



Financial Statements  
and  
Independent Auditor's Reports  
2015

# BROWNS VALLEY IRRIGATION DISTRICT

## Financial Statements

December 31, 2015

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# **BROWNS VALLEY IRRIGATION DISTRICT**

## **Management's Discussion and Analysis**

**December 31, 2015**

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, 2015, based on currently known facts, decisions or conditions.

Even though 2015 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 2014 (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, 2015

### 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>12/31/15</u>	<u>12/31/14</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	\$ 5,636,486	\$ 3,972,171	\$ 1,664,315	41.90%
Capital Assets	7,428,879	7,545,225	(116,346)	-1.54%
Construction in Progress	1,768,951	1,376,143	392,808	28.54%
Other Assets	43,436	-	43,436	0%
	<u>\$ 14,877,752</u>	<u>\$ 12,893,539</u>	<u>\$ 1,984,213</u>	<u>15.39%</u>
Liabilities	\$ 1,387,593	\$ 468,194	\$ 919,399	196.37%
Net Position:				
Contributed Capital	540,440	540,440	-	0.00%
Invested in Capital Assets	9,197,830	8,921,368	276,462	3.10%
Unrestricted/Unassigned	3,751,889	2,963,537	788,352	26.60%
	<u>\$ 14,877,752</u>	<u>\$ 12,893,539</u>	<u>\$ 1,984,213</u>	<u>15.39%</u>

# BROWNS VALLEY IRRIGATION DISTRICT

## Management's Discussion and Analysis

December 31, 2015

### District Financial Statements (Continued)

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

	<u>12/31/15</u>	<u>12/31/14</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	\$ 4,193,643	\$ 3,471,622	\$ 722,021	20.80%
Less Operating Expenses	(1,264,647)	(1,359,840)	(95,193)	-7.00%
Less Administrative Expenses	(821,803)	(756,122)	(65,681)	-8.69%
Less Depreciation	(244,928)	(234,038)	(10,890)	-4.65%
Add Non-Operating Revenues (Expenses)	<u>204,567</u>	<u>103,523</u>	<u>101,044</u>	<u>-97.61%</u>
Increase (Decrease) in Net Position	2,066,832	1,225,145	841,687	-68.70%
Net Position - Beginning of year	<u>12,425,345</u>	<u>11,200,200</u>	<u>1,225,145</u>	<u>10.94%</u>
Prior Period Adjustment - GASB 68	<u>(1,002,018)</u>	<u>-</u>	<u>-</u>	<u>0.00%</u>
Net Position - End of year	<u>\$ 13,490,159</u>	<u>\$ 12,425,345</u>	<u>\$ 2,066,832</u>	<u>8.57%</u>

During the year ended December 31, 2015 the District's operating revenues increased by 20.80% due to an increase in the 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, 2015 by \$13,490,159. Of this amount, \$3,751,889 is in *Unrestricted/Unassigned Net Position*.
- The District's total net position increased by \$1,064,814 from the previous year.
- The District's operating expenses totaled \$2,086,450 for the current year a decrease of \$29,512 over previous year.
- The District's current year total revenues increased compared to the prior year by \$823,065 to a total of \$4,398,210 for the year ended December 31, 2015. Total revenue for the prior year was \$3,575,145. *Out of District Water Sales* increased by \$585,315 in 2015 compared to the prior year. Grant revenues received during 2015 were \$103,285..
- The cash and investment balance available at the end of the current year was \$5,481,958, an increase of \$1,674,753 from the prior period.

# **BROWNS VALLEY IRRIGATION DISTRICT**

## **Management's Discussion and Analysis**

**December 31, 2015**

### **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**

- 2015 revenues of the District were over the budgeted revenues by \$531,337 mainly due to out of District water sales.
- Management and General Expenses were less than budgeted amounts by \$67,213.
- Operations Expenses were lower than the budgeted amounts by \$2,263,113 primarily due to lower capital project expenses.

# BROWNS VALLEY IRRIGATION DISTRICT

## Management's Discussion and Analysis

December 31, 2015

### 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 1 2015 Ford Explorer 2015 F-350 Truck, 2015 F-150 XLT Truck, 50HP and 150HP VFD pumps, an ice machine and miscellaneous equipment. Construction in progress additions for 2015 included expense for Peoria pipeline of \$27. Dry Creek Recapture Project of \$17,031, Sicard Ditch of \$134,410 and Saddleback Lift Pump Project for \$241,341.

