MERCED IRRIGATION DISTRICT
WATER & POWER

Comprehensive Annual Financial Report

For the Fiscal Years Ended March 31, 2017 and 2016

744 W 20th Street · Merced, CA. 95340

This Page Left Blank Intentionally

Merced Irrigation District

of Merced, California

Comprehensive Annual Financial Report

For the Fiscal Years Ended

March 31, 2017 and 2016

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

This Page Left Blank Intentionally

MERCED IRRIGATION DISTRICT

Comprehensive Annual Financial Report

For the Fiscal Years Ended March 31, 2017 and 2016

Table of Contents

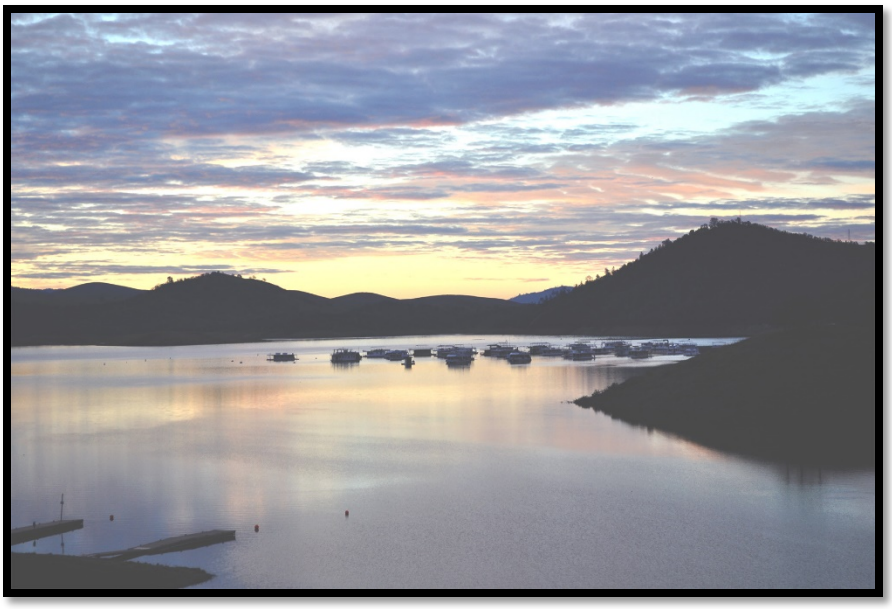
	Page Number
INTRODUCTORY SECTION	
Letter of Transmittal	i
District Service Area Map	xi
District Officials	xii
Organization Chart	xiii
FINANCIAL SECTION	
Independent Auditors' Report	3
Management's Discussion and Analysis	7
Basic Financial Statements:	15
Statements of Net Position	16
Statements of Revenue, Expenses and Changes in Net Position	18
Statements of Cash Flows	19
Notes to the Basic Financial Statements	21
Required Supplementary Information	61
Schedule of Funding Progress - Other Post-Employment Benefits (OPEB)	62
Schedule of Changes in the Net Position Liability and Related Ratios	63
Schedule of Contributions	64
Supplemental Information	65
Combining Statement of Net Position	66
Combining Statement of Revenues, Expenses and Changes in Net Position	74
Combining Statement of Cash Flows	78
Debt Service Ratio Related to Outstanding COP and Bonds - Energy Resources	86
Debt Service Ratio Related to Outstanding COPS and Bonds - Water Resources and Hydroelectric Project	87
STATISTICAL SECTION	89
Index to Statistical Section	91
Financial Trends:	
Table I - Net Position by Component	93
Table II - Changes in Net Position	94
Table III - Cash and Investment Balance Summary	95
Revenue Capacity:	
Table IV - Assessed Value of Taxable Property	96
Table V - Property Tax Rates - Direct and Overlapping Property Tax Rates	97
Table VI - Principal Property Taxpayers	98
Table VII - Property Tax Levies and Collected	99
Table VIII - Water Rates Based on Irrigation Season for Water Resources	100
Table IX - Energy Resources - Electric Rate Monthly Charge per Meter	101
Table X - Energy Resources - Electric Service by Rate Schedules Stated per Kilowatt	102
Debt Capacity:	
Table XI - Ratio of Outstanding Debt by Type & Per Capita	108
Table XII - Debt Service Coverage Related to Outstanding COP's and Bond for Water Resources and Hydroelectric Project	109
Table XIII - Debt Service Coverage Related to Outstanding COP's and Bond for Energy Resources	110
Table XIV - Principal Debt - Pledged Revenue	111
Demographic and Economic Information:	
Table XV - Demographic and Economic Statistics	112
Table XVI - Principal Employers	113
Operating Information:	
Table XVII - Full-Time Equivalent Employees by Function	114
Table XVIII - Water Resources - Water Supply, Deliveries, Irrigated Acreage, Capacity Level	115
Table XIX - Energy Resources - MWh Sold by Customer Type	116
Table XX - Operating Indicators	117
Table XXI - Capital Assets, Net of Accumulated Depreciation Detail	118

This Page Left Blank Intentionally

MERCED IRRIGATION DISTRICT

WATER & POWER

Introductory Section



Lake McClure, April 2017

This Page Left Blank Intentionally

MERCED IRRIGATION DISTRICT

WATER & POWER

June 30, 2017

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, 2017.

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.

Hudson Henderson & Company, Inc., Certified Public Accountants, (HHC) have issued an unmodified 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

The Merced Irrigation District is a special district of the State of California which was 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 154,000 acres.

District Map

The District owns, operates and maintains the New Exchequer Hydroelectric Project comprised of New Exchequer Reservoir, also known as, Lake McClure and McSwain Reservoir, also known as, Lake McSwain. Lake McClure and Lake McSwain have storage capacities of 1,024,600 acre-feet and 9,730 acre-feet, respectively. The 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 conjunctive

agricultural water supplies. The District water system diverts surface water from the Merced River at two locations, the North Side and the Main Canal. These supplies are supplemented with conjunctive 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 215 groundwater wells. The District owns several small reservoirs that are used for regulating flows and balancing the supplies and demands of the District's water system. These water supplies are conveyed through approximately 700 miles of conveyance facilities, consisting of canals, pipelines, pump stations, creeks and drains.

Lineman breaker testing at Castle substation

The District began providing retail electric service in 1996. The District owns and operates its retail energy system consisting of approximately 35 miles of transmission lines, three substations, and approximately 460 miles of distribution lines. The District's Energy System serves approximately 9,000 customers in the eastern portion of Merced County, including in the communities and cities of Livingston, Merced, and Atwater. The retail electric system purchased Merced Falls, a 3.5MW generating hydroelectric facility on the Merced River, as a component of the District's; portfolio (renewable portfolio standards).

The District has generated electricity through both the original 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.

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 seven boat launch facilities are available and over 600 campsites are available to the public on a year round basis. A floating marina is located 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 mountain biking.

Campsite at Lake McSwain, February 2017

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 and maintains buoy mooring fields for approximately 240 private houseboats around Lake McClure, the floating marina at Barrett Cove has fuel , a store/café, and houseboat graywater/wastewater dumping services. TLMC also has a full-service houseboat repair yard at McClure point. While TLMC is included in the Districts annual audit, for budgeting purposes TLMC is a separate entity and produces a separate forecast.

Governance and Management

The District is governed by a five person Board of Directors (the Board) 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 2017
Jeff Marchini, Division 1	December 2018
Kevin Gonzalves, Division 4	December 2017
Billy Pimentel, Division 5	December 2017

The day-to-day management of the District is under the direction of the General Manager who reports directly to the Board of Directors. The District is organized functionally into eleven departments. The operating departments are Water Resources, Energy Resources, Hydroelectric Project, Parks and Recreation, Storm Drainage, and Sustainable Groundwater Management Act (SGMA). The two main supporting departments are: Finance and Administrative.

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 surface water, (2) energy supplies and related costs of power, and (3) property tax revenues.

District Water Supply and Water Rights

Lake McClure spillway February 13, 2017, photo courtesy of Brianna Calix

The Merced River is the main source of the District's surface water supply. The District diverts water from the Merced River, Lake McClure and other local water sources. 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 rights 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.

Water Service Charges

The District has historically charged its irrigation customers both a per acre-foot volumetric water charge and a per acre standby fee. The District's water rate for the 2016 water season was $66.00 per acre-foot. Standby fee was $24.00 per acre for the year. Conjunctively pumped groundwater was priced at $110.00 per acre-foot.

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, operating expense, 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 9,000 customers within the electric service area of the District. The District currently has constructed Electric System facilities within new residential developments to serve approximately 2,900 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).

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 May 2017 and will be in effect until 2028.

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).

Linemen at Cooper substation circuit breaker testing

Financial Hedge Instruments Agreements. The District has entered into financial hedge instruments with a variety of counterparties. Currently the District has outstanding financial hedge instruments agreements with Morgan Stanley Capital Group, Inc. ("Morgan Stanley"), Cargill Incorporated ("Cargill"), British Petroleum ("BP"), Avangrid Renewables (formerly known as Iberdrola Renewables), Constellation Energy (a subsidiary of Exelon), and Shell Energy North America (Shell). The District may enter into financial hedge instruments 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 is 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 17 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
TR-1	Large Demand Transmission Service
LSC	Street lighting - Customer Owned and Maintained
LSC-1	Street lighting - District Owned and Maintained
MEF	Flat Rate Service
NEM	Net Energy Metering
PCA	Power Cost Adjustment
EC	Environmental Charge

The Energy Resources base rates have been changed periodically since the District commenced operation of its 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.

New Exchequer Dam hydroelectric facility release from Lake McClure February 13, 2017

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 storage and flows.

