

**BANTA-CARBONA IRRIGATION DISTRICT**  
**FINANCIAL STATEMENTS**  
**WITH**  
**INDEPENDENT AUDITOR'S REPORT**  
**THEREON**

**December 31, 2015**

BANTA-CARBONA IRRIGATION DISTRICT

Financial Statements

December 31, 2015

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Banta-Carbona Irrigation District  
Tracy, CA

We have audited the accompanying financial statements of the Banta-Carbona Irrigation District (the District), which comprise the statement of net position as of December 31, 2015, and the related statements of revenues, expenses, changes in net position, and cash flows for the year then ended and the related notes to the financial statements.

### 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 did not audit the financial statements of the District for the year ended December 31, 2014. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the District, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

Board of Directors  
Banta-Carbona Irrigation District

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banta-Carbona Irrigation District, as of December 31, 2015 and December 31, 2014, and the changes in financial position and cash flows thereof for the years 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 as listed in the 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 an opinion on the financial statements that collectively comprise Banta-Carbona Irrigation District's basic financial statements. The Supplemental Operating Statements and Cost of Service Rate Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Operating Statements and Cost of Service Rate Report 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.

Fechter & Company  
Certified Public Accountants

  
Sacramento, California  
March 31, 2016

BANTA-CARBONA IRRIGATION DISTRICT  
Management's Discussion And Analysis  
December 31, 2015

**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

This discussion and analysis of the Banta-Carbona Irrigation District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2015.

Please read it in conjunction with the District's "Financial Statements and Independent Auditor's report, December 31, 2015 and December 31, 2014."

**REPORTING THE DISTRICT AS A WHOLE**

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net position reports information about the District as a whole and about its activities in a way that helps answer this question. This statement includes all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Below is the District's condensed Statement of Net Position:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 10,508,763	\$ 10,002,631	\$ 9,652,578
Capital assets	20,140,352	20,120,031	20,488,233
Total Assets	<u>\$ 30,649,115</u>	<u>\$ 30,122,662</u>	<u>\$ 30,140,811</u>
Current liabilities	\$ 1,081,338	\$ 424,637	\$ 556,046
Non-current liabilities	3,358,163	2,907,225	2,788,142
Total Liabilities	<u>4,439,501</u>	<u>3,331,862</u>	<u>3,344,188</u>
Invested in capital assets, net of related debt	20,140,352	20,120,031	20,488,233
Unrestricted	6,069,262	6,670,769	6,308,390
Total Net Position	<u>\$ 26,209,614</u>	<u>\$ 26,790,800</u>	<u>\$ 26,796,623</u>

BANTA-CARBONA IRRIGATION DISTRICT  
Management's Discussion And Analysis  
December 31, 2015

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

This statement reports the District's net position and changes in them. You can think of the District's net position, the difference between assets, what the District owns, and liabilities, what the District owe, as one way to measure the District's financial health, or financial position. Over time, *increases or decreases* in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's county property tax allocation and the condition of the District's capital assets (roads, buildings, canals, pipelines and pump stations) to assess the overall health of the District.

Below is the District's condensed Statement of Revenues, Expenses, and Changes in Net Position:

	2015	2014	2013
Operating revenues	\$ 5,343,549	\$ 4,463,279	\$ 5,014,950
Operating expenses	6,331,645	4,952,732	4,873,512
Operating income	(988,096)	(489,453)	141,438
Non-operating revenues	406,910	483,630	612,172
Change in net position	(581,186)	(5,823)	753,610
Beginning net position	26,790,800	26,796,623	26,043,013
Ending net position	\$ 26,209,614	\$ 26,790,800	\$ 26,796,623

**Cash and Equivalents**

Cash consists of general checking accounts and funds deposited in the Local Agency Investment Fund (LAIF). The total of these funds is listed on the Statement of Net Position under Current Assets, Cash and Equivalents. These funds are derived from water sales to customers within or outside of the District, interest and finance charges, and sale of assets no longer necessary for District business, standby charges levied, and any county tax allocation.

