MERCED IRRIGATION DISTRICT

WATER & POWER

Comprehensive Annual Financial Report

For the Fiscal Years Ended March 31, 2015 and 2014

744 W 20th Street · Merced, CA. 95340

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Merced Irrigation District

of Merced, California

Comprehensive Annual Financial Report

For the Fiscal Years Ended

March 31, 2015 and 2014

Prepared by the

Finance Department

Brian Stubbert, Chief Financial Officer
Kandi Ramos, Controller
Melissa Bertonneau, Budget and Reporting Analyst

744 West 20th Street, Merced, California 95340
209-722-5761 www.mercedid.org

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MERCED IRRIGATION DISTRICT

Comprehensive Annual Financial Report

For the Fiscal Years Ended March 31, 2015 and 2014

Table of Contents

	Page Number
INTRODUCTORY SECTION	
Letter of Transmittal	i
District Service Area Map	x
District Officials	xi
Organization Chart	xii
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	11
Statements of Net Position	12
Statements of Revenue, Expenses and Changes in Net Position	14
Statements of Cash Flows	15
Notes to the Basic Financial Statements	17
Required Supplementary Information	53
Schedule of Funding Progress for the Postemployment Health Care Benefits	54
Schedule of Funding Progress for Employees Retirement Plan	54
Supplemental Information	55
Combining Statement of Net Position	56
Combining Statement of Revenues, Expense and Changes in Net Position	64
Combining Statement of Cash Flows	68
Debt Service Coverage Related to Outstanding Cop's and Bonds - Electric Services	76
Debt Service Coverage Related to Outstanding Cop's and Bonds - Water Services and Hydroelectric Projec	77
STATISTICAL SECTION	79
Index to Statistical Section	81
Financial Trends:	
Table I - Net Position by Component	82
Table II - Changes in Net Position	83
Table III - Cash and Investment Balance Summary	84
Revenue Capacity:	
Table IV - Assessed Value of Taxable Property	85
Table V - Property Tax Rates - Direct and Overlapping Property Tax Rates	86
Table VI - Principal Property Taxpayers	87
Table VII - Property Tax Levies and Collected	88
Table VIII - Water Rates Based on Irrigation Season for Water Resources	89
Table IX - Energy Resources - Electric Rate Monthly Charge per Meter	90
Table X - Energy Resources - Electric Service by Rate Schedules Stated per Kilowatt	91
Debt Capacity:	
Table XI - Ratio of Outstanding Debt by Type & Per Capita	96
Table XII - Debt Service Coverage Related to Outstanding COP's and Bond for Water Resources and Hydroelectric Project	97
Table XIII - Debt Service Coverage Related to Outstanding COP's and Bond for Energy Resources	98
Table XIV - Principal Debt - Pledged Revenue	99
Demographic and Economic Information:	
Table XV - Demographic and Economic Statistics	100
Table XVI - Principal Employers	101
Operating Information:	
Table XVII - Full-Time Equivalent Employees by Function	102
Table XVIII - Water Resources - Water Supply, Deliveries, Irrigated Acreage, Capacity Level	103
Table XIX - Energy Resources - MWh Sold by Customer Type	104
Table XX - Operating Indicators	105
Table XXI - Capital Assets, Net of Accumulated Depreciation Detail	106

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MERCED IRRIGATION DISTRICT

WATER & POWER

Introductory Section

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MERCED IRRIGATION DISTRICT

WATER & POWER

June 26, 2015

To the Board of Directors,

Staff is pleased to present the Merced Irrigation District's (MID or the District) Comprehensive Annual Financial Report (Report) for the fiscal year ended March 31, 2015.

The Report was prepared primarily by the District's Finance Department following guidelines recommended by the Governmental Accounting Standards Board (GASB) and generally accepted accounting principles (GAAP). Responsibility for both the accuracy of the data presented and the completeness and fairness of presentation, including disclosures, rests with the District. To the best of staff's knowledge, the data used to prepare this Report is accurate in all material respects and is presented in a manner that provides a fair representation of the financial position and results of operations of the District.

Burr, Pilger, and Mayer, Certified Public Accountants, (BPM) have issued an unqualified opinion, or the best possible opinion, on the District's financial statements for this fiscal year. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

THE DISTRICT AND ITS SERVICES

Above: Merced River Map

The District is a California Irrigation District organized in 1919 under the provisions of the Irrigation District Law (codified as Division 11 of the California Water Code). The District is located in the central portion of the San Joaquin Valley and currently encompasses approximately 165,000 acres.

The District owns, operates and maintains the New Exchequer Dam which impounds the New Exchequer Reservoir (Lake McClure), and the McSwain Dam which impounds the McSwain Reservoir (Lake McSwain). Lake McClure and Lake McSwain have storage capacities of 1,024,600 acre-feet and 9,730 acre-feet, respectively. The New Exchequer and McSwain Dams and related hydroelectric facilities were completed in 1967 and generally comprise the Merced River Hydroelectric Project. The Merced River Hydroelectric Project is licensed by the Federal Energy Regulatory Commission (FERC). The District diverts surface water from the Merced River downstream of the Merced River Hydroelectric Project, primarily for agricultural water supply and supplements its surface water supply with conjunctive groundwater pumping. The District water system diverts surface water from the Merced River at

2 locations, the North Side and Main Canals. These supplies are supplemented with groundwater supplies in dry years.

Since the time of the District formation in 1919, surface water and groundwater sources have been used conjunctively to meet the District's water demands. The District is a conjunctive use district that owns and operates approximately 220 groundwater wells. The District owns several small reservoirs that are used for regulating flows and balancing the supplies and demands of the District water system. These water supplies are conveyed through approximately 720 miles of conveyance facilities, consisting of canals, pipelines, pump stations, creeks and drains.

The District began providing retail electric service in 1995. The District owns and operates its retail Energy System consisting of approximately 34 miles of transmission lines, 3 substations, and approximately 452 miles of distribution lines. The District's Energy System serves approximately 8,200 customers in the eastern portion of Merced County, including in the communities and cities of Livingston, Merced, and Atwater. The District has generated electricity through its New Exchequer hydroelectric facilities since 1927 and through its New Exchequer and McSwain hydroelectric facilities since 1967. Electricity generated through these hydroelectric facilities is currently sold to PG&E.

Above: Irrigation Canal

Above: Lake McClure in July 2007

The District owns, operates and maintains five recreation areas adjacent to Lake McClure and Lake McSwain including the Lake McSwain Recreation Area, located adjacent to Lake McSwain; and the McClure Point, Barrett Cove, Horseshoe Bend, and Bagby Recreation Areas, all located adjacent to Lake McClure (collectively, the "Parks and Recreation Facilities"). A total of six boat launch facilities are available and over 600 campsites are available to the public on a year round basis. Floating marinas are located at two locations on Lake McClure for the boating public. A land-based marina is located adjacent to Lake McSwain. Recreational activities enjoyed in the Recreation Areas include fishing, boating, swimming, camping, hiking, and bicycling.

In 1994, the District established a storm water drainage district known as the Merced Irrigation District Drainage Improvement District # 1 (the Drainage District). The District allows portions of its irrigation distribution system to be used to convey urban storm drainage to the nearest natural creek or water. Drainage fees are assessed annually by the District and are collected through the County of Merced (the County) tax rolls.

Business Entities for the District - Separate and wholly owned, from the District and its Services

In 2011, the District formed the Twin Lakes Management Company (the TLMC) which operates the concessionary stands at the District's parks and recreation facilities. This includes, lakeside camping stores, marina, marina store, and a café at Barrett Cove; a private houseboat marina at McClure Point; and four mooring buoy fields for approximately 238 private houseboats at four locations around the lake. The marina at Barrett Cove has fishing boat, patio boat, kayak, jet ski, and houseboat rentals. Lake McClure also has a full-service houseboat repair yard at McClure point. Lake McSwain has a small marina, marina store, and café. Also available at Lake McClure are rentals for fishing boats, patio boat, and kayak rentals.

Governance and Management

The District is governed by a Board of Directors (the Board) composed of five persons serving staggered four year terms from comparably sized divisions based on population. The current directors are:

Director	***Expiration of Term***
Dave Long, Division 3, President	December 2018
Scott Koehn, Division 2, Vice President	December 2016
Jeff Marchini, Division 1	December 2018
Kevin Gonzalves, Division 4	December 2016
Billy Pimentel, Division 5	December 2016

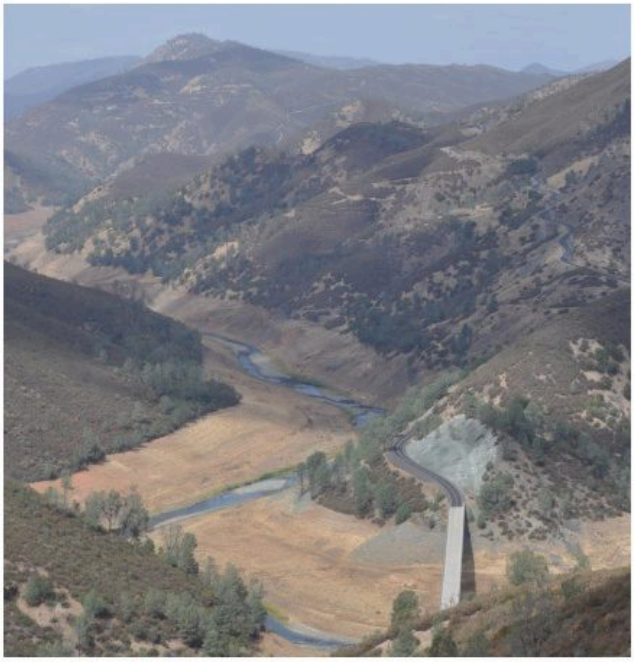
The day-to-day management of the District is under the direction of John Sweigard, General Manager. The District is organized functionally into ten departments. The six operating departments are Irrigation Operations, Facilities Maintenance, Energy Resources, Hydroelectric Project, Parks and Recreation, and Storm Drainage. The four supporting departments are: Finance, Administrative Services, Engineering and Planning.

Economic Conditions & Outlook

The District can be affected by a wide variety of economic factors, including legislative action, regulatory requirements, and labor force skill and availability. Three major factors that affect the District are (1) the availability of water, (2) energy supplies and related costs of power, and (3) property tax revenues.

District Water Supply and Water Rights

Below: Bagby Bridge over Lake McClure is seen October 2014, left, and in 2011 – prior to three years of drought.



The Merced River is the main source of the District's surface water supply. The District diverts water from the Merced River and Lake McClure. The District holds pre-1914 water rights on the Merced River and local reservoirs and creeks that are intertwined with the District's distribution system. The District also

holds post-1914 appropriate water right licenses issued by the State Water Resources Control Board (SWRCB).

The District's normal operating objective is to maximize surface water use subject to availability in order to preserve groundwater for use in years when surface water supplies are limited. Thus, the proportions of surface water use and groundwater use vary from year to year depending primarily on surface water availability and to some extent, on cropping patterns and weather conditions.

During an average wet year, approximately 92% of the District's water may be supplied by surface water sources. The remainder of the supply in each year is provided by groundwater sources.

Water Service Charges

The District has historically charged its irrigation customers both a per acre-foot charge and a per acre standby fee. The District's water rate for the 2014 irrigation season was $75.00 per acre-foot, and its standby fee was $24.00 per acre. Municipal and industrial users were charged $125.00 per acre-foot but are not assessed a standby fee. Conjunctively pumped groundwater is priced at $225.00 per acre-foot.

Above: Old Exchequer Dam under Construction in the 1920's

District Hydroelectric System and Hydroelectric Power Generation

In 1964, the District signed a 50-year Power Purchase Agreement with PG&E through which PG&E assisted in the financing of construction of the District's New Exchequer Dam. While the PG&E Power Purchase Agreement was in effect, the District did not receive revenues from the power generated by the hydroelectric system at New Exchequer and McSwain Dams, however, all expenses including capital and bond debt payments were paid by PG&E. That agreement expired on June 30, 2014, and the District now receives all revenue and incurs all expenses related to the hydroelectric facility.

District Energy Resources Power Supply and Cost

The District currently provides retail electric service to approximately 8,200 customers within the electric service area of the District. Current customer information for the number of customers served by PG&E in the District electric service area is unavailable. Information published by Merced County in 2013 suggests that as of 2006 PG&E served approximately 68,300 residential and approximately 8,200 commercial and industrial customers within Merced County as a whole.

The District currently has constructed Electric System facilities within new residential developments to serve approximately 3,000 units of new, yet to be built, residential housing from the District's Electric System.

***Power Supply*.** The electricity supplied to the District's retail electric customers is obtained from the Turlock Irrigation District (TID).

Above: Service to a Power Pole

Purchases Made Under Contract with TID. While the District has had various agreements with TID since 1996, the District entered into its current contract in 2011. In 2014, the District amended and extended the power purchase agreement with TID through April 30, 2017.

Risk Management. In order to manage its cost of power and limit its exposure to changes in market pricing, the District has entered into swap agreements. Generally under the swap agreements, the District will pay a fixed price to the swap counterparty in exchange for a variable payment by the counterparty based on the Daily Intercontinental Exchange, Inc. North of Path 15 Price Index (NP-15).

Swap Agreements. The District has entered into swap agreements with a variety of counterparties. Currently the District has outstanding swap agreements with Morgan Stanley Capital Group, Inc. ("Morgan Stanley"), Cargill Incorporated ("Cargill"), British Petroleum ("BP"), and Iberdrola Renewables ("Iberdrola"). The District may enter into swap agreements with additional counterparties in the future.

Public Purpose Program. The District collects a surcharge for public benefit programs on electric customer utility bills. This surcharge was mandated by State legislation (i.e. AB 1890 and subsequent legislation) and disbursement is restricted to various socially-beneficial programs and services.

The District has 14 rate electric schedules, as follows:

AG-2	Agricultural Demand General Service
ED-2	Large Demand General Service
ED-2P	Large Demand Primary Service
ED-3	Medium Demand General Service
ED-3V	Medium Demand General Service Voluntary
ED-4	Small Demand General Service
EGS-2	Commercial & Small Industrial General Service
MD-3	Municipal & Non-Profit Medium Demand General Service
MD-4	Municipal & Non-Profit Small Demand General Service
RES-2	Residential General Service
LSC	Street lighting - Customer Owned and Maintained
LSC-1	Street lighting - District Owned and Maintained
MEF	Flat Rate Service
NEM	Net Energy Metering

The Energy Resources base rates have been changed periodically since the District commenced operation of the Electric System. The District's rate structure has evolved since inception to match the growing needs of its expanding customer base. The District has not implemented any electric rate increases since 2009.

FERC Relicensing. The District's initial license for the Merced River Hydroelectric Project from FERC expired on February 28, 2014. The District has been in the process of renewing its license for several years and is currently operating, and expects to continue operating, under annual licenses until a new license is issued.

Power Generation. Hydroelectric power generation is largely dependent on water flows. The past four years of poor hydrological conditions have had a significant negative impact on generation of power.

District Property Tax Revenue. The County of Merced (County) levies a 1% ad valorem property tax on behalf of all taxing agencies in the County, including the District (the "Property Tax"). The taxes collected

are allocated to taxing agencies within the County, including the District, on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, and inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special districts.

For the fiscal year ended March 31, 2015, the District received approximately $2.5 million as the District's share of the County's 1% ad valorem property tax.

Projects Completed During Fiscal Year

As the District looks to the future, major District goals include: continuing to increase service levels to growers while keeping water rates and standby charges as low as possible; working cooperatively to build regional and state water resource policy, including groundwater and Bay-Delta issues, and working to protect agriculture and historic water rights. Energy Resources is working diligently to expand services in eastern Merced County.

The District accomplished the following projects.

Groundwater Well Rehabilitation

Due to the ongoing drought and short-term increased dependence on groundwater sources, the District is undertaking a system wide well field evaluation. The purpose of the evaluation is to estimate which wells are at risk of failure due to declining groundwater tables, prioritize rehabilitation of these wells and to evaluate which wells should be decommissioned, if any. Three primary rehabilitation methods are being considered: 1) lowering/replacing bowels and upgrading motors: 2) Air Purging – a low cost method that, when applicable, provides additional years of operational service; and 3) Re-Drilling of Wells, including additional casing, new pumps and motors.

Water Resource Management Plan

The District's Water Resource Management Plan ("WRMP") is the District's long term business plan (30 years). A major goal included in the WRMP is the development of a capital improvement plan, including developing costs and financial options to meet the District's long-range operations, maintenance and infrastructure requirements.

Microwave Communication Tower and Equipment at Franklin Yard

The communication links between the District's hydroelectric facilities at New Exchequer and McSwain was accomplished using PG&E's existing communication equipment and was not suitable or available to the District until the 1964 Power Purchase Agreement with PG&E expired on July 1, 2014.

Above: Crane Installing Microwave Equipment

After considering a variety of options, the Board approved the construction of a microwave communication tower at the District's Franklin Yard together with the purchase of necessary equipment to provide data

communication between the New Exchequer and McSwain hydroelectric facilities and a future power control center. Construction was completed in October 2014, when the cut over from PG&E to the District's new communications equipment occurred.

Feeder Tie 308/303

The District saw the potential for increasing potential customers and increasing reliability on the Cooper Substation circuit #308 and #303, which serves much of Southwest Merced and all of Southern Atwater. This project was completed in April 2015.

SCADA & PCL Upgrades

Supervisory Control and Data Acquisition (SCADA) and the Process Control Language (PCL) for the Hydroelectric facilities are in the process of being expanded and upgraded. The portion of this project that is related to the upgrades of existing equipment was reimbursed by PG&E.

Emergency Mooring Project

Emergency Drought Mooring Program was put into place to combat the long term effects of a third year of drought. Mooring lines were placed along the deepest parts of the lake to prepare houseboats for a prolonged drought, where access to the houseboats would likely be unattainable.

Financial Policies

The District has formally adopted the following four financial policies:

Cash Reserve Policy

Below: District Main Office in Merced, Ca.

The Cash Reserve Policy states the purpose, source and funding limits for each of its designated reserves. These reserves have been established to meet internal requirements and/or external legal requirements. These policy guidelines enable restricting funds for compliance with statutory requirements, future infrastructure needs, replacement of aging facilities, bond reserves and various operating reserves to mitigate unexpected occurrences.

Risk Management Policy

The Risk Management Policy creates guidelines for executing wholesale market strategies related to financial power swaps in our retail electric system that will yield a high probability of meeting financial planning objectives with respect to retail rates, debt service coverage and financial reserve levels. Of particular importance is the objective of meeting budget targets for net revenue and funding of capital projects from current year revenues.

Risk tolerance encompasses both the ability and the willingness to bear risk. The District like most customer-owned utilities is a conservative organization. Additionally, the District desires for its "electric system" to build adequate financial reserves to help stabilize retail rates through periods of volatile wholesale market prices. The District also desires to work toward developing and implementing financial planning policies that will result in a strengthening of MID's senior unsecured credit rating.

Debt Management Policy
The Debt Management Policy is designed to establish parameters for issuing debt and provide guidance to decision makers with respect to all options available to finance infrastructure and other capital projects, so that the most prudent, equitable and cost-effective method of financing can be chosen. The policy also documents the objectives to be achieved by staff both prior and subsequent to debt issuance. It promotes objectivity in the decision-making process and facilitates the financing process by establishing important policy decisions in advance.

Investment Policy
The Investment Policy is intended to outline the guidelines and practices to be used in effectively managing the District's available cash and investment portfolio. It applies to all cash and investment assets of the District except those funds maintained in pension or other post-employment benefits accounts for employees. All District monies, including those not required for immediate expenditure, are to be invested in compliance with governing provisions of law (California Government Code Sections 53600 et seq.). The policy lists in detail authorized investments, as well as the percentage of portfolio limitations and required rating for each investment type.

Accounting System

The Finance Department is responsible for providing financial services for the District, including financial accounting and reporting, payroll, accounts payable and receivable, investment of funds, billing and collection of water and drainage charges, taxes and other revenues. The District accounts for its activities as an enterprise fund and prepares its financial statements on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recorded when liabilities are incurred.

Internal Controls

The District operates within a system of internal accounting controls established and continually reviewed by management to provide reasonable assurance that assets are adequately safeguarded and transactions are recorded in accordance with District policies and procedures. When establishing and reviewing controls, management must consider the cost of the control and the value of the benefits derived from its utilization. Management normally maintains or implements only those controls for which its value adequately exceeds its costs. Recent audits have not noted any material weaknesses in internal controls.

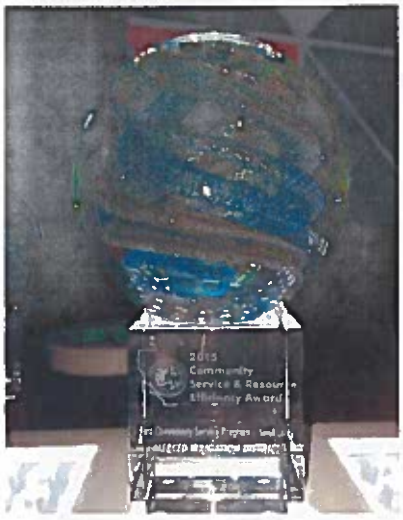
Budgetary Controls

The Board approves an annual budget as a management tool. The budget is developed with input from the various department levels of the District and adopted prior to the start of each fiscal year. Quarterly comparison reports of budget to actual are prepared and presented at a summary level to the Board along with explanations of significant variances.

Cash Management

The District invests its temporary idle cash in investments legally permissible by California Government Code Sections 53600 et seq., and in accordance with its own approved investment policy. The investment objectives of the District are to first preserve the capital of the portfolio, followed by maintaining liquidity to meet cash flow requirements, and finally maximizing the rate of return without compromising the first two objectives.

The District utilizes the services of PFM Asset Management as its external investment advisor. The District's Chief Financial Officer presents, on a monthly basis, a report to the Board that details all securities held at the end of each month, along with the cost and market value of the securities. Additionally, on a monthly basis the Chief Financial Officer presents a statement of compliance with the District's investment policy and a statement clarifying that the District has sufficient liquidity to meet the cash flow requirements for the next six months.



Above: Best Community Service Program Award

Best Community Service Program – Small Utility
WINNER - 2015 PUBLIC SERVICE AWARD

The District was recognized by the California Municipal Utilities Association, and received the 2015 Community Service & Resource Efficiency Award, for the Best Community Service Program – Small Utility. The District staff has adopted Court Appointed Special Advocates (CASA) for foster children during the holiday season. The District staff, created several fundraisers to purchase Christmas gifts for foster children that would not otherwise receive gifts, with a focus on children ages 8-18. Gifts ranged from much needed clothing, school supplies to special toys that the child requests.

Acknowledgements

The preparation of this report required the exceptional services, dedicated efforts, efficiency, and professionalism of the entire Finance Department. We would like to express our appreciation to all the District staff members who contributed to the preparation of this report.

We would also like to thank each member of the Board of Directors and commend them for their dedication, leadership, and support toward achieving excellence in financial management that ultimately made the preparation of this report possible.