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, 2017, the District received approximately $2.6 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 improve service to growers while maintaining reasonable water rates and standby charges; 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:

Slide Gate Refurbishment – Phase 2

Two slide gates, each 7' wide and 10' tall, are located within the penstock at Exchequer Dam. These slide gates are utilized as a clearance point for work on the bypass valve and turbine shutoff valve at Exchequer PH and essential for worker safety. The slide gates have not been refurbished since the project went into operation in 1967, nor has an unwatered inspection been performed on them. In order to inspect and service these slide gates, the upstream bulkhead gate, measuring 13' wide and 23' tall, must be inspected, then closed and the penstock dewatered.

This project is divided into 3 phases. Phase 1 was completed in fiscal year 2016 by removing and inspecting the bulkhead gate, refurbishing the operator and dogging device, and preparing designs for a replacement bulkhead gate. Phase 2 replaced the bulkhead gate based on condition and included reinstallation as required. (See details of this phase below as it was completed in fiscal year 2017). Phase 3 will use the refurbished bulkhead gate to refurbish the slide gates.

Slide gate refurbishment,
New Exchequer Dam
January 2017

Phase 2 assumes a new gate is fabricated and the bulkhead gate, operator and dogging device are reinstalled and tested. This phase was completed in FY 2017 as reservoir levels permit.

Feeder Tie Pioneer 103/107 (System Reliability – Livingston Feeders)

There are currently two feeders (Circuits 103 and 107) supplying all of Livingston. Both are radial circuits with no backup options. This project bridged the gap between circuits 103 and 107 and provided the means for these two critical circuits to back-feed each other in event of outage or system maintenance on either circuit. Approximately two-thirds of the substructure (conduits, vaults, etc.) necessary to complete this circuit tie was installed by way of various past development projects. Phase 1 of this project ("Feeder Tie Pioneer 103/107") was approved in FY 2015 budget, but construction was delayed until FY 2016. Phase 2 of this project ("System Reliability-Livingston Feeders") was approved for FY 2016 and was combined with Phase 1 to complete the circuit tie and significantly increase reliability to the entire Livingston region.

Barrett Cove Marina Modernization

The modernization improvements made at Barrett Cove Marina was comprised of two key items: 1) replacement of the aging Marina breakwater, which involved replacing the aging breakwater system with a

new wave-attenuation system as well as portions of the breakwater mooring anchor system: and, 2) upgrades made to the Marina fueling system, which involved removal and replacement of the aged fuel-dispensing system (excluding fuel storage tank) including certain sections of piping, dispenser and point-of-sale equipment, and a leak detection/alarm system.

Merced Falls Powerhouse Purchase

Merced Falls Powerhouse is a small run of the river hydroelectric generating facility which began operations on July 21, 1930. The powerhouse was owned by PG&E and operated by District staff. The powerhouse is comprised of one hydro turbine unit with a nameplate rating of 4 M, associated dam, bypass gates and equipment. In May 2014, the District entered into an agreement with PG&E for the purchase of Merced Falls Powerhouse. The purchase of Merced Falls Powerhouse was completed in March 2017. The Merced Falls Asset Sale and Purchase Agreement defines the terms and conditions of the purchase.

Mercy Hospital Tie line

An alternate primary feed is to be provided to the Mercy Hospital facility. Engineering has installed an underground 600 Amp Feeder Circuit Tie from Cardella Road to Mercy Hospital. This will fulfill our contractual obligation with Mercy Hospital and allow for additional operating flexibility.

Business Park Way Extension

Extension of the District electric facilities to twelve commercial buildings along Business Park Way in the Atwater Business Park. District electric construction involved trenching along Business Park Way to install new underground conduits, District transformers, and associated conductors.

McSwain Runner and Draft Tube Refurbishment

Refurbishment of the turbine and draft tube at McSwain Powerhouse was needed to control erosion and cavitation. Voids behind the draft tube liner were discovered and filled with grout. This refurbishment will extend the useful life of this equipment by at least 10 years. Voids in draft tube must be addressed to avoid costly damage to the draft tube liner. Refurbishment of the wheel is needed to control erosion which could lead to blade failure.

Golden Valley Health Center

Golden Valley Health Center (GVHC) is an existing multi-building clinic situated on a single parcel on Childs Avenue in South Merced. District electric construction involved intercepting existing underground conduits, installing District transformers and associated conductors at each main electric panel location.

Financial Policies

The District has formally adopted the following three financial policies:

Cash Reserve Policy

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.

Main Office Lobby, 744 20th Street Merced

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.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Merced Irrigation District for its comprehensive annual financial report for the fiscal year ending March 31, 2016. This was the second year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Merced Irrigation District

California

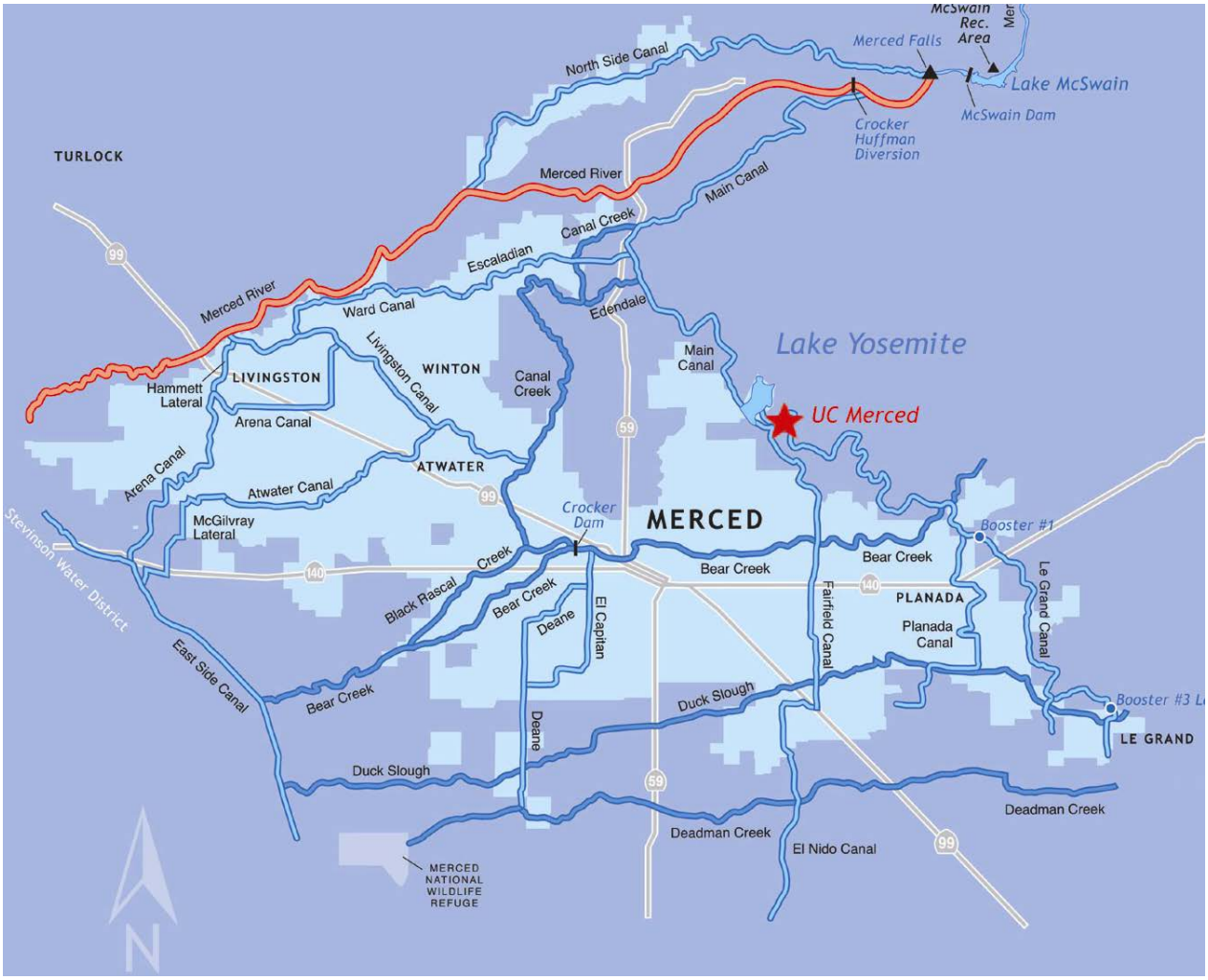
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

