUES:</b>		
Water Sales:		
Other Water Agencies	\$ 1,479,966	\$ 726,505
Accord Conjunctive Use	198,615	7,980
Landowners	774,968	751,725
Hydro-electric Sales	969,640	740,751
Standby Charges	3,851	3,000
Pipeline Income	44,582	51,243
Total Operating Revenues	3,471,622	2,281,204
Operating Expenses	2,115,962	1,831,108
Operating Income (Loss) Before Depreciation	1,355,660	450,096
Depreciation	(234,038)	(226,801)
Total Operating Income (Loss)	1,121,622	223,295
<b>NON-OPERATING REVENUE AND EXPENSE</b>		
Grant Income	-	-
Interest Income	16,087	19,573
Taxes and Assessments	1,917	99,665
Rental Income	10,780	9,745
Miscellaneous Income	155	6,178
Spring Valley Project	7,720	7,720
Recreation	64,756	65,884
Sale of Assets	2,108	1,700
Net Non-Operating Revenue and Expenses	103,523	210,465
Net Income	1,225,145	433,760
Net Position - Beginning of Year	11,200,200	10,766,540
Prior Period Adjustment	-	(100)
Net Position - End of Year	\$ 12,425,345	\$ 11,200,200

See accompanying notes to financial statements.

**BROWNS VALLEY IRRIGATION DISTRICT**

## Statement of Cash Flow

December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 1,121,622	\$ 223,295
Non-Cash Items Included in Operating Income:		
Depreciation	234,038	226,801
Changes in Current Assets and Liabilities:		
(Increase) Decrease in Receivables	14,365	(16,943)
(Increase) Decrease in Prepaid Insurance	(1,048)	4,306
(Increase) Decrease in Inventory	3,447	(30,596)
Increase (Decrease) in Accounts and Payroll Payables	(21,490)	(9,224)
Increase (Decrease) in Accord Groundwater Liability	2,656	41,662
Increase (Decrease) in Compensated Absences	49,958	25,810
Increase (Decrease) in Deferred Compensation	-	(8,969)
	<u>1,403,548</u>	<u>456,142</u>
<b>CASH FLOWS FROM NON-CAPITAL ACTIVITIES:</b>		
Interest Income	<u>13,711</u>	<u>19,573</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>		
Taxes and Assessments	1,917	99,665
Rental Income	10,780	9,745
Miscellaneous Income	155	6,178
Spring Valley Project	7,720	7,720
Recreation Property Income	<u>64,756</u>	<u>65,884</u>
	<u>85,328</u>	<u>189,192</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
Purchases of Fixed Assets	(461,906)	(250,594)
Interest Expense	-	-
Proceeds from the Sale of Assets	<u>2,750</u>	<u>1,700</u>
	(459,156)	(248,894)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Increase (Decrease) in Cash and Cash Equivalents	1,043,431	416,013
Cash and Cash Equivalent at Beginning of Year	<u>2,763,774</u>	<u>2,347,761</u>
<b>Cash and Cash Equivalent at End of Year</b>	<u><u>\$ 3,807,205</u></u>	<u><u>\$ 2,763,774</u></u>

See accompanying notes to financial statements.

## BROWNS VALLEY IRRIGATION DISTRICT

Notes to Financial Statements

December 31, 2014 and 2013

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Browns Valley Irrigation District (the District), all of which conform to generally accepted accounting principles as applicable to government units:

**Reporting Entity:** The District was established in 1888 to provide irrigation services in Yuba County, California. The District serves water to pasture and orchard lands as well as family orchards and gardens over an area of 55,000 acres, with 200 miles of open ditch and 70 miles of pipeline.

The financial reporting entity (the District) includes all funds of the District. As a Special District, Browns Valley Irrigation District is self-governed by an elected board of directors.

The State of California, The County of Yuba, the Public Employees Retirement System (PERS), and various school and other districts provide services within the District. Each of these agencies is dependent on an independently elected board other than the Board of Directors of the District. As a result, financial information for these agencies is not included within the scope of these financial statements.