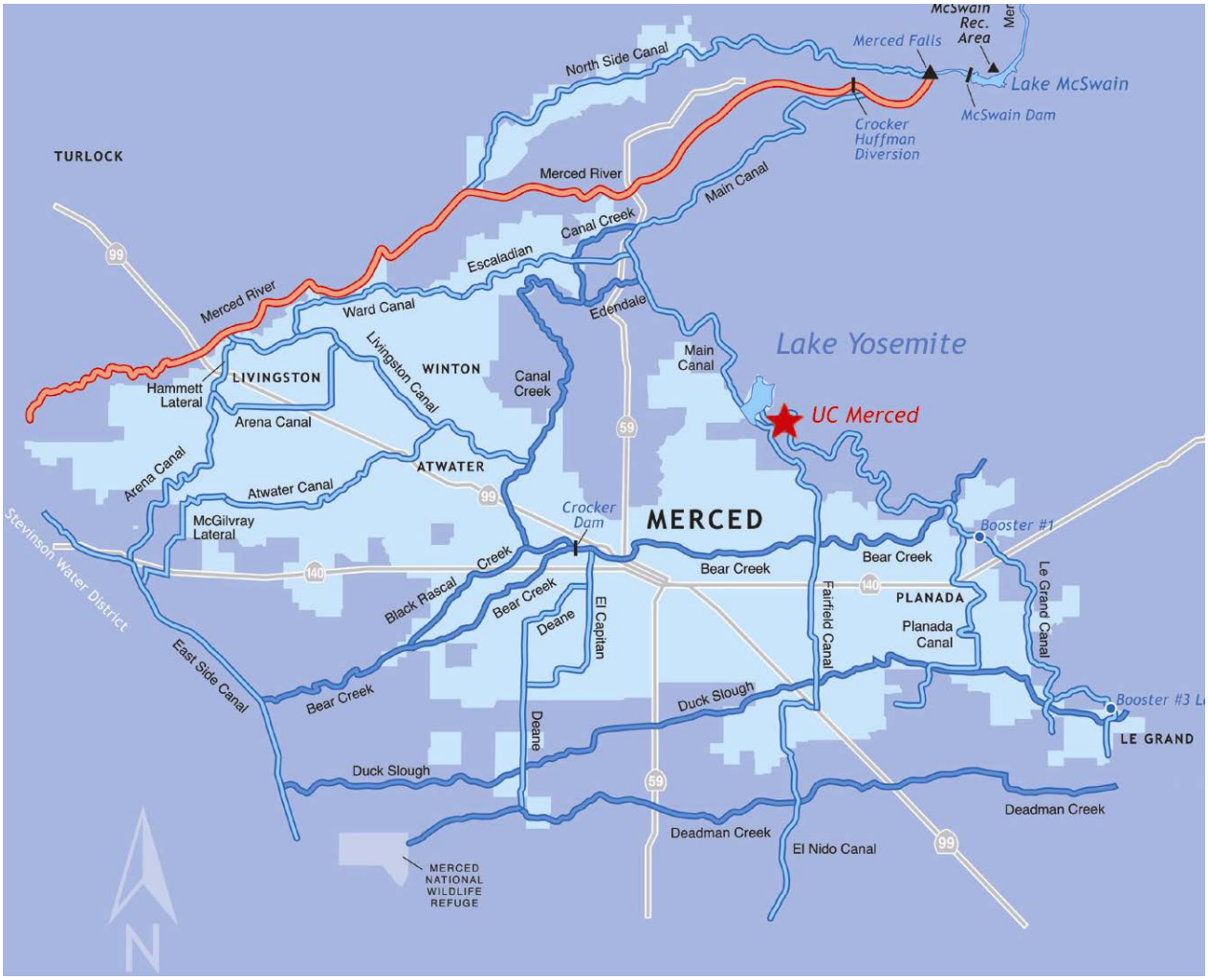
Respectfully submitted,

John Sweigard
General Manager

Brian Stubbert
Chief Financial Officer

Merced Irrigation District

District Service Area Map



Communities We Serve

Merced
Atwater
Livingston
Cressey
Le Grand
Winton
Franklin-Beachwood
Planada
Tuttle
El Nido

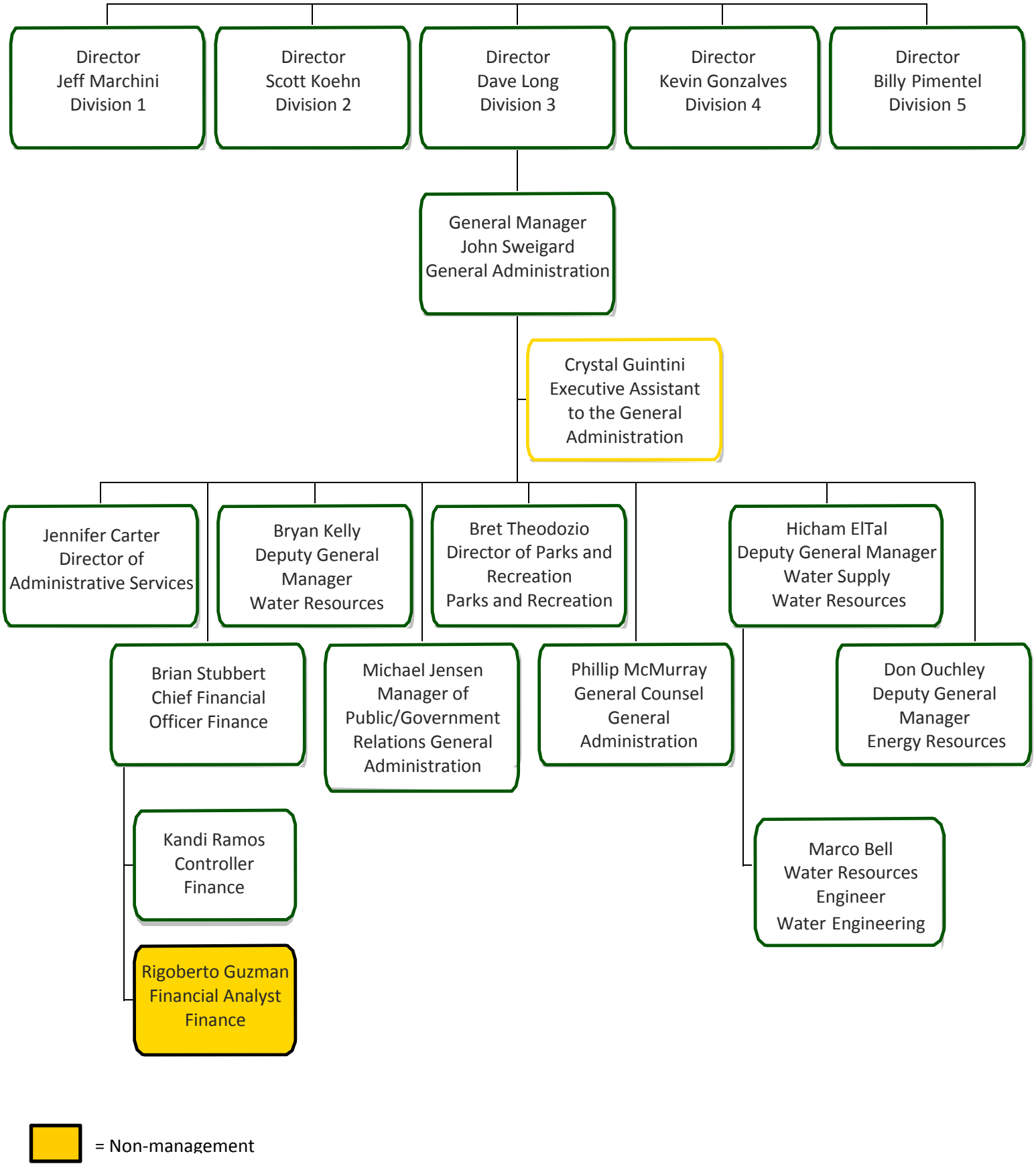
MERCED IRRIGATION DISTRICT
DISTRICT OFFICIALS
At March 31, 2015

ELECTED BOARD OF DIRECTORS	Length of Service
Dave Long, Division 3, President	5 years
Scott Koehn, Division 2, Vice President, Secretary	2 years
Jeff Marchini, Division 3, Director	1 years
Kevin Gonzalves, Division 4, Director	2 years
Billy Pimentel, Division 5, Director	2 years

DISTRICT EXECUTIVE MANAGEMENT TEAM

John Sweigard, General Manager	5 years
Hicham Eltal, Deputy General Manager, Water Supply	22 years
Bryan Kelly, Deputy General Manager, Water Resources	11 years
Don Ouchley, Deputy General Manager, Energy Resources	4 years
Brian Stubbert, Chief Financial Officer	4 years
Bret Theodozio, Director of Parks & Recreation	1 year
Jennifer Carter, Director of Administrative Services	5 years
Mike Jensen, Public and Government Relations Officer	4 years
Phillip R. McMurray, General Counsel	4 years

MID Organizational Chart - 2014/15



MERCED IRRIGATION DISTRICT

WATER & POWER

Financial Section

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BPM
BURR PILGER MAYER

60 South Market Street, Suite 800, San Jose, CA 95113
Phone 408.961.6300 Fax 408.961.6324 Email bpm@bpmcpa.com Web bpmcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Merced Irrigation District
Merced, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Merced Irrigation District (the District) as of and for the years ended March 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of March 31, 2015 and 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedules of Funding Progress on pages 3-9 and 54, respectively, 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 the District's basic financial statements. The introductory section, combining statements and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Burr Pilger Mayer, Inc.

Burr Pilger Mayer, Inc.
San Jose, California
June 26, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the District, we offer readers of the Merced Irrigation District's (District) financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended March 31, 2015. We encourage readers to consider the information presented in conjunction with the preceding Independent Auditors' Report, and the accompanying basic financial statements and notes to the basic financial statements.

The District's fiscal year 2014 and fiscal year 2013 financial results have been presented for purposes of providing comparative data, with the understanding that fiscal year 2013 is for 15 months, due to an accounting period change that occurred during that time, and fiscal year 2014 is for a fiscal year beginning April 1, 2013 and ended March 31, 2014, and is a comparative year for the 2015 fiscal year. This discussion and analysis should be read in conjunction with the financial statements, including the notes to the basic financial statements that begin on page 17.

Overview

The District

The District was formed in 1919 in order to provide irrigation water to farms on the eastern side of Merced County. The District operates under the authority of the California Water Code and engages in various activities classified as "proprietary." The primary activities of the District today include providing water, electricity and water-related recreation services within its service area. The District is comprised of five major operational enterprises: Water Resources, Parks and Recreation, Hydroelectric, Energy Resources, and Storm Drainage.

Required Financial Statements

The District's financial statements report information utilizing the full accrual basis of accounting and conform to accounting principles that are generally accepted in the United States of America. The financial statements consist of three interrelated statements designed to provide the reader with relevant, understandable data on the District's financial condition and operating results. They are the (1) *Statements of Net Position*; (2) *Statements of Revenues, Expenses, and Changes in Net Position*; and (3) *Statements of Cash Flows*. The District's financial statements report information about the District using accounting methods similar to those used by companies in the private sector. These statements offer short-term and long-term financial information about its activities.

The *Statements of Net Position* includes a summary of all of the District's assets and liabilities. It provides information regarding the nature and amounts of the District's assets, as well as the District's liabilities, and describes the difference between the District's assets and liabilities as its 'Net Position'. This statement also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the *Statements of Revenues, Expenses, and Changes in Net Position*. This statement measures the District's operations over the past year and can be used to determine whether the District has successfully recovered its costs. The

District's profitability and credit worthiness can also be determined from this statement. This statement is prepared using the accrual basis of accounting, by recognizing revenues in the period they are earned and expenses in the period they are incurred without regard to the period of cash receipt or payment.

The *Statements of Cash Flows* provides information about the District's cash receipts and cash payments during the year, as well as net changes in cash resulting from operation, financing, and investing activities. This statement explains where cash came from, where cash was used and the change in the District's cash balance during the reporting year.

The Notes to the basic Financial Statements provide additional information that is essential to a full understanding of the financial data provided and are an integral part of the basic financial statements. The District provides a presentation of both the combined financial statements, as well as supplemental combining financial statements which portray the individualized major component funds.

Financial Highlights

- This year's financial statements reflect a continued strong and stable fiscal positon for the District.

- The District's total assets increased by approximately $4.7 million for the year ended March 31, 2015. The total liabilities increased by approximately $3.1 million when compared to March 31, 2014.

    - The deferred outflow of resources has decreased by approximately $3.9 million. This is a result of the increase in the contra account associated with the swap hedging derivatives of approximately $3.1 million.

- The District continued its efforts to obtain a new operating license for its Merced River hydroelectric project from the Federal Energy Regulatory Commission (FERC). Since beginning its efforts to relicense its hydroelectric project in approximately 2008, the District has expended a total of approximately $25.5 million. The District's license expired on February 28, 2014; however, under applicable rules the District was granted a one-year extension of the license and will continue to receive automatic one year extensions until a new, long-term operating license is issued by FERC.

- The District realized operating revenue, for the fiscal year ended March 31, 2015, of approximately $90.7 million, and operating expenses of approximately $74.6 million which resulted in net revenue from operations of approximately $16.1 million. Net non-operating expenses of approximately $17.5 million are the result of total non-operating revenue of approximately $3.3 million, offset by interest expense of approximately $20.8 million. The District also received capital contributions totaling approximately $2.2 million.

- The District's total cash and cash equivalents increased by approximately $10.3 million for the year ended March 31, 2015. The total cash increase was primarily the result of the District refunding its 2008 bonds for its Water and Hydroelectric systems, and a series of emergency drought related water management actions taken on the Merced River that resulted in a water transfer and sale to agricultural water users on the western side of Merced County.

Summary Financial Information and Analysis

Statements of Net Position

The following tables compare the various categories of assets, deferred outflow of resources, liabilities, deferred inflow of resources and net position for each of the consecutive fiscal years:

Condensed Statements of Net Position as of March 31, 2015, 2014, and 2013:

	March 31, 2015 Total	March 31, 2014 Total	15 mth period March 31, 2013 Total
Assets			
Capital Assets, Net	$ 152,400,613	$ 147,701,559	$ 151,856,544
Total Other Non-Current Assets	48,063,796	51,265,041	53,070,013
Total Current Assets	63,444,541	60,268,411	50,385,746
Total Assets	263,908,950	259,235,011	255,312,303
Deferred Outflows of Resources			
Deferred Amount on Debt Refunding	2,238,081	2,566,336	2,832,374
Deferred Gas Charges	(94,500)	389,222	-
Accumulated Decrease in Fair Value of Hedging Derivatives	(3,604,223)	(513,551)	(460,945)
Total Deferred Outflows of Resources	(1,460,642)	2,442,007	2,371,429
Total Assets and Deferred Outflows of Resources	$ 262,448,308	$ 261,677,018	$ 257,683,732
Liabilities			
Long-term Liabilities	$ 120,490,062	$ 121,391,626	$ 122,473,318
Total Other Liabilities	9,599,818	10,570,646	3,416,591
Total Current Liabilities	14,483,036	9,510,610	16,102,296
Total Liabilities	144,572,916	141,472,882	141,992,205
Deferred Inflows of Resources			
Public Purpose Revenues	1,108,324	1,073,881	1,234,926
Power Cost Reductions	800,000	800,000	800,000
Accumulated Increase in Fair Value of Hedging Derivatives	(3,604,223)	(513,551)	(460,945)
Total Deferred Inflows of Resources	(1,695,899)	1,360,330	1,573,981
Net Position			
Invested in Capital Assets, Net of Related Debt	71,505,402	65,801,230	70,364,183
Restricted Total	1,997,701	1,444,100	1,544,100
Unrestricted Total	46,068,188	51,598,476	42,209,263
Total Net Position	119,571,291	118,843,806	114,117,546
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 262,448,308	$ 261,677,018	$ 257,683,732

Condensed Capital Assets Detail, Net of Accumulated Depreciation March 31, 2015, 2014, and 2013:

	March 31, 2015	March 31, 2014	15 mth period March 31, 2013
Structures and improvements, net	$ 29,429,046	$ 29,315,361	$ 25,889,673
Distribution system, net	89,346,014	78,531,499	81,867,811
Equipment, net	10,784,049	5,506,292	5,250,647
Intangible assets, net	960,796	1,079,983	1,295,863
Construction in progress	8,772,519	20,160,236	24,398,070
Land and easements	13,098,089	13,098,088	13,144,380
Goodwill	10,100	10,100	10,100
	$ 152,400,613	$ 147,701,559	$ 151,856,544

Significant Capital Asset Activity – Overall, capital assets increased by approximately $4.7 million as of March 31, 2015 compared to an approximate decrease of $4.2 million at March 31, 2014, as compared to March 31, 2013. This is due to the completion of improvements to the District's Water, Hydroelectric, and Electric Resources distribution systems, some projects of which spanned multiple years, and were closed out in the year ended March 31, 2015.

For additional information about the District's capital assets, see Note 3 to the basic financial statements.

Significant Long-term Debt Activity – Long-term debt decreased by approximately $900,000 in the year ended March 31, 2015 from March 31, 2014, as compared to a decrease of approximately $1.1 million in the period ended March 31, 2014 from March 31, 2013. At March 31, 2015, the District had long-term debt outstanding of approximately $120.5 million as compared to approximately $121.4 million at March 31, 2014, and $122.5 million at March 31, 2013. In August 2014, the District refunded and defeased approximately $37 million of its 2008A Water Resources and Hydroelectric Revenue Certificates of Participation, and its 2008B Water Resources and Hydroelectric Revenue Certificates of Participation. After these refundings, the District realized a Net Present Value ("NPV") Savings of approximately $7,091,000 (18.95%) and an annual cash savings of approximately $636,000. For additional information about the District's long-term debt or subsequent events, see Notes 5 and 14, respectively of the basic financial statements.

Subsequent to year-end on June 8, 2015 the District refunded and defeased approximately $59 million of the 2005 Electric System Bonds, 2005 Electric System Revenue Certificates of Participation, 2013 GE Electric System Loan, with a NPV Savings of approximately $8,457,000 (12.12%) and an annual cash saving of approximately $585,000. For additional information about the District's subsequent event, see Note 14 of the basic financial statements.

The District entered into a Joint Powers Agreement with Modesto Irrigation District on May 21, 2015, subsequent to year-end to form the "Merced Irrigation District Financing Authority" for the general purpose of providing the District with an option to fund public capital improvements, working capital, liability and other insurance needs, or projects. Each district is responsible for its own debt issued and there is no responsibility for debt issued by the other district. Additionally, the Marks-Roos Local Bond Pooling Act of 1985 authorizes and empowers the Authority to issue and sell bonds to public or private purchasers at public or negotiated sale.

Significant Net Position Activity – The District's net investment in capital assets increased by approximately $5.7 million for the year ended March 31, 2015 as compared to a decrease of approximately $4.6 million in the year ended March 31, 2014. This corresponds with the District's refunding of its 2005 bonds for its Water and Hydroelectric systems, coupled with the continued use of the bonds issued to fund the District's FERC relicensing activities. The balance of net position is comprised of approximately $2.0 million of restricted net position, which are subject to external restrictions on their use, and approximately $46.1 million of unrestricted net position. The District's assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by approximately $119.6 million at March 31, 2015. Capital assets are not liquid nor are they available for future spending but have been acquired over time and through their utilization, provide the District with revenue.

Changes in Net Position

The following table compares the various categories of revenues, expenses and changes in net position for each of the consecutive fiscal years:

Condensed Statements of Revenues, Expenses, and Changes in Net Position for March 31, 2015, 2014, and 2013:

	March 31, 2015	March 31, 2014	15 mth period March 31, 2013
Operating Revenue	$ 90,689,397	$ 78,637,109	$ 90,101,155
Operating Expense	74,612,824	73,141,254	79,743,407
Net Income	16,076,573	5,495,855	10,357,748
Non-operating revenue (expense)	(17,499,473)	(1,445,717)	(3,146,546)
Net Income before capital contribution	(1,422,900)	4,050,138	7,211,202
Capital Contributions	2,150,385	676,122	9,132,946
Change in net position	727,485	4,726,260	16,344,148
Net position, beginning of year	118,843,806	114,117,546	97,773,398
Net position, end of year	$ 119,571,291	$ 118,843,806	$ 114,117,546

Net income from District operations was approximately $16.1 million for the year ended March 31, 2015, representing an increase of approximately $10.6 million over the prior year. This increase was due, in part, to an increase in surface water sales resulting from small changes in hydrology, water management actions taken by the District, and hydroelectric generation.

The Net income decrease for the period ended March 31, 2014 from March 31, 2013 of approximately $4.9 million was primarily due to an increase in the NP-15 power costs, a large increase in solar customers and California's new Cap and Trade program that impacted the NP-15 power cost during the fifteen months of the 2013 fiscal year that continued to impact the 2014 fiscal year.

In the fiscal year ended March 31, 2015, net non-operating expenses of approximately $17.5 million was the result of non-operating revenue of approximately $3.3 million, offset by interest expense of $20.8 million, mostly from the 2014 CAB Bonds.

Capital contribution revenue of approximately $2.2 million is comprised of non-cash developer contributions and third-party cash proceeds used for capital projects. This increase in capital

contribution revenue of approximately $1.5 million from the year ended March 31, 2014 is due to the completion of Water Resources and Parks & Recreations infrastructure improvement projects partially funded through matching state grants.

Economic Factors and Rates

With respect to water operations, the District's 2014 water year (October 1, 2013 to September 30, 2014) was the third consecutive very dry year, extending what has become a drought of historical proportions. End of October storage in Lake McClure (October 31, 2013) was approximately 258,000 acre-feet, compared to a 47 year average storage of approximately 459,000 acre-feet. The April-July 2014 inflow into Lake McClure was approximately 459,000 acre-feet, compared to the historical average inflow during this time period of approximately 625,000 acre-feet.

As a result of 3 years of severe drought and in response to the significant impacts the District has seen in the Merced River watershed, the Board approved an increase of approximately $80.00 to the District's in-District agricultural water rate, bringing the total water rate not to exceed $100.67 per acre-foot. The rate increase was effective as of April 18, 2014. In connection with the protest process, the District received 4,313 votes in favor of the increase in the per-acre foot charge and 776 votes against. The 2014 irrigation water rate was set to $75.00 per acre-foot by the Board on June 3, 2014.

In addition to the increase to the per acre-foot charge, the District proposed an increase of $10.00 per acre-foot to the standby charge for fiscal year 2015. The proposed increase to the standby charge was required to be approved by landowners. The proposed increase in the standby charge was not approved by the landowners and no increase to the standby charge was made in accordance with California law.

The District also implemented its Supplemental Water Supply Pool Program, which provided an additional supplemental water supply from groundwater sources to Class I growers on a voluntary, subscription basis. Overall, the District sold approximately 132,500 acre-feet of combined surface water and Program water to in-District growers during the 2014 irrigation season.

With respect to electric operations, the District modified its risk management program during the 2015 fiscal year. With the adoption of a power cost adjustment and an environmental charge, it allowed the District to reduce its activity in purchasing swap hedging contracts. These changes, combined with existing purchase power reserve requirements are designed to minimize the District's risk to market price fluctuations. The revised risk management strategy is intended to allow the District to more cost effectively manage growth, reduce price volatility and provide rate certainty for its electric customers. The District saw an increase in customers' electric usage in the 2015 fiscal year, with electric load increasing by 2.3% percent from the 2014 fiscal year.

The District currently faces two unfunded mandates from the State of California aimed at reducing Greenhouse Gas (GHG) emissions to the environment. These include SBX1-2 (adopted in 2011) which created Renewable Portfolio Standards (RPS) for utilities and AB32 (adopted in 2006) which led to the current California Cap & Trade Program. The cost of full compliance with both of these environmental laws to the District is potentially millions of dollars annually. In fiscal year 2015, in response to these mandates, the District's Board of Directors adopted an Environmental Charge (EC) for customers to pay for the cost of these initiatives.

Energy generated at the District's New Exchequer and McSwain hydroelectric facilities has historically been sold to PG&E under a long-term power purchase agreement. The power purchase agreement with PG&E expired on June 30, 2014. The District executed a short-term agreement with PG&E for the sale of

energy from New Exchequer and McSwain. In addition, the District executed a similar three-year agreement for capacity with Shell Oil. Each of the agreements expires on December 31, 2016.

With very low lake levels and poor hydrological conditions in late 2013 and early 2014, the District's Parks and Recreation department made several adjustments and improvements to its mooring lines in Lake McClure and more than half of the houseboats that occupy the lake were voluntarily removed. The circumstances caused by the ongoing drought caused a reduction in park attendance for the 2015 fiscal year to approximately 7,000 visitors, which is above the ten year average of attendance of approximately 6,000 visitors, but is a (27%) decline from the 2014 fiscal year attendance of more than 9,000.

The management team at TLMC, a separate entity from the District, but included in the District's basic financial statements, has focused on improving customer services and addressing a number of deferred maintenance needs at the facilities. The TLMC staff was also involved in the movement of the mooring lines that reside on the lakes, as a portion of the mooring lines are leased yearly via TLMC to a house boating community that lives on portions of the lake year round. Due to the poor hydrology at all lake locations, TLMC had to close over half of the service locations that they offer to the public. These included all services at both the Barrett Cove and Horseshoe Bend locations. The only services available at the McClure Point are the boat yard and service center.

Request for Information

This financial report is designed to provide a general financial overview for the District's Board of Directors, customers, ratepayers and other interested parties. Questions concerning any of the information provided in the report or requests for additional information should be addressed to Kandi Ramos, Controller, 744 W 20th Street, Merced, CA 95340.