March 31, 2016

Executive Director/CEO

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, 2017

ELECTED BOARD OF DIRECTORS

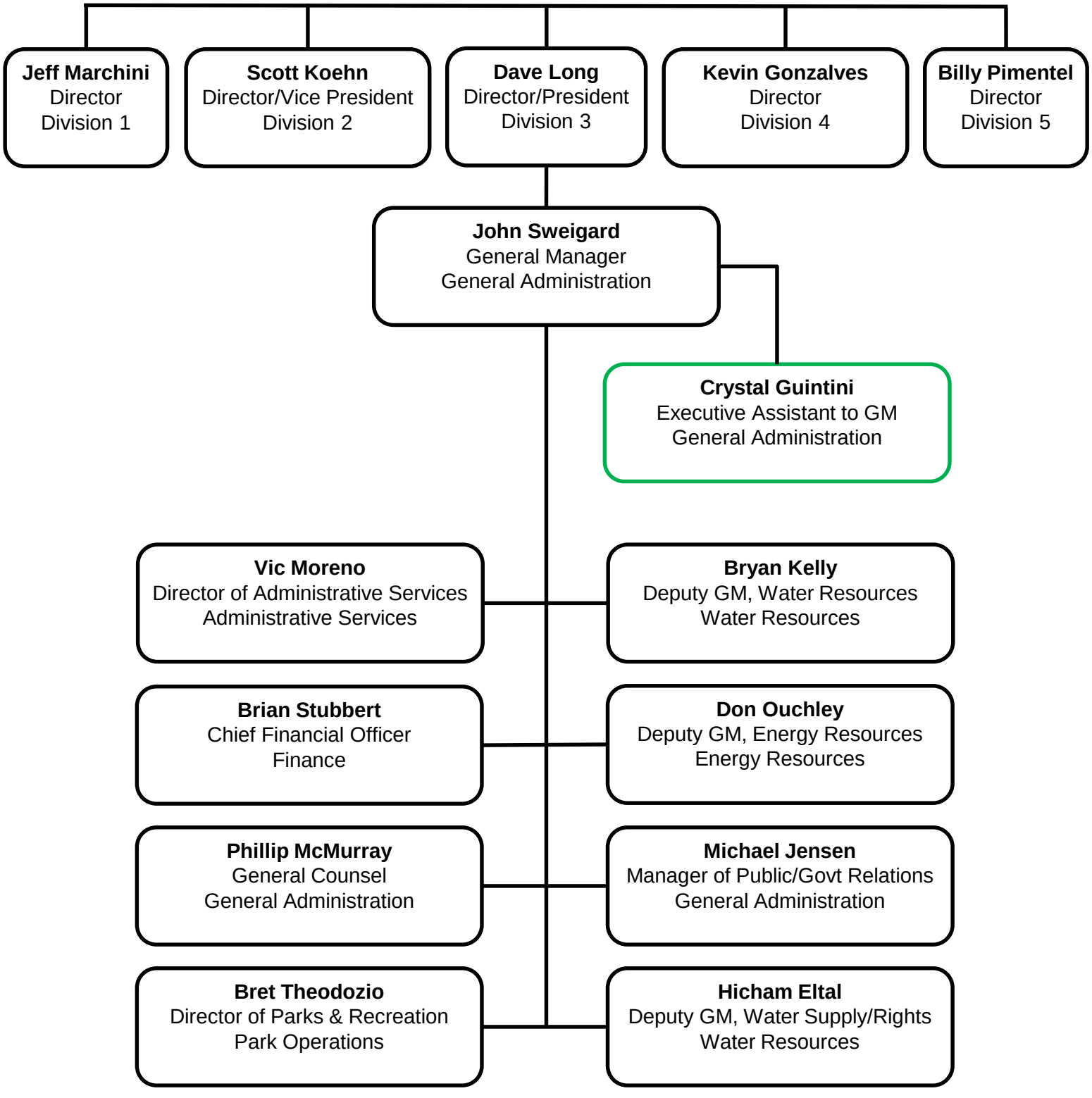
	Length of Service
Dave Long, Division 3, President	6 years
Scott Koehn, Division 2, Vice President, Secretary	3 years
Jeff Marchini, Division 3, Director	2 years
Kevin Gonzalves, Division 4, Director	3 years
Billy Pimentel, Division 5, Director	3 years

DISTRICT EXECUTIVE MANAGEMENT TEAM

John Sweigard, General Manager	6 years
Hicham Eltal, Deputy General Manager, Water Supply	23 years
Bryan Kelly, Deputy General Manager, Water Resources	12 years
Don Ouchley, Deputy General Manager, Energy Resources	5 years
Brian Stubbert, Chief Financial Officer	5 years
Bret Theodozio, Director of Parks & Recreation	2 year
Jennifer Carter, Director of Administrative Services	6 years
Mike Jensen, Public and Government Relations Officer	5 years
Phillip R. McMurray, General Counsel	5 years

MERCED IRRIGATION DISTRICT
WATER & POWER

Organizational Chart 2017



This Page Left Blank Intentionally

MERCED IRRIGATION DISTRICT

WATER & POWER

Financial Section

Storm passing ~ Michael Sharps March 21, 2017

This Page Left Blank Intentionally

HUDSON HENDERSON & COMPANY INC.
certified public accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Merced Irrigation District

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 year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the District's 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of March 31, 2017, and the respective changes in financial position, and, where applicable, cash flows for the year 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, Schedules of Funding Progress – Other Post-Employment Benefits (OPEB), Schedule of Changes in the Net Pension Liability and Related Ratios, and Schedule of Contributions on pages 7-14 and 62-64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining financial statements, and statistical section 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.

The financial statements of the District as of March 31, 2016 were audited by predecessor auditors, and they expressed an unmodified opinion on them in their report dated June 30, 2016, but they have not performed any auditing procedures since that date.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard*s in considering the District's internal control over financial reporting and compliance.

HUDSON HENDERSON & COMPANY, INC.

Hudson Henderson & Company, Inc.

Fresno, California
June 30, 2017

This Page Left Blank Intentionally

MERCED IRRIGATION DISTRICT

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, 2017. 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 2017, fiscal year 2016, and fiscal year 2015 financial results have been presented for purposes of providing comparative data. 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 16.

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 and deferred outflow of resources increased by approximately $30.3 million for the year ended March 31, 2017. The total liabilities increased by approximately $3.3 million when compared to March 31, 2016 (restated).
    - The deferred outflow of resources has increased by approximately $1.9 million. This is a result of the implementation of GASB 68 which reflects a deferred outflow increase related to the District's Pension Plan.
    - The deferred inflow of resources has decreased by approximately $589,000. This is a result of more customers utilizing the Public Purpose program provided by the District in fiscal year 2017 as compared to fiscal year 2016 (restated).

- The District continued its efforts to obtain a new operating license for its Merced River Hydroelectric Project on the Merced River from the Federal Energy Regulatory Commission (FERC). Since beginning the relicensing process its hydroelectric project in approximately 2008, the District has expended a total of approximately $27.6 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, 2017, of approximately $89 million, and operating expenses of approximately $62.4 million, which resulted in net income from operations of approximately $26.7 million. Non-operating revenues which consist primarily of property tax revenue of approximately $3.8 million as of March 31, 2017. While Non-operating expenses of approximately $5.1 million as of March 31, 2017 consisting primarily of Interest Expense of approximately $3.7 million. The Capital Contributions for the District were approximately $2.3 million as of March 31, 2017.

- The District's total cash and cash equivalents decreased by approximately $6 million for the year ended March 31, 2017 when compared to March 31, 2016 (restated). The total cash decrease is primarily due to the District increasing its short term investments. Interest rates increased to a level that made it financially prudent to invest in short-term liquidities versus retaining the cash in non-interest bearing accounts.

Summary Financial Information and Analysis

Condensed 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, 2017, 2016, and 2015:

	March 31, 2017	Restated March 31, 2016	Restated March 31, 2015
Assets			
Capital Assets, net	$ 163,744,835	$ 157,298,579	$ 152,400,614
Other non-current assets	68,614,845	56,921,650	48,063,795
Current assets	62,831,500	52,518,523	63,444,540
Total assets	$ 295,191,180	$ 266,738,752	$ 263,908,949
Deferred outflows of resources	5,649,735	3,794,539	3,883,576
Total assets and deferred outflows of resources	$ 300,840,915	$ 270,533,291	$ 267,792,525
Liabilities			
Noncurrent liabilities	$ 134,923,940	$ 134,861,721	$ 146,355,338
Current liabilities	19,100,500	15,911,319	15,305,959
Total Liabilities	$ 154,024,440	$ 150,773,040	$ 161,661,297
Deferred inflows of resources	4,387,662	4,977,155	4,702,494
Net position			
Net investment (deficit) in capital assets	87,321,044	75,221,148	67,163,402
Restricted	3,189,737	3,234,152	1,997,701
Unrestricted (deficit)	51,918,032	36,327,796	32,267,635
Total net position	142,428,813	114,783,096	101,428,738
Total liabilities, deferred inflows of resources and net position	$ 300,840,915	$ 270,533,291	$ 267,792,525

Significant Net Position Activity

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. The District's assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by approximately $142.4 million at March 31, 2017, as compared to an excess of assets and deferred outflow of approximately $114.8 million and $101.4 million at March 31, 2016 and March 31, 2015 respectively.

The Net position is comprised of the District's net investment in capital assets, which increased by approximately $12.1 million for the year ended March 31, 2017 when compared to March 31, 2016. This compares to an increase of approximately $8 million at March 31, 2016 (restated) for net investment in capital assets as compared to March 31, 2015 (restated). The Restricted portion of net position, which is subject to external restrictions of approximately $3.2 million is approximately the same as the prior year as compared to an increase of approximately $1.2 million for the year ended March 31, 2016 (restated). Lastly there is approximately $51.9 million of unrestricted net position for the year ended March 31, 2017 which is an increase of approximately $15.6 million when compared to the year ended March 31, 2016 (restated). Lastly, Net Position has increased by approximately $27.6 million for the year ended March 31, 2017 when compared to an increase of approximately $13.4 million in the year ended March 31, 2016 (restated).

Condensed Capital Assets Net of Accumulated Depreciation

The following tables compare the various categories of capital assets net of accumulated depreciation for each of the consecutive fiscal years:

Condensed Capital Assets Detail, Net of Accumulated Depreciation March 31, 2017, 2016, and 2015:

	March 31, 2017	March 31, 2016	March 31, 2015
Landscaping, net	$ 4,010,282	$ 4,344,305	$ 4,686,329
Building and structures, net	25,042,389	24,023,950	24,742,716
Distribution system, net	86,874,613	88,112,221	89,346,013
Equipment, net	13,381,213	13,660,837	10,295,441
Vehicles, net	1,138,395	754,044	488,611
Intangible assets, net	567,168	766,384	960,796
Construction in progress	19,622,587	12,528,650	8,772,519
Land and easements	13,098,088	13,098,088	13,098,088
Goodwill	10,100	10,100	10,100
	$ 163,744,835	$ 157,298,579	$ 152,400,614

Significant Capital Asset Activity

Overall, capital assets increased by approximately $6.4 million as of March 31, 2017 compared to an approximate increase of $4.9 million at March 31, 2016, as compared to March 31, 2015. This is due to the completion of improvements to the District's Slide Gate Refurbishment Phase 2, Feeder Tie Pioneer 103/107 (System Reliability – Livingston Feeders), Barrett Cove Marina Modernization, Mercy Hospital Tie Line, and the Business Park Way Extension. While some of the work spanned multiple years, these projects were closed in the fiscal year ended March 31, 2017. For additional information about the District's capital assets, see Note 4 to the basic financial statements.