**The District as a Whole**

The District's total net position changed from a year ago, decreasing from \$26,790,800 to \$26,209,614 as can be seen on the Statement of Revenues, Expenses, and Changes in Net Fund Position, page 6 of the District's "Financial Statements and Independent Auditor's Report, December 31, 2015 and December 31, 2014".

**Financial Ratios**

"Working Capital" is the amount by which current assets exceed current liabilities. The current ratio, which compares current assets to current liabilities, is an indicator of the ability to pay current obligations. The current assets for 2015 are \$10,508,763 and the Current Liabilities are \$1,081,338 resulting in a Current Ratio of 9.7 for the year ending December 31, 2015, as compared to a current ratio of 23.5 for the previous year of 2014. The District still has an excellent ability to pay off its current liabilities with current assets being 9.7 dollars for every 1 dollar of current liabilities.

BANTA-CARBONA IRRIGATION DISTRICT  
Management's Discussion And Analysis  
December 31, 2015

**Business Type Activities**

Operating revenues of the District's water sales increased by \$880,270 from 2014 to 2015. Some of the increase is attributed to a small water transfer at the end of 2015 and to rate increases on May 1, 2015. In regards to operating expenses the District invested heavily into supplemental water supplies in 2015. These supplemental water expenses included costs for pumping groundwater and expenses for use of the Central Valley Project (CVP) conveyance and storage facilities.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

There was very little investment to District assets during 2015. A project to replace Pumping Plant #6 was started late in the fall of 2015. The estimate to complete that replacement was about 3.5 million dollars.

In 2015 the District spent over \$350,000 on a temporary pump back project on the Delta-Mendota Canal (DMC) that was installed in July 2015 on three check structures, checks, 4, 7, and 10. The District had water stored in San Luis Reservoir (SLR) just outside Los Banos, California. Normally, the District would recapture its water stored in SLR by taking water pumped from the Jones Pumping Plant (JPP) in Tracy, California, off of the DMC. Others would then use the District's water stored in SLR. Last year the summer operations plan for the JPP projected that all demands on the upper DMC may not be met by the JPP. As a result, upper DMC contractors joined together to have the San Luis Delta-Mendota Water Authority (SLDMWA) install temporary pump lift stations along the DMC in order to pump water back from SLR up into the upper DMC. The District shared in the expense of that project. The temporary stations were removed in September of 2015.

The District continued long term planning efforts to identify ways to improve conveyance in the lift canal, to automate the water delivery system, and to replace old pumping plants with new ones.

As for the District's business-type activities, it is expected that in 2016 electric power costs will be comparable as compared to 2015's as power supply contracts were acquired in 2015. Supplemental water expenses will be high again in 2016 as there may be no CVP water allocation. And the District will be spending about 3.5 million dollars in 2016 on the Pumping Plant 6 Replacement Project. All of these factors will be shrinking the size of the reserve cash on hand but will not be endangering operations of the District in future years.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Secretary/Treasurer at Banta-Carbona Irrigation District, 3514 W. Lehman Road, Tracy, California 95304.

**BANTA-CARBONA IRRIGATION DISTRICT**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**  
(with comparative data for the year ended December 31, 2014)

	2015	2014
<b>ASSETS</b>		
Current Assets:		
Cash and investments	\$ 8,320,653	\$ 8,066,053
Accounts receivable	670,126	190,012
Stand by charges receivable	53,090	63,709
Prepaid expenses	1,464,894	1,682,857
Total current assets	10,508,763	10,002,631
Capital Assets, Net		
Capital assets	20,140,352	20,120,031
<b>TOTAL ASSETS</b>	<b>30,649,115</b>	<b>30,122,662</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	437,198	32,770
Accrued expenses	-	216
Unearned revenue	465,853	222,357
Current portion of compensated absences liability	178,287	169,294
Total current liabilities	1,081,338	424,637
Long-term Liabilities:		
Other post employment benefits	3,358,163	2,907,225
<b>TOTAL LIABILITIES</b>	<b>4,439,501</b>	<b>3,331,862</b>
<b>NET POSITION</b>		
Net investment in capital assets	20,140,352	20,120,031
Unrestricted	6,069,262	6,670,769
<b>TOTAL NET POSITION</b>	<b>\$ 26,209,614</b>	<b>\$ 26,790,800</b>