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BASIC FINANCIAL STATEMENTS

MERCED IRRIGATION DISTRICT

STATEMENTS OF NET POSITION

March 31, 2015 and 2014

	2015	2014
ASSETS		
Capital assets:		
Non-depreciable	$ 21,880,707	$ 33,268,424
Depreciable	130,519,906	114,433,135
Capital assets, net	152,400,613	147,701,559
Other non-current assets:		
Investments	20,886,250	16,805,042
Deferred relicense costs	25,530,772	22,559,347
Debt issuance costs	1,646,774	1,750,294
Regulatory costs for future recovery	-	10,150,358
Total other noncurrent assets	48,063,796	51,265,041
Current assets:		
Cash and cash equivalents	34,785,333	24,513,230
Investments	8,103,934	10,488,779
Accounts receivable, net	5,581,053	6,579,594
Due from other governmental agencies	3,168,301	1,025,273
Accrued interest and taxes receivable	86,738	92,724
Inventory	3,851,155	4,001,218
Prepaid expenses and other current assets	760,633	1,095,609
Restricted cash and cash equivalents	7,107,394	12,471,984
Total current assets	63,444,541	60,268,411
Total assets	263,908,950	259,235,011
DEFERRED OUTFLOWS OF RESOURCES		
Long-term debt refundings	2,238,081	2,566,336
Deferred gas charges	(94,500)	389,222
Accumulated decrease in fair value of hedging derivatives	(3,604,223)	(513,551)
Total deferred outflows of resources	(1,460,642)	2,442,007
Total assets and deferred outflows of resources	$ 262,448,308	$ 261,677,018

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

MERCED IRRIGATION DISTRICT

STATEMENTS OF NET POSITION (CONTINUED)

March 31, 2015 and 2014

	2015	2014
LIABILITIES		
Non-current liabilities		
Long-term liabilities	$ 120,490,062	$ 121,391,626
Regulatory deferred revenues	8,708,558	9,800,445
Deposits	891,260	770,201
Total non-current liabilities	130,089,880	131,962,272
Current liabilities:		
Accounts payable	2,194,882	701,454
Accrued liabilities	5,636,527	4,489,364
Unearned revenue	2,470,327	1,435,319
Accrued interest payable	746,840	3,703
Current portion of long-term debt	3,434,460	2,880,770
Total current liabilities	14,483,036	9,510,610
Total liabilities	144,572,916	141,472,882
DEFERRED INFLOWS OF RESOURCES		
Public purpose revenues	1,108,324	1,073,881
Power cost reductions	800,000	800,000
Accumulated increase in fair value of hedging derivatives	(3,604,223)	(513,551)
Total deferred inflows of resources	(1,695,899)	1,360,330
NET POSITION		
Net investment in capital assets	71,505,402	65,801,230
Restricted	1,997,701	1,444,100
Unrestricted	46,068,188	51,598,476
Total net position	119,571,291	118,843,806
Total liabilities, deferred inflows of resources and net position	$ 262,448,308	$ 261,677,018

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

MERCED IRRIGATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the years ended March 31, 2015 and 2014

	2015	2014
Operating revenues:		
Electric sales and services	$ 56,292,342	$ 52,655,884
Water sales and services	15,623,423	11,998,771
Hydroelectric contractual services	8,401,004	6,821,581
Water transfers	7,768,887	3,879,498
Recreation fees	1,100,749	1,423,916
Storm drainage fees	6,480	19,942
Concessionaire revenue	1,496,512	1,837,517
Total operating revenues	90,689,397	78,637,109
Operating expenses:		
Purchase of power	30,586,822	28,583,744
Water distribution	15,135,344	16,197,532
Electric transmission and distribution	14,405,851	12,744,986
Recreation	2,642,204	2,670,247
Concessionaire	789,633	529,003
Storm drainage	34,741	21,076
Administrative and general	5,210,885	6,189,318
Depreciation and amortization	5,807,344	6,205,348
Total operating expenses	74,612,824	73,141,254
Net income from operations	16,076,573	5,495,855
Non-operating revenues (expenses):		
Property taxes	2,548,023	3,214,982
Interest income	299,997	313,773
Other non-operating income	222,213	145,265
Gain (loss) on disposal of capital assets	212,069	(10,200)
Interest expense	(20,781,775)	(5,109,537)
Total non-operating revenues (expenses)	(17,499,473)	(1,445,717)
Net income (loss) before capital contributions	(1,422,900)	4,050,138
Capital contributions	2,150,385	676,122
Total capital contributions	2,150,385	676,122
Change in net position	727,485	4,726,260
Net position, beginning of year	118,843,806	114,117,546
Net position, end of year	$ 119,571,291	$ 118,843,806

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

MERCED IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS

For the years ended March 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash receipts from customers	$ 94,168,503	$ 85,942,428
Cash paid to suppliers for goods and services	(59,996,750)	(62,810,342)
Cash paid to employees for services	(9,836,541)	(8,914,799)
Net cash provided by operating activities	24,335,212	14,217,287
Cash flows from noncapital financing activities:		
Property taxes received	2,554,960	3,215,558
Relicense costs incurred	(2,765,475)	(2,136,689)
Other income, net of other expenses	215,276	189,228
Net cash provided by noncapital financing activities	4,761	1,268,097
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(8,411,556)	(1,229,477)
Gain (loss) on sale of equipment	212,069	(10,200)
Proceeds from issuance of debt	38,793,615	11,988,960
Principal payments on long-term debt	(28,849,633)	(16,997,634)
Interest payments on long-term debt	(19,786,575)	(4,745,608)
Net cash used by capital and related financing activities	(18,042,080)	(10,993,959)
Cash flows from investing activities:		
Purchase of investment securities	(1,696,363)	(2,919,621)
Interest received on investments	305,983	283,701
Net cash used in investing activities	(1,390,380)	(2,635,920)
Increase in cash and cash equivalents	4,907,513	1,855,505
Cash and cash equivalents, beginning of year	36,985,214	35,129,709
Cash and cash equivalents, end of year	$ 41,892,727	$ 36,985,214
Cash and cash equivalents consist of the following:		
Unrestricted	$ 34,785,333	$ 24,513,230
Restricted	7,107,394	12,471,984
	$ 41,892,727	$ 36,985,214

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

MERCED IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS (CONTINUED)

For the years ended March 31, 2015 and 2014

Reconciliation of the net income from operations to net cash provided by operating activities		
Net income from operations	$ 16,076,573	$ 5,495,855
Adjustments to reconcile net income from operations to net cash provided by operating activities:		
Depreciation and amortization	5,807,344	6,205,348
Changes in operating assets and liabilities:		
Accounts receivable	998,541	(85,537)
Due from other governmental agencies	(2,143,028)	748,837
Inventory	150,063	331,966
Prepaid expenses and other current assets	334,976	(284,532)
Deferred gas charges	483,722	(389,222)
Accounts payable	1,493,428	(598,979)
Accrued liabilities	1,100,281	(36,003)
Unearned revenue	(11,430)	2,107,054
Deposits	75,610	149,059
Deferred inflow of resources	34,443	(161,045)
Accrued postemployment benefits	(205,578)	824,229
Accrued compensated absences	140,267	(89,743)
Net cash provided by operating activities	$ 24,335,212	$ 14,217,287
Supplemental disclosures of cash flow information:		
Noncash investing, capital and financing activities:		
Receipt of contributed electric system assets from developers	$ 1,944,435	$ 676,122
Change in derivative financial instruments	$ 3,090,672	$ 52,606

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

1. Reporting Entity and Summary of Significant Accounting Policies

The basic financial statements of the Merced Irrigation District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As allowed by the GASB, the District has elected to apply to its proprietary activities Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989, where not in conflict with GASB pronouncements. The more significant of the District's accounting policies are described below.

Reporting Entity

The District was organized in 1919 under the California Water Code to provide agricultural irrigation water to the farmers in the central portion of the San Joaquin Valley in and around eastern Merced County. The District owns and operates two dams and related reservoirs, hydroelectric generation facilities, recreation, and fish enhancement facilities in Merced and Mariposa Counties. The District also provides urban storm drainage and retail electric services in Merced County. The District is governed by a five member Board of Directors elected by the voters within the District for staggered, four year terms, every two years. As required by GAAP, the accompanying basic financial statements present the District and its component units. The component units discussed below are included in the District's reporting entity because of the significance of their operational and financial relationship with the District.

The District has created the Merced Irrigation District Public Facilities Financing Corporation (MIDPFFC) to provide assistance to the District in the issuance of debt. The District also established the Merced Irrigation District Drainage Improvement District #1 (MIDDID#1) to make annual assessments against properties that drain into a District facility for storm water drainage construction and maintenance expenses. The Twin Lakes Management Company, Inc. (TLMC) was created by the District to operate the marina and lake recreation concessions on Lake McSwain and Lake McClure.

Although legally separate from the District, the MIDPFFC and the MIDDID#1 are reported as if they were part of the primary government because they share a common Board of Directors with the District and their sole purposes are to provide financing to the District under the debt issuance documents of the District and construction and maintenance of storm water drainage facilities. TLMC is also a legally separate entity that is owned by the District and provides concession management at Lake McSwain and Lake McClure. TLMC maintains separate bank accounts, management, and Board Meetings from the District. Debt issued by the MIDPFFC is reflected as debt of the District in these financial statements. The MIDPFFC, the MIDDID#1 and the TLMC do not issue separate financial statements.

1. **Reporting Entity and Summary of Significant Accounting Policies,** continued

Participation in Joint Power Authorities

The San Joaquin River Group Authority (SJRGA) was created in September, 1996 under a joint exercise of powers agreement between the District and the Modesto Irrigation District, Oakdale Irrigation District, South San Joaquin Irrigation District, Turlock Irrigation District, the City and County of San Francisco, Friant Water Authority, and the San Joaquin River Exchange Contractors Water Authority (the Parties) to represent the Parties as necessary in proceedings relating to the investigation, monitoring, planning, control, mitigation of water flow and non-flow issues, and to enhance the environmental conditions in the Delta which impact the Parties. The SJRGA is governed by an eight-member commission made up of one member of the Governing Board of each Party. The agreement terminates in December 2036, unless extended or terminated by the Parties. Upon termination of the Agreement, all of the SJRGA assets will be returned to the respective Parties in the proportion to the contribution the Party made. Equipment, furniture or furnishings will be returned to the contributing Party. Any other property shall be converted to cash and distributed equally among the Parties.

The District is also a member of the San Joaquin Tributaries Authority (SJTA), which was created in or about April 2012 under a joint exercise of powers agreement between the District, Modesto Irrigation District, Turlock Irrigation District, South San Joaquin Irrigation District, Oakdale Irrigation District, and the City and County of San Francisco. The purpose of the SJTA is similar to that of the SJRGA, including the defense of common interests of the Parties, including the common defense of water rights and to develop proactive and responsive public relations approaches to issues over the long term. The SJTA is governed by a six-member commission made up of one member of the governing board of each Party. The agreement has no scheduled termination date; it will terminate upon agreement of all Parties unless the Party decides to voluntarily withdraw earlier. Upon termination of the agreement, all of the assets of the SJTA will be returned to the respective Parties in proportion to the contribution the Party made. Equipment, furniture or furnishings will be returned to the contributing Party. Any other property shall be converted to cash and distributed equally among the Parties.

Basis of Presentation

The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position represents the amount available for future operations.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the District are included on the statement of net position. Net position is segregated into net investment in capital assets; restricted; and unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

1. Reporting Entity and Summary of Significant Accounting Policies, continued

***Basis of Accounting**, continued*

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. When funds are received in advance of program expenditures, they are recorded as unearned revenues until earned. Earned but unbilled electric and water services are accrued as revenue. Electrical infrastructures that are constructed by private developers are contributed to the District, which then become the responsibility of the District to maintain. These infrastructures are recorded as capital contributions when they pass inspection by the District and the estimated costs are capitalized and included as a part of the electric transmission and distribution system.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

The District maintains both restricted and unrestricted cash. Restricted cash is held in reserve and is spent exclusively for the intended purpose. In the event that the restricted cash is insufficient to complete the intended purpose, unrestricted cash is utilized.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to current year presentation. There was no effect on the total amounts reported on the basic financial statements.

Regulatory Deferrals

The Board has the authority to establish the level of rates charged for all District services. As a regulated entity, the District's financial statements are prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 71, *Accounting for the Effects of Certain Types of Regulation* (SFAS 71), which requires that the effects of the rate-making process be recorded in the financial statements. Accordingly, certain expenses and credits normally reflected in the statement of revenues, expenses and changes in net position as incurred are recognized when included in rates and recovered from, or refunded to, customers.

1. Reporting Entity and Summary of Significant Accounting Policies, continued

Regulatory Deferrals, *continued*

A portion of the District's annual power supply requirement is purchased from the Western Area Power Administration (WAPA). In 2006, due to increased hydroelectric production by WAPA, the District's allotment was significantly higher than anticipated. The comparatively low cost of this power offset higher priced power, causing a reduction of the District's expected overall power supply cost in 2006. This reduction in cost resulted in excess net income that is available to offset the projected power supply cost increase in future years. The power supply cost reduction was deferred in accordance with SFAS 71 for the benefit of future customer rate stabilization and is recorded as a deferred inflow of resources power cost reductions on the statement of net position. At March 31, 2015 and 2014, the deferred power cost reductions were $800,000 as reported in deferred inflows of resources.

A portion of the District water sales is derived from water transfers to local, state and/or federal agencies for environmental purposes based upon the District's ability to make such water resources available to meet flow objectives in the Merced River, San Joaquin River, or the Delta. At March 31, 2015 and 2014, such cumulative water sales were $8,708,588 and $9,800,445, respectively, and are reported as regulatory deferred revenues, as follows:

1. In 2007, the District was able to negotiate several transfer agreements which resulted in excess net income available to offset the projected low water sales and increasing costs in future years. A portion of the excess revenue was deferred in accordance with SFAS 71 to offset certain expenditures in future years. At March 31, 2015 and 2014, the available balance was $2,750,000.

2. In 2013, the District entered into an agreement to transfer water to a local agency on or before February 28, 2019. The transfer is currently undergoing its state required environmental review. At March 31, 2015 and 2014, the balance on deposit to be applied to the future purchase amount was $2,730,000.

3. In 2014, the District entered into and completed an agreement to transfer water to a local agency. The revenue from this transfer has been deferred to offset certain expenditures in future years. At March 31, 2015 and 2014, the remaining balance was $1,551,558 and $4,320,445, respectively.

4. In 2015, the District entered into and completed an agreement to transfer water to a local agency. The revenue from this transfer has been deferred to offset certain expenditures in future years. At March 31, 2015 the available balance was $1,677,000.

At March 31, 2014, the amount reported as regulatory costs for future recovery of $10,150,358 represents the accretion of interest on capital appreciation certificates of participation, which are recorded as long-term liabilities. The interest was paid as of March 31, 2015.

1. **Reporting Entity and Summary of Significant Accounting Policies,** continued

Capital Assets

Capital assets are recorded at historical cost. Contributed assets are valued at estimated fair value on the date received. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Description	Estimated Life
Landscaping	10 - 40 years
Building and structures	10 - 100 years
Transmission and distribution systems	15 - 50 years
Machinery	30 - 35 years
Vehicles	3 - 10 years
Equipment	3 - 40 years
Intangible plant	10 - 50 years

Maintenance and repairs are charged to operations when incurred. It is the District's policy to capitalize all capital assets with a cost of more than $5,000. Costs of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement.

Deferred Relicense Costs

The District is deferring the costs of studies, legal counsel and various consultants associated with relicensing the 1964 Merced River Development Project with the Federal Energy Regulatory Commission (FERC) until the license is renewed. The District's existing FERC license expired on February 28, 2014; however, the District obtained a one year renewal, extending the license through February 28, 2015. According to FERC's latest schedule for the relicensing process for P-2179 (the Merced River Hydroelectric Project), it is anticipated that a new license will be issued after February 2015, although this date is not fixed and is subject to FERC's discretion. However, in accordance with FERC regulations, the District will be issued annual licenses to operate under existing terms and conditions until a new license is issued. The project is expected to be relicensed in 2016, at which time these costs will be amortized to expense over the new license period.

Bond Discounts, Premiums, Prepaid Insurance Debt Issuance Costs

Bond discounts, premiums, as well as prepaid insurance debt issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond discounts and premiums. Issuance costs are reported as noncurrent assets.

Deferred Outflows

Long-Term Debt Refundings - Unamortized gains and losses resulting from current or advance debt refunding are classified as deferred outflows of resources. This amount is amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

1. Reporting Entity and Summary of Significant Accounting Policies, continued

Deferred Outflows, *continued*

Deferred Gas Charges - The District is required to meet an annual carbon emissions obligation for the State of California's Cap-and-Trade Program. Greenhouse gas (GHG) costs have two components, the expense side and the revenue side. The expense side consists of GHG costs billed by Turlock Irrigation District on the monthly cost of power bill. The revenue side consists of the District receiving funds for allowances sold at auction. The deferred GHG costs are the net expenses waiting to be offset by the revenue generated at auction.

Derivative Financial Instruments - The District uses swap agreements to hedge the impact of market volatility of electricity commodity prices for purchases of electricity for the District's retail load. The District records these derivative financial instruments at fair value on its statement of net position. Fair value is estimated by comparing contract prices to forward market prices quoted by third party market participants. The Board defers recognition of the unrealized gains or losses from such instruments for rate-making purposes and due to the hedging effectiveness of the derivatives; the balance is reflected as a deferred outflow of resources and deferred inflow of resources on the statement of net position and is charged or credited into electricity supply costs as the related asset or liability is utilized.

Accounts Receivable, Net

Accounts receivable arise from billings to customers for water and electricity usage and include an estimate for unbilled revenues earned from the dates the customers were last billed to the end of the year. An estimate of the uncollectible amount is $46,600 and $41,100 at March 31, 2015 and 2014, respectively.

Due from Other Governmental Agencies

Due from other agencies represents reimbursements due from other agencies for services performed and for water and electricity delivered.

Inventory

Inventory is stated at average cost. Inventory consists of parts and supplies.

Compensated Absences

The District's policy allows employees to accumulate earned but unused vacation, which will be paid to employees upon separation from service to the District, subject to a vesting policy. All or a portion of unused sick leave is paid out upon retirement. The District accrues the liability for vacation and sick leave when the employee earns the right to the benefit.

Deferred Inflows

Public Purpose Revenues - The District is required by the Public Utilities Code to establish a usage-based charge of 2.85% on its electricity sales, which is collected as part of the electric billings. These revenues are to be used for energy efficiency and conservation programs, renewable energy resources, research and development and to provide assistance to low-income customers. These revenues are deferred until qualifying expenses are incurred. At March 31, 2015 and 2014, the deferred public purpose revenues were $1,108,324 and $1,073,881, respectively, as reported in deferred inflows of resources.

1. Reporting Entity and Summary of Significant Accounting Policies, continued

Deferred Inflows, *continued*

Purchased Power Expenses - The District's electricity needs are provided through electricity purchase agreements. Expenses from such agreements, along with associated interconnection costs, are recorded as the cost of electricity in the period the electricity is received. The net cash payments or receipts incurred under the swap agreements are reported as a component of cost of electricity supply in the statement of revenues, expenses and changes in net position in the period in which the underlying electricity supply delivery occurs.

Property Taxes

The District receives property taxes from Merced County. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1 and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill Program. Under this Program, the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the District considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents, along with all pooled deposits and investments in the Local Agency Investment Fund, which are available upon demand.

New Accounting Pronouncements

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The District is in the process of evaluating the impact of implementing this statement for financial reporting.

1. Reporting Entity and Summary of Significant Accounting Policies, continued

New Accounting Pronouncements, *continued*

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date.* The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions.* The issue relates to amounts associated with contribution, if an, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the governments net pension liability. The requirements of this statement should be applied simultaneously with the provisions of Statement 68, *Accounting and Financial Reporting for Pensions – an amended of GASB Statement No.27* whose requirement is effective for financial statements for fiscal years beginning after June 15, 2014. The District is in the process of evaluating the impact of implementing this statement for financial reporting

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application.* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The District is in the process of evaluating the impact of implementing this statement for financial reporting.

2. Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments are classified in the accompanying financial statements as follows as of March 31, 2015 and 2014:

	2015	2014
Cash	$ 32,710,885	$ 22,443,890
Cash equivalents	2,074,448	2,069,340
Restricted - cash equivalents	6,708,857	12,471,984
Restricted - irrevocable trust	398,537	-
Investments	28,990,184	27,293,821
Total cash, cash equivalents and investments	$ 70,882,911	$ 64,279,035

Cash, cash equivalents and investments consisted of the following as of March 31, 2015 and 2014:

	2015	2014
Cash on hand	$ 10,660	$ 10,100
Deposits with financial institutions	32,700,225	22,433,790
Deposits with trust	398,537	-
Investments and cash equivalents	37,773,489	41,835,145
Total cash, cash equivalents and investments	$ 70,882,911	$ 64,279,035

2. Cash, Cash Equivalents and Investments, continued

Investment Policy

California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - *Financial Affairs*. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

During the years ended March 31, 2015 and 2014, the District's permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agencies Securities	5 years	None	None
California Local Agency Debt	5 years	None	None
Banker's Acceptances	180 days	40%	5%
Commercial paper	270 days	25%	5%
Negotiable Certificates and Time Deposits	5 years	30%	5%
Repurchase Agreements	90 days	None	5%
Medium Term Notes	5 years	30%	5%
Mutual Funds	N/A	20%	None
Money Market Mutual Funds	N/A	20%	None
Mortgage Pass-Through Securities	5 years	20%	5%
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Funds (LAIF)	N/A	$50 million	None
JPA Pools (Other investment pools)	N/A	None	None
Fully Insured Certificates of Deposits	5 years	25%	$250,000 or Collateralization

The District complied with all other provisions of California Government Code (or the District's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

2. Cash, Cash Equivalents and Investments, continued

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies certain provisions of these debt agreements that address interest risk, credit risk and concentration risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agencies Securities	5 years	None	None
California Local Agency Debt	5 years	None	None
Banker's Acceptances	1 year	None	None
Commercial Paper	None	None	None
Negotiable Certificates and Time Deposits	None	None	None
Repurchase Agreements	30 days	None	None
Investment Agreements	None	None	None
Money Market Mutual Funds	N/A	None	None
Mortgage Pass-Through Securities	5 years	20%	None
Local Agency Investment Funds (LAIF)	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

2. Cash, Cash Equivalents and Investments, continued

Interest Rate Risk, continued

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee and cash equivalents) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

March 31, 2015

		Remaining Maturity (in Months)			
	Total	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
U.S. Treasury Obligations	$ 6,497,957	$ -	$ 1,649,963	$ 4,847,994	$ -
U.S. Agency Securities	7,596,792	601,066	1,471,921	5,523,805	-
Municipal Bonds	1,700,458	200,840	314,597	1,185,021	-
Medium Term Notes	7,440,493	-	3,004,818	4,435,675	-
Money Market Mutual Funds	93,171	93,171	-	-	-
Local Agency Investment Funds	2,074,448	2,074,448	-	-	-
Certificates of Deposit	5,476,207	500,000	1,976,207	3,000,000	-
Mortgage-backed Securities	185,106	-	-	185,106	-
Held by bond trustee:					
U.S. Treasury Obligations	264,162	264,162	-	-	-
U.S. Agency Securities	6,444,695	6,444,695	-	-	-
Total	$ 37,773,489	$ 10,178,382	$ 8,417,506	$ 19,177,601	$ -

March 31, 2014

		Remaining Maturity (in Months)			
	Total	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
U.S. Treasury Obligations	$ 8,417,327	$ -	$ 4,363,521	$ 4,053,806	$ -
U.S. Agency Securities	8,070,166	-	1,700,377	6,369,789	-
Medium Term Notes	6,178,775	-	601,401	5,577,374	-
Money Market Mutual Funds	612,554	612,554	-	-	-
Local Agency Investment Funds	2,069,340	2,069,340	-	-	-
Certificates of Deposit	4,552,172	1,100,943	1,701,229	1,750,000	-
Held by bond trustee:					
U.S. Treasury Obligations	4,285,559	4,285,559	-	-	-
U.S. Agency Securities	3,159,529	-	3,159,529	-	-
Money Market Mutual Funds	4,489,723	4,489,723	-	-	-
Total	$ 41,835,145	$ 12,558,119	$ 11,526,057	$ 17,750,969	$ -

2. Cash, Cash Equivalents and Investments, continued

Credit Risk

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

March 31, 2015

	Minimum Legal Rating	Total	AAA/Aaa	AA/Aa	A	Unrated
U.S. Treasury Obligations	Unrated	$ 6,497,957	$ -	$ -	$ -	$ 6,497,957
U.S. Agency Securities	Unrated	7,596,792	-	-	-	7,596,792
Municipal Bonds	Unrated	1,700,458	-	-	-	1,700,458
Medium Term Notes	A	7,440,493	502,879	3,325,082	3,612,532	-
Money Market Mutual Funds	AAA/Aaa	93,171	93,171	-	-	-
Local Agency Investment Funds	Unrated	2,074,448	-	-	-	2,074,448
Certificates of Deposit	A	5,476,207	-	-	1,476,207	4,000,000
Mortgage-backed Securities	AA/Aa	185,106	185,106	-	-	-
Held by bond trustee:						
U.S. Treasury Obligations	Unrated	264,162	-	-	-	264,162
U.S. Agency Securities	Unrated	6,444,695	-	-	-	6,444,695
		$ 37,773,489	$ 781,156	$ 3,325,082	$ 5,088,739	$ 28,578,512

March 31, 2014

	Minimum Legal Rating	Total	AAA/Aaa	AA/Aa	A	Unrated
U.S. Treasury Obligations	Unrated	$ 8,417,327	$ -	$ -	$ -	$ 8,417,327
U.S. Agency Securities	Unrated	8,070,166	-	-	-	8,070,166
Medium Term Notes	A	6,178,775	141,570	3,509,886	2,527,319	-
Money Market Mutual Funds	AAA/Aaa	612,554	612,554	-	-	-
Local Agency Investment Funds	Unrated	2,069,340	-	-	-	2,069,340
Certificates of Deposit	A	4,552,172	-	599,579	3,952,593	-
Held by bond trustee:						
U.S. Treasury Obligations	Unrated	4,285,559	-	-	-	4,285,559
U.S. Agency Securities	Unrated	3,159,529	-	-	-	3,159,529
Money Market Mutual Funds	AAA/Aaa	4,489,723	4,489,723	-	-	-
		$ 41,835,145	$ 5,243,847	$ 4,109,465	$ 6,479,912	$ 26,001,921

Concentration of Credit Risk

The investment policy of the District limits the amount that can be invested in any one issuer to the lesser of the amount stipulated by the California Government Code or 50% of total investments, with the exception of U.S. Treasury Obligations, U.S. Agency Securities, Money Market Mutual Funds, and LAIF. As of March 31, 2015 and 2014, the District had no individual investment that exceeded 5% of its total investments.

2. Cash, Cash Equivalents and Investments, continued

Custodial Credit Risk

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

At March 31, 2015 and 2014, the carrying amount of the District's deposits was $32,700,225 and $22,433,790, respectively, and the balance in financial institutions was $32,700,839 and $22,952,366, respectively. Of the balances in financial institutions, $500,000 was insured by the Federal Deposit Insurance Corporation. At March 31, 2015 and 2014, as required by State law (Government Code Section 53630), the amount collateralized by the pledging financial institution was $32,200,830 and $22,452,366, respectively, with assets held in a common pool for the District and other governmental agencies, but not in the name of the District.

Investment in LAIF

As of March 31, 2015 and 2014, the District's investment in LAIF was $2,074,448 and $2,069,340, respectively. The total amount invested by all public agencies in LAIF at those dates is approximately $20.1 billion. LAIF is part of the Pooled Money Investment Account (PMIA) with a total portfolio of approximately $66.2 billion and $59.8 billion at March 31, 2015 and 2014, respectively. As of March 31, 2015 and 2014, LAIF has an average life of 185 days and 191 days, respectively. The Local Investment Advisory Board (Advisory Board) has oversight responsibility for LAIF. The Advisory Board consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis that is different than the fair value of the District's position in the pool.