Long-Term Debt

The following tables compare the various types of Long-Term Debt for each of the consecutive fiscal years:

Long-Term Debt as of March 31, 2017, 2016 and 2015:

	March 31, 2017	March 31, 2016	March 31, 2015
2005 Electric System Refunding Revenue Bonds	$ -	$ -	$ 55,365,000
2005 Revenue Certificates of Participation	-	-	2,735,000
2012 Electric System Refunding Revenue	10,169,997	10,185,000	10,200,000
2013 Electric System Refunding Revenue Bonds	-	-	11,688,190
2014 Water & Hydroelectric System Refunding Revenue Bonds	28,855,000	30,220,000	31,410,000
2015 Electric System Refunding Bonds	55,700,000	57,955,000	-
Line of Credit	4,310,000	4,310,000	4,342,000
Subtotal of Bonds & Line of Credit	$ 99,034,997	$ 102,670,000	$ 115,740,190
Bond discount/premiums	7,456,860	8,213,052	3,966,402
Less current portion of long-term debt	(3,725,000)	(3,635,000)	(3,434,460)
Total Long Term Debt	$ 102,766,857	$ 107,248,052	$ 116,272,132

Significant Long-term Debt Activity

Long-term debt decreased by approximately $4.5 million in the year ended March 31, 2017 from March 31, 2016, as compared to a decrease of approximately $9 million from the prior year. At March 31, 2017, the District had long-term debt outstanding of approximately $102.8 million as compared to approximately $107.2 million at March 31, 2016, and $116.3 million at March 31, 2015.

In June 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 long-term debt, see Note 6 of the basic financial statements.

The District entered into a Joint Powers Agreement with Modesto Irrigation District on May 21, 2015, 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.

Statement of Revenues, Expenses, and Change 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, 2017, 2016, and 2015:

	March 31, 2017	Restated March 31, 2016	Restated March 31, 2015
Operating revenues:			
Electric sales and services	$ 54,243,062	$ 54,181,356	$ 56,320,094
Water sales and services	16,670,922	9,387,586	15,610,991
Hydroelectric contractual services	13,193,171	3,894,991	8,401,170
Water Transfers	2,103,419	5,661,009	7,880,905
Recreation fees	1,276,633	848,773	1,100,747
Administrative Services	122,111	106,658	-
Storm drainage fees	24,648	10,323	6,480
Concessionaire revenue	1,446,134	1,136,380	1,496,512
Total Operating Revenue	$ 89,080,100	$ 75,227,076	$ 90,816,899
Operating expenses:			
Purchase of power	25,074,816	27,377,023	32,714,176
Water distribution	11,774,432	11,556,965	15,272,068
Electric transmission and distribution	10,169,813	7,914,915	12,307,220
Recreation	2,498,234	1,942,452	2,642,197
Concessionaire	1,081,595	928,493	789,633
Storm drainage	(2,332)	23,969	34,743
Administrative and general	5,534,045	4,514,101	5,067,069
Depreciation and amortization	6,246,030	7,542,216	5,809,401
Total Operating Expenses	$ 62,376,633	$ 61,800,134	$ 74,636,507
Net income(loss) from operations	$ 26,703,467	$ 13,426,942	$ 16,180,392
Non-operating revenues (expenses)			
Property taxes revenue	2,955,177	2,750,480	2,548,024
Interest Income	781,540	474,700	258,867
Administrative and general - nonoperating	(912,779)	(265,463)	-
Other non-operating income/(expense)	(529,291)	(230,916)	(300,831)

Gain/(losses) on disposal of capital assets	(7,000)	(60,474)	212,470
Interest expense	(3,691,356)	(6,415,319)	(20,351,456)
Realized gain/(losses) on investment	95,746	40,257	29,634
Total Non-Operating Revenues (Expenses)	$ (1,307,963)	$ (3,706,735)	$ (17,603,292)
Net income(loss) before cap contributions	$ 25,395,504	$ 9,720,207	$ (1,422,900)
Capital contributions			
Capital contributions	2,071,299	3,467,868	707,862
Capital contributions - other	169,850	159,000	1,442,523
Capital contributions non-cash	9,064	7,283	-
Total capital contributions	$ 2,250,213	$ 3,634,151	$ 2,150,385
Change in net position	$ 27,645,717	$ 13,354,358	$ 727,485
Net position, beginning of year	114,783,096	101,428,738	100,701,253
Net position, end of year	$ 142,428,813	$ 114,783,096	$ 101,428,738

Significant Changes in Revenues, Expenses, and Net Position Activity

Net income from operations was approximately $26.7 million for the year ended March 31, 2017, representing an increase of approximately $13.3 million over the prior year. This increase was due to a marked improvement in hydrology for the water season of October 1, 2015 through September 30, 2016. The improved hydrology experienced during fiscal year 2017 when compared to the prior fiscal year increased both Water sales and services, and Hydroelectric service operating revenues by approximately $16.6 million. There was a decrease of $10.7 million when comparing fiscal year 2016 and fiscal year 2015 for these two operating revenue categories. Net income from operations decreased by approximately $2.8 million when comparing fiscal year 2016 (restated) and fiscal year 2015 (restated) due to the hydrologic condition at the time.

The non-operating revenue are approximately $3.8 million for the fiscal year ended March 31, 2017, which consisted primarily of Property tax revenue of approximately $3 million. This is an increase of $567,000 when compared to March 31, 2016. The non-operating expenses are approximately $5.1 million for March 31, 2017 consisting primarily of Interest Expense of approximately $3.7 million. This is a decrease of approximately $1.8 million when compared to March 31, 2016 non-operating expense.

These factors resulted in net position before capital contributions of approximately $25.4 million for the District, which is an approximate increase of $15.7 million compared to March 31, 2016. The change in net position before capital contribution for March 31, 2016 (restated) is an increase of approximately $11.1 million increase as compared to March 31, 2015 (restated).

Capital contribution revenues of approximately $2.3 million as of March 31, 2017, is comprised of third-party cash proceeds and non-cash developer contributions used for capital projects. The majority of these capital contributions were from grants from the State of California. There is a decrease in capital contribution revenue of approximately $1.4 million for March 31, 2017 compared to the fiscal year ended March 31, 2016 (restated) due to the completion of Water Resources and Parks and Recreation infrastructure improvement projects partially funded through matching state grants in fiscal year 2016.

Economic Factors and Rates

With respect to water operations, the District's 2016 water year (October 1, 2015 to September 30, 2016) was the fifth year of ongoing drought. However, water conditions improved by the end of water season compared to the previous year. The end of October storage in Lake McClure (October 31, 2016) was

approximately 377,758 acre-feet compared to 68,860 acre-feet on October 31, 2015, but was still below the forty-nine (49) year average storage of approximately 442,595 acre-feet. Similarly, the April-July 2015 inflow into Lake McClure was approximately 484,300 acre-feet, compared to 90,200 acre-feet during the 2015 water year. The historical average inflow during this time period is approximately 627,400 acre-feet.

Water allocations to District growers also improved compared to the previous irrigation season. During the 2015 irrigation season and due to the ongoing drought and critically low reservoir levels, no surface water was allocated to MID growers, with the exception of an emergency diversion of about 13,250 acre-feet during the early part of July. During the 2016 irrigation season, the District allocated 4 acre-feet per acre to Class I growers and 2 acre-feet per acre to Class II growers. The District did not offer its Supplemental Water Supply Pool Program during the 2016 irrigation season.

The District saw an increase in customers' electric usage in the 2017 fiscal year, with electric kWh sales increasing by 2.7% to 473,536 MWh for fiscal year 2017 from the 2016 fiscal year usage of 460,883 MWh. District bulk electricity purchases for resale are made under contract with Turlock Irrigation District (TID) through 2028.

The District continues to sell energy generation from its Merced River Hydroelectric Project to PG&E under a short term contract which will expire on June 30, 2017. Capacity was sold to Shell Energy North America through December 31, 2016. For calendar year 2017, a contract for Exchequer capacity was entered into with Constellation Energy, a subsidiary of Exelon. An agreement to utilize the capacity of McSwain and Merced Falls for the capacity needs of the Energy Resource's Distribution System was entered between TID and the District starting in May 2017 and will continue through April 2028. Hydroelectric will compensate the Water department at market prices for the McSwain capacity. Increased lake levels at both Lake McClure and Lake McSwain enabled the Exchequer and McSwain powerhouses to produce a combined gross generation of 324,408 MWh which is close to the historic annual average seen since the Merced River Hydroelectric project was commissioned for service in 1967.

Improving lake levels during fiscal year 2017 resulted in an increase in park visitors (202,343 visitors) compared to fiscal year 2016 (134,886 visitors). This increase was still below the previous six year average of 208,000 visitors.

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 by leasing the McSwain facilities to a third-party concessionaire company. The TLMC staff was also involved in the construction of an emergency drought buoy mooring field and the relocation of houseboats from their normal mooring location to the emergency drought buoy mooring field that accommodated approximately half of the permitted houseboats. The remaining houseboats were pulled from the lake as the extremely low lake levels would not accommodate every District permitted houseboat to remain on the lake.

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.