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, 2015</u>	<u>Balance December 31, 2014</u>		
Property and Equipment:				
Distribution System	\$ 11,346,551	\$ 11,346,551	\$ -	0.00%
Building/Equipment	1,822,417	1,697,998	124,419	7.33%
Recreation Property	11,508	11,508	-	0.00%
Fish Screens	204,819	204,819	-	0.00%
Construction in Progress	1,768,951	1,376,143	392,808	28.54%
Accumulated Depreciation	<u>(5,956,416)</u>	<u>(5,715,651)</u>	<u>(240,765)</u>	<u>4.21%</u>
Total Property, Plant and Equipment - Net	<u>\$ 9,197,830</u>	<u>\$ 8,921,368</u>	<u>\$ 276,462</u>	<u>3.10%</u>

### Capital Debt:

At December 31, 2015, 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 \$2,066,832 for the calendar year ended December 31, 2015. exclusive of pension plan GASB 68 prior period adjustment of \$1,002,018.

**BROWNS VALLEY IRRIGATION DISTRICT**  
Management's Discussion and Analysis  
December 31, 2015

**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, 2015 and 2014 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, 2015 and 2014, 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 April 26, 2016, 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  
April 26, 2016

# BROWNS VALLEY IRRIGATION DISTRICT

## Statement of Net Position December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash & Investments (Note 2)	\$ 5,481,958	\$ 3,807,205
Accounts Receivable	24,132	32,956
Interest Receivable	11,760	6,706
Inventory	76,183	88,009
Prepaid Insurance	42,453	37,295
<b>Total Current Assets</b>	<u>5,636,486</u>	<u>3,972,171</u>
<b>Property and Equipment - Net of Accumulated</b>		
Depreciation (Note 3)	9,197,830	8,921,368
<b>Sources of Deferred Outflows of Resources</b>		
Pension Contributions	43,436	-
<b>Total Assets</b>	<u>\$ 14,877,752</u>	<u>\$ 12,893,539</u>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable & Accrued Payroll	\$ 40,228	\$ 28,307
Accord Conjunctive Liability (Note 4)	97,783	97,783
Compensated Absences	244,873	342,104
<b>Total Current Liabilities</b>	<u>382,884</u>	<u>468,194</u>
<b>LONG TERM LIABILITIES</b>		
Net Pension Liability	848,071	-
<b>Sources of Deferred Inflows of Resources</b>		
Pension Plan Deferred (GASB 68)	156,638	-
<b>Total Long-Term Liability</b>	<u>1,004,709</u>	<u>-</u>
<b>NET POSITION</b>		
Contributed Capital ( Note 7 )	540,440	540,440
Invested in Capital Assets, (Note 7)	9,197,830	8,921,368
Unrestricted/Unassigned	3,751,889	2,963,537
<b>Total Net Position</b>	<u>13,490,159</u>	<u>12,425,345</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 14,877,752</u>	<u>\$ 12,893,539</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, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>OPERATING REVENUES:</b>		
Water Sales:		
Other Water Agencies	\$ 2,065,281	\$ 1,479,966
Accord Conjunctive Use	147,913	198,615
Landowners	774,881	774,968
Hydro-electric Sales	1,165,231	969,640
Standby Charges	4,851	3,851
Pipeline Income	35,486	44,582
Total Operating Revenues	4,193,643	3,471,622
Operating Expenses	2,086,450	2,115,962
Operating Income (Loss) Before Depreciation	2,107,193	1,355,660
Depreciation	(244,928)	(234,038)
Total Operating Income (Loss)	1,862,265	1,121,622
<b>NON-OPERATING REVENUE AND EXPENSE</b>		
Grant Income	103,285	-
Interest Income	28,217	16,087
Taxes and Assessments	(5)	1,917
Rental Income	10,840	10,780
Miscellaneous Income	689	155
Spring Valley Project	-	7,720
Recreation	63,354	64,756
Sale of Assets	(1,813)	2,108
Net Non-Operating Revenue and Expenses	204,567	103,523
Net Income	2,066,832	1,225,145
Net Position - Beginning of Year	12,425,345	11,200,200
Prior Period Adjustment - GASB 68 Note 5	(1,002,018)	-
<b>Net Position - End of Year</b>	<b>\$ 13,490,159</b>	<b>\$ 12,425,345</b>

See accompanying notes to financial statements.