**Government-Wide Statements:** The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information of the District's activities as a whole. The District only engages in enterprise activities, which are normally supported by sales revenue and supplemented by county tax revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers within the District or other districts/users who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Measurement Focus and Basis of Accounting:** The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All events and transactions that occurred during the fiscal period being reported that affect the economic condition of the entity are recorded in that fiscal period. Revenues are reported when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

**BROWNS VALLEY IRRIGATION DISTRICT**

Notes to Financial Statements

December 31, 2014 and 2013

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

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other government entities or imposed by law through enabling legislature. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

During the year 2013, the District adopted the provision of GASB statement number 45 and 63 in the reporting of net equity position (fund balance). The Governing Board has not delegated authority to either commit or assign fund balance.

***Budgets and Budgetary Accounting:*** The District's Governing Board must adopt a final budget no later than April 30 of the current fiscal year. The budget is revised by the District during the year to give recognition to unanticipated income or expenditures.

***Cash and Cash Equivalents:*** For purposes of the statement of cash flows, the District considers all temporary cash investments with a maturity of three months or less to be cash equivalents.

***Accounts Receivable:*** The District uses the direct write-off method for bad debts. The method does not materially differ from the allowance method.

***Capital Assets:*** Capital assets purchased by the District are recorded at historical cost or estimated historical cost when the original cost is not available. Donated capital assets are recorded at market value on the date donated. Repair and maintenance items that do not significantly extend the useful life of an asset are expensed when incurred.

Capital improvements to the distribution system can be under construction for multiple years. Improvements or additions to the distribution system that are partially completed at the end of the fiscal year are capitalized in Construction in Progress. When the project is completed, the total costs, minus any unused inventory, are removed from Construction in Progress, capitalized in the Distribution System account and depreciated over the life of the asset.

Depreciation of capital assets is computed and recorded on the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Distribution System	30 - 100 Years
Buildings	10 - 40 Years
Equipment	7 - 15 Years
Vehicles	7 - 10 Years

## BROWNS VALLEY IRRIGATION DISTRICT

Notes to Financial Statements

December 31, 2014 and 2013

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Inventory:** Inventory is valued at cost using the First in/First out (FIFO) method.

**General Liability Insurance:** The District is a member of Association of California Water Agencies (ACWA) under a Joint Powers Insurance Authority (JPIA). The authority provides general liability insurance under a self-insured program.

**Workers Compensation Insurance:** The District is covered as a member of ACWA-JPIA for workers compensation insurance. The authority provides a funding pool for self-insurance for workers compensation insurance for ACWA members.

**Vacation and Sick Pay:** Vacation pay is vested to the employees as it accrues and is payable upon retirement or termination. Sick leave does not vest to the employees until employed for ten years and is payable only when sick leave is taken. There is no maximum on sick leave. One half of any unused accumulated sick leave can be converted to additional service credit after retirement in PERS. The District pays 50% of accrued, but unpaid sick leave upon termination or retirement.

### NOTE 2: CASH AND INVESTMENTS

At December 31, cash and investments consisted of the following:

	2014	2013
Petty Cash	\$ 200	\$ 200
General Checking	339,581	180,172
County Treasurer Savings	2,994,416	1,980,684
Investments in Certificates of Deposit	-	126,797
Money Market Accounts	473,008	475,921
	<u>\$ 3,807,205</u>	<u>\$ 2,763,774</u>

Funds of the District deposited in the general checking and savings are insured by federal depository insurance up to \$250,000, and collateralized for the remainder of the total deposits. The funds held by the Yuba County Treasurer consist of a pooled fund of diversified investments in accordance with investment policies complying with the California Government Code. Pooled funds are not required to be categorized by risk. There was no restricted cash as of December 31, 2014.

#### Collateral for Deposits

Under the provisions for the California Government Code, California banks and savings and loan associations are required to secure a District's deposits by pledging government securities as collateral. The market value of the pledged securities must equal at least 110% of a District's deposits. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of a District's total deposits.



## BROWNS VALLEY IRRIGATION DISTRICT

Notes to Financial Statements

December 31, 2014 and 2013

### NOTE 2: CASH AND INVESTMENTS (Continued)

#### Authorized Investments

In accordance with California Government Code Section 53601, the District may invest in the following types of investments:

- Bonds issued by the State of California and/or any local agency within the State of California.
- Securities of the U.S. Government, or its agencies
- Certificates of Deposit (or Time Deposits) placed with commercial banks or savings and loan companies.
- Negotiable Certificates of Deposit
- Bankers Acceptance
- Commercial Acceptances
- Local Agency Investment Fund (State Pool) Demand Deposits
- Repurchase Agreements

### NOTE 3: PROPERTY AND EQUIPMENT

A summary of changes in capital assets for the year ended December 31, 2014 follows:

	<u>12/31/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2014</u>
Distribution System	\$ 11,046,078	\$ 300,473	\$ -	\$ 11,346,551
Building/Equipment	1,674,542	49,854	(26,398)	1,697,998
Recreation Property	11,508	-	-	11,508
Fish Screens	204,819	-	-	204,819
Construction in Progress	<u>1,264,564</u>	<u>111,579</u>	<u>-</u>	<u>1,376,143</u>
Total	14,201,511	461,906	(26,398)	14,637,019
Less Accumulated Depreciation	<u>(5,507,369)</u>	<u>(234,038)</u>	<u>25,756</u>	<u>(5,715,651)</u>
Net Capital Assets	<u>\$ 8,694,142</u>	<u>\$ 227,868</u>	<u>\$ (642)</u>	<u>\$ 8,921,368</u>

Depreciation in the amount of \$234,038 was charged to operating expense for the year ended December 31, 2014.

## BROWNS VALLEY IRRIGATION DISTRICT

Notes to Financial Statements

December 31, 2014 and 2013

### NOTE 4: ACCORD CONJUNCTIVE FUNDS RECEIVABLE/LIABILITY

The District entered into an agreement known as the Yuba Accord Conjunctive Use Agreement to implement the District's groundwater substitution water transfer program. The agreement also provides for groundwater pumping by Member Units of the District when required to implement the Sacramento Valley Water Management Agreement. Under the agreement, the District receives funds from the Yuba County Water Agency to distribute to landowners in the District who participate in the pumping program. The District also participates in the pumping program and receives income for the number of acre-feet of water it pumps and a fee based on the total water pumped for administering the program.

### NOTE 5: PENSION PLAN

#### Plan Description

The District contributes to the California Public Employee's Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the state of California. All full-time employees of the District are eligible to participate in PERS. PERS is a defined benefit plan based on the member's age at retirement, service, and final compensation. Benefits vest after five years of service. The minimum retirement age is 50 years. PERS also provides disability, death, and health benefits. The benefit provisions and all other requirements are established by state statutes. California Government, Part 3, sections 20000-21600 governs PERS. PERS issues a separate comprehensive annual financial report. Copies of the PERS annual financial report may be obtained from the PERS Executive Office, 400 P Street, San Francisco, CA 95814.

#### Funding Policy

The rate of employee contribution is established by statute at 7% of employee compensation. The District is required to contribute the remaining amounts necessary to fund the benefits for its members, using the accrual basis adopted by the PERS board of Administration. The rate for the District was determined to be 16.047% for the year ended December 31, 2014.

#### Annual Pension Costs

Employer contributions are calculated in conformance with the provisions of GASB Statements No. 27 as a percentage of covered payrolls. Therefore, the contributions transmitted to the System are equal to the Annual Required Contribution (ARC), and there is no Net Pension Obligation (NPO) required. For the fiscal year ended December 31, 2014, the District's annual pension cost of \$114,436 was equal to the required and actual contributions of the District. The required contribution was determined as part of the June 30, 2012 actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include an actuarially assumed investment return of 7.5% per annum, (B) salary increases based on a scale that assumes salary increases vary by length of service, (C) an assumed inflation rate of 2.75% in future years and (D) a 3.0% across the board increase and merit increases that vary by length of service.

**BROWNS VALLEY IRRIGATION DISTRICT**

Notes to Financial Statements

December 31, 2014 and 2013

**NOTE 5: PENSION PLAN (Continued)**

Five-Year Trend Information for PERS

<u>Year</u>	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Obligation</u>
6/30/2010	90,702	100%	-
6/30/2011	98,996	100%	-
6/30/2012	95,797	100%	-
6/30/2013	110,542	100%	-
6/30/2014	114,436	100%	-