This Page Left Blank Intentionally

MERCED IRRIGATION DISTRICT

BASIC FINANCIAL STATEMENTS

MERCED IRRIGATION DISTRICT
STATEMENTS OF NET POSITION
MARCH 31, 2017 AND 2016

	2017	(restated) 2016
ASSETS		
Capital Assets:		
Nondepreciable	$ 32,730,775	$ 25,636,838
Depreciable	131,014,060	131,661,741
Capital assets, net	163,744,835	157,298,579
Other Noncurrent Assets:		
Investments	40,612,815	30,141,828
Regulatory relicense costs	27,649,093	26,389,591
Debt insurance costs	352,937	390,231
Total other noncurrent assets	68,614,845	56,921,650
Current Assets:		
Cash and cash equivalents	18,673,465	24,689,310
Investments	22,205,588	11,103,204
Accounts receivable, net	11,467,949	4,762,248
Due from other governmental agencies	2,545,629	3,845,065
Accrued interest and taxes receivable	301,005	134,325
Inventory	3,752,771	4,192,119
Prepaid expenses and other current assets	695,356	695,207
Restricted cash and cash equivalents	3,189,737	3,097,045
Total current assets	62,831,500	52,518,523
Total Assets	295,191,180	266,738,752
DEFERRED OUTFLOWS OF RESOURCES		
Deferred gas charges	(174,579)	(99,999)
Pension plan	5,824,314	3,894,538
Total Deferred Outflows of Resources	5,649,735	3,794,539
Total Assets and Deferred Outflows of Resources	$ 300,840,915	$ 270,533,291

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

MERCED IRRIGATION DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
MARCH 31, 2017 AND 2016

	2017	(restated) 2016
LIABILITIES		
Noncurrent Liabilities:		
Long-term debt	$ 102,766,857	$ 107,248,052
Accrued compensated absences	1,588,674	1,195,539
Employee retirement	1,494,158	1,494,158
Net OPEB obligation	1,564,192	1,458,735
Collective net pension liability	23,904,671	19,543,924
Regulatory unearned revenues	3,586,413	3,826,683
Deposits - noncurrent	18,975	94,630
Total noncurrent liabilities	134,923,940	134,861,721
Current Liabilities:		
Accounts payable	1,604,813	2,511,566
Accrued liabilities	7,190,084	5,336,859
Unearned revenue	4,336,361	2,242,717
Accrued interest payable	1,610,204	1,643,959
Deposits - current	634,038	541,218
Current portion of long-term debt	3,725,000	3,635,000
Total current liabilities	19,100,500	15,911,319
Total Liabilities	154,024,440	150,773,040
DEFERRED INFLOWS OF RESOURCES		
Public purpose revenues	1,934,809	1,418,526
Power cost reductions	800,000	800,000
Pension plan	1,652,853	2,758,629
Total Deferred Inflows of Resources	4,387,662	4,977,155
NET POSITION		
Net investment in capital assets	87,321,044	75,221,148
Restricted	3,189,737	3,234,152
Unrestricted	51,918,032	36,327,796
Total Net Position	142,428,813	114,783,096
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 300,840,915	$ 270,533,291

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

MERCED IRRIGATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017	(restated) 2016
OPERATING REVENUES		
Electric sales and services	$ 54,243,062	$ 54,181,356
Water sales and services	16,670,922	9,387,586
Hydroelectric services	13,193,171	3,894,991
Water transfers	2,103,419	5,661,009
Recreation fees	1,276,633	848,773
Administrative services	122,111	106,658
Storm drainage fees	24,648	10,323
Concessionaire revenue	1,446,134	1,136,380
Total Operating Revenues	89,080,100	75,227,076
OPERATING EXPENSES		
Purchase of power	25,074,816	27,377,023
Water distribution	11,774,432	11,556,965
Electric transmission and distribution	10,169,813	7,914,915
Recreation	2,498,234	1,942,452
Concessionaire	1,081,595	928,493
Storm drainage	(2,332)	23,969
Administrative and general	5,534,045	4,514,101
Depreciation and amortization	6,246,030	7,542,216
Total Operating Expenses	62,376,633	61,800,134
Net Income from Operations	26,703,467	13,426,942
NONOPERATING REVENUES (EXPENSES)		
Property taxes	2,955,177	2,750,480
Interest income	781,540	474,700
Administrative and general - nonoperating	(912,779)	(265,463)
Other nonoperating income (expense)	(529,291)	(230,916)
Gain (loss) on disposal of capital assets	(7,000)	(60,474)
Interest expense	(3,691,356)	(6,415,319)
Realized gain/(loss) on investment	95,746	40,257
Total Nonoperating Revenues (Expenses)	(1,307,963)	(3,706,735)
Net Income before Capital Contributions	25,395,504	9,720,207
CAPITAL CONTRIBUTIONS		
Capital contributions	2,071,299	3,467,868
Capital contributions - other	169,850	159,000
Capital contributions - noncash	9,064	7,283
Total Capital Contributions	2,250,213	3,634,151
Change in Net Position	27,645,717	13,354,358
Net Position, Beginning of Year	114,783,096	101,428,738
Net Position, End of Year	$ 142,428,813	$ 114,783,096

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

MERCED IRRIGATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017	(restated) 2016
Cash Flows from Operating Activities:		
Cash receipts from customers	$ 85,767,479	$ 75,994,302
Cash paid to suppliers for goods and services	(41,355,670)	(51,032,279)
Cash paid to employees for services	(10,957,447)	(9,243,417)
Net cash provided by operating activities	33,454,362	15,718,606
Cash Flows from Non-Capital Financing Activities:		
Property taxes received	2,955,177	2,750,480
Relicense costs incurred	(1,499,772)	(858,819)
Other income, net of other expenses	(1,442,070)	(170,069)
Net cash provided by non-capital financing activities	13,335	1,721,592
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(12,819,298)	(11,279,656)
Proceeds from the sale of capital assets	120,012	43,181
Capital contributions from grants	2,250,213	3,626,868
Proceeds from issuance of debt	-	63,405,402
Principal payments on long-term debt	(4,391,195)	(71,929,728)
Interest payments on long-term debt	(3,687,817)	(5,821,444)
Long-term debt refunding	-	2,238,081
Net cash used by capital and related financing activities	(18,528,085)	(19,717,296)
Cash Flows from Investing Activities:		
Purchase of investment securities	(21,573,371)	(12,348,019)
Change in restricted cash	(92,692)	4,010,349
Interest received on investments	710,606	425,574
Net cash used by investing activities	(20,955,457)	(7,912,096)
Net increase (decrease) in cash and cash equivalents	(6,015,845)	(10,189,194)
Cash and cash equivalents, beginning of year	24,689,310	34,878,504
Cash and cash equivalents, end of year	$ 18,673,465	$ 24,689,310

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

MERCED IRRIGATION DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017	(restated) 2016
Reconciliation of operating income to net cash provided by operating activities:		
Net income from operations	$ 26,703,467	$ 13,426,942
Adjustments to reconcile net income from operations to net cash provided by operating activities:		
Depreciation and amortization	6,246,030	7,542,216
Changes in operating assets and liabilities:		
Accounts receivable	(6,705,701)	698,204
Due from other governmental agencies	1,299,436	(565,501)
Inventory	439,348	(340,861)
Prepaid expenses and other current assets	(149)	65,426
Deferred outflows of resources	(1,855,196)	(2,424,323)
Accounts payable	(906,753)	316,684
Accrued liabilities	1,853,225	(295,992)
Unearned revenue	2,093,644	(5,339,865)
Accrued compensated absences	393,135	(11,827)
Net OPEB obligation	105,457	(57,672)
Collective net pension liability	4,360,747	2,455,546
Deposits	17,165	(25,032)
Deferred inflows of resources	(589,493)	274,661
Net cash provided by operating activities	$ 33,454,362	$ 15,718,606
Supplemental Disclosure of Cash Flow Information:		
Non-cash investing, capital, and financing activities:		
Receipt of contributed assets	$ 9,064	$ 7,283

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: 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. The more significant of the District's accounting policies are described below.

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. 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. 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.

Participation in Joint Power Authorities: Until 2016, the District was 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 San Joaquin River Group Authority (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. At March 31, 2016, the District is no longer a member of the SJTA.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Participation in Joint Power Authorities (continued): 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.

Measurement Focus, Basis of Accounting and Financial Statement 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.

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.

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. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 FASB Accounting Standards Codification (ASC) 980, *Regulated Operations* (ASC 980), 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.

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, 2017 and 2016, 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, 2017 and 2016, such cumulative water sales were $3,586,413and $3,826,683, respectively, and are reported as regulatory deferred revenues, as follows:

1. 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, 2017 and 2016, the balance on deposit to be applied to the future purchase amount was $2,730,000.

2. 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, 2017 and 2016, the remaining balance was $856,413 and $1,096,683, respectively.

Employee Retirement: In prior years, the District completed a joint project with Pacific Gas & Electric Company (PG&E) on which employees of the District were utilized. PG&E agreed to fund a portion of retirement benefits for those employees. At March 31, 2017 and 2016, the amount funded by PG&E to pay these employee retirement obligations was $1,494,158 and is reported as employee retirement on the statements of net position.

NOTE 1 – 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:

Landscaping:	10-40 years
Buildings 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.

Impairment of Long-Lived Assets: The District accounts for potential impairments in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, under which the District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly and when full recovery through utility rates or other means is not considered probable. There were no material impairments of long-lived assets recorded during the years ended March 31, 2017 and 2016.

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, 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 2020, at which time these costs will be amortized to expense over the new license period.

Bond Discounts, Premiums, and 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. Bond discounts and premiums are amortized using the effective interest method and are reported as a component of interest expense. Bonds payable are reported net of the applicable bond discounts and premiums. Insurance costs are reported as noncurrent assets.

Deferred Outflows: *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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows (continued): *Pension Plan* - For purposes of measuring the net pension liability and deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/ deductions from the Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms.