**BROWNS VALLEY IRRIGATION DISTRICT**Statement of Cash Flow  
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 1,862,265	\$ 1,121,622
Non-Cash Items Included in Operating Income:		
Depreciation	244,928	234,038
Changes in Current Assets and Liabilities:		
(Increase) Decrease in Receivables	8,824	14,365
(Increase) Decrease in Prepaid Insurance	(5,157)	(1,048)
(Increase) Decrease in Inventory	11,826	3,447
Increase (Decrease) in Accounts and Payroll Payables	11,922	(21,490)
Increase (Decrease) in Accord Groundwater Liability	-	2,656
Increase (Decrease) in Compensated Absences	(97,230)	49,958
	<u>2,037,378</u>	<u>1,403,548</u>
Net Cash Provided (Used) by Operating Activities		
<b>CASH FLOWS FROM NON-CAPITAL ACTIVITIES:</b>		
Interest Income	<u>23,162</u>	<u>13,711</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>		
Grant Income	103,285	-
Taxes and Assessments	(5)	1,917
Rental Income	10,840	10,780
Miscellaneous Income	689	155
Spring Valley Project	-	7,720
Recreation Property Income	<u>63,354</u>	<u>64,756</u>
	<u>178,163</u>	<u>85,328</u>
Net Cash Flows Provided by Non-Capital Financing Activities		
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
Purchases of Fixed Assets	(542,203)	(461,906)
Interest Expense	-	-
Proceeds from the Sale of Assets	<u>19,000</u>	<u>2,750</u>
	(523,203)	(459,156)
Net Cash Provided by (Used in) Capital Financing Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Pension Plan Adjustments (GASB 68)	<u>(40,747)</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	1,674,753	1,043,431
Cash and Cash Equivalent at Beginning of Year	<u>3,807,205</u>	<u>2,763,774</u>
Cash and Cash Equivalent at End of Year	<u>\$ 5,481,958</u>	<u>\$ 3,807,205</u>

See accompanying notes to financial statements.

# BROWNS VALLEY IRRIGATION DISTRICT

Notes to Financial Statements

December 31, 2015 and 2014

## **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, 2015 and 2014

**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, 2015 and 2014

## 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:

	<u>2015</u>	<u>2014</u>
Petty Cash	\$ 200	\$ 200
General Checking	60,291	339,581
County Treasurer Savings	4,507,176	2,994,416
Money Market Accounts	<u>914,291</u>	<u>473,008</u>
Unrestricted Cash and Investments	<u>\$ 5,481,958</u>	<u>\$ 3,807,205</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, 2015.

### 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, 2015 and 2014

## 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, 2015 follows:

	<u>12/31/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2015</u>
Distribution System	\$ 11,346,551	\$ -	\$ -	\$ 11,346,551
Building/Equipment	1,697,998	149,394	(24,976)	1,822,416
Recreation Property	11,508	-	-	11,508
Fish Screens	204,819	-	-	204,819
Construction in Progress	<u>1,376,143</u>	<u>392,808</u>	<u>-</u>	<u>1,768,951</u>
Total	14,637,019	542,202	(24,976)	15,154,245
Less Accumulated Depreciation	<u>(5,715,651)</u>	<u>(244,928)</u>	<u>4,164</u>	<u>(5,956,415)</u>
Net Capital Assets	<u>\$ 8,921,368</u>	<u>\$ 297,274</u>	<u>\$ (20,812)</u>	<u>\$ 9,197,830</u>

Depreciation in the amount of \$244,928 was charged to operating expense for the year ended December 31, 2015.

## BROWNS VALLEY IRRIGATION DISTRICT

Notes to Financial Statements

December 31, 2015 and 2014

### **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 - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)**

The District provides eligible employee's pension plans benefits through the Brown Valley Irrigation District – Miscellaneous Plan (The Plan).