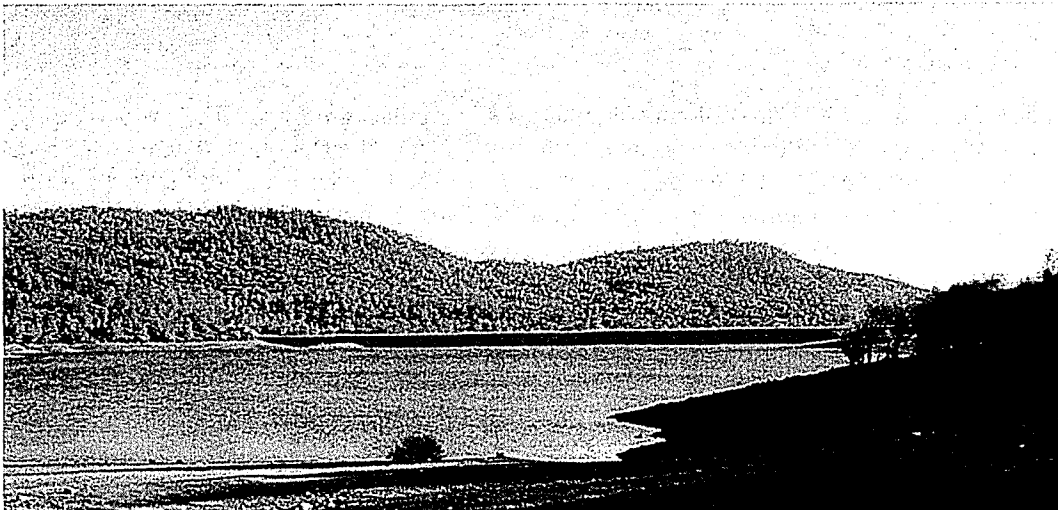
Required Supplementary Information

Funded Status of Plan Pool

<u>Valuation Date</u>	<u>Normal Accrued Liability (Per \$1,000)</u>	<u>Actuarial Value of Assets (Per \$1,000)</u>	<u>Unfunded Liability/ (Excess Assets) (Per \$1,000)</u>	<u>Funded Status</u>
6/30/2008	2,780,281	2,547,324	232,957	91.6%
6/30/2009	3,104,798	2,758,511	346,287	88.9%
6/30/2010	3,309,605	2,946,408	362,656	89.0%
6/30/2011	3,619,836	3,203,215	416,621	88.5%
6/30/2012	4,175,139	3,686,598	488,541	88.3%

**NOTE 6: DEFERRED COMPENSATION**

The District sponsors an IRS Code Section 457 Plan ("Plan") for all eligible employees. The Plan is administered by CalPERS. The District matches employee contributions by 10%.



**BROWNS VALLEY IRRIGATION DISTRICT**

Notes to Financial Statements

December 31, 2014 and 2013

**NOTE 7: NET POSITION (FUND BALANCES)**

**Fund Equity - 2014**

Fund equity was segregated as follows for the year ended December 31, 2014:

Description Segregated Amounts	Contributed Capital	Invested In Capital Assets	Unrestricted	Total
Connection Fees	\$ 234,676	\$ -	\$ -	\$ 234,676
Grant for Mahle Ditch	305,764	-	-	305,764
Investment in Fixed Assets	-	8,921,368	-	8,921,368
Remaining Unreserved Balance	-	-	2,963,537	2,963,537
<b>Total Fund Equity</b>	<b>\$ 540,440</b>	<b>\$ 8,921,368</b>	<b>\$ 2,963,537</b>	<b>\$ 12,425,345</b>

**Fund Equity—2013**

Fund equity was segregated as follows for the year ended December 31, 2013:

Description Segregated Amounts	Contributed Capital	Invested In Capital Assets	Unrestricted	Total
Connection Fees	\$ 234,676	\$ -	\$ -	\$ 234,676
Grant for Mahle Ditch	305,764	-	-	305,764
Investment in Fixed Assets	-	8,694,143	-	8,694,143
Remaining Unreserved Balance	-	-	1,965,617	1,965,617
<b>Total Fund Equity</b>	<b>\$ 540,440</b>	<b>\$ 8,694,143</b>	<b>\$ 1,965,617</b>	<b>\$ 11,200,200</b>

Effective October 1, 1979, the District adopted a self-funded group liability property program administered by the Joint Power Insurance Authority (JPIA). The District also purchased workers compensation and unemployment coverage from JPIA. The District is insured by the pool for the first \$1,000,000 on each general liability, \$1,000,000 for each property claim and \$100,000 for fidelity coverage against the District. Amounts in excess of this are covered by other insurance carriers purchased by the pool up to a maximum amount of \$60,000,000 for liability, and \$60,000,000 for property. Workers Compensation coverage is provided up to \$2,000,000 by the pool and from \$2,000,000 to statutory limits by outside carriers. The District management has determined that there is no need for a reserve at year end for any potential liability of the District.