GASB 68 requires that the reported results must pertain to liability and asset information with certain defined timeframes. For this report, the following timeframes are used:

Valuation Date:	June 30, 2015
Measurement Date:	June 30, 2016
Measurement Period:	July 1, 2015 to June 30, 2016

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 $44,000 and $40,500 at March 31, 2017 and 2016, 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents: For the purpose of the statements 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 (LAIF) and California Asset Management Program (CAMP), which are available upon demand.

Budgeting Procedures: Each year management of the District prepares a proposed budget, which is presented to the District's Board of Directors. The annual budget is then legally enacted through adoption of a budget resolution.

Governmental Accounting Standards Update: During the year ending March 31, 2017, the District implemented the following standards:

GASB Statement No. 72 – *Fair Value Measurement and Application*. The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015. This Statement establishes standards for accounting and financial reporting for fair value measurements. The Statement requires investments to be measured at fair value and permits the use of net asset value as the fair value when an investment does not have a readily determinable fair value. Fair value is defined as 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. Implementation of GASB 72 resulted in additional disclosures of investments and other assets reported at fair value within the fair value hierarchy. The disclosures are presented in a table displaying the major categories of assets and liabilities measured at fair value and separated into the level of the hierarchy on which fair value is based (see Note 3).

GASB Statement No. 73 – *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of GASB 73 is to improve the usefulness of information about pensions included in the general-purpose external financial reports of state and local governments for making decisions and assessing accountability. GASB 73 results from a comprehensive review of the effectiveness of existing standards of account and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of GASB 73 that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of GASB 73 that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of GASB 73 for pension plans that are within the scope of GASB 67 or for pensions that are within the scope of GASB 68 are effective for fiscal years beginning after June 15, 2015. Earlier application is encouraged. The adoption of GASB 73 had no impact on the District's financial statements.

GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of GASB 76 is to identify in the context of the current governmental financial reporting environment the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015. The adoption of GASB 76 had no impact on the District's financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Accounting Standards Update (continued): GASB Statement No. 77 – *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current year revenues were sufficient to pay for current-year services (known as inter-period equity), (2) whether a government complied with finance related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The requirements of GASB 77 are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The adoption of GASB 77 had no impact on the District's financial statements.

GASB Statement No. 78 – *Pensions Provided through Certain Multiple-Employer Defined Benefit Plans*. The objective of GASB 78 is to address a practice issue regarding the scope and applicability of GASB 68, *Accounting and Financial Reporting for Pensions.* This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of GASB 78 are effective for reporting periods beginning after December 15, 2015. The adoption of GASB 78 had no impact on the District's financial statements.

GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*. The requirements of this statement are effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23-26 and 40, which are effective for reporting periods beginning after December 15, 2015. GASB 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in GASB 79. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. The adoption of GASB 79 had no impact on the District's financial statements.

Released GASB Statements to be implemented in future financial statements are as follows:

GASB Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2016. The objective of GASB 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. GASB 74 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The requirements of GASB 74 are effective for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The District is in the process of evaluating the impact of implementing GASB 74 for financial reporting.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Accounting Standards Update (continued): GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits other than Pension Plans*. The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. GASB 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of GASB 75 are effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The District is in the process of evaluating the impact of implementing GASB 75 for financial reporting.

GASB Statement No. 80 – *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14.* The objective of GASB 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. GASB 80 amends the blending requirements established in paragraph 53 of GASB 14, *The Financial Reporting Entity, as amended.* The requirements of GASB 80 are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The District is in the process of evaluating the impact of implementing GASB 80 for financial reporting.

GASB Statement No. 81 – *Irrevocable Split-Interest Agreements.* The objective of GASB 81 is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of GASB 81 are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The District is in the process of evaluating the impact of implementing GASB 81 for financial reporting.

GASB Statement No. 82 – *Pension Issues- an amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of GASB 82 is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans* No. 68, *Accounting and Financial Reporting for Pensions,* and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions* of *GASB Statements 67 and 68.* Specifically, GASB 82 addresses issues regarding (1) the presentation of payroll related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of GASB 82 are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged. The District is in the process of evaluating the impact of implementing GASB 82 for financial reporting.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Accounting Standards Update (continued): GASB Statement No. 83 – *Certain Asset Retirement Obligations.* The objective of GASB No. 83 is to address accounting and financial reporting for certain asset retirement obligations. Under this statement, governments that have legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on this guidance. The requirements of GASB 83 are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The District is in the process of evaluating the impact of implementing GASB 83 for financial reporting.

GASB Statement No. 84 – *Fiduciary Activities.* The objective of GASB No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of GASB 84 are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is in the process of evaluating the impact of implementing GASB 84 for financial reporting.

GASB Statement No. 85 – *Omnibus 2017.* The objective of GASB No. 85 is to address practice issues that have been identified during implementation and applicable of certain GASB statement. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits The requirements of GASB 85 are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The District is in the process of evaluating the impact of implementing GASB 85 for financial reporting.

GASB Statement No. 86 – *Certain Debt Extinguishment Issues.* The objective of GASB No. 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of GASB 86 are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The District is in the process of evaluating the impact of implementing GASB 86 for financial reporting.

Subsequent Events: In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in the financial statements. Management has determined that no events require disclosure in accordance with accounting standards. These subsequent events have been evaluated through June 30, 2017, which is the date the financial statements were available to be issued.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments as of March 31, 2017 and 2016, are classified in the accompanying financial statements as follows:

	2017	2016
Cash	$ 11,737,802	$ 24,540,733
Cash equivalents	6,935,663	148,577
Restricted - cash equivalents	2,472,923	2,512,359
Restricted - irrevocable trust	716,814	584,686
Investments	62,818,403	41,245,032
Total cash, cash equivalents and investments	$ 84,681,605	$ 69,031,387

Cash, cash equivalents and investments consisted of the following as of March 31, 2017 and 2016:

	2017	2016
Cash on hand	$ 6,310	$ 6,310
Deposits with financial institutions	11,731,492	24,534,423
Deposits with trust	716,814	584,686
Investments and cash equivalents	72,226,989	43,905,968
Total cash, cash equivalents and investments	$ 84,681,605	$ 69,031,387

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.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

During the years ended March 31, 2017 and 2016, 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. Agency Securities	5 years	None	None
California Local Agency Debt	5 years	None	None
Bankers' Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	1 year	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 Fund (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.

NOTE 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. Agency Securities	5 years	None	None
California Local Agency Debt	5 years	None	None
Bankers' Acceptances	1 year	None	None
Commercial Paper	None	None	None
Negotiable Certificates of Deposit	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	None	None
Local Agency Investment Fund (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.

NOTE 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, 2017		Remaining Maturity (in Months)			
Investment Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
U.S Treasury Obligations	$12,005,077	$ -	$ -	$12,005,077	$ -
U.S Agency Securities	8,665,885	114,900	105,137	8,445,848	-
Municipal Bonds	2,152,004	135,321	528,018	1,488,665	-
Supra-National Agency Bond	857,850	-	-	857,850	-
Medium Term Notes	14,506,442	4,079,087	3,016,242	7,411,113	-
Money Market Mutual Funds	902,640	902,640	-	-	-
Local Agency Investment Funds	3,027,686	3,027,686	-	-	-
California Asset Management Program	3,005,336	3,005,336	-	-	-
Certificates of Deposit	13,303,165	9,307,002	755,127	3,241,036	-
Mortgage-backed Securities	2,798,704	-	-	2,798,704	-
Commercial Paper	8,529,277	8,529,277	-	-	-
Held by bond trustee:					
U.S Agency Securities	2,472,923	2,472,923	-	-	-
	$72,226,989	$31,574,172	$4,404,524	$36,248,293	$ -

March 31, 2016		Remaining Maturity (in Months)			
Investment Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
U.S Treasury Obligations	$ 8,105,849	$ -	$ 495,743	$ 7,610,106	$ -
U.S Agency Securities	7,700,190	-	-	7,700,190	-
Municipal Bonds	2,171,032	-	-	2,171,032	-
Medium Term Notes	6,054,867	-	1,298,837	4,756,030	-
Money Market Mutual Funds	146,654	146,654	-	-	-
Local Agency Investment Funds	1,923	1,923	-	-	-
Certificates of Deposit	8,935,519	1,600,000	3,250,000	4,085,519	-
Mortgage-backed Securities	1,286,730	-	-	1,286,730	-
Commercial Paper	6,990,845	6,990,845	-	-	-
Held by bond trustee:					
U.S Agency Securities	2,512,359	2,512,359	-	-	-
	$43,905,968	$11,251,781	$5,044,580	$27,609,607	$ -

NOTE 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, 2017			
Investment Type	Amount	Minimum Legal Rating	AAA/Aaa	AA/Aa	A	Unrated
U.S Treasury Obligations	$12,005,077	Unrated	$ -	$ -	$ -	$12,005,077
U.S Agency Securities	8,665,885	Unrated	-	-	-	8,665,885
Municipal Bonds	2,152,004	Unrated	-	-	-	2,152,004
Supra-National Agency Bond	857,850	AAA/Aaa	857,850	-	-	-
Medium Term Notes	14,506,442	A	769,212	4,699,972	8,451,708	585,550
Money Market Mutual Funds	902,640	AAA/Aaa	902,640	-	-	-
Local Agency Investment Funds	3,027,686	Unrated	-	-	-	3,027,686
California Asset Management Program	3,005,336	Unrated	-	-	-	3,005,336
Certificates of Deposit	13,303,165	A	-	1,503,554	11,799,611	-
Mortgage-backed Securities	2,798,704	AA/Aa	-	2,798,704	-	-
Commercial Paper	8,529,277	A	-	-	8,529,277	-
Held by bond trustee: U.S Agency Securities	2,472,923	Unrated	-	-	-	2,472,923
	$72,226,989		$2,529,702	$9,002,230	$28,780,596	$31,914,461

			March 31, 2016			
Investment Type	Amount	Minimum Legal Rating	AAA/Aaa	AA/Aa	A	Unrated
U.S Treasury Obligations	$ 8,105,849	Unrated	$ -	$ -	$ -	$ 8,105,849
U.S Agency Securities	7,700,190	Unrated	-	-	-	7,700,190
Municipal Bonds	2,171,032	Unrated	-	-	-	2,171,032
Medium Term Notes	6,054,867	A	510,412	1,124,080	4,420,375	-
Money Market Mutual Funds	146,654	AAA/Aaa	146,654	-	-	-
Local Agency Investment Funds	1,923	Unrated	-	-	-	1,923
Certificates of Deposit	8,935,519	A	-	2,585,519	6,350,000	-
Mortgage-backed Securities	1,286,730	AA/Aa	1,286,730	-	-	-
Commercial Paper	6,990,845	A	-	-	6,990,845	-
Held by bond trustee: U.S Agency Securities	2,512,359	Unrated	-	-	-	2,512,359
	$43,905,968		$1,943,796	$3,709,599	$17,761,220	$20,491,353

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (continued)

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 5% 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, 2017, the District had the following investments that exceeded 5% of its total investments.