#### *Plan Description, Benefits Provided and Employees Covered*

The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees; Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2014 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2014 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

#### *Contribution Description*

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and contribution rate of employees. For the measurement period ended June 30, 2015 (the measurement date), the active employee contribution rate is 6.880 percent of annual pay, and the average employer's contribution rate is 6.786 percent of annual payroll. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution

**BROWNS VALLEY IRRIGATION DISTRICT**

Notes to Financial Statements

December 31, 2015 and 2014

**NOTE 5 - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (Continued)**

*Actuarial Methods and Assumptions Used to Determine Total Pension Liability*

For the measurement period ending June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. Both the June 30, 2014 total pension liability and the June 30, 2015 total pension liability were based on the following actuarial methods and assumptions.

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table	Delivered using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.50 percent. 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 results 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 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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

**BROWNS VALLEY IRRIGATION DISTRICT**

Notes to Financial Statements

December 31, 2015 and 2014

**NOTE 5 - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (Continued)**

The following presents the net pension liability/(assets) of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	<u>Discount Rate - 1 % (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>Discount Rate + 1 % (8.50%)</u>
Plan's Net Pension Liability/(Asset)	\$ 1,295,868	\$ 772,697	\$ 340,760

*Subsequent Events*

There were no subsequent events that would materially affect the results presented in this disclosure.

**PENSION EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS**

For the fiscal year ended December 31, 2015, pension expense recognized is as follows:

Service Cost	\$ 118,906
Interest on Total Pension Liability	346,718
Changes of Benefit Terms	172
Recognized Changes of Assumption	(22,594)
Recognized Differences b/w Projected and Actual Experience	2,388
Net Plan to Plan Resource Movement	(23,215)
Employee Contribution	(54,661)
Projected Earnings on Pension Plan Investments	(288,023)
Recognized Differences b/w Projected and Actual Earnings on Plan Investment	(24,084)
Administrative Expenses	4,338
Pension Expense (Income)	<u>\$ 59,946</u>

As of December 31, 2015, Browns Valley Irrigation District reports other amounts for the Plan as deferred outflows and deferred inflows of resources related to pensions as follows:

**BROWNS VALLEY IRRIGATION DISTRICT**

Notes to Financial Statements

December 31, 2015 and 2014

**DEFINED BENEFITS PENSION PLANS – Miscellaneous Plan (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ 5,310	\$ (50,236)
Adjustments due to Difference in Contributions	<u>128,765</u>	<u>(15,395)</u>
Total	<u>\$ 134,075</u>	<u>\$ (65,631)</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Measurement Period Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2016	(35,170)
2017	(35,170)
2018	(31,961)
2019	32,191

In accordance with GASB 68, a prior period adjustment was reported to record the pension related adjustments.

**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, 2015 and 2014

**NOTE 7: NET POSITION (FUND BALANCES)****Fund Equity - 2015**

Fund equity was segregated as follows for the year ended December 31, 2015:

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	-	9,197,830	-	9,197,830
Remaining Unreserved Balance	-	-	3,751,889	3,751,889
<b>Total Fund Equity</b>	<b>\$ 540,440</b>	<b>\$ 9,197,830</b>	<b>\$ 3,751,889</b>	<b>\$ 13,490,159</b>

**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>

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, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Management and General:</b>		
Management and Administrative Payroll	\$ 390,278	\$ 351,723
Payroll Burden	130,628	149,262
Consulting	19,707	19,208
Dues and Memberships	62,996	55,630
Annexation/LAFCO	5,437	9,781
Insurance	66,793	63,222
Legal and Accounting	30,785	44,788
Miscellaneous Employee Expense	12,386	20,180
Office Maintenance	2,104	2,083
Office Supplies	23,068	17,360
Office Utilities	7,777	12,492
Other Fees	<u>69,844</u>	<u>10,393</u>
Total Management and General	<u>821,803</u>	<u>756,122</u>
 <b>Operations:</b>		
Operations Payroll	573,336	472,903
Payroll Burden	187,978	263,970
Water Sales Costs	2,920	60,738
Purchased Water	20,140	18,335
Delta Expense	14,030	25,100
Hydro Expense	69,196	133,738
Fuel and Oil	58,803	78,547
Repairs and Maintenance	136,277	128,449
Small Tools	3,093	1,429
Utilities	198,367	176,135
Radio Expense	<u>507</u>	<u>496</u>
Total Operations	<u>1,264,647</u>	<u>1,359,840</u>
Total Operating Expenses (Excluding Depreciation)	<u><u>\$ 2,086,450</u></u>	<u><u>\$ 2,115,962</u></u>