3. Capital Assets

Capital asset activity for the year ended March 31, 2015 is as follows:

	Balances at April 1, 2014	Additions	Disposals	Transfers and Adjustments	Balances at March 31, 2015
Capital assets, not being depreciated					
Land	$ 13,098,088	$ -	$ -	$ -	$ 13,098,088
Construction in process	20,160,236	10,260,792	(260,284)	(21,388,225)	8,772,519
Goodwill	10,100	-	-	-	10,100
Total capital assets, not being depreciated	33,268,424	10,260,792	(260,284)	(21,388,225)	21,880,707
Capital assets, being depreciated					
Landscaping	11,844,838	-	-	142,370	11,987,208
Buildings and structures	50,365,556	39,625	(261,044)	1,270,378	51,414,515
Distribution systems	114,557,937	-	-	14,086,206	128,644,143
Machinery and equipment	14,922,243	210,893	(155,847)	5,889,271	20,866,560
Vehicles	4,323,309	15,564	(701,542)	-	3,637,331
Intangible plant	8,638,995	84,875	-	-	8,723,870
Total capital assets, being depreciated	204,652,878	350,957	(1,118,433)	21,388,225	225,273,627
Less accumulated depreciation for:					
Landscaping	(6,883,677)	(417,202)	-	-	(7,300,879)
Buildings and structures	(26,011,356)	(921,487)	261,044	-	(26,671,799)
Distribution systems	(36,026,438)	(3,271,692)	-	-	(39,298,130)
Machinery and equipment	(10,055,963)	(671,003)	155,847	-	(10,571,119)
Vehicles	(3,683,297)	(166,965)	701,542	-	(3,148,720)
Intangible plant	(7,559,012)	(204,062)	-	-	(7,763,074)
Total accumulated depreciation	(90,219,743)	(5,652,411)	1,118,433	-	(94,753,721)
Total capital assets being depreciated, net	114,433,135	(5,301,454)	-	21,388,225	130,519,906
Capital assets, net	$ 147,701,559	$ 4,959,338	$ (260,284)	$ -	$ 152,400,613

3. Capital Assets

Capital asset activity for the year ended March 31, 2014 is as follows:

	Balances at April 1, 2013	Additions	Disposals	Transfers and Adjustments	Balances at March 31, 2014
Capital assets, not being depreciated					
Land	$ 13,144,380	$ -	$ (9,499)	$ (36,793)	$ 13,098,088
Construction in process	24,398,070	2,694,455	(782,835)	(6,149,454)	20,160,236
Goodwill	10,100	-	-	-	10,100
Total capital assets, not being depreciated	37,552,550	2,694,455	(792,334)	(6,186,247)	33,268,424
Capital assets, being depreciated					
Landscaping	6,555,912	-	(103,749)	5,392,675	11,844,838
Buildings and structures	51,836,694	6,604	(700,957)	(776,785)	50,365,556
Distribution systems	114,015,661	42,679	(674,363)	1,173,960	114,557,937
Machinery and equipment	15,774,403	6,512	(1,134,864)	276,192	14,922,243
Vehicles	4,060,103	191,380	(106,898)	178,724	4,323,309
Intangible plant	8,804,830	34,224	(132,871)	(67,188)	8,638,995
Total capital assets, being depreciated	201,047,603	281,399	(2,853,702)	6,177,578	204,652,878
Less accumulated depreciation for:					
Landscaping	(5,776,349)	(237,773)	103,953	(973,508)	(6,883,677)
Buildings and structures	(26,726,584)	(866,260)	367,233	1,214,255	(26,011,356)
Distribution systems	(32,147,850)	(3,139,386)	499,135	(1,238,337)	(36,026,438)
Machinery and equipment	(11,143,672)	(657,251)	1,121,376	623,584	(10,055,963)
Vehicles	(3,440,187)	(180,961)	102,655	(164,804)	(3,683,297)
Intangible plant	(7,508,967)	(204,429)	98,388	55,996	(7,559,012)
Total accumulated depreciation	(86,743,609)	(5,286,060)	2,292,740	(482,814)	(90,219,743)
Total capital assets being depreciated, net	114,303,994	(5,004,661)	(560,962)	5,694,764	114,433,135
Capital assets, net	$ 151,856,544	$ (2,310,206)	$ (1,353,296)	$ (491,483)	$ 147,701,559

4. Accrued Liabilities

The balance of the District's accrued liabilities at March 31, 2015 and 2014 is as follows:

	2015	2014
Accrued NMDL settlement	$ 7,650	$ 24,881
Accrued permission fees	191,194	182,890
Accrued power purchase expense	2,185,149	2,434,044
Accrued salaries and wages	272,335	239,072
Other accrued liabilities	2,980,199	1,608,477
Total accrued liabilities	$ 5,636,527	$ 4,489,364

5. Long-Term Liabilities

Long-term liabilities include long-term debt, capital leases, accrued compensated absences and retirement obligations. Long-term liabilities activity during the years ended March 31, 2015 and 2014 is as follows:

	Balances at April 1, 2014	Additions	(Repayments)	Balances at March 31, 2015	Due Within One Year
Long-term debt:					
Merced River Development Bonds	$ 395,000	$ -	$ (395,000)	$ -	$ -
2005 Electric System Refunding Revenue Bonds	56,745,000	-	(1,380,000)	55,365,000	1,460,000
2005 Revenue Certificates of Participation	3,065,000	-	(330,000)	2,735,000	345,000
2008 Water and Hydro Refunding Revenue Certificates of Participation	3,715,000	-	(3,715,000)	-	-
2008 Water and Hydro Capital Appreciation Revenue Certificates of Participation	22,718,863	-	(22,718,863)	-	-
2012 Electric System Refunding Revenue Bonds	10,210,000	-	(10,000)	10,200,000	15,000
2013 Electric System Refunding Revenue Bonds	11,988,960	-	(300,770)	11,688,190	424,460
2014 Water & Hydroelectric System Refunding Revenue Bonds	-	31,410,000	-	31,410,000	1,190,000
	108,837,823	31,410,000	(28,849,633)	111,398,190	3,434,460
Line of Credit	-	4,342,000	-	4,342,000	-
Total	108,837,823	35,752,000	(28,849,633)	115,740,190	$ 3,434,460
Add:					
Bond discounts	(14,536)	-	14,536	-	
Bond premiums	1,015,514	3,163,280	(212,392)	3,966,402	
Accretion of capital appreciation certificates	10,150,358	888,663	(11,039,021)	-	
Less: current portion of long-term debt	(2,880,770)	(3,434,460)	2,880,770	(3,434,460)	
Total long-term debt	117,108,389	617,483	(8,356,107)	116,272,132	
Accrued compensated absences	1,067,098	1,319,216	(1,178,949)	1,207,365	
Employee retirement	1,490,213	3,945	-	1,494,158	
Net OPEB obligation	1,725,926	397,145	(606,664)	1,516,407	
Total long-term liabilities	$ 121,391,626	$ 2,337,789	$ (10,141,720)	$ 120,490,062	

5. Long-Term Liabilities, continued

	Balances at April 1, 2013	Additions	(Repayments)	Balances at March 31, 2014	Due Within One Year
Long-term debt:					
Merced River Development Bonds	$ 1,945,000	$ -	$ (1,550,000)	$ 395,000	$ 395,000
2003 Revenue Certificates of Participation	12,920,000	-	(12,920,000)	-	-
2005 Electric System Refunding Revenue Bonds	58,050,000	-	(1,305,000)	56,745,000	1,380,000
2005 Revenue Certificates of Participation	3,380,000	-	(315,000)	3,065,000	330,000
2008 Water and Hydro Refunding Revenue Certificates of Participation	4,175,000	-	(460,000)	3,715,000	465,000
2008 Water and Hydro Capital Appreciation Revenue Certificates of Participation	22,718,863	-	-	22,718,863	-
2012 Electric System Refunding Revenue Bonds	10,230,000	-	(20,000)	10,210,000	10,000
2013 Electric System Refunding Revenue Bonds	-	11,988,960	-	11,988,960	300,770
	113,418,863	11,988,960	(16,570,000)	108,837,823	2,880,770
Line of Credit	533,156	-	(533,156)	-	-
Total	113,952,019	11,988,960	(17,103,156)	108,837,823	$ 2,880,770
Add:					
Bond discounts	(215,532)	-	200,996	(14,536)	
Bond premiums	1,110,988	-	(95,474)	1,015,514	
Accretion of capital appreciation certificates	8,111,908	2,038,450	-	10,150,358	
Less: current portion of long-term debt	(3,925,000)	(2,880,770)	3,925,000	(2,880,770)	
Total long-term debt	119,034,383	(842,320)	4,030,522	117,108,389	
Accrued compensated absences	1,145,598	2,751,099	(2,829,599)	1,067,098	
Employee retirement	641,054	849,159	-	1,490,213	
Net OPEB obligation	1,652,283	(260,611)	334,254	1,725,926	
Total long-term liabilities	$ 122,473,318	$ 2,497,327	$ 1,535,177	$ 121,391,626	

5. Long-Term Liabilities, continued

Long-Term Debt

Long-term debt consists of the following at March 31, 2015 and 2014:

Merced River Development Bonds

On July 1, 1964, the District issued the Merced River Development Revenue Bonds in the amount of $36,000,000. Serial and term bonds in the amount of $9,660,000 and $26,340,000, respectively, were issued with various call features. Proceeds from these bonds were used to construct the New Exchequer Dam and McSwain Dam, expand the hydroelectric plant, increase irrigation water supply and increase flood control storage. The bonds are to be retired from the proceeds of the power contract with the Pacific Gas and Electric Company dated June 25, 1964 for the sale of power. Interest rates range from 3.625% to 3.75%. Semi-annual principal and interest payments ranging from $402,406 to $1,214,572 are due on January 1 and July 1, through July 1, 2014. This bond was fully repaid as of March 31, 2015.

2003 Revenue Certificates of Participation (Electric System Project)

On March 1, 2003, the District issued 2003 Revenue Certificates of Participation in the amount of $15,000,000. The proceeds were used to finance the cost of certain improvements to the electric system. The Certificates are secured by a lien on the District's electric system net revenues. Interest rates range from 1.50% to 5.70%. Principal payments ranging from $95,000 to $945,000 are due annually on September 1 through September 1, 2036. Interest payments ranging from $26,933 to $408,978 are due semi-annually on March 1 and September 1, through September 1, 2036. The District is required to maintain a ratio of electric system net revenues to debt service of at least 125%. This bond with a balance of $12,920,000 was defeased in 2014 by the 2013 Electric System Refunding Revenue Bonds.

2005 Electric System Refunding Revenue Bonds

On November 10, 2005, the District issued 2005 Electric System Refunding Revenue Bonds in the amount of $63,050,000. Proceeds from these bonds were used to advance refund the District's 2001 Electric System Refunding Revenue Bonds and the 2002 Revenue Certificate of Participation. The Bonds are secured by a lien on the District's electric system net revenues. Interest rates range from 3.25% to 5.75%. Principal payments ranging from $300,000 to $4,045,000 are due annually on September 1 through September 1, 2036. Interest payments ranging from $106,181 to $1,576,706, are due semi-annually on March 1 and September 1, through September 1, 2036. The District is required to maintain a ratio of electric system net revenues to debt service of at least 125%.

2005 Revenue Certificates of Participation (2005 Electric System Project)

On November 10, 2005, the District issued 2005 Revenue Certificates of Participation in the amount of $15,000,000. The proceeds are to be used to finance the cost of certain improvements to the electric system of the District. The Bonds are secured by a lien on the District's electric system net revenues. Interest rates range from 3.25% to 5.25%. Principal payments ranging from $260,000 to $950,000 are due annually on September 1, through September 1, 2036. Interest payments ranging from $24,938 to $365,476 are due semi-annually on March 1 and September 1, through September 1, 2036. In July 2012, a payment of $10,200,000 was made for a partial refunding of these bonds. The District is required to maintain a ratio of electric system net revenues to debt service of at least 125%.

5. Long-Term Liabilities, continued

Long-Term Debt, *continued*

2008 A Refunding Revenue Certificates of Participation (Water and Hydroelectric System Projects)

On June 24, 2008, the District issued 2008 Refunding Revenue Certificates of Participation in the amount of $6,335,000. Proceeds were used to advance refund the District's 2001 Certificates of Participation (Water Utility Facilities Improvements). The Certificates are secured by a lien on the District's Water Operations and Hydroelectric net revenues. Interest rates range from 3.00% to 4.625%. Principal payments ranging from $435,000 to $600,000 are due annually on September 1, through September 1, 2020. Interest payments ranging from $27,750 to $292,133 are due semi-annually on March 1 and September 1, through September 1, 2020. The District is required to maintain a ratio of water operation net revenues to debt service of 120% until 2014 and a ratio of Water Operations and Hydroelectric net revenue to debt service of 125% thereafter. This bond with a balance of $3,715,000 was defeased in 2015 by the 2014 Water and Hydroelectric System Refunding Revenue Bonds.

2008 B Capital Appreciation Revenue Certificates of Participation

On June 24, 2008, the District issued 2008 Capital Appreciation Revenue Certificates of Participation in the amount of $22,718,863. Proceeds were used to advance refund the 2005 Warrants and to continue to finance the costs of relicensing the District's 1964 Merced River Development Project. The certificates are secured by a lien on the District's Water Operations and Hydroelectric net revenues. Interest rates range from 6.35% to 6.75%. Interest on these certificates is compounded semi-annually at March 1 and September 1, commencing September 1, 2008. The interest cost is accreted from date of issuance to maturity. The Certificates mature on September 1, 2023, 2033 and 2038; however, mandatory prepayments on these Certificates begin on September 1, 2015, September 1, 2024 and September 1, 2034 for each certificate maturity date, respectively. Principal payments ranging from $387,550 to $1,832,445 are due annually starting September 1, 2015 through September 1, 2038. Interest payments ranging from $1,039,143 to $2,487,450 are due annually starting September 1, 2015 through September 1, 2038. The District is required to maintain a ratio of Water Operations and Hydroelectric net revenue to debt service of 125%. This bond with a balance of $22,718,863 was defeased in 2015 by the 2014 Water and Hydroelectric System Refunding Revenue Bonds.

2012 Electric System Refunding Revenue Bonds

On July 31, 2012, the District issued 2012 Electric System Refunding Revenue Bonds in the amount of $10,235,000. Proceeds from these bonds were used to currently refund a portion of the District's 2005 Revenue Certificates of Participation (2005 Electric System Project). The Bonds are secured by a lien on the District's electric system net revenues. The interest rate is 4.4% per annum. Principal payments ranging from $5,000 to $450,000 are due semi-annually on March 1 and September 1, through September 1, 2036. Interest payments ranging from $9,900 to $263,949, are due semi-annually on March 1 and September 1, through September 1, 2036. The District is required to maintain a ratio of electric system net revenues to debt service of at least 125%.

5. Long-Term Liabilities, continued

Long-Term Debt, *continued*

2013 Electric System Refunding Revenue Bonds

On June 6, 2013, the District issued 2013 Electric System Refunding Revenue Bonds in the amount of $11,988,960. Proceeds from these bonds were used to defease the District's 2003 Revenue Certificates of Participation. The Bonds are secured by a lien on the District's electric system net revenues. The interest rate is 3.95% per annum. Principal payments ranging from $300,770 to $852,470 are due semi-annually on March 1 and September 1, through September 1, 2033. Interest payments ranging from $16,836 to $348,596, are due semi-annually on March 1 and September 1, through September 1, 2033. The District is required to maintain a ratio of electric system net revenues to debt service of at least 125%.

2014 Water and Hydroelectric System Refunding Revenue Bonds

On August 13, 2014, the District issued 2014 Water and Hydroelectric System Refunding Revenue Bonds in two series, Series 2014A in the amount of $30,685,000 and Series 2014B, taxable, in the amount of $725,000. Proceeds from these bonds were used to defease the District's 2008 A Refunding Revenue Certificates of Participation and 2008 B Capital Appreciation Revenue Certificates of Participation. The interest rate ranges from 3% to 5% for Series A and from 0.50% to 1.40% for Series B. Principal payments, in total, ranging from $855,000 to $1,875,000 are due annually on October 1, 2015 through October 2038. Interest payments ranging from $99,394 to $120,623, are due semi-annually on April 1 and October 1, through October 1, 2038. The District is required to maintain a ratio of Water Operations and Hydroelectric net revenue to debt service of at least 125%.

The following is a schedule of long-term debt:

Years Ending March 31,	Principal	Interest	Total
2016	$ 3,434,460	$ 5,335,994	$ 8,770,454
2017	3,696,230	5,056,963	8,753,193
2018	3,843,660	4,919,258	8,762,918
2019	3,731,780	4,755,755	8,487,535
2020	3,915,610	4,585,328	8,500,938
2021-2025	20,587,620	20,012,801	40,600,421
2026-2030	25,108,420	14,647,933	39,756,353
2031-2035	30,855,410	7,913,969	38,769,379
2036-2040	16,225,000	1,295,215	17,520,215
	$ 111,398,190	$ 68,523,216	$ 179,921,406

5. Long-Term Liabilities, continued

Pledged Revenues

The District has pledged future electric customer revenues, net of specified operating expenses, to repay $15,000,000 of Revenue Certificates of Participation issued in March 2003, $63,050,000 of Electric System Refunding Revenue Bonds issued in November 2005, $15,000,000 of Revenue Certificates of Participation issued in November 2005 and $10,235,000 of Electric System Refunding Revenue Bonds issued in July 2012. Proceeds from the bonds provided financing for improvements to the electric system. The bonds are payable solely from electric customer net revenues and are payable through September 2036. The total principal and interest remaining to be paid on the bonds as of March 31, 2015 and 2014 is $128,999,800 and $134,902,829, respectively. For the year ended March 31, 2015, principal and interest paid and total electric customer net revenues were $5,903,029 and $15,796,157, respectively. For the year ended March 31, 2014, principal and interest paid and total electric customer net revenues were $5,493,898 and $13,345,122, respectively.

The District has pledged future Water Operations and Hydroelectric system revenues, net of specified operating expenses, to repay $6,335,000 of Revenue Refunding Certificates of Participation issued in June 2008, $22,718,863 of Capital Appreciation Revenue Certificates of Participation issued in June 2008 and $31,410,000 of Water and Hydroelectric System Refunding Revenue Bonds issued in August 2014. Proceeds from the Certificates provided financing for improvements to the water system and relicensing of the hydroelectric facility. The Certificates are payable solely from Water Operations and Hydroelectric net revenues and are payable through October 2038. The 2014 bonds fully defeased the 2008 certificates. The total principal and interest remaining to be paid on the bonds as of March 31, 2015 and 2014, is $50,921,606 and $73,346,808, respectively. For the year ended March 31, 2015, principal and interest paid and total water customer net revenues were $625,633 and $10,926,973, respectively. For the year ended March 31, 2014, principal and interest paid and total water customer net revenues were $637,883 and $2,052,774, respectively.

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax exempt bonds after August 31, 1986. Arbitrage regulations deal with investments of all tax-exempt bond proceeds at an interest yield greater than the interest paid to the bondholders. Generally, all interest paid to bond holders can be retroactive if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. At March 31, 2015 and 2014, the District had no arbitrage liability.

6. Energy Supply Purchases and Derivatives

Power Supply Agreements

The District relies on various power supply agreements to serve its customers' electricity requirements. The District has power supply agreements with the Turlock Irrigation District (TID), Western Area Power Administration (WAPA), and Iberdrola Renewables, Inc. (Iberdrola). Furthermore, TID provides wheeling, interconnection and ancillary services to the District under an interconnection agreement. The major agreements are described as follows:

6. Energy Supply Purchases and Derivatives

Turlock Irrigation District

In 2011, the District amended and extended its current power supply agreement with TID through April 30, 2017. The amendment contained several changes effective February 1, 2011, including a calculation of the energy prices based on the Daily Intercontinental Exchange, Inc. NP-15 Firm Index (ICE NP-15 Index) in dollars per megawatt-hour plus any congestion and loss charges. In addition, the energy prices adder was redefined to be the product of the ICE NP-15 Index applicable to the delivery period, and six percent plus $4.50 per megawatt-hour for the period from January 1, 2012 through December 31, 2012; $4.75 per megawatt-hour for the period from January 1, 2013 through December 31, 2013; and $5.00 per megawatt-hour for the period from January 1, 2014 through April 30, 2017.

This partial requirements power supply agreement provides power for all of the District's power requirements with the exception of the power supplied by WAPA. The price of this power supply is tied to the ICE NP-15 Index times 106% plus $4.50-$4.75 per megawatt-hour, effective January 1, 2012. The District's purchases of power from TID for the years ended March 31, 2015 and 2014 totaled $24,750,551 and $24,552,357, respectively.

The District is also a party to a small hydroelectric project development agreement with TID, under which the District owns the project plant and equipment and TID operates and maintains the three small hydroelectric projects which are part of the overall agreement. The agreement provides for TID to receive all revenues from the sale of project power and the District to share in any profits earned by the project per the agreement formula. The agreement for each of the small hydroelectric projects expire beginning in 2031 through 2032.

Western Area Power Administration

WAPA markets power from the Central Valley Project (CVP) and Washoe Project. The District began operating under the base resource contract on January 1, 2005. This contract provides for the District to receive 0.41309% of WAPA's base resource, which is power available for marketing after project power requirements. The current contract is scheduled to expire December 31, 2024. The District's composite price for power was approximately $53.31 and $28.12 per megawatt-hour during the years ended March 31, 2015 and 2014, respectively. The District's purchases for the years ended March 31, 2015 and 2014 totaled $436,846 and $370,485, respectively.

Iberdrola Renewables, Inc.

The District entered into a 25-year power supply agreement with Iberdrola in 2003 for energy generated by a wind energy project. This is a non-firm power supply contract to purchase 5 megawatts of installed capacity, which is expected to generate 16,000 megawatt-hours of energy annually for the District at a fixed price of $54.95 per megawatt-hour. Effective April 1, 2010 through the remaining life of the power supply agreement, under the new amendment, the District receives a credit on their invoice for the amount of energy delivered to the California Independent System Operator (CAISO) times the locational marginal price applicable to the CAISO pricing node for the wind project. The District's purchases during the year ended March 31, 2015 and 2014 totaled $551,231 and $620,331, respectively. The District's sales back to Iberdrola during the years ended March 31, 2015 and 2014 totaled $418,285 and $354,602, respectively.

6. Energy Supply Purchases and Derivatives, continued

Derivative Instruments

The District follows GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. Subject to certain exceptions, GASB Statement No. 53 requires that every derivative instrument be recorded on the statement of net position as an asset or liability measured at its fair value, and that changes in the derivative's fair value be recognized currently in earnings unless such derivatives meet specific hedge accounting criteria to be determined as effective. Effective hedges qualify for hedge accounting and such changes in fair values are deferred.

It is the District's policy to document and apply as appropriate the normal purchase and normal sales exception under GASB Statement No. 53. The District has reviewed its various contractual arrangements to determine applicability of these standards. Purchases and sales of forward electricity, natural gas and option contracts that require physical delivery and which are expected to be used or sold by the reporting entity in the normal course of business are generally considered "normal purchases and normal sales." These transactions are excluded under GASB Statement No. 53 and therefore are not required to be recorded at fair value in the financial statements. Certain put and call options and financial swaps for electricity and natural gas are considered to be derivatives under GASB Statement No. 53, as they do not generally meet the "normal purchases and normal sales" criteria.

Background Information

At March 31, 2015 and 2014, the District has the following derivative financial instruments:

		Changes in Fair Value		2015	
Type	Notional Amount	Classification	Amount	Classification	Amount
Commodity forward contracts	390,440 MWh	Deferred inflow	$ 3,090,672	Derivative instruments	$ 3,604,223

		Changes in Fair Value		2014	
Type	Notional Amount	Classification	Amount	Classification	Amount
Commodity forward contracts	368,120 MWh	Deferred inflow	$ 52,606	Derivative instruments	$ 513,551

The District enters into derivative energy transactions to hedge its known or expected positions within its approved risk management policy. Decisions are made to enter into forward transactions to protect its financial position.

The District purchases fixed-for-floating swap agreements to hedge changes in cash flows and to manage market price risk under its TID agreement. Effective April 1, 2009, all ongoing electricity swap agreements settle against the newly-created North Path 15 Existing Zone Generation Trading Hub's day-ahead locational marginal price index. The North Path 15 index was selected to link the swap agreements to the cost of electricity under the TID agreement. The District's objective in executing swap agreements is to fix its costs for power supply and hedge market price exposure. The net amount of electricity swap settlements paid during the years ended March 31, 2015 and 2014 was $1,796,892 and $155,519, respectively.

The fair values of the electricity price swap agreements are based on forward prices from established indices for the applicable region and discounted using the District's estimated cost of funds of 5.5% at March 31, 2015 and 2014.

6. Energy Supply Purchases and Derivatives, continued

Risks

The following tables display the terms of the District's hedging derivative instruments outstanding at March 31, 2015 and 2014, along with the credit rating of the associated counterparty or parent company guarantor, as applicable. All of these instruments presented in the tables are commodity forward contracts with the objective to hedge changes in cash flows due to market price fluctuations related to expected purchases of electricity. In addition, all of the instruments settle at expiration using the North Path 15 as the index.