Issuer	Investment Type	2017 Reported Amount	% of Total Investments
United State Treasury	U.S. Treasuries	$ 12,005,077	16.6%
Fannie Mae	U.S Agency Securities	5,247,321	7.3%

As of March 31, 2016, the District had no individual investment that exceeded 5% of its total investments.

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, 2017 and 2016, the carrying amount of the District's deposits was $11,854,031 and $24,534,425, respectively, and the balance in financial institutions was $11,854,031 and $24,505,184, respectively. Of the balances in financial institutions, $500,000 was insured by the Federal Deposit Insurance Corporation. At March 31, 2017 and 2016, as required by State law (Government Code Section 53630), the amount collateralized by the pledging financial institution was $11,354,031 and $24,005,184, respectively, with assets held in a common pool for the District and other governmental agencies, but not in the name of the District.

NOTE 2 – CASH AND INVESTMENTS (continued)

Investment in LAIF and CAMP: As of March 31, 2017 and 2016, the District's investment in LAIF was $3,027,686 and $1,923, respectively. As of March 31, 2017 and 2016, the District's investment in CAMP was $3,005,336 and $0, respectively. The investments in CAMP and LAIF are reported at their net asset value, which approximates fair value. CAMP is a joint powers authority (JPA), a public agency whose investments are limited to those permitted by the California Government Code. The District is invested in CAMP's California Asset Management Trust Cash Reserve Portfolio which is a short-term money market portfolio. Investments in CAMP shares are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other governmental agency. LAIF has an equity interest in the State of California Pooled Money Investment Account (PMIA). PMIA funds are on deposit with the State's Centralized Treasury System and are managed in compliance with the California Government Code, according to a statement of investment policy which sets forth permitted investment vehicles, liquidity parameters and maximum maturity of investments. The PMIA cash and investments are recorded at cost which approximates fair value. The District's deposits with CAMP and LAIF are available for withdrawal generally on demand.

NOTE 3 – FAIR VALUE MEASUREMENT

As discussed in Note 1, the District adopted GASB 72 on January 1, 2016. GASB 72 defines fair value as 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 (an exit price). The District utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

GASB 72 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy defined by GASB No. 72 are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly**.**
- Level 3 inputs are unobservable inputs that reflect the District's own assumptions about factors that market participants would use in pricing the asset or liability.

NOTE 3 – FAIR VALUE MEASUREMENT (continued)

The valuation methods of the fair value measurements are as follows:

- CAMP – uses the net asset value per share as determined by the portfolio manager multiplied by the number of shares held. The portfolio includes investments exclusively in the following authorized investments: U.S. government and agency obligations, repurchase agreements collateralized by U.S. government and agency obligations, negotiable certificates of deposit, bankers' acceptances and commercial paper. The fair values of the securities are generally based on quoted market prices.

- LAIF – uses the fair value of the pool's share price multiplied by the number of shares held. This pool can include a variety of investments such as U.S. government securities, federal agency securities, negotiable certificates of deposit, bankers' acceptances, commercial paper, corporate bonds, bank notes, and other investments. The fair values of the securities are generally based on quoted market prices.

- Government Sponsored Enterprises – uses a market based approach which considers yield, price of comparable securities, coupon rate, maturity, credit quality and dealer-provided prices.

- U.S. Treasury Notes – uses prices quoted in active markets for those securities.

- Corporate Notes – uses a market based approach. Evaluations are based on various market and industry inputs.

- Municipal Notes – uses a market approach based on institutional note quotes. Evaluations are based on various market and industry inputs.

- Certificates of deposit – uses a market approach based on institutional note quotes. Evaluations are based on various market and industry inputs.

- Money Market Mutual Fund – uses a net asset value as determined by the fund manager. Money market mutual fund may include several different underlying obligations, of which at least 80% of the net assets are invested in U.S. Government obligations including, U.S. Treasury obligations and obligations of U.S. Government Agencies, authorities, instrumentalities, or sponsored enterprises obligations, and municipal securities.

NOTE 3 – FAIR VALUE MEASUREMENT (continued)

The following table identifies the level within the fair value hierarchy that the District's financial assets and liabilities were accounted for on a recurring basis as of March 31, 2017 and 2016 , respectively. As required by GASB 72, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The District's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the fair value of liabilities and their placement within the fair value hierarchy levels.

March 31, 2017	Fair Value Measurements on a Recurring Basis			
Investment Type	Total	Level 1	Level 2	Level 3
U.S Treasury Obligations	$ 12,005,077	$ 12,005,077	$ -	$ -
U.S Agency Securities	8,665,885	8,665,885	-	-
Municipal Bonds	2,152,004	-	2,152,004	-
Supra-National Agency Bond	857,850	-	857,850	-
Medium Term Notes	14,506,442	-	14,506,442	-
Money Market Mutual Funds	902,640	-	902,640	-
Local Agency Investment Funds	3,027,686	-	3,027,686	-
California Asset Management Program	3,005,336	-	3,005,336	-
Certificates of Deposit	13,303,165	-	13,303,165	-
Mortgage-backed Securities	2,798,704	-	2,798,704	-
Commercial Paper	8,529,277	-	8,529,277	-
Held by bond trustee:				
U.S Agency Securities	2,472,923	2,472,923	-	-
	$ 72,226,989	$ 23,143,885	$ 49,083,104	$ -

March 31, 2016	Fair Value Measurements on a Recurring Basis			
Investment Type	Total	Level 1	Level 2	Level 3
U.S Treasury Obligations	$ 8,105,849	$ 8,105,849	$ -	$ -
U.S Agency Securities	7,700,190	7,700,190	-	-
Municipal Bonds	2,171,032	-	2,171,032	-
Medium Term Notes	6,054,867	-	6,054,867	-
Money Market Mutual Funds	146,654	-	146,654	-
Local Agency Investment Funds	1,923	-	1,923	-
Certificates of Deposit	8,935,519	-	8,935,519	-
Mortgage-backed Securities	1,286,730	-	1,286,730	-
Commercial Paper	6,990,845	-	6,990,845	-
Held by bond trustee:				
U.S Agency Securities	2,512,359	2,512,359	-	-
	$ 43,905,968	$ 18,318,398	$ 25,587,570	$ -

NOTE 4 – CAPITAL ASSETS

Capital Assets: Capital asset activity for the year ended March 31, 2017 is as follows:

	Beginning Balance	Additions/ Completions	Disposals	Transfers and Adjustments	Ending Balance
Capital assets not being depreciated:					
Land	$ 13,098,088	$ -	$ -	$ -	$ 13,098,088
Construction in progress	12,528,650	11,600,423	-	(4,506,486)	19,622,587
Goodwill	10,100	-	-	-	10,100
Total capital assets not being depreciated	25,636,838	11,600,423	-	(4,506,486)	32,730,775
Capital assets being depreciated:					
Landscaping	11,987,208	-	-	-	11,987,208
Buildings and structures	51,619,760	-	-	1,940,674	53,560,434
Distribution systems	130,842,629	-	-	2,235,973	133,078,602
Machinery and equipment	24,935,131	640,267	(136,076)	267,879	25,707,201
Vehicles	4,079,218	603,274	-	-	4,682,492
Intangible plant	8,735,770	-	-	-	8,735,770
Total capital assets being depreciated	232,199,716	1,243,541	(136,076)	4,444,526	237,751,707
Less accumulated depreciation:					
Landscaping	(7,642,903)	(334,023)	-	-	(7,976,926)
Buildings and structures	(27,595,810)	(922,235)	-	-	(28,518,045)
Distribution systems	(42,730,408)	(3,473,581)	-	-	(46,203,989)
Machinery and equipment	(11,274,294)	(1,060,758)	9,064	-	(12,325,988)
Vehicles	(3,325,174)	(218,923)	-	-	(3,544,097)
Intangible plant	(7,969,386)	(199,216)	-	-	(8,168,602)
Total accumulated depreciation	(100,537,975)	(6,208,736)	9,064	-	(106,737,647)
Total capital assets being depreciated, net	131,661,741	(4,965,195)	(127,012)	4,444,526	131,014,060
Total capital assets, net	$ 157,298,579	$ 6,635,228	$ (127,012)	$ (61,960)	$ 163,744,835

Depreciation expense for the year ended March 31, 2017, was $6,208,736.