See independent auditor's report

**BROWNS VALLEY IRRIGATION DISTRICT**  
**Statement of Revenue and Expenditures-Budget vs Actual**  
**2015**

		<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES:	Water Sales-In District	\$ 824,000	\$ 774,881	\$ (49,119)
	Water sales-Out of District	7,854	2,065,281	2,057,427
	Accord Conjunction Use	138,300	147,913	9,613
	Hydro-Electric Sales	1,325,600	1,165,231	(160,369)
	Standby Charges	3,800	4,851	1,051
	Pipeline Income	38,000	35,486	(2,514)
	Interest Income	13,000	28,217	15,217
	Taxes and Assessments	-	(5)	(5)
	Rental Income	10,800	10,840	40
	Miscellaneous Income/Refunds	14,900	12,097	(2,803)
	Recreation	56,500	63,354	6,854
	Spring Valley Project	15,440	-	(15,440)
	Grant Income	1,420,900	103,285	(1,317,615)
	Sale of Assets	30,000	19,000	(11,000)
	Prior Year Carryover	1,278,733	-	(1,278,733)
	Total Revenues	<u>5,177,827</u>	<u>4,430,431</u>	<u>(747,396)</u>
EXPENDITURES:	Management & General:			
	Management and Administrative Payroll	375,300	390,278	14,978
	Payroll Burden	179,000	152,012	(26,988)
	Consulting	22,000	19,707	(2,293)
	Dues and Memberships	67,000	62,996	(4,004)
	Annexation/LAFCO	35,000	5,437	(29,563)
	Insurance	65,100	66,793	1,693
	Legal and Accounting	40,000	30,785	(9,215)
	Miscellaneous Employee Expense	16,000	12,386	(3,614)
	Office Maintenance	3,000	2,104	(896)
	Office Supplies	25,000	23,068	(1,932)
	Office Utilities	13,000	7,777	(5,223)
	Other Fees (Includes History Book)	70,000	69,844	(156)
	Total Management & General	<u>910,400</u>	<u>843,187</u>	<u>(67,213)</u>
	Operations:			
	Operational Payroll	518,800	573,336	54,536
	Payroll Burden	248,000	218,749	(29,251)
	Maintenance-Equipment	10,000	13,695	3,695
	Maintenance-Pumps	5,000	809	(4,191)
	Maintenance-Trucks	10,000	8,473	(1,527)
	Distribution Maintenance	61,000	113,300	52,300
	Hydro Expense	136,000	69,196	(66,804)
	Utilities - Electric Pumps	193,000	198,367	5,367
	Fuel and Oil	78,000	58,803	(19,197)
	Small Tools	3,000	3,093	93
	Radio Expense	800	507	(293)
	Water Purchases	30,000	20,140	(9,860)
	Delta Issues	30,000	14,030	(15,970)
	Water Sales Out of District	10,000	2,920	(7,080)
	Capital Projects	2,767,133	542,202	(2,224,931)
	Total Expense	<u>4,100,733</u>	<u>1,837,620</u>	<u>(2,263,113)</u>
	Total Expense	<u>5,011,133</u>	<u>2,680,807</u>	<u>(2,330,326)</u>
	Excess of Revenue Over (Under) Expenditures	<u>\$ 166,694</u>	<u>\$ 1,749,624</u>	<u>\$ 1,582,930</u>





Blomberg & Griffin Accountancy Corporation  
Certified Public Accountant

**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**

Board of Directors  
Browns Valley Irrigation District  
Browns Valley, CA

We have audited the business-type activities of the Browns Valley Irrigation District as of and for the year's ended December 31, 2015 and 2014, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 26, 2016. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Browns Valley Irrigation District's internal control over financial reporting 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 Browns Valley Irrigation District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Browns Valley Irrigation District's internal control over financial reporting.

*A control 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, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected and corrected by Browns Valley Irrigation District's internal controls on a timely basis.

## **Browns Valley Irrigation District-Report on Internal Controls-Page 2**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Browns Valley Irrigation District 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 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 matter that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Blomberg & Griffin A.C.  
Stockton, CA  
April 26, 2016