March 31, 2015

Type	Notional Amount		Effective Date	Maturity Date	Counterparty Credit Risk
Commodity forward contract	18,480	MWh	04/01/15	6/30/2015	A
Commodity forward contract	14,280	MWh	04/01/15	6/30/2015	A
Commodity forward contract	12,320	MWh	04/01/15	6/30/2015	A
Commodity forward contract	9,520	MWh	04/01/15	6/30/2015	A
Commodity forward contract	61,600	MWh	07/01/15	9/30/2015	A
Commodity forward contract	24,400	MWh	07/01/15	9/30/2015	A
Commodity forward contract	30,800	MWh	07/01/15	9/30/2015	A
Commodity forward contract	9,760	MWh	07/01/15	9/30/2015	A
Commodity forward contract	30,800	MWh	10/01/15	12/31/2015	A
Commodity forward contract	30,800	MWh	10/01/15	12/31/2015	A
Commodity forward contract	30,800	MWh	01/01/16	3/31/2016	A
Commodity forward contract	30,800	MWh	01/01/16	3/31/2016	A
Commodity forward contract	30,800	MWh	07/01/16	9/30/2016	A
Commodity forward contract	30,800	MWh	07/01/16	9/30/2016	A
Commodity forward contract	12,320	MWh	10/01/16	12/31/2016	A
Commodity forward contract	12,160	MWh	01/01/17	3/31/2017	A

6. Energy Supply Purchases and Derivatives, continued

Risks, continued

March 31, 2014					
Type	Notional Amount		Effective Date	Maturity Date	Counterparty Credit Risk
Commodity forward contract	10,400	MWh	04/01/14	4/30/2014	A2
Commodity forward contract	14,280	MWh	04/01/14	6/30/2014	A
Commodity forward contract	30,800	MWh	04/01/14	6/30/2014	A
Commodity forward contract	4,160	MWh	05/01/14	5/31/2014	A2
Commodity forward contract	10,400	MWh	05/01/14	5/31/2014	A2
Commodity forward contract	6,000	MWh	06/01/14	6/30/2014	A
Commodity forward contract	10,000	MWh	06/01/14	6/30/2014	A2
Commodity forward contract	10,400	MWh	07/01/14	7/31/2014	A2
Commodity forward contract	10,400	MWh	07/01/14	7/31/2014	A2
Commodity forward contract	18,480	MWh	07/01/14	9/30/2014	A
Commodity forward contract	24,400	MWh	07/01/14	9/30/2014	A
Commodity forward contract	10,400	MWh	08/01/14	8/31/2014	A2
Commodity forward contract	10,400	MWh	08/01/14	8/31/2014	A2
Commodity forward contract	10,000	MWh	09/01/14	9/30/2014	A2
Commodity forward contract	10,000	MWh	09/01/14	9/30/2014	A2
Commodity forward contract	18,240	MWh	01/01/15	3/31/2015	A
Commodity forward contract	42,560	MWh	01/01/15	3/31/2015	A
Commodity forward contract	24,400	MWh	07/01/15	9/30/2015	A
Commodity forward contract	61,600	MWh	07/01/15	9/30/2015	A
Commodity forward contract	30,800	MWh	10/01/15	12/31/2015	A

Credit Risk – The District is exposed to credit risk related to non-performance by its wholesale counterparties under the terms of these swap agreements. The District evaluates the creditworthiness of its counterparties at the time of inception of the International Swap Dealers Association, Inc. (ISDA) agreement and at the time each swap transaction is executed, but the District does not currently have a formal evaluation policy. The District does contract with several counterparties to mitigate the risk of non-performance by any one counterparty.

Other Risks – There were no derivatives transactions outstanding that carry basis risk as of March 31, 2015 and 2014. As of March 31, 2015 and 2014, no termination events have occurred, and there were no outstanding transactions with material termination risk. There was no rollover, interest rate, foreign currency or market access risk for these derivative products at March 31, 2015 and 2014.

7. Net Position

Restricted

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets include the following at March 31, 2014:

	2015	2014
Recreation plan operations and maintenance	$ 1,100,490	$ 1,100,490
Mariposa County water rights settlement	492,171	337,107
Recreation plan future stage construction	6,503	6,503
Irrevocable trust - OPEB	398,537	-
Total	$ 1,997,701	$ 1,444,100

The restrictions are for the following:

- Restricted for recreation plan operations and maintenance represents unspent State of California grant proceeds restricted for the District's recreation plan operations and maintenance.
- Restricted for Mariposa County water rights settlement represents unspent State of California grant proceeds restricted for the remaining unpaid Mariposa County water rights commitment.
- Restricted for recreation plan future stage construction represents unspent State of California grant proceeds restricted for the third stage of onshore recreation facilities improvements, including fishing access sites, at Lake McClure and Lake McSwain in accordance with the District's recreation plan.

Unrestricted

The Board of Directors has taken action to use current unrestricted resources to satisfy future spending plans. There is no external restriction on these amounts and the future use of these funds may be modified, amended or removed by Board action. These designations relate to the electric and water services funds of the District. The total unrestricted net position for electric and water services available as of March 31, 2015 and 2014 amount to $76,922,317 and $60,801,274, respectively. Amounts set aside for future spending plans included the following at March 31, 2015 and 2014:

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7. Net Position, continued

The unrestricted net position set aside for future spending plans are for the following:

- Designated for water resources - capital fund: the Capital Fund is used for the funding of new capital assets or the replacement of capitalized assets when they reach the end of their useful lives.

- Designated for water resources - unanticipated infrastructure: this fund is established to provide funds to pay for unanticipated capital expenditures related to existing Water Resources facilities and infrastructure.

- Designated for water resources – operating reserve: the Operating Reserve Fund is used for unanticipated operating expenses and to ensure prudent levels of general liquidity. This fund is designated by the Board to maintain a reserve for current operations and to meet routine cash flow needs.

- Designated for water resources – catastrophe fund: the Catastrophe Fund is used to begin repairs of capital facilities after a catastrophic event, such as a severe earthquake or fire, while long-term financing is being arranged or insurance claims are being processed. Merced may use funds herein for either capital or operating purposes.

- Designated for energy resources – new customer growth: this Fund is designed to set aside funding for future capital projects that will enable Merced to strategically add customers in a competitive environment.

- Designated for energy resources – system support and growth: this Fund is used for the funding of new capital assets or the replacement of capitalized assets when they reach the end of their useful lives.

- Designated for energy resources – purchase power reserve: this sub-fund is established to provide flexibility to the Board when setting rates to allow for absorbing temporary rate fluctuations in energy expenses in connection with ICE NP-15 Index driven costs.

- Designated for energy resource – operating reserve: the Operating Reserve Fund is used for unanticipated operating expenses. This fund is designated by the Board to maintain a reserve for current operations and to meet routine cash flow needs.

- Designated for energy resources – catastrophe fund: the Catastrophe Fund can be used (i) to begin repair of the electric system after a catastrophic event, such as a severe earthquake or fire, while long-term financing is being arranged or insurance claims are being processed or (ii) for any operating or capital purpose in the event of severe financial events that impact the financial soundness of Merced. Merced may use funds herein for either capital or operating purposes.

8. Employees' Retirement Plan

Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and their beneficiaries. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. All permanent full and part-time District employees working at least 1,000 hours per year are eligible to participate in CalPERS. Under CalPERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor, based on years of service, multiplied by their highest average monthly salary over thirty-six consecutive months of employment. Copies of the CalPERS annual financial report may be obtained from their Executive Office, 400 Q Street, Sacramento, CA 95811.

Funding Policy

Active plan members are required to contribute 7% of their annual covered salary, which the District contributes a portion or all on behalf of District employees and for their account. As of January 1, 2013, new employees are required to pay their own required contribution. Contributions made by the District on behalf of the employees were $751,907 and $740,625 for the years ended March 31, 2015 and 2014, respectively. The District is required to contribute at an actuarially determined rate. The rate covering the March 31, 2015 fiscal year for April 1, 2014 to June 30, 2014 was 13.176% and for July 1, 2014 to March 31, 2015 was 14.651%. The rate covering the March 31, 2014 fiscal year for April 1, 2013 to June 30, 2013 was 12.411% and for July 1, 2013 to March 31, 2014 was 13.176%. The contribution requirements of plan members and the District are established and may be amended by CalPERS.

Annual Pension Cost

For the years ended March 31, 2015 and 2014, the District incurred an annual pension cost of $2,284,442 and $1,372,770, respectively. The required contribution was determined as part of the June 30, 2012 and 2013 actuarial valuations using entry age normal cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases that vary depending on age, service and type of employment ranging from 3.30% to 14.20% and (c) 3.00% payroll growth adjustment. Both (a) and (b) include an inflation component of 2.75%. The actuarial value of the plan's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15 year period (smoothed market value). The plan's unfunded liability is being amortized as a level percentage of pay on a closed basis.

Three-Year Trend Information for the District

	Annual Pension Cost (APC)	Percentage of APC Contributed
15-month period ending March 31, 2013*	$ 1,498,977	100%
March 31, 2014	1,372,770	100%
March 31, 2015	2,284,442	100%

* Due to a change in accounting period

8. Employees' Retirement Plan, continued

Funded Status and Funding Progress

Multiyear trend actuarial information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time is presented, as of the most recent actuarial valuation date, in the Required Supplementary Information immediately following the notes to the basic financial statements.

9. Postemployment Health Care Benefits

Plan Description

The District administers a single employer defined benefit other postemployment healthcare (OPEB) plan providing health plan coverage to eligible retired employees and their eligible dependents. The District maintains the same medical plans for its retirees as for its active employees. Benefits are paid until the retiree, spouse or surviving spouse, becomes eligible for Medicare. Employees become eligible to retire and receive healthcare benefits upon reaching the age of 60 with 5 years of service to the District. The OPEB Plan does not issue a publicly available financial report.

Effective March 1, 2014, the District decided to join the California Employers' Retiree Benefit Trust (CERBT) in order to pre-fund the retiree medical costs. The objective of the CERBT is to seek favorable returns that reflect the broad investment performance through asset allocation. The employers who participate in CERBT own units of the fund's portfolio which is investment in accordance with the approved strategic asset allocation; they do not have direct ownership of the securities in the portfolio. The unit value changes with market conditions. The CERBT is a self-funded program, in which the participating employers pay the program costs. The cost charged to participating employers is based on the average daily balance of assets. CalPERS issues a separate Comprehensive Annual Financial Report. Copies of CERBT's annual financial report may be obtained from its Affiliate Program Services Division at 400 Q Street, Sacramento, California 95811.

The following is a summary of the District's fair value assets on deposit with its CalPERS CERBT account for the fiscal year ended March 31, 2015:

Fair value - beginning of year	$	-
Contributions		390,542
Gain (loss) on investments		8,083
Administrative expenses		(88)
Fair value - end of the year	$	398,537

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended March 31, 2015, the District contributed $216,122 to the plan, which represents 54% of the cost for the year then ended. For the year ended March 31, 2014, the District contributed $260,611 to the plan, which represents 78% of the cost for the year ended December 31, 2013 premiums for eligible retired plan members and their spouses. During the year ended March 31, 2015 and 2014, plan members receiving benefits contributed $19,790 or approximately 9% and $14,216 or approximately 5%, respectively, of the total premiums, through their required contribution.

9. Postemployment Health Care Benefits, continued

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For the years ended March 31, 2015 and 2014, the following table shows the components of the District's annual OPEB cost, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the OPEB plan:

	2015	2014
Annual required contribution	$ 427,918	$ 359,121
Interest on net OPEB obligation	69,037	82,614
Annual required contribution adjustment	(99,810)	(107,481)
Annual OPEB cost	397,145	334,254
Funded contribution	(390,542)	-
Contributions made (premium payment made)	(216,122)	(260,611)
Change in net OPEB obligation	(209,519)	73,643
Net OPEB obligation, beginning of year	1,725,926	1,652,283
Net OPEB obligation, end of year	$ 1,516,407	$ 1,725,926

The ARC of $359,121 for March 31, 2014 above is based on the latest valuation available as of that date, which is January 1, 2011. The ARC of $427,918 for March 31, 2015 is based on the latest valuation available as of that date, which is April 1, 2014.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for March 31, 2015, and December 31, 2013 and 2012 were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2012	$ 282,392	93.82%	$ 1,652,283
December 31, 2013	334,254	77.97%	1,725,926
March 31, 2015	397,145	54.42%	1,516,407

Funded Status and Funding Progress

As of April 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $3,153,781.

9. Postemployment Health Care Benefits, continued

Funded Status and Funding Progress, *continued*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into 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, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the April 1, 2014 actuarial valuation, the projected unit credit actuarial method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is based on the employer's own investments. The annual healthcare-cost trend rates are as follows: for medical premiums, 8% initially, reduced by 1% decrements to an ultimate rate of 5% after four years and 4% every year for dental and vision premiums. The UAAL is being amortized as a level dollar on an open basis. The remaining amortization period at April 1, 2014 was 30 years.

10. Insurance

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public officials' liability, property damage, fidelity, dam failure and workers' compensation insurance. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group-purchased commercial excess insurance is obtained.

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The District's deductibles and maximum coverage's are as follows:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General and Auto Liability			
(Includes public officials liability)	$ 2,000,000	$ 58,000,000	None
Property Damage (Includes crime)	100,000	100,000,000	Various
Workers' Compensation liability	2,000,000	Statutory	None
Dam failure liability	250,000	5,000,000	250,000

10. Insurance, continued

The District continues to carry commercial insurance for all other risks of loss to which the District is exposed. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

11. Commitments and Contingencies

Mariposa County Water Rights Commitment

On March 1, 1960, the District entered into an agreement with Mariposa County regarding stream flow from the Merced River. In 1968, the District agreed to pay $5,000,000 over 50 years in annual installments of not less than $100,000, which are due annually on March 1. The agreement is secured by a lien on interest earned on certain accounts held in trust.

Litigation

The District is party to various claims, legal actions and complaints that arise in the normal operation of business. Management and the District's legal counsel believe that there are no material loss contingencies that would have a materially adverse impact on the financial position of the District.

Federal and State Regulatory Issues

The Merced River Hydroelectric Project is licensed by the Federal Energy Regulatory Commission (FERC). The District's FERC license expired on February 28, 2014; however, the District obtained a one year renewal, extending the license through February 28, 2015. The District will continue to operate the Project on an annual license basis until FERC issues a new license. Section 15(a) of the FPA requires FERC to issue from year to year an annual license to the then licensee under the terms and conditions of the existing license until the property is take over (by the federal government) or a new license is issued.

Contract Commitments

At March 31, 2015 and 2014, the District had contract commitments of $1,349,715 and $801,175, respectively, for construction, design, engineering, planning and administrative costs. The District has unexpended approved allocations from existing sources, as well as committed revenues in its funding plan to cover the costs of these contract commitments.

12. Line of Credit

The District has a $25,000,000 unsecured line of credit that will mature in August 2017. At March 31, 2015 and 2014, there was $4,342,000 and no balance outstanding on this line of credit, respectively.

13. Disclosure of Segment Information

The District has issued separate revenue bonds to finance its electric and water operations. These operations are accounted for within the District, but investors in those bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for each segment is presented below. Electric Services operates the retail electric system. The Water Operations operates the District's irrigation water supply system.

	March 31, 2015		March 31, 2014	
	Electric Services	Water Operations	Electric Services	Water Operations
Condensed Statements of Net Position				
Assets:				
Capital assets, net	$ 66,629,439	$ 41,915,764	$ 65,100,870	$ 41,465,997
Debt issuance costs	1,595,363	4,524	1,750,294	-
Interfund receivables	40,694,384	39,619,485	34,536,070	32,168,019
Current assets	14,032,003	7,403,052	13,630,797	6,276,712
Total assets	122,951,189	88,942,825	115,018,031	79,910,728
Deferred outflow of resources	(1,460,642)	-	2,340,290	86,133
Liabilities:				
Long-term and other liabilities	79,789,191	13,542,875	81,988,966	14,509,099
Interfund payables	222,605	379,370	222,605	379,370
Other current liabilities	5,108,491	3,911,616	4,862,354	3,181,730
Total liabilities	85,120,287	17,833,861	87,073,925	18,070,199
Deferred inflow of resources	(1,695,899)	-	1,360,330	-
Net position:				
Net investment (deficit) in capital assets	(6,198,497)	38,959,132	(9,111,649)	38,823,996
Restricted	-	492,171	-	337,107
Unrestricted	44,264,656	31,657,661	38,035,715	22,765,559
Total net position	$ 38,066,159	$ 71,108,964	$ 28,924,066	$ 61,926,662

13. Disclosure of Segment Information, continued

	March 31, 2015		March 31, 2014	
	Electric Services	Water Operations	Electric Services	Water Operations
Condensed Statements of Revenues, Expenses and Changes in Net Position				
Operating revenues (pledged against bonds)	$ 56,292,342	$ 23,392,310	$ 52,655,884	$ 15,878,269
Depreciation and amortization	(2,673,492)	(1,580,616)	(2,949,152)	(1,882,301)
Other operating expenses	(39,796,726)	(17,143,679)	(38,200,873)	(18,158,981)
Operating income	13,822,124	4,668,015	11,505,859	(4,163,013)
Non-operating revenues (expenses):				
Property taxes	-	2,285,578	-	2,865,870
Other non-operating revenues	284,233	440,040	113,829	165,137
Interest expense	(4,018,067)	(306,285)	(4,808,842)	(201,164)
Non-operating revenues (expenses), net	(3,733,834)	2,419,333	(4,695,013)	2,829,843
Income (loss) before transfers and capital contributions	10,088,290	7,087,348	6,810,846	(1,333,170)
Capital contributions	37,495	1,063,045	193,198	136,383
Transfers in	-	1,031,909	1,534	1,302,479
Transfers out	(983,692)	-	(1,225,252)	-
Changes in net position	9,142,093	9,182,302	5,780,326	105,692
Beginning net position	28,924,066	61,926,662	23,143,740	61,820,970
Ending net position	$ 38,066,159	$ 71,108,964	$ 28,924,066	$ 61,926,662

	March 31, 2015		March 31, 2014	
	Electric Services	Water Operations	Electric Services	Water Operations
Condensed Statements of Cash Flows				
Net cash provided by (used in):				
Operating activities	$ 9,636,374	$ (2,206,675)	$ 5,940,459	$ (1,950,736)
Noncapital financing activities	142,976	2,448,693	2,335	2,963,128
Capital and related financing activities	(9,900,365)	(1,225,443)	(6,960,751)	(1,175,910)
Investing activities	133,297	86,408	118,296	71,813
Net (decrease)	12,282	(897,017)	(899,661)	(91,705)
Cash and cash equivalents, beginning of year	5,843,006	4,065,567	6,742,667	4,157,272
Cash and cash equivalents, end of year	$ 5,855,288	$ 3,168,550	$ 5,843,006	$ 4,065,567

13. Disclosure of Segment Information, continued

Cash is used within the District by different funds for various operations and this use of another fund's cash is recorded on the statement of net position as due to other funds and due from other funds. As of March 31, 2015 and 2014, the amounts of unrestricted cash balances available to the District's segments, in addition to those amounts specifically reported as cash on the fund statements of net position, can be calculated from the condensed statements of net position above by subtracting the interfund payable amount from the interfund receivable amounts.

14. Subsequent Events

On June 8, 2015, the District issued the 2015A Electric System Refunding Revenue Bonds in the amount of $59,010,000 to defease the 2005 Electric System Refunding Revenue Bonds, to defease the 2005 Revenue Certificates of Participation and to prepay the 2013 Electric System Refunding Revenue Bonds.

On May 21, 2015, the District entered into a Joint Powers Agreement with Modesto Irrigation District to form the "Merced Irrigation District Financing Authority" for the general purpose of providing the District with an option to fund public capital improvements, working capital, liability and other insurance needs, or projects. Each district is responsible for its own debt issued and there is no responsibility for debt issued by the other district. Additionally, the Marks-Roos Local Bond Pooling Act of 1985 authorizes and empowers the Authority to issue and sell bonds to public or private purchasers at public or negotiated sale.

The District evaluated subsequent events for recognition and disclosure through June 26, 2015, the date which these financial statements were available to be issued. Except as noted in the preceding paragraphs, management concluded that no material subsequent events have occurred since March 31, 2015 that required recognition or disclosure in such financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

MERCED IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULES OF FUNDING PROGRESS

For the year ended March 31, 2015

Schedule of Funding Progress for the Postemployment Health Care Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2008	$ -	$ 1,873,768	$ 1,873,768	0%	N/A	N/A
January 1, 2011	-	2,971,500	2,971,500	0%	N/A	N/A
April 1, 2014	-	3,153,781	3,153,781	0%	N/A	N/A

Schedule of Funding Progress for the Employees Retirement Plan

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Assets Value	(Excess Assets) Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a % of Covered Payroll
6/30/2011	$ 56,533,121	$ 45,674,192	$ 10,858,929	80.80%	$ 10,284,848	98.00%
6/30/2012	58,262,912	47,600,034	10,662,878	81.70%	9,869,599	108.04%
6/30/2013	61,284,108	43,535,691	17,748,417	71.00%	9,922,950	178.86%

SUPPLEMENTARY INFORMATION

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF NET POSITION

March 31, 2015

	Electric Services	Water Utility	Hydroelectric	Parks
Assets				
Capital assets:				
Non-depreciable	$ 4,887,454	$ 3,966,446	$ 11,907,993	$ 1,102,884
Depreciable	61,741,985	37,949,318	26,078,361	2,617,311
Capital assets, net	66,629,439	41,915,764	37,986,354	3,720,195
Other non-current assets:				
Investments	-	-	-	-
Deferred relicense costs	-	-	-	-
Debt issuance costs	1,595,363	4,524	-	-
Total other non-current assets	1,595,363	4,524	-	-
Current assets:				
Cash and cash equivalents	-	3,093,439	-	1,460
Investments	-	-	-	-
Accounts receivable, net	4,637,129	819,697	7,523	13,728
Due from other governmental agencies	-	3,020,646	-	72,205
Accrued interest and taxes receivable	-	1,300	-	-
Inventory	3,445,680	264,553	-	-
Prepaid expenses and other current assets	93,906	128,306	166,119	28,575
Due from other funds	40,694,384	39,619,485	887,956	-
Restricted cash and cash equivalents	5,855,288	75,111	-	-
Total current assets	54,726,387	47,022,537	1,061,598	115,968
Total assets	122,951,189	88,942,825	39,047,952	3,836,163
Deferred Outflows of Resources				
Deferred amount on debt refundings	2,238,081	-	-	-
Deferred gas charges	(94,500)	-	-	-
Accumulated decrease in fair value of hedging derivatives	(3,604,223)	-	-	-
Total deferred outflows of resources	(1,460,642)	-	-	-
Total assets and deferred outflows of resources	$ 121,490,547	$ 88,942,825	$ 39,047,952	$ 3,836,163

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ -	$ -	$ 5,830	$ 10,100	$ -	$ 21,880,707
845,834	-	925,646	361,451	-	130,519,906
845,834	-	931,476	371,551	-	152,400,613
-	-	20,886,250	-	-	20,886,250
-	25,530,772	-	-	-	25,530,772
-	46,887	-	-	-	1,646,774
-	25,577,659	20,886,250	-	-	48,063,796
-	-	31,650,904	39,530	-	34,785,333
-	-	8,103,934	-	-	8,103,934
805	-	4,561	97,610	-	5,581,053
75,450	-	-	-	-	3,168,301
-	-	85,438	-	-	86,738
-	-	-	140,922	-	3,851,155
-	-	316,295	27,432	-	760,633
925,168	-	12,642,950	2,254,051	(97,023,994)	-
-	778,458	398,537	-	-	7,107,394
1,001,423	778,458	53,202,619	2,559,545	(97,023,994)	63,444,541
1,847,257	26,356,117	75,020,345	2,931,096	(97,023,994)	263,908,950
-	-	-	-	-	2,238,081
-	-	-	-	-	(94,500)
-	-	-	-	-	(3,604,223)
-	-	-	-	-	(1,460,642)
$ 1,847,257	$ 26,356,117	$ 75,020,345	$ 2,931,096	$ (97,023,994)	$ 262,448,308

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF NET POSITION (CONTINUED)

March 31, 2015

	Electric Services	Water Utility	Hydroelectric	Parks
Liabilities				
Non-current liabilities:				
Long-term liabilities	$ 79,336,043	$ 4,594,835	$ 1,855,065	$ 417,638
Other noncurrent liabilities:				
Regulatory deferred revenues	-	8,708,558	-	-
Deposits	453,148	239,482	-	156,230
Total non-current liabilities	79,789,191	13,542,875	1,855,065	573,868
Current liabilities:				
Accounts payable	327,749	629,020	1,069,482	41,454
Accrued liabilities	2,536,282	786,049	1,974,714	51,511
Unearned revenue	-	2,326,105	-	-
Accrued interest payable	-	65,722	-	-
Due to other funds	222,605	379,370	1,665,095	10,204,235
Current portion of long-term debt	2,244,460	104,720	-	-
Total current liabilities	5,331,096	4,290,986	4,709,291	10,297,200
Total liabilities	85,120,287	17,833,861	6,564,356	10,871,068
Deferred Inflows of Resources				
Public purpose revenues	1,108,324	-	-	-
Power cost reductions	800,000	-	-	-
Accumulated increase in fair value of hedging derivatives	(3,604,223)	-	-	-
Total deferred inflows of resources	(1,695,899)	-	-	-
Net Position				
Net investment (deficit) in capital assets	(6,198,497)	38,959,132	37,986,354	3,720,198
Restricted	-	492,171	-	1,106,993
Unrestricted (deficit)	44,264,656	31,657,661	(5,502,758)	(11,862,096)
Total net position (deficit)	38,066,159	71,108,964	32,483,596	(7,034,905)
Total liabilities, deferred inflows of resources and net position	$ 121,490,547	$ 88,942,825	$ 39,047,952	$ 3,836,163

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ 4,177	$ 34,265,333	$ 2,166	$ 14,805	$ -	$ 120,490,062
-	-	-	-	-	8,708,558
-	-	2	42,398	-	891,260
4,177	34,265,333	2,168	57,203	-	9,599,818
-	24,706	93,235	9,236	-	2,194,882
15,500	47,174	224,483	814	-	5,636,527
6,552	-	-	137,670	-	2,470,327
-	681,118	-	-	-	746,840
-	5,167,004	75,288,069	4,097,616	(97,023,994)	-
-	1,085,280	-	-	-	3,434,460
22,052	7,005,282	75,605,787	4,245,336	(97,023,994)	14,483,036
26,229	41,270,615	75,607,955	4,302,539	(97,023,994)	144,572,916
-	-	-	-	-	1,108,324
-	-	-	-	-	800,000
-	-	-	-	-	(3,604,223)
-	-	-	-	-	(1,695,899)
845,834	(5,110,643)	931,475	371,549	-	71,505,402
-	-	398,537	-	-	1,997,701
975,194	(9,803,855)	(1,917,622)	(1,742,992)	-	46,068,188
1,821,028	(14,914,498)	(587,610)	(1,371,443)	-	119,571,291
$ 1,847,257	$ 26,356,117	$ 75,020,345	$ 2,931,096	$ (97,023,994)	$ 262,448,308