The accompanying notes are an integral part of these financial statements

**BANTA-CARBONA IRRIGATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(with comparative data for the year ended December 31, 2014)

	2015	2014
<b>Operating revenues:</b>		
Water sales - irrigation	\$ 4,295,275	\$ 2,262,309
Supplemental water sales	1,048,274	2,200,970
Total operating revenues	5,343,549	4,463,279
<b>Operating expenses:</b>		
Sources of water	1,405,832	410,773
Pumping	1,423,825	1,676,392
Transmission and distribution	952,347	894,593
Administration and general	1,894,148	1,353,593
Fish screen	26,347	14,557
Depreciation	629,146	602,824
Total operating expenses	6,331,645	4,952,732
Operating income	(988,096)	(489,453)
<b>Non-operating revenues and (expenses):</b>		
Stand by charges	222,352	222,356
Interest income	33,758	67,508
County tax allocation	107,761	105,246
Gain on sale of assets	8,750	27,256
Other	60,526	65,321
Net increase in the value of investment	(26,237)	(4,057)
Total non-operating revenues and (expenses)	406,910	483,630
Change in net position	(581,186)	(5,823)
Beginning net position	26,790,800	26,796,623
Ending net position	\$ 26,209,614	\$ 26,790,800

The accompanying notes are an integral part of these financial statements

**BANTA-CARBONA IRRIGATION DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
(with comparative data for the year ended December 31, 2014)

	2015	2014
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 5,597,664	\$ 4,532,864
Cash paid to suppliers	(3,513,223)	(3,811,635)
Cash paid to employees	(1,107,170)	(990,142)
	977,271	(268,913)
<b>Cash Flows from non-capital financing activities:</b>		
Stand by charges	(257,762)	86,703
County tax allocation	107,761	105,246
Other	60,526	65,321
	(89,475)	257,270
<b>Cash flows from capital and related financing activities:</b>		
Purchase of equipment	(649,467)	(240,665)
Proceeds from sale of capital assets	8,750	33,299
	(640,717)	(207,366)
<b>Cash flows from investing activities:</b>		
Payment of long-term note receivable	-	3,000,000
Investment income received	7,521	63,451
	7,521	3,063,451
Net increase in cash and cash equivalents	254,600	2,844,442
Cash and cash equivalents, beginning of year	8,066,053	5,221,611
Cash and cash equivalents, end of year	\$ 8,320,653	\$ 8,066,053

The accompanying notes are an integral part of these financial statements.

**BANTA-CARBONA IRRIGATION DISTRICT  
STATEMENT OF CASH FLOWS (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(with comparative data for the year ended December 31, 2014)**

	2015	2014
<b>Reconciliation of operating income (loss) to net cash provided by (used) by operating activities:</b>		
Operating (loss)	\$ (988,096)	\$ (489,453)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	629,146	602,824
Changes in assets and liabilities:		
Accounts receivable	10,619	69,585
Prepaid expenses	217,963	(439,543)
Accounts payable	404,428	(40,229)
Accrued expenses	(216)	(160,509)
Unearned revenue	243,496	-
Compensated absences	8,993	169,294
Other post employment benefits asset/liability	450,938	19,118
<b>Net cash provided (used) by operating activities</b>	<b>\$ 977,271</b>	<b>\$ (268,913)</b>

The accompanying notes are an integral part of these financial statements.

BANTA-CARBONA IRRIGATION DISTRICT  
Notes to Financial Statements  
December 31, 2015

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES**

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**A. ORGANIZATION**

Banta-Carbona Irrigation District was organized March 14, 1921, under California Irrigation District Law. The District now acts and operates under, and is governed by, the Statutory Authority known as the Water Code, State of California, Division 11, Irrigation Districts.

The District is located south of Tracy, California, in San Joaquin County, of which about 15,919 acres are assessable.