**BROWNS VALLEY IRRIGATION DISTRICT**  
Schedules of Operating Expenses  
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Management and General:</b>		
Management and Administrative Payroll	\$ 351,723	\$ 271,983
Payroll Burden	149,262	144,178
Consulting	19,208	10,513
Dues and Memberships	55,630	57,377
Annexation/LAFCO	9,781	-
Insurance	63,222	41,362
Legal and Accounting	44,788	26,754
Miscellaneous Employee Expense	20,180	10,349
Office Maintenance	2,083	3,352
Office Supplies	17,360	18,562
Office Utilities	12,492	10,211
Other Fees	10,393	-
	<u>756,122</u>	<u>594,641</u>
<b>Operations:</b>		
Operations Payroll	472,903	462,761
Payroll Burden	263,970	245,493
Water Sales Costs	60,738	53,840
Purchased Water	18,335	18,335
Delta Expense	25,100	18,666
Hydro Expense	133,738	129,875
Fuel and Oil	78,547	54,095
Repairs and Maintenance	128,449	102,456
Small Tools	1,429	1,183
Utilities	176,135	149,216
Radio Expense	496	547
	<u>1,359,840</u>	<u>1,236,467</u>
Total Operating Expenses (Excluding Depreciation)	<u>\$ 2,115,962</u>	<u>\$ 1,831,108</u>

See independent auditor's report

**BROWNS VALLEY IRRIGATION DISTRICT**  
**Statement of Revenue and Expenditures-Budget vs Actual**  
**2014**

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES: Water Sales-In District	\$ 773,000	\$ 774,968	\$ 1,968
Water sales-Out of District	17,000	1,479,966	1,462,966
Accord Conjunction Use	66,000	198,615	132,615
Hydro-Electric Sales	1,186,800	969,640	(217,160)
Standby Charges	3,800	3,851	51
Pipeline Income	38,000	44,582	6,582
Interest Income	18,400	16,087	(2,313)
Taxes and Assessments	-	1,917	1,917
Rental Income	10,800	10,780	(20)
Miscellaneous Income/Refunds	14,900	155	(14,745)
Recreation	56,500	64,756	8,256
Spring Valley Project	7,720	7,720	-
Grant Income	1,420,900	-	(1,420,900)
Sale of Assets	1,500	2,108	608
	<u>\$ 3,615,320</u>	<u>\$ 3,575,145</u>	<u>\$ (40,175)</u>
EXPENDITURE Management & General:			
Management and Administrative Payroll	\$ 365,000	\$ 351,723	\$ (13,277)
Payroll Burden	185,000	149,262	(35,738)
Consulting	10,000	19,208	9,208
Dues and Memberships	64,000	55,630	(8,370)
Annexation/LAFCO	4,500	9,781	5,281
Insurance	78,200	63,222	(14,978)
Legal and Accounting	33,000	44,788	11,788
Miscellaneous Employee Expense	13,000	20,180	7,180
Office Maintenance	3,000	2,083	(917)
Office Supplies	19,000	17,360	(1,640)
Office Utilities	11,000	12,492	1,492
Other Fees	-	10,393	10,393
	<u>785,700</u>	<u>756,122</u>	<u>(29,578)</u>
Operations:			
Operational Payroll	454,518	472,903	18,385
Payroll Burden	230,000	263,970	33,970
Maintenance-Equipment	10,000	9,578	(422)
Maintenance-Pumps	2,000	43,484	41,484
Maintenance-Trucks	8,000	9,896	1,896
Distribution Maintenance	57,000	65,491	8,491
Hydro Expense	108,000	133,738	25,738
Utilities - Electric Pumps	152,000	176,135	24,135
Fuel and Oil	60,000	78,547	18,547
Small Tools	1,000	1,429	429
Radio Expense	800	496	(304)
Water Purchases	18,000	18,335	335
Delta Issues	40,000	25,100	(14,900)
Water Sales Out of District	4,000	60,738	56,738
Capital Projects	1,769,300	461,906	(1,307,394)
	<u>2,914,618</u>	<u>1,821,746</u>	<u>(1,092,872)</u>
	<u>3,700,318</u>	<u>2,577,868</u>	<u>(1,122,450)</u>
Total Expense			
Excess of Revenue Over (Under) Expenditures	<u>\$ (84,998)</u>	<u>\$ 997,277</u>	<u>\$ 1,082,275</u>