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF NET POSITION (CONTINUED)

March 31, 2014

	Electric Services	Water Utility	Hydroelectric	Parks
Assets				
Capital assets:				
Non-depreciable	$ 7,155,236	$ 10,191,899	$ 13,544,674	$ 1,771,436
Depreciable	57,945,634	31,274,098	21,700,147	1,933,167
Capital assets, net	65,100,870	41,465,997	35,244,821	3,704,603
Other non-current assets:				
Investments	-	-	-	-
Deferred relicense costs	-	-	-	-
Debt issuance costs	1,750,294	-	-	-
Regulatory costs for future recovery	-	-	-	-
Total other non-current assets	1,750,294	-	-	-
Current assets:				
Cash and cash equivalents	-	3,085,521	-	1,460
Investments	-	-	-	-
Accounts receivable, net	4,279,704	520,455	1,718,787	12,505
Due from other governmental agencies	-	916,763	23,884	7,193
Accrued interest and taxes receivable	4,337	1,074	-	-
Inventory	3,401,453	384,207	-	-
Prepaid expenses and other current assets	102,297	388,646	185,461	52,462
Due from other funds	34,536,070	32,168,019	-	-
Restricted cash and cash equivalents	5,843,006	980,046	377,738	1,106,993
Total current assets	48,166,867	38,444,731	2,305,870	1,180,613
Total assets	115,018,031	79,910,728	37,550,691	4,885,216
Deferred Outflows of Resources				
Deferred amount on debt refundings	2,464,619	86,133	-	-
Deferred gas charges	389,222	-	-	-
Accumulated decrease in fair value of hedging derivatives	(513,551)	-	-	-
Total deferred outflows of resources	2,340,290	86,133	-	-
Total assets and deferred outflows of resources	$ 117,358,321	$ 79,996,861	$ 37,550,691	$ 4,885,216

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ -	$ -	$ 583,175	$ 22,004	$ -	$ 33,268,424
895,094	-	315,268	369,727	-	114,433,135
895,094	-	898,443	391,731	-	147,701,559
-	-	16,805,042	-	-	16,805,042
-	22,559,347	-	-	-	22,559,347
-	-	-	-	-	1,750,294
-	10,150,358	-	-	-	10,150,358
-	32,709,705	16,805,042	-	-	51,265,041
-	-	21,408,455	17,794	-	24,513,230
-	-	10,488,779	-	-	10,488,779
-	-	6,352	41,791	-	6,579,594
77,433	-	-	-	-	1,025,273
-	2,273	85,040	-	-	92,724
-	-	-	215,558	-	4,001,218
77	-	344,016	22,650	-	1,095,609
872,364	-	9,399,758	1,969,859	(78,946,070)	-
-	4,164,201	-	-	-	12,471,984
949,874	4,166,474	41,732,400	2,267,652	(78,946,070)	60,268,411
1,844,968	36,876,179	59,435,885	2,659,383	(78,946,070)	259,235,011
-	15,584	-	-	-	2,566,336
-	-	-	-	-	389,222
-	-	-	-	-	(513,551)
-	15,584	-	-	-	2,442,007
$ 1,844,968	$ 36,891,763	$ 59,435,885	$ 2,659,383	$ (78,946,070)	$ 261,677,018

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF NET POSITION (CONTINUED)

March 31, 2014

	Electric Services	Water Utility	Hydroelectric	Parks
Liabilities				
Long-term liabilities	$ 81,552,317	$ 4,483,235	$ 1,841,365	$ 447,365
Other noncurrent liabilities:				
Regulatory deferred revenues	-	9,800,445	-	-
Deposits	436,649	225,419	-	102,078
Total other noncurrent liabilities	436,649	10,025,864	-	102,078
Current liabilities:				
Accounts payable	86,455	351,588	105,053	22,782
Accrued liabilities	2,755,129	982,587	388,540	44,247
Unearned revenue	-	1,382,555	-	-
Accrued interest payable	-	-	3,703	-
Due to other funds	222,605	379,370	3,068,790	9,739,324
Current portion of long-term debt	2,020,770	465,000	395,000	-
Total current liabilities	5,084,959	3,561,100	3,961,086	9,806,353
Total liabilities	87,073,925	18,070,199	5,802,451	10,355,796
Deferred Inflows of Resources				
Public purpose revenues	1,073,881	-	-	-
Power cost reductions	800,000	-	-	-
Accumulated increase in fair value of hedging derivatives	(513,551)	-	-	-
Total deferred inflows of resources	1,360,330	-	-	-
Net Position				
Net investment (deficit) in capital assets	(9,111,649)	38,823,996	35,227,559	4,811,597
Restricted	-	337,107	-	1,106,993
Unrestricted (deficit)	38,035,715	22,765,559	(3,479,319)	(11,389,170)
Total net position (deficit)	28,924,066	61,926,662	31,748,240	(5,470,580)
Total liabilities, deferred inflows of resources and net position	$ 117,358,321	$ 79,996,861	$ 37,550,691	$ 4,885,216

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ 4,177	$ 32,869,236	$ 163,442	$ 30,489	$ -	$ 121,391,626
-	-	-	-	-	9,800,445
-	-	6,055	-	-	770,201
-	-	6,055	-	-	10,570,646
-	16,174	75,901	43,501	-	701,454
-	69,219	190,407	59,235	-	4,489,364
7,315	-	-	45,449	-	1,435,319
-	-	-	-	-	3,703
-	2,355,524	59,587,691	3,592,766	(78,946,070)	-
-	-	-	-	-	2,880,770
7,315	2,440,917	59,853,999	3,740,951	(78,946,070)	9,510,610
11,492	35,310,153	60,023,496	3,771,440	(78,946,070)	141,472,882
-	-	-	-	-	1,073,881
-	-	-	-	-	800,000
-	-	-	-	-	(513,551)
-	-	-	-	-	1,360,330
895,094	(6,135,541)	898,443	391,731	-	65,801,230
-	-	-	-	-	1,444,100
938,382	7,717,151	(1,486,054)	(1,503,788)	-	51,598,476
1,833,476	1,581,610	(587,611)	(1,112,057)	-	118,843,806
$ 1,844,968	$ 36,891,763	$ 59,435,885	$ 2,659,383	$ (78,946,070)	$ 261,677,018

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended March 31, 2015

	Electric Services	Water Utility	Hydroelectric	Parks
Operating revenues:				
Electric sales and services	$ 56,292,342	$ -	$ -	$ -
Water sales and services	-	15,623,423	-	-
Hydroelectric contractual services	-	-	8,401,004	-
Water transfers	-	7,768,887	-	-
Recreation fees	-	-	-	1,100,749
Administrative services	-	-	-	-
Storm drainage fees	-	-	-	-
Concessionaire revenue	-	-	-	-
Total operating revenues	56,292,342	23,392,310	8,401,004	1,100,749
Operating expenses:				
Purchase of power	30,586,822	-	-	-
Water distribution	-	15,135,344	-	-
Electric transmission and distribution	7,742,320	-	6,663,531	-
Recreation	-	-	-	2,642,204
Concessionaire	-	-	-	-
Storm drainage	-	-	-	-
Administrative and general	1,467,584	2,008,335	479,829	-
Depreciation and amortization	2,673,492	1,580,616	1,047,444	325,776
Total operating expenses	42,470,218	18,724,295	8,190,804	2,967,980
Net income (loss) from operations	13,822,124	4,668,015	210,200	(1,867,231)
Non-operating revenues (expenses):				
Property taxes	-	2,285,578	-	-
Interest income	128,960	86,634	57	92
Other non-operating income (expense)	142,976	163,115	400	-
Gain on disposal of capital assets	12,297	190,291	-	9,481
Interest expense	(4,018,067)	(306,285)	(3,703)	-
Transfers in	-	1,031,909	-	-
Transfers out	(983,692)	-	(2,883)	(19,277)
Total non-operating revenues (expenses)	(4,717,526)	3,451,242	(6,129)	(9,704)
Net income (loss) before capital contributions	9,104,598	8,119,257	204,071	(1,876,935)
Capital contributions	37,495	1,063,045	531,285	312,610
Change in net position	9,142,093	9,182,302	735,356	(1,564,325)
Net position (deficit), beginning of year	28,924,066	61,926,662	31,748,240	(5,470,580)
Net position (deficit), end of year	$ 38,066,159	$ 71,108,964	$ 32,483,596	$ (7,034,905)

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ -	$ -	$ -	$ -	$ -	$ 56,292,342
-	-	-	-	-	15,623,423
-	-	-	-	-	8,401,004
-	-	-	-	-	7,768,887
-	-	-	-	-	1,100,749
-	-	4,529,485	-	(4,529,485)	-
6,480	-	-	-	-	6,480
-	-	-	1,496,512	-	1,496,512
6,480	-	4,529,485	1,496,512	(4,529,485)	90,689,397
-	-	-	-	-	30,586,822
-	-	-	-	-	15,135,344
-	-	-	-	-	14,405,851
-	-	-	-	-	2,642,204
-	-	-	789,633	-	789,633
34,741	-	-	-	-	34,741
171,368	308,462	4,528,336	776,456	(4,529,485)	5,210,885
49,260	-	66,276	64,480	-	5,807,344
255,369	308,462	4,594,612	1,630,569	(4,529,485)	74,612,824
(248,889)	(308,462)	(65,127)	(134,057)	-	16,076,573
262,445	-	-	-	-	2,548,023
53	26,010	58,191	-	-	299,997
-	(7,723)	6,937	(83,492)	-	222,213
-	-	-	-	-	212,069
-	(16,411,883)	-	(41,837)	-	(20,781,775)
-	-	-	-	(1,031,909)	-
(26,057)	-	-	-	1,031,909	-
236,441	(16,393,596)	65,128	(125,329)	-	(17,499,473)
(12,448)	(16,702,058)	1	(259,386)	-	(1,422,900)
-	205,950	-	-	-	2,150,385
(12,448)	(16,496,108)	1	(259,386)	-	727,485
1,833,476	1,581,610	(587,611)	(1,112,057)	-	118,843,806
$ 1,821,028	$ (14,914,498)	$ (587,610)	$ (1,371,443)	$ -	$ 119,571,291

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)

For the year ended March 31, 2014

	Electric Services	Water Utility	Hydroelectric	Parks
Operating revenues:				
Electric sales and services	$ 52,655,884	$ -	$ -	$ -
Water sales and services	-	11,998,771	-	-
Hydroelectric contractual services	-	-	6,821,581	-
Water transfers	-	3,879,498	-	-
Recreation fees	-	-	-	1,423,916
Administrative services	-	-	-	-
Storm drainage fees	-	-	-	-
Concessionaire revenue	-	-	-	-
Total operating revenues	52,655,884	15,878,269	6,821,581	1,423,916
Operating expenses:				
Purchase of power	28,583,744	-	-	-
Water distribution	-	16,197,532	-	-
Electric transmission and distribution	7,772,591	-	4,972,395	-
Recreation	-	-	-	2,670,247
Concessionaire	-	-	-	-
Storm drainage	-	-	-	-
Administrative and general	1,844,538	1,961,449	493,221	-
Depreciation and amortization	2,949,152	1,882,301	775,291	354,946
Total operating expenses	41,150,025	20,041,282	6,240,907	3,025,193
Net income (loss) from operations	11,505,859	(4,163,013)	580,674	(1,601,277)
Non-operating revenues (expenses):				
Property taxes	-	2,865,870	-	-
Interest income	167,631	71,813	37	100
Other non-operating income (expense)	(46,960)	96,682	-	-
Loss on disposal of capital assets	(6,842)	(3,358)	-	-
Interest expense	(4,808,842)	(201,164)	(50,637)	-
Transfers in	1,534	1,302,479	-	-
Transfers out	(1,225,252)	-	(5,266)	(24,383)
Total non-operating revenues (expenses)	(5,918,731)	4,132,322	(55,866)	(24,283)
Net income (loss) before capital contributions	5,587,128	(30,691)	524,808	(1,625,560)
Capital contributions	193,198	136,383	314,879	11,662
Change in net position	5,780,326	105,692	839,687	(1,613,898)
Net position (deficit), beginning of year	23,143,740	61,820,970	30,908,553	(3,856,682)
Net position (deficit), end of year	$ 28,924,066	$ 61,926,662	$ 31,748,240	$ (5,470,580)

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ -	$ -	$ -	$ -	$ -	$ 52,655,884
-	-	-	-	-	11,998,771
-	-	-	-	-	6,821,581
-	-	-	-	-	3,879,498
-	-	-	-	-	1,423,916
-	-	4,618,577	-	(4,618,577)	-
19,942	-	-	-	-	19,942
-	-	-	1,837,517	-	1,837,517
19,942	-	4,618,577	1,837,517	(4,618,577)	78,637,109
-	-	-	-	-	28,583,744
-	-	-	-	-	16,197,532
-	-	-	-	-	12,744,986
-	-	-	-	-	2,670,247
-	-	-	529,003	-	529,003
21,076	-	-	-	-	21,076
176,151	317,069	4,581,256	1,434,211	(4,618,577)	6,189,318
49,020	-	112,162	82,476	-	6,205,348
246,247	317,069	4,693,418	2,045,690	(4,618,577)	73,141,254
(226,305)	(317,069)	(74,841)	(208,173)	-	5,495,855
349,112	-	-	-	-	3,214,982
134	26,240	47,818	-	-	313,773
-	5,432	7,021	83,090	-	145,265
-	-	-	-	-	(10,200)
-	(1,284)	-	(47,610)	-	(5,109,537)
-	-	-	-	(1,304,013)	-
(49,112)	-	-	-	1,304,013	-
300,134	30,388	54,839	35,480	-	(1,445,717)
73,829	(286,681)	(20,002)	(172,693)	-	4,050,138
-	-	20,000	-	-	676,122
73,829	(286,681)	(2)	(172,693)	-	4,726,260
1,759,647	1,868,291	(587,609)	(939,364)	-	114,117,546
$ 1,833,476	$ 1,581,610	$ (587,611)	$ (1,112,057)	$ -	$ 118,843,806

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF CASH FLOWS

For the year ended March 31, 2015

	Electric Services	Water Utility	Hydroelectric	Parks
Cash flows from operating activities:				
Cash receipts from customers	$ 55,969,360	$ 20,840,848	$ 10,136,152	$ 1,034,514
Cash paid to suppliers for goods and services	(37,842,310)	(14,660,393)	(4,079,886)	(2,567,956)
Cash paid to employees for services	(1,348,670)	(1,967,573)	(479,829)	-
Cash receipts/(payments) to other funds	(7,142,006)	(6,419,557)	(2,294,534)	445,634
Net cash provided by (used for) operating activities	9,636,374	(2,206,675)	3,281,903	(1,087,808)
Cash flows from noncapital financing activities:				
Property taxes received	-	2,285,578	-	-
Relicense costs incurred	-	-	-	-
Other income, net of other expenses	142,976	163,115	400	-
Net cash provided by (used for) noncapital financing activities	142,976	2,448,693	400	-
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(4,009,635)	(971,862)	(3,257,692)	(28,758)
Gain from the sale of equipment	12,297	190,291	-	9,481
Proceeds from issuance of debt	-	3,411,022	-	-
Principal payments on long-term debt	(2,020,770)	(3,715,000)	(395,000)	-
Interest payments on long-term debt	(3,882,257)	(139,894)	(7,406)	-
Net cash (used for) capital and related financing activities	(9,900,365)	(1,225,443)	(3,660,098)	(19,277)
Cash flows from investing activities:				
Purchase of investment securities	-	-	-	-
Interest received on investments	133,297	86,408	57	92
Net cash provided by (used for) investing activities	133,297	86,408	57	92
Increase (decrease) in cash and cash equivalents	12,282	(897,017)	(377,738)	(1,106,993)
Cash and cash equivalents, beginning of year	5,843,006	4,065,567	377,738	1,108,453
Cash and cash equivalents, end of year	$ 5,855,288	$ 3,168,550	$ -	$ 1,460

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ 4,912	$ -	$ 4,604,354	$ 1,578,363	$ -	$ 94,168,503
(17,181)	(13,508)	-	(815,516)	-	(59,996,750)
(171,368)	(355,349)	(4,721,612)	(792,140)	-	(9,836,541)
(78,861)	2,811,480	12,457,186	220,658	-	-
(262,498)	2,442,623	12,339,928	191,365	-	24,335,212
262,445	-	6,937	-	-	2,554,960
-	(2,765,475)	-	-	-	(2,765,475)
-	(7,723)	-	(83,492)	-	215,276
262,445	(2,773,198)	6,937	(83,492)	-	4,761
-	-	(99,309)	(44,300)	-	(8,411,556)
-	-	-	-	-	212,069
-	35,350,593	32,000	-	-	38,793,615
-	(22,718,863)	-	-	-	(28,849,633)
-	(15,715,181)	-	(41,837)	-	(19,786,575)
-	(3,083,451)	(67,309)	(86,137)	-	(18,042,080)
-	-	(1,696,363)			(1,696,363)
53	28,283	57,793	-	-	305,983
53	28,283	(1,638,570)	-	-	(1,390,380)
-	(3,385,743)	10,640,986	21,736	-	4,907,513
-	4,164,201	21,408,455	17,794	-	36,985,214
$ -	$ 778,458	$ 32,049,441	$ 39,530	$ -	$ 41,892,727

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended March 31, 2015

	Electric Services	Water Utility	Hydroelectric
Reconciliation of net income (loss) from operations to net cash provided by (used for) operating activities:			
Net income (loss) from operations	$ 13,822,124	$ 4,668,015	$ 210,200
Adjustments to reconcile net income (loss) from operations to net cash provided by (used for) operating activities:			
Depreciation and amortization	2,673,492	1,580,616	1,047,444
Transfers to/from other funds	(983,692)	1,031,909	(2,883)
Changes in operating assets and liabilities:			
Accounts receivable	(357,425)	(299,242)	1,711,264
Due from other governmental agencies	-	(2,103,883)	23,884
Inventory	(44,227)	119,654	-
Prepaid expenses and other current assets	8,391	260,340	19,342
Deferred gas charges	483,722	-	-
Accounts payable	241,294	277,432	964,429
Accrued liabilities	(218,847)	(196,538)	1,586,174
Unearned revenue	-	(148,337)	-
Due to/from other funds	(6,158,314)	(7,451,466)	(2,291,651)
Deposits	16,499	14,063	-
Deferred inflow of resources	34,443	-	-
Accrued postemployment benefits	1,163	3,016	4,432
Accrued compensated absences	117,751	37,746	9,268
Net cash provided by (used for) operating activities	$ 9,636,374	$ (2,206,675)	$ 3,281,903
Noncash investing, capital and financing activities:			
Receipt of contributed electric system assets from developers	$ 37,495	$ 1,063,045	$ 531,285
Change in derivative financial instruments	$ 3,090,672	$ -	$ -

Parks	Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ (1,867,231)	$ (248,889)	$ (308,462)	$ (65,127)	$ (134,057)	$ -	$ 16,076,573
325,776	49,260	-	66,276	64,480	-	5,807,344
(19,277)	(26,057)	-	-	-	-	-
(1,223)	(805)	-	1,791	(55,819)	-	998,541
(65,012)	1,983	-	-	-	-	(2,143,028)
-	-	-	-	74,636	-	150,063
23,887	77	-	27,721	(4,782)	-	334,976
-	-	-	-	-	-	483,722
18,672	-	8,532	17,334	(34,265)	-	1,493,428
7,264	15,500	(68,927)	34,076	(58,421)	-	1,100,281
-	(763)	-	-	137,670	-	(11,430)
464,911	(52,804)	2,811,480	12,457,186	220,658	-	-
54,152	-	-	(6,053)	(3,051)	-	75,610
-	-	-	-	-	-	34,443
749	-	-	(214,938)	-	-	(205,578)
(30,476)	-	-	21,662	(15,684)	-	140,267
$ (1,087,808)	$ (262,498)	$ 2,442,623	$ 12,339,928	$ 191,365	$ -	$ 24,335,212
$ 312,610	$ -	$ -	$ -	$ -	$ -	$ 1,944,435
$ -	$ -	$ -	$ -	$ -	$ -	$ 3,090,672

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF CASH FLOWS

For the year ended March 31, 2014

	Electric Services	Water Utility	Hydroelectric	Parks
Cash flows from operating activities:				
Cash receipts from customers	$ 52,163,013	$ 19,088,477	$ 6,774,208	$ 1,430,156
Cash paid to suppliers for goods and services	(37,518,593)	(16,224,231)	(5,043,884)	(2,635,184)
Cash paid to employees for services	(418,327)	(1,832,648)	-	-
Cash receipts/(payments) to other funds	(8,285,634)	(2,982,334)	610,893	1,356,455
Net cash provided by (used for) operating activities	5,940,459	(1,950,736)	2,341,217	151,427
Cash flows from noncapital financing activities:				
Property taxes received	-	2,866,446	-	-
Relicense costs incurred	-	-	-	-
Other income, net of other expenses	2,335	96,682	-	100
Net cash provided by (used for) noncapital financing activities	2,335	2,963,128	-	100
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(22,211)	(543,294)	(204,698)	(151,506)
Loss from the sale of equipment	(6,842)	(3,358)	-	-
Proceeds from issuance of debt	11,988,960	-	-	-
Principal payments on long-term debt	(14,459,085)	(455,393)	(2,083,156)	-
Interest payments on long-term debt	(4,461,573)	(173,865)	(65,168)	-
Net cash (used for) capital and related financing activities	(6,960,751)	(1,175,910)	(2,353,022)	(151,506)
Cash flows from investing activities:				
Purchase of investment securities	-	-	-	-
Interest received on investments	118,296	71,813	55	9
Net cash provided by investing activities	118,296	71,813	55	9
Increase (decrease) in cash and cash equivalents	(899,661)	(91,705)	(11,750)	30
Cash and cash equivalents, beginning of year	6,742,667	4,157,272	389,488	1,108,423
Cash and cash equivalents, end of year	$ 5,843,006	$ 4,065,567	$ 377,738	$ 1,108,453

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ 19,795	$ -	$ 4,625,519	$ 1,841,260	$ -	$ 85,942,428
(98,511)	(93,896)	(644,440)	(551,603)	-	(62,810,342)
(176,070)	(317,069)	(4,747,717)	(1,422,968)	-	(8,914,799)
(94,461)	280,915	9,025,082	89,084	-	-
(349,247)	(130,050)	8,258,444	(44,227)	-	14,217,287
349,112	-	-	-	-	3,215,558
-	(2,136,689)	-	-	-	(2,136,689)
-	-	7,021	83,090	-	189,228
349,112	(2,136,689)	7,021	83,090	-	1,268,097
-	-	(307,768)	-	-	(1,229,477)
-	-	-	-	-	(10,200)
-	-	-	-	-	11,988,960
-	-	-	-	-	(16,997,634)
-	-	-	(45,002)	-	(4,745,608)
-	-	(307,768)	(45,002)	-	(10,993,959)
-	-	(2,919,621)			(2,919,621)
135	29,441	63,952	-	-	283,701
135	29,441	(2,855,669)	-	-	(2,635,920)
-	(2,237,298)	5,102,028	(6,139)	-	1,855,505
-	6,401,499	16,306,427	23,933	-	35,129,709
$ -	$ 4,164,201	$ 21,408,455	$ 17,794	$ -	$ 36,985,214

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended March 31, 2014

	Electric Services	Water Utility	Hydroelectric
Reconciliation of net income (loss) from operations to net cash provided by (used for) operating activities:			
Net income (loss) from operations	$ 11,505,859	$ (4,163,013)	$ 580,674
Adjustments to reconcile net income (loss) from operations to net cash provided by (used for) operating activities:			
Depreciation and amortization	2,949,152	1,882,301	775,291
Transfers to/from other funds	(1,223,718)	1,302,479	(5,266)
Changes in operating assets and liabilities:			
Accounts receivable	(331,826)	276,737	(47,373)
Due from other governmental agencies	-	826,270	-
Inventory	460,605	(92,455)	-
Prepaid expenses and other current assets	6,228	(42,420)	(37,361)
Deferred gas charges	(389,222)	-	-
Accounts payable	(88,335)	(413,065)	39,526
Accrued liabilities	408,667	353,542	(428,667)
Unearned revenue	-	2,107,201	-
Due to/from other funds	(7,061,916)	(4,284,813)	616,159
Deposits	(4,390)	167,699	-
Deferred inflow of resources	(161,045)	-	-
Accrued postemployment benefits	(54,907)	153,754	872,455
Accrued compensated absences	(74,693)	(24,953)	(24,221)
Net cash provided by (used for) operating activities	$ 5,940,459	$ (1,950,736)	$ 2,341,217
Noncash investing, capital and financing activities:			
Receipt of contributed electric system assets from developers	$ 193,198	$ 136,383	$ 314,879
Change in derivative financial instruments	$ 52,606	$ -	$ -

Parks	Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ (1,601,277)	$ (226,305)	$ (317,069)	$ (74,841)	$ (208,173)	$ -	$ 5,495,855
354,946	49,020	-	112,162	82,476	-	6,205,348
(24,383)	(49,112)	-	-	-	-	-
6,240	-	-	6,942	3,743	-	(85,537)
-	(77,433)	-	-	-	-	748,837
-	-	-	-	(36,184)	-	331,966
(6,802)	(2)	-	(181,525)	(22,650)	-	(284,532)
-	-	-	-	-	-	(389,222)
(3,905)	-	(109,411)	(25,052)	1,263	-	(598,979)
24,634	-	15,500	(438,831)	29,152	-	(36,003)
-	(147)	-	-	-	-	2,107,054
1,380,838	(45,349)	280,915	9,025,082	89,084	-	-
(21,037)	-	-	968	5,819	-	149,059
-	-	-	-	-	-	(161,045)
40,571	81	15	(198,983)	11,243	-	824,229
1,602	-	-	32,522	-	-	(89,743)
$ 151,427	$ (349,247)	$ (130,050)	$ 8,258,444	$ (44,227)	$ -	$ 14,217,287
$ 11,662	$ -	$ -	$ 20,000	$ -	$ -	$ 676,122
$ -	$ -	$ -	$ -	$ -	$ -	$ 52,606

MERCED IRRIGATION DISTRICT

DEBT SERVICE COVERAGE RELATED TO OUTSTANDING COP'S AND BONDS - ELECTRIC SERVICES

For the years ended March 31, 2015 and 2014

	2015	2014
Net income from operations	$ 9,142,093	$ 5,780,326
Add back:		
Depreciation and amortization	2,673,492	2,949,152
Bond interest expense	4,018,067	4,808,842
Less:		
Capital contribution revenue	37,495	193,198
Reconciled net revenue	$ 15,796,157	$ 13,345,122
COP debt service related to outstanding COPs and Bonds	$ 5,903,029	$ 5,493,898
Debt service coverage	268%	243%
Required debt service coverage	125%	125%

MERCED IRRIGATION DISTRICT

DEBT SERVICE COVERAGE RELATED TO OUTSTANDING COP'S - WATER SERVICES AND HYDROELECTRIC PROJECT

For the years ended March 31, 2015 and 2014

	2015	2014
Net income from operations	$ 9,293,864	$ 105,692
Add back:		
Depreciation and amortization	2,390,049	1,882,301
Bond interest expense	306,105	201,164
Less:		
Capital contribution revenue	1,063,045	136,383
Reconciled net revenue	$ 10,926,973	$ 2,052,774
COP debt service related to outstanding COPs	$ 625,633	$ 637,883
Debt service coverage	1747%	322%
Required debt service coverage	125%	125%

Note: In 2015, the Debt Service Calculation above includes pledged water and hydroelectric revenues. In 2014, only water revenues were pledged. The increase in net income for 2015 reflects an increase in water sales, water transfers and the inclusion of nine months of hydroelectric revenues.