**B. METHOD OF ACCOUNTING**

The District's financial activities are accounted for using the principles of enterprise fund accounting. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including, depreciation) of providing water to the water users in the District are financed through user charges. The District's financial statements have been prepared using the accrual basis of accounting.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating. Restricted resources are used to fund appropriations only after unrestricted resources are depleted.

**Cash and Investments** - Cash consists of a general checking account and certificates of deposit. Investments consist of LAIF and securities. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Accounts Receivable** - In some cases, the District provides water to its customers, without receiving full payment in advance from the user. The users owe the District for water used, but have not provided collateral nor provided full payment as of the balance sheet date. In the unlikely event that all customers failed to pay the District for the amounts owing, the total reorganized loss would be \$662,901. The District records Accounts Receivable at face value and recognizes interest on past due amounts when collected. Receivables are past due after 30 days of request for payment. The District has the authority to place liens on property that has past due water bills due to the District.

The District uses the direct write-off method of recognizing bad debt losses. No allowance for uncollectible accounts has been provided. For the year under audit, no accounts are deemed uncollectible.

BANTA-CARBONA IRRIGATION DISTRICT  
Notes to Financial Statements  
December 31, 2015

**NOTE 1 - SUMMARY OF ACCOUNTING POLICIES, Continued**

**Net Position** - Net position is the difference between assets and liabilities. Net investment in capital assets are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net fund position is reported as restricted when there are legal limitations imposed on their use by legislation or external restriction by other governments, creditors or grantors.

**Financial Reporting** - As permitted under GASB statement No. 20, paragraph 7, the District has selected consistently not to follow FASB pronouncements issued after November 30, 1989.

**Long-Lived Assets** - Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over fair value of the asset and long lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

**C. DEPRECIATION**

The District provides for depreciation using the straight-line method over the estimated useful lives of the assets. The estimated useful lives by category are as follows:

General Properties	20-100 Years
General Equipment	3-30 Years
PL 984 Project	59-100 years
Fish Screen	100 Years
Building	50 Years

**D. 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.

**E. ASSESSMENTS**

The District received property taxes from taxpayers in the portion of San Joaquin County within the District's boundaries. The due dates of these taxes are November 1st and February 1st. These taxes become delinquent December 10th and April 10th. The lien date for these taxes is January 1st. The collection dates are December 10th, June 30th, and September 30th.

BANTA-CARBONA IRRIGATION DISTRICT  
Notes to Financial Statements  
December 31, 2015

**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments at December 31 consist of the following:

	<u>2015</u>	<u>2014</u>
Petty cash	\$ 100	\$ 100
Deposits with financial institutions	8,201,447	7,920,676
Investments	119,106	145,277
Total	<u>\$ 8,320,653</u>	<u>\$ 8,066,053</u>

Investments are stated at fair value and consist of the following:

	<u>2015</u>	<u>2014</u>
LAIF	\$ 24,313	\$ 24,246
Manulife Financial Corp. Stock	94,793	121,031
Total	<u>\$ 119,106</u>	<u>\$ 145,277</u>

The carrying amount of stock is determined by an independent pricing service contracted by the trustee holding the securities.

Financial instruments that potentially subject the district to concentrations of credit risk consist principally of cash and marketable securities. The Company maintains, with a bank, cash deposits in excess of the \$250,000 FDIC insured amounts. Deposits in excess of \$250,000 in separate named accounts within one institution represent a credit risk to the company. As of December 31, 2015, and 2014, \$8,177,666 and \$7,672,624, respectively, are in excess of the insurance coverage.

The District's investments are classified as Category 3 - uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name, as defined by GASB Statement 3, *"Deposits with Financial Institutions, Investment, and Reverse Purchase Agreements."*

The District also has investments of \$24,313 in Local Agency Investment Fund (LAIF). These investments are in structured notes and asset backed securities comprised of United States Treasury Bills, Federal Notes, CDs, Corporate Bonds, and Time Deposits. The effective yield for the year ended 2015 was 0.37% and withdrawals require a day notice.