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MERCED IRRIGATION DISTRICT

WATER & POWER

Statistical Section

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STATISTICAL SECTION

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents Page

Financial Trends 82 - 84

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity 85 - 95

These schedules contain information to help the reader assess the District's significant local revenue sources, property levies, water sales, and energy sales.

Due to the District being in direct competition with PG&E for electrical services the District will be unable to supply a table that includes the ten largest payers for the District's own-source revenue.

Debt Capacity 96 - 99

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information 100 - 101

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information 102 - 106

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

Table I
MERCED IRRIGATION DISTRICT
Net Position by Component
Last Ten Years
(accrual basis of accounting)

	2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006	2005
Primary government										
Invested in Capital Assets, Net of Related Debt	$ 71,505,402	$ 65,801,230	$ 70,364,183	$ 56,940,683	$ 42,111,265	$ 39,111,893	$ 37,589,323	$ 37,895,293	$ 36,688,013	$ 27,378,309
Restricted	1,997,701	1,444,100	1,544,100	1,744,100	13,458,090	13,831,119	15,563,378	14,334,426	14,800,793	15,483,208
Unrestricted	46,068,188	51,598,476	42,209,263	40,599,619	32,123,162	27,996,033	25,615,919	26,520,147	21,149,482	21,443,595
Total Governmental Activities Net Position	$ 119,571,291	$ 118,843,806	$ 114,117,546	$ 99,284,402	$ 87,692,517	$ 80,939,045	$ 78,768,620	$ 78,749,866	$ 72,638,288	$ 64,305,112
Percentage Increase	1%	4%	15%	13%	8%	3%	0%	8%	13%	

Note: 2012/13 * - This period is for a 15 month period of time from Jan. 2012 to Mar. 2013, caused by the switch from a calendar year (Jan. to Dec.) to a fiscal year (Apr. to Mar.).

Source: ***Merced Irrigation District, Finance Department***

Table II
MERCED IRRIGATION DISTRICT
Changes in Net Position
Last Ten Years
(accrual basis of accounting)

	2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006	2005
Operating Revenue										
Electric Sales and Services	$ 56,292,342	$ 52,655,884	$ 60,790,788	$ 49,902,766	$ 49,096,785	$ 53,177,365	$ 50,215,471	$ 46,034,044	$ 40,494,819	$ 35,690,194
Water Sales and Services	15,623,423	11,998,771	10,312,735	9,613,418	9,063,731	8,891,757	8,919,508	9,658,878	8,192,876	8,204,013
Hydroelectric Sales and Services [(A)]	8,401,004	6,821,581	9,864,859	5,819,743	9,039,230	7,470,082	6,114,517	6,179,373	5,424,375	5,030,982
Water Transfers/Deferred Revenue	7,768,887	3,879,498	5,701,325	3,203,258	6,859,023	5,056,833	4,648,428	5,185,240	2,802,443	2,710,385
Recreation Fees	1,100,711	1,423,916	1,830,125	1,554,226	1,607,626	1,672,795	1,564,837	1,821,687	1,714,032	1,455,641
Administrative Services	38	-	-	-	-	-	-	-	-	-
Storm Drainage Fees	6,480	19,942	12,812	7,443	9,020	8,225	28,495	67,240	99,725	118,695
Concessionaire Revenue [(B)]	1,496,512	1,837,517	1,588,511	1,361,010	-	-	-	-	-	-
Total Operating Revenue	90,689,397	78,637,109	90,101,155	71,461,864	75,675,415	76,277,057	71,491,256	68,946,462	58,728,270	53,209,910
Non-operating Revenue										
Property Tax	2,548,023	3,214,982	2,059,195	2,242,166	2,162,640	2,363,313	2,565,214	2,524,649	2,037,205	794,831
Interest Income	299,997	313,773	207,286	160,899	148,476	189,486	1,201,133	2,087,083	2,225,363	1,188,560
Other Non-Operating Income	222,213	145,265	753,778	656,835	1,304,566	956,220	493,127	747,851	745,243	1,341,289
Gain on Disposal of Capital Assets	212,069	-	3,000	74,993	37,093	92,141	373,361	111,695	324,431	73,743
Total Non-operating Revenues	3,282,302	3,674,020	3,023,259	3,134,893	3,652,775	3,601,160	4,632,835	5,471,278	5,332,242	3,398,423
Combined Revenues	93,971,699	82,311,129	93,124,414	74,596,757	79,328,190	79,878,217	76,124,091	74,417,740	64,060,512	56,608,333
Operating Expenses										
Purchase of Power	30,586,822	28,583,744	29,989,929	27,061,112	28,049,376	34,783,043	33,327,494	30,914,133	21,510,455	19,618,139
Water Distribution	15,135,344	16,197,532	13,961,533	11,042,027	12,395,276	13,807,527	15,405,911	13,845,451	11,697,648	11,721,649
Electric Transmission and Distribution	14,405,851	12,744,986	17,537,977	11,959,843	16,640,427	14,982,256	13,907,862	13,287,593	14,502,197	8,715,553
Recreation	2,642,204	2,670,247	2,896,704	2,362,824	2,002,847	1,920,704	1,861,015	1,750,324	1,605,656	1,631,518
Concessionaire [(B)]	789,633	529,003	378,088	239,164	-	-	-	-	-	-
Storm Drainage	34,741	21,076	14,552	25,593	41,570	61,295	54,207	57,705	36,671	45,174
Administrative and General	5,210,885	6,189,318	7,882,331	4,477,355	3,080,480	2,047,216	2,190,498	1,980,938	1,780,271	1,880,802
Depreciation and Amortization	5,807,344	6,205,348	7,082,293	5,493,292	5,409,291	5,436,229	5,185,666	4,959,646	4,559,944	4,015,092
Total Operating Expenses	74,612,824	73,141,254	79,743,407	62,661,210	67,619,267	73,038,270	71,932,653	66,795,790	55,692,842	47,627,927
Non-Operating Expenses										
Interest	20,781,775	5,109,537	6,169,805	5,056,729	5,248,012	5,361,674	5,426,972	5,329,720	5,408,383	5,839,136
Other	-	10,200	-	-	-	-	-	-	-	-
Total Non-Operating Expenses	20,781,775	5,119,737	6,169,805	5,056,729	5,248,012	5,361,674	5,426,972	5,329,720	5,408,383	5,839,136
Combined Expense	95,394,599	78,260,991	85,913,212	67,717,939	72,867,279	78,399,944	77,359,625	72,125,510	61,101,225	53,467,063
Net Income (Loss) before Capital Contribution	(1,422,900)	4,050,138	7,211,202	6,878,818	6,460,911	1,478,273	(1,235,534)	2,292,230	2,959,287	3,141,270
Capital Contributions										
Total Capital Contributions	2,150,385	676,122	9,132,946	4,713,067	292,561	692,152	1,254,288	3,819,348	5,373,889	2,998,646
Change in Net Position	727,485	4,726,260	16,344,148	11,591,885	6,753,472	2,170,425	18,754	6,111,578	8,333,176	6,139,916
Net Position, Beginning of Year	118,843,806	114,117,546	97,773,398	87,692,517	80,939,045	78,768,620	78,749,866	72,638,288	64,305,112	57,158,647
Prior Period Adjustments	-	-	-	-	-	-	-	-	-	1,006,549
Net Position, End of Year	$ 119,571,291	$ 118,843,806	$ 114,117,546	$ 99,284,402	$ 87,692,517	$ 80,939,045	$ 78,768,620	$ 78,749,866	$ 72,638,288	$ 64,305,112

Note: 2012/13 * - This period is for a 15 month period of time from Jan. 2012 to Mar. 2013, caused by the switch from a calendar year (Jan. to Dec.) to a fiscal year (Apr. to Mar.).

[(A)] Hydroelectric Project prior to July 2014, was a reimbursement of hydroelectric project operational costs, as the revenue generated was owned by PG&E until this time.

[(B)] Concessionaire were acquired in 2010, as a wholly owned subsidiary, no data available before then.

Source: ***Merced Irrigation District, Finance Department***

Table III
MERCED IRRIGATION DISTRICT
Cash and Investment Balance Summary
Last Ten Years
(accrual basis of accounting)

		Unrestricted						
	Restricted Total	Water Resources	Energy Resources	Drainage District	Internally Designated	Other	Total Unrestricted	Total Balance
2014/15	$ 8,690,236	$ 18,628,147	$ 39,170,261	$ 914,652	$ -	$ 3,423,761	$ 62,136,821	$ 70,827,057
2013/14	13,701,945	14,581,879	33,056,695	872,363	-	2,107,188	50,618,125	64,320,070
2012/13*	17,123,136	15,466,788	24,649,352	827,014	-	1,413,667	42,356,821	59,479,957
2011	21,096,276	11,582,055	8,364,722	694,211	17,773,570	-	38,414,558	59,510,834
2010	25,822,173	12,145,683	2,983,788	613,218	17,741,385	-	33,484,074	59,306,247
2009	30,369,544	10,864,958	15,138	673,566	15,117,243	-	26,670,905	57,040,449
2008	34,317,527	12,179,578	367,998	955,824	11,114,500	-	24,617,900	58,935,427
2007	18,066,936	8,516,117	281,909	897,600	12,296,193	-	21,991,819	40,058,755
2006	26,933,965	7,039,423	107,518	690,949	9,825,998	-	17,663,888	44,597,853
2005	34,324,079	5,787,675	-	300,391	9,031,225	-	15,119,291	49,443,370

Note: 2012/13* - This period is for a 15 month period of time from Jan. 2012 to Mar. 2013, caused by the switch from a calendar year (Jan. to Dec.) to a fiscal year (Apr. to Mar.).

Source: ***Merced Irrigation District, Finance Department***

Table IV
COUNTY OF MERCED
ASSESSED VALUE OF TAXABLE PROPERTY
Last Ten Years

Fiscal Year	(1) Secured	(2) Unsecured	(3) Unitary	(4) Exempt	Total Taxable Assessed Value	Total Direct Tax Rate
2013/14	$ 16,530,562,146	$ 1,357,660,084	$ 499,521,434	$ 857,896,793	$ 17,529,846,871	1.00%
2012/13	15,525,112,557	1,257,346,806	512,308,376	815,802,947	16,478,964,792	1.00%
2011/12	15,369,771,704	1,268,886,030	509,109,681	803,406,454	16,344,360,961	1.00%
2010/11	15,428,528,741	1,252,030,245	468,219,816	773,717,122	16,375,061,680	1.00%
2009/10	16,181,071,733	1,245,284,704	468,178,393	718,742,129	17,175,792,701	1.00%
2008/09	18,859,313,068	1,178,595,275	449,357,557	620,665,224	19,866,600,676	1.00%
2007/08	19,411,507,637	1,118,683,309	408,401,951	584,402,698	20,354,190,199	1.00%
2006/07	17,404,362,513	1,031,843,871	387,818,163	556,097,714	18,267,926,833	1.00%
2005/06	14,295,730,105	951,546,184	388,503,647	549,156,927	15,086,623,009	1.00%
2004/05	12,290,959,556	871,193,456	326,854,720	500,820,938	12,988,186,794	1.00%

Notes:

(1) Secured property is generally real property defined as land, mines, minerals, timber, and improvement such as buildings, structures, crops, trees, and vines.

(2) Unsecured property is generally personal property, including machinery, equipment, office tools, and supplies.

(3) Unitary properties are railroads and utility crossing the County and are assessed by the State Board of Equalizations.

(4) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.

Due to the 1978 passage of the property tax initiative Proposition 13, the County does not track the estimated actual value of all County properties. Under Proposition 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the Consumer Price Index on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Proposition 13 limits the property tax rate to 1% assessed value plus the a rate necessary to fund local voter-approved bonds and special assessments.

(5) The County of Merced fiscal year is from July to June, where as the District's fiscal year is from April to March.

Source: ***Comprehensive Annual Financial Report*** **. 1st ed. Merced: County of Merced, 2015. Web. 10 June 2015.**

Table V
COUNTY OF MERCED
PROPERTY TAX RATES
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years

Fiscal Year	Basic Rate	General Obligation Debt Service	Total Direct Rate	Allocation of Percentage for Property Tax Rate Among Overlapping Governments					
				County	County Fire	Cities	School Districts	Special Districts	Total
2013/14	$ 1.00	0.6784	$ 1.6784	16.39	7.25	12.42	60.36	3.58	100.00
2012/13	1.00	0.7891	1.7891	16.24	7.17	12.90	60.11	3.58	100.00
2011/12	1.00	0.7325	1.7325	16.12	7.07	13.44	59.78	3.59	100.00
2010/11	1.00	0.7307	1.7307	16.00	7.00	13.98	59.40	3.62	100.00
2009/10	1.00	0.5172	1.5172	15.89	6.90	14.59	59.01	3.61	100.00
2008/09	1.00	0.4158	1.4158	16.19	6.81	14.03	59.40	3.57	100.00
2007/08	1.00	0.4542	1.4542	16.33	6.68	13.55	59.82	3.62	100.00
2006/07	1.00	0.4777	1.4777	16.29	6.75	13.29	60.17	3.50	100.00
2005/06	1.00	0.4402	1.4402	16.00	6.88	13.06	60.22	3.84	100.00
2004/05	1.00	0.6250	1.6250	16.03	7.08	13.04	60.34	3.51	100.00

Notes: The basic property tax rate may be increased only by a majority vote of the residents. Rates for debt services are set based on each year's requirements.

(1) The County of Merced fiscal year is from July to June, where as the District's fiscal year is from April to March.

Source: ***Comprehensive Annual Financial Report*** **. 1st ed. Merced: County of Merced, 2015. Web. 10 June 2015.**

Table VI
COUNTY OF MERCED
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

		2013/14			2004/05		
Taxpayer	**Type of Business**	**Property Taxes Levied**	**Rank**	**Percentage of Total County Tax Levy**	**Property Taxes Levied**	**Rank**	**Percentage of Total County Tax Levy**
Pacific Gas and Electric Company	Utility	$ 4,614,907	1	2.21%	$ 2,301,274	1	1.53%
Gallo Winery E & J	Agricultural	4,155,784	2	1.99%	1,084,740	3	0.72%
Liberty Packing Co., LLC	Agricultural	1,769,667	3	0.85%	789,089	4	0.53%
Fresno Farming LLC	Agricultural	1,441,826	4	0.69%			0.78%
Foster Poultry Farms	Agricultural	1,261,397	5	0.60%	600,741	5	0.40%
Wood Color LLC	Industrial	1,231,079	6	0.59%	1,177,803	2	0.30%
HCC Properties LTD A Partnership	Commercial	878,950	7	0.42%			
Dole Packaging Foods LLC	Agricultural	868,133	8	0.42%			0.33%
Ingomar Packing Company A Partnership	Agricultural	848,752	9	0.41%	497,662	8	
Gallo Vineyards, Inc	Agricultural	799,123	10	0.38%			
Pacific Gas and Electric Company	Utility				456,773	9	0.35%
Conopco Incorporated	Commercial				529,272	6	
Trans-Elect NTD Path 15, LLC	Utility				426,625	10	
Bellevue Ranch-Merced LP	Commercial				521,478	7	0.35%
							0.28%
		$ 17,869,618		8.56%	$ 8,385,457		5.57%

Note: (1) The County of Merced fiscal year is from July to June, where as the District's fiscal year is from April to March.

Source: *Comprehensive Annual Financial Report* . 1st ed. Merced: County of Merced, 2015. Web. 10 June 2015.

Table VII
COUNTY OF MERCED
PROPERTY TAX LEVIES AND COLLECTED
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years [1]
		Amount	Percentage of Levy	
2013/14	$ 208,534,218	$ 202,790,500	97.25%	$ 5,743,718
2012/13	199,494,595	192,427,553	96.46%	7,067,042
2011/12	198,111,579	189,557,824	95.68%	8,553,755
2010/11	196,342,199	186,912,123	95.20%	9,430,076
2009/10	201,407,394	189,011,701	93.85%	12,395,693
2008/09	227,866,274	209,155,011	91.79%	18,711,263
2007/08	233,753,983	211,305,001	90.40%	22,448,982
2006/07	208,850,020	194,734,558	93.25%	14,115,462
2005/06	172,392,643	166,251,349	96.44%	6,141,294
2004/05	150,141,205	143,818,410	95.79%	6,322,795

Notes:

(1) Collections in subsequent years are the uncollected amounts for that one year that will be collected in subsequent years. Delinquent collections by year of levy are not available.

(2) The County of Merced fiscal year is from July to June, where as the District's fiscal year is from April to March.

Source: *Comprehensive Annual Financial Report* . 1st ed. Merced: County of Merced, 2015. Web. 10 June 2015.

Table VIII
MERCED IRRIGATION DISTRICT
Water Rates
Based on Irrigation Season
for Water Resources
Last Ten Years

	Standby Fee	Surface Water Fee / acre ft.	Supplement Water Supply Pool
2015	$ 24.00	(A)	$ 225.00
2014	24.00	75.00 (D)	110.00
2013	24.00	23.25	73.25 (B)
2012	24.00	18.25-23.25 (C)	
2011	24.00	18.25	
2010	24.00	18.25	
2009	24.00	15.25	
2008	24.00	15.25	
2007	24.00	15.25	
2006	24.00	15.25	
2005	24.00	15.25	

Notes:

(A) Surface Water will be unavailable in 2015 due to poor hydrological conditions, rate to be established if surface water becomes available.

(B) Supplement Water Supply Pool rate not established until 2013. Supplement water is a voluntary basis.

(C) Surface Water Used a Tier Fee Schedule minimum $18.25/AF on parcels under 2.5 AF and a maximum $23.25/AF in parcels over 2.5 AF.

(D) **Board authorized fee not to exceed $100.67, by Proposition 218 in April 2014. Established fee for the irrigation season was set at $75.00.**

Source: Merced Irrigation District, Finance Department

Table IX
MERCED IRRIGATION DISTRICT
Energy Resources
Electric Rate Monthly Charge Per Meter
Last Ten Years

Descriptions	2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006	2005
Residential	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00
Municipal & Non-Profit										
Small Demand General Service	95.00	95.00	95.00	95.00	95.00	90.00	90.00	85.00	85.00	85.00
Medium Demand General Service	325.00	325.00	325.00	325.00	325.00	300.00	300.00	(A)	(A)	(A)
Commercial & Small Industrial										
Small Demand General Service-Agricultural	-	-	-	-	-	-	-	-	-	55.00
General Service	8.00 / 12.00	8.00 / 12.00	8.00 / 12.00	8.00 / 12.00	8.00 / 12.00	8.00 / 12.00	8.00 / 12.00	8.00 / 12.00	8.00 / 12.00	8.00 / 12.00
Small Demand General Service	95.00	95.00	95.00	95.00	95.00	90.00	90.00	(A)	(A)	(A)
Commercial & Industrial										
Small Demand General Service	95.00	95.00	95.00	95.00	95.00	90.00	90.00	85.00	85.00	
Medium Demand General Service	325.00	325.00	325.00	325.00	325.00	300.00	300.00	200.00	200.00	200.00
Large Demand Primary Service	800.00	800.00	800.00	800.00	800.00	800.00	800.00	400.00	400.00	400.00
Large Demand General Service	600.00	600.00	600.00	600.00	600.00	600.00	600.00	400.00	400.00	400.00
Agricultural										
Demand General Service	15.00	15.00	15.00	15.00	15.00	15.00	15.00	12.00	12.00	12.00

Notes: 2012/13 * - This period is for a 15 month period of time from Jan. 2012 to Mar. 2013, caused by the switch from a calendar year (Jan. to Dec.) to a fiscal year (Apr. to Mar.).
(A) The service was not established until 2008.

Source: ***Merced Irrigation District, Finance Department***

Table X
MERCED IRRIGATION DISTRICT
Energy Resources Electric Service by Rate Schedules Stated per Kilowatt
Last Ten Years

		2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006	2005
ED-2 - Demand Charge											
	Winter A)	$ 7.00	$ 7.00	$ 7.00	$ 7.00	$ 7.00	$ 6.00	$ 6.00	$ 7.00	$ 7.00	$ 7.00
	Summer B)	17.00	17.00	17.00	17.00	17.00	18.00	18.00	10.00	10.00	10.00
ED-2 - Energy Charge											
	Winter A)	0.0725	0.0725	0.0725	0.0725	0.0725	0.0650	0.0650	0.0650	0.0650	0.0650
	Summer B)	0.0875	0.0875	0.0875	0.0875	0.0875	0.0825	0.0825	0.0900	0.0900	0.0900
AG-2 - Demand Charge											
	Winter A)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.50	3.50	4.00
	Summer B)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	6.00
AG-2 - Energy Charge											
	Winter A)	0.0880	0.0880	0.0880	0.0880	0.0880	0.0800	0.0800	0.0950	0.0950	0.0850
	Summer B)	0.1180	0.1180	0.1180	0.1180	0.1180	0.1100	0.1100	0.0950	0.0950	0.1000
ED-2P - Demand Charge											
	Winter A)	5.00	5.00	5.00	5.00	5.00	4.50	4.50	4.50	4.50	4.50
	Summer B)	14.00	14.00	14.00	14.00	14.00	14.00	14.00	7.00	7.00	7.00
ED-2P - Energy Charge											
	Winter A)	0.0700	0.0700	0.0700	0.0700	0.0700	0.0625	0.0625	0.0625	0.0625	0.0650
	Summer B)	0.0850	0.0850	0.0850	0.0850	0.0850	0.0800	0.0800	0.0900	0.0900	0.0900

Notes: 2012/13 * - This period is for a 15 month period of time from Jan. 2012 to Mar. 2013, caused by the switch from a calendar year (Jan. to Dec.) to a fiscal year (Apr. to Mar.).

A) Winter season is defined as November 1 through April 30

B) Summer season is defined as May 1 through October 31

C) Per Lamp Per Month Charge

D) Per Service Connection Per Month

Source: Merced Irrigation District, Finance Department

Table X (Continued)
MERCED IRRIGATION DISTRICT
Energy Resources Electric Service by Rate Schedules Stated per Kilowatt
Last Ten Years

		2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006	2005
ED-3 - Demand Charge											
	Winter A)	7.00	7.00	7.00	7.00	7.00	6.00	6.00	7.00	7.00	7.00
	Summer B)	17.00	17.00	17.00	17.00	17.00	18.00	18.00	10.00	10.00	10.00
ED-3 - Energy Charge											
	Winter A)	0.0750	0.0750	0.0750	0.0750	0.0750	0.0700	0.0700	0.0825	0.0825	0.0825
	Summer B)	0.0900	0.0900	0.0900	0.0900	0.0900	0.0875	0.0875	0.1075	0.1075	0.1075
ED-3V - Demand Charge											
	Winter A)	7.00	7.00	7.00	7.00	7.00	6.00	6.00	-	-	-
	Summer B)	17.00	17.00	17.00	17.00	17.00	18.00	18.00	-	-	-
ED-3V - Energy Charge											
	Winter A)	0.0750	0.0750	0.0750	0.0750	0.0750	0.0700	0.0700	-	-	-
	Summer B)	0.0900	0.0900	0.0900	0.0900	0.0900	0.0875	0.0875	-	-	-
ED-4 - Demand Charge											
	Winter A)	4.50	4.50	4.50	4.50	4.50	4.00	4.00	5.00	5.00	5.00
	Summer B)	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.00	7.00	7.00
ED-4 - Energy Charge											
	Winter A)	0.0925	0.0925	0.0925	0.0925	0.0925	0.0900	0.0900	0.0850	0.0850	0.0850
	Summer B)	0.1175	0.1175	0.1175	0.1175	0.1175	0.1150	0.1150	0.1100	0.1100	0.1100

Notes: 2012/13 * - This period is for a 15 month period of time from Jan. 2012 to Mar. 2013, caused by the switch from a calendar year (Jan. to Dec.) to a fiscal year (Apr. to Mar.).

A) Winter season is defined as November 1 through April 30

B) Summer season is defined as May 1 through October 31

C) Per Lamp Per Month Charge

D) Per Service Connection Per Month

Source: Merced Irrigation District, Finance Department

Table X (Continued)
MERCED IRRIGATION DISTRICT
Energy Resources Electric Service by Rate Schedules Stated per Kilowatt
Last Ten Years

		2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006	2005
ED-4A - Demand Charge											
	Winter A)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.00
	Summer B)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9.00
ED-4A - Energy Charge											
	Winter A)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.1052
	Summer B)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.1052
EGS-2 - Energy Charge											
	Winter A)	0.1250	0.1250	0.1250	0.1250	0.1250	0.1200	0.1200	0.1075	0.1075	0.1075
	Summer B)	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1500	0.1500	0.1500
MD-3 - Demand Charge											
	Winter A)	6.0000	6.0000	6.0000	6.0000	6.0000	5.0000	5.0000	-	-	-
	Summer B)	16.0000	16.0000	16.0000	16.0000	16.0000	17.0000	17.0000	-	-	-
MD-3 - Energy Charge											
	Winter A)	0.0725	0.0725	0.0725	0.0725	0.0725	0.0675	0.0675	-	-	-
	Summer B)	0.0875	0.0875	0.0875	0.0875	0.0875	0.0850	0.0850	-	-	-
MD-4 - Demand Charge											
	Winter A)	4.0000	4.0000	4.0000	4.0000	4.0000	3.5000	3.5000	4.5000	4.5000	4.5000
	Summer B)	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000
MD-4 - Energy Charge											
	Winter A)	0.0900	0.0900	0.0900	0.0900	0.0900	0.0875	0.0875	0.0800	0.0800	0.0800
	Summer B)	0.1150	0.1150	0.1150	0.1150	0.1150	0.1125	0.1125	0.1000	0.1000	0.1000

Notes: 2012/13 * - This period is for a 15 month period of time from Jan. 2012 to Mar. 2013, caused by the switch from a calendar year (Jan. to Dec.) to a fiscal year (Apr. to Mar.).

A) Winter season is defined as November 1 through April 30

B) Summer season is defined as May 1 through October 31

C) Per Lamp Per Month Charge

D) Per Service Connection Per Month

Source: Merced Irrigation District, Finance Department

Table X (Continued)
MERCED IRRIGATION DISTRICT
Energy Resources Electric Service by Rate Schedules Stated per Kilowatt
Last Ten Years

		2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006	2005
RES-2 - Energy Charge											
Tier 1 (0-100% of BaselinC)											
Winter (374 kWh)	A)	0.1100	0.1100	0.1100	0.1100	0.1100	0.1050	0.1050	0.1000	0.1000	0.1000
Summer (551 kWh)	B)	0.1100	0.1100	0.1100	0.1100	0.1100	0.1050	0.1050	0.1000	0.1000	0.1000
Tier 2 (101-130% of BaselinC)											
Winter (112 kWh)	A)	0.1250	0.1250	0.1250	0.1250	0.1250	0.1200	0.1200	0.1150	0.1150	0.1200
Summer (165 kWh)	B)	0.1250	0.1250	0.1250	0.1250	0.1250	0.1200	0.1200	0.1150	0.1150	0.1200
Tier 3 (131-200% of BaselinC)											
Winter (262 kWh)	A)	0.2250	0.2250	0.2250	0.2250	0.2250	0.2100	0.2100	0.1800	0.1800	0.1800
Summer (386 kWh)	B)	0.2250	0.2250	0.2250	0.2250	0.2250	0.2100	0.2100	0.1800	0.1800	0.1800
Tier 4 (201-300% of BaselinC)											
Winter (374 kWh)	A)	0.3000	0.3000	0.3000	0.3000	0.3000	0.2700	0.2700	0.2300	0.2300	0.2300
Summer (551 kWh)	B)	0.3000	0.3000	0.3000	0.3000	0.3000	0.2700	0.2700	0.2300	0.2300	0.2300
RES-2 - Energy Charge (cont.)											
Tier 5 (301+ % of BaselinC)											
Winter (all other kWh)	A)	0.3500	0.3500	0.3500	0.3500	0.3500	0.3100	0.3100	0.2700	0.2700	0.2700
Summer (all other kWh)	B)	0.3500	0.3500	0.3500	0.3500	0.3500	0.3100	0.3100	0.2700	0.2700	0.2700
LSC - Monthly Rates											
Watts 0-50; Type - Lamp; kWh 17	C)	2.20	2.20	-	-	-	-	-	-	-	-
Watts 51-70; Type - Lamp; kWh 29	C)	3.93	3.93	3.93	3.93	3.93	3.70	3.70	3.41	3.41	3.41
Watts 71-100; Type - Lamp; kWh 41	C)	5.59	5.59	5.59	5.59	5.59	5.26	5.26	4.85	4.85	4.85

Notes: 2012/13 * - This period is for a 15 month period of time from Jan. 2012 to Mar. 2013, caused by the switch from a calendar year (Jan. to Dec.) to a fiscal year (Apr. to Mar.).

A) Winter season is defined as November 1 through April 30

B) Summer season is defined as May 1 through October 31

C) Per Lamp Per Month Charge

D) Per Service Connection Per Month

Source: Merced Irrigation District, Finance Department

Table X (Continued)
MERCED IRRIGATION DISTRICT
Energy Resources Electric Service by Rate Schedules Stated per Kilowatt
Last Ten Years

		2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006	2005
LSC - Monthly Rates (continued)											
Watts 101-150; Type - Lamp; kWh 60	C)	7.75	7.75	7.75	7.75	7.75	7.27	7.27	6.67	6.67	6.67
Watts 151-200; Type - Lamp; kWh 81	C)	10.10	10.10	10.10	10.10	10.10	9.45	9.45	8.64	8.64	8.64
Watts 201-250; Type - Lamp; kWh 100	C)	12.74	12.74	12.74	12.74	12.74	11.94	11.94	10.94	10.94	10.94
Watts 251-310; Type - Lamp; kWh 121	C)	14.91	14.91	14.91	14.91	14.91	13.94	13.94	12.73	12.73	12.73
Watts 311-; Type - Lamp; kWh 159	C)	19.29	19.29	19.29	19.29	19.29	18.02	18.02	16.43	16.43	16.43
MEF - Monthly Rates											
000-200 watts: 26 kWh	D)	9.96	9.96	9.96	9.96	9.96	9.96	9.96	9.70	9.70	9.70
201-300 watts: 64 kWh	D)	14.84	14.84	14.84	14.84	14.84	14.84	14.84	14.20	14.20	14.20
301-500 watts: 102 kWh	D)	19.72	19.72	19.72	19.72	19.72	19.72	19.72	18.70	18.70	18.70
501-800 watts: 166 kWh	D)	27.91	27.91	27.91	27.91	27.91	27.91	27.91	26.25	26.25	26.25
801-1200 watts: 256 kWh	D)	39.46	39.46	39.46	39.46	39.46	39.46	39.46	36.90	36.90	36.90
1201-1600 watts: 523 kWh	D)	79.03	79.03	79.03	79.03	79.03	79.03	79.03	73.80	73.80	73.80

Notes: 2012/13 * - This period is for a 15 month period of time from Jan. 2012 to Mar. 2013, caused by the switch from a calendar year (Jan. to Dec.) to a fiscal year (Apr. to Mar.).

A) **Winter season is defined as November 1 through April 30**

B) **Summer season is defined as May 1 through October 31**

C) **Per Lamp Per Month Charge**

D) **Per Service Connection Per Month**

Source: Merced Irrigation District, Finance Department

Table XI
MERCED IRRIGATION DISTRICT
Ratio of Outstanding Debt by Type & Per Capita
Last Ten Years
(accrual basis of accounting)

	2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006	2005
Capital Lease	$ -	$ -	$ -	$ 220,610	$ 323,793	$ 424,432	$ 543,079	$ 673,825	$ 833,658	$ 1,059,127
Line of Credit	4,342,000	-	533,156	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	-	329,806	684,076	1,036,871
Development Bonds	-	395,000	1,945,000	4,170,000	5,585,000	6,950,000	8,265,000	9,535,000	10,755,000	11,930,000
Certificates of Participation	2,735,000	29,498,863	43,193,863	54,393,863	55,513,863	56,613,863	57,693,863	34,625,000	35,595,000	36,530,000
Refunding Revenue Bonds	108,663,190	78,943,960	68,280,000	59,285,000	60,480,000	61,635,000	62,750,000	63,050,000	63,050,000	63,050,000
Bond Premiums	3,966,402	1,015,514	1,110,988	1,341,218	1,448,516	1,559,940	1,675,491	1,816,755	1,962,145	2,118,856
Warrants	-	-	-	-	-	-	-	5,000,000	5,000,000	5,820,000
Total Outstanding Debt	$ 119,706,592	$ 109,853,337	$ 115,063,007	$ 119,410,691	$ 123,351,172	$ 127,183,235	$ 130,927,433	$ 115,030,386	$ 117,879,879	$ 121,544,854
Percentage of Personal Income [A]	**	1.3%	1.4%	1.7%	1.7%	1.8%	1.8%	1.6%	1.7%	2.0%
Personal Income, Per Capita [1]	**	31,935	30,630	27,329	27,517	27,871	27,871	27,871	27,981	25,205
Debt per Capita [B]	**	414,663	438,372	461,516	480,549	494,499	512,689	452,776	471,555	495,200
Population [2]	**	264,922	262,478	258,736	256,688	257,196	255,374	254,056	249,981	245,446

Notes: **2012/13 * - This period is for a 15 month period of time from Jan. 2012 to Mar. 2013, caused by the switch from a calendar year (Jan. to Dec.) to a fiscal year (Apr. to Mar.).**

[A] Total Outstanding Debt /(Personal Income [1] * 1,000) = Percentage of Personal Income

[1] Personal Income is stated in 1,000's and is disclosed on page 100.

[B] Total Outstanding Debt / (Population [2] * 1,000) = Debt per Capita

[2] Population is disclosed on page 100.

**** Data not available from County of Merced until after June 30, 2015.**

Source: Merced Irrigation District, Finance Department

Table XII
MERCED IRRIGATION DISTRICT
Debt Service Coverage Related to Outstanding COP's and Bond
for Water Resources and Hydroelectric Project
Last Ten Years
(accrual basis of accounting)

				Debt Service related to Outstanding COP's				
	Net Income	Adjustments	Reconciled Net Revenue	Principal	Interest	Total	Debt Service Coverage	Required Debt Service coverage
2014/15 [(A)]	$ 9,293,864	$ 1,633,109	$ 10,926,973	$ 465,001	$ 160,633	$ 625,633	1747%	125%
2013/14	105,692	1,947,082	2,052,774	436,719	201,164	637,883	322%	125%
2012/13 *	3,105,054	(1,705,819)	1,399,235	508,675	278,853	787,528	178%	120%
2011	3,301,095	(540,452)	2,760,643	537,864	248,931	786,795	351%	120%
2010	3,600,506	1,726,820	5,327,326	533,103	270,942	804,045	663%	120%
2009	553,141	1,783,614	2,336,755	540,162	326,971	867,133	269%	120%
2008	565,564	(396,256)	169,308	68,568	49,022	117,590	144%	120%
2007	4,911,224	(1,503,531)	3,407,693	702,889	315,804	1,018,693	335%	120%
2006	5,559,178	(3,465,392)	2,093,786	666,816	351,983	1,018,799	206%	120%
2005	**	**	**	**	**	**	**	**

Notes: 2012/13 * - This period is for a 15 month period of time from Jan. 2012 to Mar. 2013, caused by the switch from a calendar year (Jan. to Dec.) to a fiscal year (Apr. to Mar.).

[(A)] The increase in net income reflects an increase in water sales, water transfers, and the inclusion of hydroelectric revenues.

**** Data for prior fiscal year is not available.**

Source: ***Merced Irrigation District, Finance Department***

Table XIII
MERCED IRRIGATION DISTRICT
Debt Service Coverage Related to Outstanding COP's and Bond
for Energy Resources
Last Ten Years
(accrual basis of accounting)

				Debt Service related to Outstanding COP's				
	Net Income	Adjustments	Reconciled Net Revenue	Principal	Interest	Total	Debt Service Coverage	Required Debt Service coverage
2014/15	$ 9,142,093	$ 6,654,064	$ 15,796,157	$ 3,988,062	$ 1,914,967	$ 5,903,029	268%	125%
2013/14	5,780,326	7,564,796	13,345,122	3,414,572	2,079,326	5,493,898	243%	125%
2012/13 *	9,857,086	9,285,822	19,142,908	2,110,333	5,701,531	7,811,864	245%	125%
2011	6,504,500	7,336,174	13,840,674	1,612,860	4,647,909	6,260,769	221%	125%
2010	1,463,983	7,305,237	8,769,220	1,520,994	4,740,255	6,261,249	140%	125%
2009	942,326	6,913,235	7,855,561	1,487,987	4,769,482	6,257,469	126%	125%
2008	(1,006,121)	7,889,056	6,882,935	685,561	4,760,008	5,445,569	126%	125%
2007	107,890	6,147,233	6,255,123	342,518	4,542,501	4,885,019	128%	125%
2006	2,331,222	5,520,967	7,852,189	375,637	3,763,878	4,139,515	190%	125%
2005	5,757,396	4,070,381	9,827,777	2,382,309	3,290,027	5,672,336	173%	125%

Note: 2012/13 * - This period is for a 15 month period of time from Jan. 2012 to Mar. 2013, caused by the switch from a calendar year (Jan. to Dec.) to a fiscal year (Apr. to Mar.).

Source: ***Merced Irrigation District, Finance Department***

Table XIV
MERCED IRRIGATION DISTRICT
PRINCIPAL DEBT - PLEDGED REVENUE
Last Ten Years
(accrual basis of accounting)

	Total Annual Debt Service	Total Debt Outstanding, End of Year	Energy Resources Annual Debt Service	Energy Resources - Revenue Pledged	Water Resources & Hydroelectric Project Annual Debt Service	Water Resources & Hydroelectric Project - Revenue Pledged
2014/15 [(A)]	$ 6,528,662	$ 115,740,190	$ 5,903,029	$ 15,796,157	$ 625,633	$ 10,926,973
2013/14	6,131,781	108,837,823	5,493,898	13,345,122	637,883	2,052,774
2012/13 *	8,599,392	113,952,019	7,811,864	19,142,908	787,528	1,399,235
2011	7,047,564	118,069,473	6,260,769	13,840,674	786,795	2,760,643
2010	7,065,294	121,902,656	6,261,249	9,116,770	804,045	5,327,326
2009	7,124,602	125,623,295	6,257,469	7,855,561	867,133	2,336,755
2008	5,563,159	129,251,942	5,445,569	6,882,922	117,590	2,496,553
2007	5,903,712	113,213,631	4,885,019	6,255,123	1,018,693	3,407,693
2006	5,751,016	115,917,734	4,139,516	7,852,189	1,018,799	2,093,786
2005	2,607,455	119,425,998	5,672,336	9,827,777	**	**

Notes: 2012/13 * - This period is for a 15 month period of time from Jan. 2012 to Mar. 2013, caused by the switch from a calendar year (Jan. to Dec.) to a fiscal year (Apr. to Mar.).

[(A)] The increase in net income reflects an increase in water sales, water transfers, and the inclusion of hydroelectric revenues.

**** Data for prior fiscal year is not available.**

Source: ***Merced Irrigation District, Finance Department***

Table XV
COUNTY OF MERCED
DEMOGRAPHIC AND ECOMOMIC STATISTICS
Last Ten Years

	County Population	Personal Income [1] in Thousands of Dollars	County Per Capita Personal Income	County Unemployment Rate
2013/14	264,922	$ 8,460,284	$ 31,935	12.2%
2012/13	262,478	8,039,701	30,630	14.1%
2011/12	258,736	7,070,996	27,329	17.7%
2010/11	256,688	7,063,284	27,517	18.6%
2009/10	257,196	7,168,310	27,871	18.1%
2008/09	255,374	7,117,529	27,871	17.4%
2007/08	254,056	7,080,795	27,871	11.8%
2006/07	249,981	6,994,718	27,981	9.4%
2005/06	245,446	6,186,466	25,205	8.9%
2004/05	238,589	5,819,424	24,391	9.3%

Notes: The County of Merced fiscal year is from July to June, where as the District's fiscal year is from April to March.

(1) Personal income for the service area is calculated by multiplying the estimated poplation in the District's service are by the County's per capita personal income projections.

Source: *Comprehensive Annual Financial Report* . 1st ed. Merced: County of Merced, 2015. Web. 10 June 2015.

Table XVI
COUNTY OF MERCED
Principal Employers
Current Year and Nine Years Ago
as of June 30, 2014

	2013/14			2005		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Foster Farms Inc.	3,710	1	3.91%	*		*
UC Merced	1,879	2	1.98%			
County of Merced	1,821	3	1.92%			
Mercy Medical Center	1,255	4	1.32%			
Merced County Office of Education	1,254	5	1.05%			
Merced City School District	1,070	6	1.03%			
Dole Packaged Foods	1,000	7	0.88%			
Merced Union High School District	982	8	0.68%			
Merced College	832	9	**			
Liberty Packing Company LLC	650	10	**			
	14,453		15.22%	*		*

Note: Reliable data is available for 2014 from the State Employment Development Department
*** Historical data is not available prior to 2006**
**** Data unavailable from the County of Merced.**

Source: *Comprehensive Annual Financial Report* . 1st ed. Merced: County of Merced, 2015. Web. 10 June 2015.

Table XVII
MERCED IRRIGATION DISTRICT
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Years

	Full-time Equivalent Employees									
Function	**Mar-15**	**Mar-14**	**Mar-13**	**Dec-11**	**Dec-10**	**Dec-09**	**Dec-08**	**Dec-07**	**Dec-06**	**Dec-05**
Directors	5	5	5	5	5	5	5	5	5	5
Energy	27	26	23	23	23	24	25	24	27	22
Water	80	79	78	78	84	98	98	98	98	98
Drainage	0	0	0	0	0	1	1	1	2	1
Hydroelectric	7	7	7	16	16	15	15	16	12	12
Parks & Recreations	19	19	23	22	20	25	20	20	17	17
Concessionaire [(A)]	11	14	24	25	0	0	0	0	0	0
Human Resources & Administration	30	30	30	29	29	29	27	27	25	23
Total	179	180	190	198	177	197	191	191	186	178

Notes: **All managers are included with their divisions. Temporary employees are not included.**

Hydroelectric prior to July 2014 was owned by PG&E while the District supplied the labor for operations and maintenance of the facility.

[(A)] Concessionaire was acquired in 2011, no data available before that date.

Source: ***Merced Irrigation District, Finance Department***

Table XVIII
MERCED IRRIGATION DISTRICT
Water Resources
Water Supply, Deliveries, Irrigated Acreage, Capacity Level
in Acre-Feet

		Water Supply (AF)	Water Deliveries (AF)	Irrigated Acreage by year	Water Supply Level as of October 31, (AF)
2014/15		264,068	132,500	87,989	90,161
2013/14	(A)	440,047	265,613	101,802	258,425
2012/13 *	(B)	502,908	315,295	104,480	384,794
2011		610,679	288,865	97,415	687,449
2010		543,442	277,789	98,471	649,066
2009		473,567	251,775	99,092	412,233
2008		409,266	222,194	90,184	257,900
2007		501,316	303,794	95,642	300,672
2006		494,040	263,464	88,860	655,083
2005		476,212	278,147	94,960	677,676

Notes: **2012/13 * - This period is for a 15 month period of time from Jan. 2012 to Mar. 2013, caused by the switch from a calendar year (Jan. to Dec.) to a fiscal year (Apr. to Mar.).**

(A) 2013/14 values are from 3/11/2013 until 10/31/2013

(B) 2012/13 values are for 3/5/2012 until 11/9/2012

Source: ***Merced Irrigation District, Finance Department***

Table XIX
MERCED IRRIGATION DISTRICT
Energy Resources
MWh Sold by Customer Type
Last Ten Years
(accrual basis of accounting)

	2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006	2005
MWh sold										
Residential	56,775	55,031	65,981	50,971	48,054	48,853	45,975	42,259	35,871	24,854
Commercial	171,106	170,952	199,495	162,376	154,545	151,078	153,536	149,500	136,389	118,656
Industrial	175,482	169,564	210,699	180,227	162,381	173,487	180,359	186,532	158,244	159,685
Agricultural	3,763	3,640	3,254	3,895	3,710	4,117	4,989	4,607	3,756	3,330
Municipal	58,180	57,795	63,381	50,277	47,824	46,788	45,111	43,785	41,803	38,260
Public Street & Highway Lighting	1,259	1,332	2,065	1,647	1,620	1,607	1,571	1,462	1,106	617
Total MWh Sold	466,565	458,314	544,875	449,393	418,135	425,930	431,541	422,674	377,169	345,402

Note: 2012/13 * - This period is for a 15 month period of time from Jan. 2012 to Mar. 2013, caused by the switch from a calendar year (Jan. to Dec.) to a fiscal year (Apr. to Mar.).

Source: ***Merced Irrigation District, Finance Department***

TABLE XX
MERCED IRRIGATION DISTRICT
OPERATING INDICATORS

	2014/15	2013/14
Water Users	2,260	*
Water Facilities		
Number of Turnouts	2,544	*
Total Miles of Canals	723	*
Miles of Concrete Lined Canals	101	*
Miles of Pipelined Canals	248	*
Miles of Drains	44	*
Groundwater Extraction Wells	221	*
Boosters	46	*
Electric Customers	8,130	8,060
Electric Facilities		
Sub-Station	3	3
Transformers	1,473	1,453
in Miles:		
Transmission Lines	34	34
Dist. Lines - Overhead	70	*
Dist. Lines - Underground	382	*
Total Distribution Lines	452	247

*** Data for prior fiscal years is not available**

Source: ***Merced Irrigation District, Finance Department***

Table XXI
MERCED IRRIGATION DISTRICT
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION DETAIL
LAST TEN YEARS

	2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006	2005
Distribution System, Net	$ 89,346,013	$ 78,531,499	$ 81,867,811	$ 78,292,005	$ 80,309,612	$ 82,586,582	$ 76,164,339	$ 75,283,982	$ 69,992,658	$ 61,727,515
Land	13,098,088	13,098,088	13,144,380	13,144,380	13,144,380	13,144,380	13,144,380	13,144,380	13,138,738	13,138,738
Goodwill	10,100	10,100	10,100	-	-	-	-	-	-	-
Landscaping	4,686,329	4,961,161	779,563	-	-	-	-	-	-	-
Structures and improvements, Net	24,742,716	24,354,200	25,110,110	26,816,013	27,656,705	28,056,765	28,790,979	29,559,510	29,240,415	29,234,829
Equipment, Net	10,295,441	4,866,280	4,630,731	5,136,191	5,174,338	4,866,511	4,656,617	4,908,499	4,619,405	4,618,164
Vehicles	488,611	640,012	619,916	-	-	-	-	-	-	-
Intangible Assets, Net	960,796	1,079,983	1,295,863	1,524,256	1,631,519	1,739,894	1,928,488	2,055,044	2,181,074	2,344,022
Construction in Progress	8,772,519	20,160,236	24,398,070	15,597,510	10,026,453	7,845,512	14,657,097	14,662,930	13,279,181	10,576,300
Total	$ 152,400,613	$ 147,701,559	$ 151,856,544	$ 140,510,355	$ 137,943,007	$ 138,239,644	$ 139,341,900	$ 139,614,345	$ 132,451,471	$ 121,639,568

Notes: **2012/13 * - This period is for a 15 month period of time from Jan. 2012 to Mar. 2013, caused by the switch from a calendar year (Jan. to Dec.) to a fiscal year (Apr. to Mar.).**

Figures above are net of Accumulated Depreciation.

Source: ***Merced Irrigation District, Finance Department***

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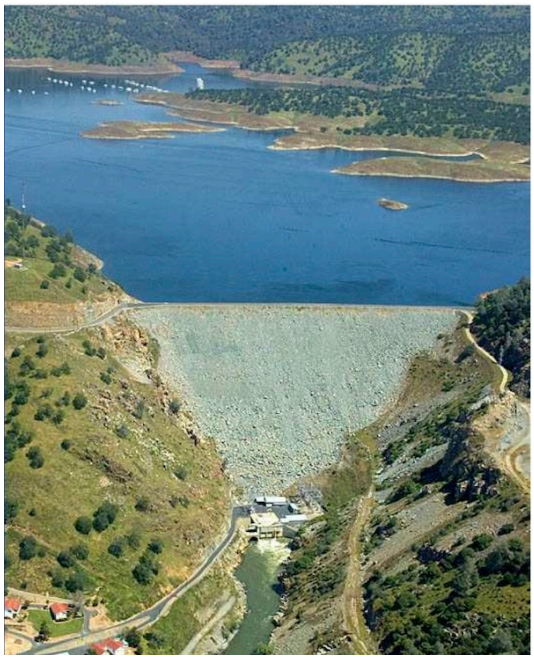
MERCED IRRIGATION DISTRICT

WATER & POWER



Above: New Exchequer Dam, 2011

744 W 20th Street · Merced, CA 95340

www.mercedid.org · (209) 722-5761

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