The District also owns 6,340 shares of Manulife Financial Corporation stock with a value of \$94,793 at December 31, 2015. The securities are held by Mellon Investors Services in the District's name. The District's investments as of December 31, 2015, are summarized below:

<u>Investment</u>	<u>Maturity Year</u>	<u>0-1 Years Before Maturity</u>	<u>1-5 Years Before Maturity</u>	<u>Credit Rating</u>
Central Valley Community Bank	2015	\$ 8,201,447	0	AAA
LAIF Investment Fund	2015	24,313	0	N/A
Manulife Financial	2015	94,793	0	AAA

BANTA-CARBONA IRRIGATION DISTRICT  
Notes to Financial Statements  
December 31, 2015

**NOTE 3 – CAPITAL ASSETS**

Capital assets at December 31 are recorded at cost and consist of:

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Capital assets, non-depreciable:				
Land	\$ 1,783,416	\$ -	\$ -	\$ 1,783,416
Capital assets, depreciable:				
Fish Screen Project	8,567,621	-	-	8,567,621
General Property & Equipment	15,024,800	649,467	(19,425)	15,654,842
PL 984 Project	1,025,403	-	-	1,025,403
Buildings	844,854	-	-	844,854
Total capital assets, depreciable	25,462,678	649,467	(19,425)	26,092,720
Less accumulated depreciation	(7,126,063)	(629,146)	19,425	(7,735,784)
Total capital assets, depreciable, net	18,336,615	20,321	-	18,356,936
Total capital assets, net	<u>\$20,120,031</u>	<u>\$ 20,321</u>	<u>\$ -</u>	<u>\$20,140,352</u>
	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Capital assets, non-depreciable:				
Land	\$ 1,783,416	\$ -	\$ -	\$ 1,783,416
Capital assets, depreciable:				
Fish Screen Project	8,567,621	-	-	8,567,621
General Property & Equipment	14,821,174	240,665	(37,039)	15,024,800
PL 984 Project	1,025,403	-	-	1,025,403
Buildings	844,854	-	-	844,854
Total capital assets, depreciable	25,259,052	240,665	(37,039)	25,462,678
Less accumulated depreciation	(6,554,235)	(602,824)	30,996	(7,126,063)
Total capital assets, depreciable, net	18,704,817	(362,159)	(6,043)	18,336,615
Total capital assets, net	<u>\$20,488,233</u>	<u>\$(362,159)</u>	<u>\$(6,043)</u>	<u>\$20,120,031</u>

Total depreciation expense for 2015 and 2014 was \$629,146 and \$602,824, respectively.

BANTA-CARBONA IRRIGATION DISTRICT  
Notes to Financial Statements  
December 31, 2015

**NOTE 4 - RETIREMENT PLAN**

Effective July 31, 1974, the District adopted the Association of California Water Agencies Master Compensation Deferral Plan pursuant to Section 457 of the International Revenue Code. The total District payroll of the year was \$1,107,170 of which \$1,107,170 was covered by the pension plan. To be eligible to participate in the plan, an employee must have completed one year of service. An employee becomes fully vested immediately. The plan allows the participants to direct their investments in their accounts. The District matches each month up to \$100 of employee contributions. The District match is 130%. The District's policy is to fund the pension cost on an accrual basis. Retirement plan expenses for the year ended December 31, 2015, and December 31, 2014, are \$24,351 and \$22,640, respectively.

**NOTE 5 - ECONOMIC DEPENDENCY**

The District was organized to contract fees and administers delivery of water supplies to landowners within the geographical boundaries of the District. Therefore, the District's existence relies exclusively on the continuance of the need for water supplies by the landowners within the District.

**NOTE 6 - RISK OF EXPOSURE**

The District is exposed to the risk of loss in various ways. The District is open to loss from injury due to the equipment and property the District owns and operates. The District is covered for loss from a general liability insurance coverage of \$20,000,000. The District is also covered by auto, workmen's compensation, and public official's insurance contracts.

**NOTE 7 - JOINT VENTURE**

The District joined the Power and Water Resources Pooling Authority (PWRPA) in an attempt to secure a source of power in the future. During the year the District paid \$1,185,345 in fees to the PWRPA. The District may withdraw from the PWRPA at any time.

BANTA-CARBONA IRRIGATION DISTRICT  
Notes to Financial Statements  
December 31, 2015

**NOTE 8 - POST-RETIREMENT HEALTH INSURANCE**

**Plan Description.** In addition to the pension benefits described in Note F, the District provides post-retirement health care insurance to all employees who retire from the district on or after attaining age 65 with at least 15 years of service. The District also provides post-retirement health care insurance to all directors who retire with twelve years of service from the District who are age 50 or over. Currently, nine employees and four directors meet these eligibility requirements.

As of December 31, 2009, the District has adopted the provisions of GASB 43 and 45 for financial reporting of Post-Employment Benefit Plans. This provision requires the district to periodically calculate the estimated Actuarial Accrued Liability (AAL). The district uses the alternative measurement method to calculate the post- retirement health insurance benefits. The assumptions used to calculate future inflation of healthcare costs and salary increases are that they will match the rate of inflation. Mortality rates provided by standard industry guides have been used to determine the expected length of benefits for participants. The plans expenses are paid as they come due and not prefunded. The accrued health care benefit liability at December 31, 2015, is \$3,358,163.

If a retiree, or his or her spouse, reaches 65 and becomes eligible for Medicare or otherwise becomes entitled to governmentally provided or mandated health insurance benefits, then the District may replace its then existing approved health insurance coverage with supplemental health insurance of a type and amount to be determined by the District.

**Funding Policy.** The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the legislature. Expenditures for post- retirement health care insurance are recognized as retirees report claims and as the calculation of the (AAL) changes.

**Annual OPEB Cost and Net OPEB Obligation.** The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, and amount actuarially determined in accordance with the parameters of GASB Statement 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 state's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation (dollar amounts in thousands):

Annual required contribution	\$ 566,653
Interest on net OPEB obligation	72,681
Adjustment to annual required contribution	<u>(91,179)</u>
Annual OPEB cost (expense)	548,155
Contributions made	<u>(97,217)</u>
Increase in net OPEB obligation	450,938
Net OPEB obligation-beginning of the year	<u>2,907,225</u>
Net OPEB obligation-end of the year	<u>\$ 3,358,163</u>

BANTA-CARBONA IRRIGATION DISTRICT  
Notes to Financial Statements  
December 31, 2015

**NOTE 8 - POST-RETIREMENT HEALTH INSURANCE, Continued**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years are as follows (dollar amounts in thousands):

Fiscal Year <u>Ended</u>	Annual <u>OPEB Costs</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
12/31/2013	\$ 557,624	24%	\$ 2,888,107
12/31/2014	574,250	23%	2,907,225
12/31/2015	548,155	18%	3,358,163

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information 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 the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan member 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.

**NOTE 9 - DATE OF MANAGEMENT EVALUATION**

Management has evaluated subsequent events through March 31, 2016, the date on which the financial statements were available to be issued.

BANTA-CARBONA IRRIGATION DISTRICT  
SUPPLEMENTAL INFORMATION

**BANTA-CARBONA IRRIGATION DISTRICT  
SUPPLEMENTAL OPERATING STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(with comparative data for the year ended December 31, 2014)**

	2015	2014
<b>Water Sales - Irrigation:</b>		
Sales	\$ 3,002,864	\$ 1,891,956
Water contract Kasson	233,156	208,902
Outside District	209,705	161,451
Transfer water	849,550	-
	<u>\$ 4,295,275</u>	<u>\$ 2,262,309</u>
<b>Source of Water:</b>		
Operating & maintenance	\$ 19,432	\$ 4,377
CVP water	55,513	34,875
CVP water rights fees	15,688	14,444
River water rights fees	8,054	7,439
Supplemental water expenses	1,302,551	349,638
Transfer water CVP	4,594	-
	<u>\$ 1,405,832</u>	<u>\$ 410,773</u>
<b>Pumping:</b>		
Pump tending	\$ 126,273	\$ 130,845
Pump tending materials	2,206	-
Pump house	55,385	26,890
Pump repairs	18,214	16,864
Panel & switch gear	60,043	37,859
Lift station (power)	1,146,128	1,411,215
Drain pump	11,487	10,131
Power lines	3,051	30,505
Security	828	12,083
Drainage wells & pumps, PR	210	-
	<u>\$ 1,423,825</u>	<u>\$ 1,676,392</u>
<b>Transmission and Distribution:</b>		
Supervision labor	\$ 85,271	\$ 83,599
Ditch tending	207,596	173,342
Kasson District repair	13,154	4,760
Lift canals	13,371	11,286
Canals and ditch repair	75,054	50,859
Structures repair	69,679	63,802
Weed control	165,790	146,207
Rodent control	7,057	5,076
Road right of way	29,403	27,857
Dust control	67,636	64,466
District maintenance yard	10,526	12,882
Vehicle expense	24,213	18,138
Tires & fuel	88,273	116,430
Trucks & tractors	11,772	6,693
Tools & equipment	19,036	17,845
Power - office & shop	11,618	10,835
Modern feasibility study	-	16,507
Kasson payroll	52,833	64,009
Disposal of toxic waste	65	-
	<u>\$ 952,347</u>	<u>\$ 894,593</u>

**BANTA-CARBONA IRRIGATION DISTRICT**  
**SUPPLEMENTAL OPERATING STATEMENTS (Continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(with comparative data for the year ended December 31, 2014)**

	2015	2014
<b>Administration and General:</b>		
General manager	\$ 136,208	\$ 133,483
District officer	86,156	84,424
Clerical	36,252	24,992
Office supplies	41,594	28,760
Printing	185	495
Telephone	9,847	9,804
Property insurance	43,024	45,770
Safety costs	7,654	5,719
Pension fund	24,351	22,640
Employee benefits	1,062,015	610,072
Workers' compensation	57,493	42,995
Personnel general	2,634	2,773
Vacation and sick leave	114,530	92,753
Longevity pay	12,056	9,411
Taxes and license	21,112	20,689
Flood control	4,527	4,957
Other	11,099	7,246
Director's fees	10,600	8,600
District officer expense	30,784	23,640
Legal and audit	111,017	80,323
Janitor	1,560	2,620
Water conservation	3,191	24,301
Association dues	55,403	61,460
Rainy days	10,856	5,666
	\$ 1,894,148	\$ 1,353,593
<b>Fish Screen:</b>		
Payroll	\$ 12,044	\$ 4,590
Maintenance	14,303	9,967
	\$ 26,347	\$ 14,557

BANTA-CARBONA IRRIGATION DISTRICT  
 Cost of Service Rate Report  
 December 31, 2015 and 2014

Cost of Service Rate: "Cost of Service" refers to the total costs by the District in its operations, exclusive of the amounts paid for Central Valley Project water supply pursuant to the District's contract with the United States and Reclamation Law, as reported in the District's Annual Financial Report. The Cost of Service Rate shall be the rate calculated by the District on an annual basis as follows:

$$\frac{\$4,549,398}{\text{(Prior Year Cost of Services)}} + \frac{\$4,477,884}{\text{(Current Year Cost of Services)}} / 2 = \$ 4,513,641$$

$$\frac{(46,115 \text{ acre-feet}) + (38,717 \text{ acre-feet})}{\text{(Total average acre-feet of water delivered by the District over the prior and current years)}} / 2 = 42,416 \text{ acre-feet}$$

Cost of Service Rate = \$4,513,641/42,416 acre-feet = \$106.41/acre-feet

Total Acre Feet of Water Delivered:	2015	2014
Inside	33,843	38,267
Outside	816	1,202
Kasson	4,058	6,646
Total	38,717	46,115
Costs	2015	2014
Pumping	\$ 1,423,825	\$ 1,676,392
Transmission and Distribution	935,652	894,593
Administrative and General	1,454,860	1,353,593
Fish Screen	26,347	14,557
Depreciation	629,146	602,824
Water Rights Fees – River	8,054	7,439
Total Costs	\$ 4,477,884	\$ 4,549,398