NOTE 4 – CAPITAL ASSETS (continued)

Capital Assets (continued): Capital asset activity for the year ended March 31, 2016 is as follows:

	Beginning Balance	Additions/ Completions	Disposals	Transfers and Adjustments	Ending Balance
Capital assets not being depreciated:					
Land	$ 13,098,088	$ -	$ -	$ -	$ 13,098,088
Construction in progress	8,772,519	11,211,064	-	(7,454,933)	12,528,650
Goodwill	10,100	-	-	-	10,100
Total capital assets not being depreciated	21,880,707	11,211,064	-	(7,454,933)	25,636,838
Capital assets being depreciated:					
Landscaping	11,987,208	-	-	-	11,987,208
Buildings and structures	51,414,515	-	-	205,245	51,619,760
Distribution systems	128,644,143	-	-	2,198,486	130,842,629
Machinery and equipment	20,866,560	188,658	(218,906)	4,098,819	24,935,131
Vehicles	3,637,331	282,658	(7,908)	167,137	4,079,218
Intangible plant	8,723,870	11,900	-	-	8,735,770
Total capital assets being depreciated	225,273,627	483,216	(226,814)	6,669,687	232,199,716
Less accumulated depreciation:					
Landscaping	(7,300,879)	(360,745)	-	18,721	(7,642,903)
Buildings and structures	(26,671,799)	(924,011)	-	-	(27,595,810)
Distribution systems	(39,298,130)	(3,432,278)	-	-	(42,730,408)
Machinery and equipment	(10,571,119)	(826,321)	123,146	-	(11,274,294)
Vehicles	(3,148,720)	(176,467)	13	-	(3,325,174)
Intangible plant	(7,763,074)	(206,312)	-	-	(7,969,386)
Total accumulated depreciation	(94,753,721)	(5,926,134)	123,159	18,721	(100,537,975)
Total capital assets being depreciated, net	130,519,906	(5,442,918)	(103,655)	6,688,408	131,661,741
Total capital assets, net	$ 152,400,613	$ 5,768,146	$ (103,655)	$ (766,525)	$ 157,298,579

Depreciation expense for the year ended March 31, 2016, was $5,926,134.

NOTE 5 – ACCRUED LIABILITIES

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

	2017	2016
Accrued NMDL settlement	$ 29,987	$ 10,287
Accrued permission fees	180,587	186,082
Accrued power purchase expense	1,811,184	1,707,644
Accrued salaries and wages	452,157	276,787
Other accrued liabilities	4,716,169	3,156,059
Total accrued liabilities	$ 7,190,084	$ 5,336,859

NOTE 6 – LONG-TERM DEBT

Long-term debt activity for the years ended March 31, 2017and 2016 is as follows:

	2017 Beginning Balance	Additions	Reductions	2017 Ending Balance	Due Within One Year
Long-term debt:					
2012 Electric System Refunding Revenue Bonds	$ 10,185,000	$ -	$ (15,000)	$ 10,170,000	$ 15,000
2014 Water & Hydroelectric System Refunding Revenue Bonds	30,220,000	-	(1,365,000)	28,855,000	1,415,000
2015 Electric System Refunding Revenue Bonds	57,955,000	-	(2,255,000)	55,700,000	2,295,000
	98,360,000	-	(3,635,000)	94,725,000	3,725,000
Line of Credit	4,310,000	-	-	4,310,000	-
Total	102,670,000	-	(3,635,000)	99,035,000	$ 3,725,000
Add:					
Bond premiums	8,213,052	-	(756,195)	7,456,857	
Less: current portion of long-term debt	(3,635,000)	(3,725,000)	3,635,000	(3,725,000)	
Total long-term debt	$ 107,248,052	$ (3,725,000)	$ (756,195)	$ 102,766,857	

NOTE 6 – LONG-TERM DEBT (continued)

	2016 Beginning Balance	Additions	Reductions	2016 Ending Balance	Due Within One Year
Long-term debt:					
2005 Electric System Refunding Revenue Bonds	$ 55,365,000	$ -	$ (55,365,000)	$ -	$ -
2005 Revenue Certificates of Participation	2,735,000	-	(2,735,000)	-	-
2012 Electric System Refunding Revenue Bonds	10,200,000	-	(15,000)	10,185,000	15,000
2013 Electric System Refunding Revenue Bonds	11,688,190	-	(11,688,190)	-	-
2014 Water & Hydroelectric System Refunding Revenue Bonds	31,410,000	-	(1,190,000)	30,220,000	1,365,000
2015 Electric System Refunding Revenue Bonds	-	59,010,000	(1,055,000)	57,955,000	2,255,000
	111,398,190	59,010,000	(72,048,190)	98,360,000	3,635,000
Line of Credit	4,342,000	-	(32,000)	4,310,000	-
Total	115,740,190	59,010,000	(72,080,190)	102,670,000	$ 3,635,000
Add:					
Bond premiums	3,966,402	5,680,396	(1,433,746)	8,213,052	
Less: current portion of long-term debt	(3,434,460)	(3,635,000)	3,434,460	(3,635,000)	
Total long-term debt	$ 116,272,132	$ 61,055,396	$ (70,079,476)	$ 107,248,052	

Long-term debt consists of the following at March 31, 2017 and 2016:

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%. This bond, with a balance of $55,365,000 was defeased in 2015-16 by the 2015 Electric System Refunding Revenue Bonds.

NOTE 6 – LONG-TERM DEBT (continued)

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%. This bond, with a balance of $2,735,000 was defeased in 2015-16 by the 2015 Electric 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%.

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%. This bond, with a balance of $11,688,190 was defeased in 2015-16 by the 2015 Electric System Refunding Revenue Bonds.

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 District reduced its aggregate debt service payments by approximately $22.4 million over the next 25 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately $7 .1 million.

NOTE 6 – LONG-TERM DEBT (continued)

2015 Electric System Refunding Revenue Bonds: On June 8, 2015, the District issued 2015A Electric System Refunding Revenue Bonds in the amount of $59,010,000. Proceeds from these bonds were used 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. The Bonds are secured by a lien on the District's electric system net revenues. The interest rate ranges from 3% to 5%. Principal payments ranging from $1,055,000 to $3,750,000 are due annually on October 1, through September 1, 2036. Interest payments ranging from $134,000 to $2,578,513, are due semi-annually on April 1 and October 1, through September 1, 2036. The District is required to maintain a ratio of electric system net revenues to debt service of at least 120%. The District reduced its aggregate debt service payments by approximately $24 million over the next 25 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately $8.9 million.

The annual debt service requirements of long-term debt is as follows:

Year Ended March 31,	Principal	Interest	Total
2018	$ 3,725,000	$ 4,311,753	$ 8,036,753
2019	3,570,000	4,192,013	7,762,013
2020	3,725,000	4,049,153	7,774,153
2021	3,890,000	3,887,493	7,777,493
2022	3,510,000	3,693,113	7,203,113
2023-2027	20,750,000	15,621,423	36,371,423
2028-2032	26,035,000	10,216,883	36,251,883
2033-2037	25,855,000	3,770,030	29,625,030
2038-2041	3,665,000	251,600	3,916,600
	$ 94,725,000	$ 49,993,461	$ 144,718,461

NOTE 6 – LONG-TERM DEBT (continued)

Pledged Revenues: The District has pledged future electric customer revenues, net of specified operating expenses, to repay $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, $10,235,000 of Electric System Refunding Revenue Bonds issued in July 2012, $11,988,960 of Electric System Refunding Revenue bonds issued in June 2013 and $59,010,000 of Electric System Refunding Revenue bonds issued in June 2015. Proceeds from the bonds provided financing for improvements to the electric system. The 2015 bonds full defeased the 2005 and 2013 bonds and 2005 certificates. 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, 2017 and 2016 is $99,270,728 and $104,567,160, respectively. For the year ended March 31, 2017, principal and interest paid and total electric customer net revenues were $5,296,433 and $19,470,977 respectively. For the year ended March 31, 2016, principal and interest paid and total electric customer net revenues (restated) were $5,473,715 and $18,598,313, 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, 2017 and 2016, is $45,447,730 and $48,179,720, respectively. For the year ended March 31, 2017, principal and interest paid and total water customer net revenues were $2,819,875 and $20,387,388, respectively. For the year ended March 31, 2016, principal and interest paid and total water customer net revenues (restated) were $2,821,431 and $9,671,443, 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, 2017 and 2016, the District had no arbitrage liability.

Line of Credit: The District has a $25,000,000 unsecured line of credit that will mature in August 2017. There was $4,310,000 outstanding on this line of credit at March 31, 2017 and 2016.

NOTE 7 – ENERGY SUPPLY PURCHASES AND AGREEMENTS

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 Avangrid (formerly known as Iberdrola Renewables, Inc.). Furthermore, TID provides wheeling, interconnection and ancillary services to the District under an interconnection agreement. The major agreements are described as follows:

NOTE 7 – ENERGY SUPPLY PURCHASES AND AGREEMENTS (continued)

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, 2017 and 2016 totaled $18,077,220 and $18,600,434, 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 agreements 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 $27.35 and $58.21 per megawatt hour during the years ended March 31, 2017 and 2016, respectively. The District's purchases for the years ended March 31, 2017 and 2016 totaled $581,213 and $531,300, respectively.

Avangrid Renewables (formerly known as Iberdrola Renewables, Inc.): The District entered into a 25-year power supply agreement with Avangrid 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, 2017 and 2016 totaled $543,615 and $595,658, respectively. The District's sales back to Iberdrola during the years ended March 31, 2017 and 2016 totaled $257,969 and $285,820, respectively.

NOTE 7 – ENERGY SUPPLY PURCHASES AND AGREEMENTS (continued)

Financial Hedging Instruments: The District follows GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). Subject to certain exceptions, GASB 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 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 53 and, therefore, are not required to be recorded at fair value in the financial statements.

NOTE 8 – NET POSITION

Net position represents the residual interest in the District's assets after liabilities are deducted. The Statements of Net Position report total net position and presents it in three broad components: net investment in capital assets, restricted, and unrestricted. Net position, net investment in capital assets includes capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net position is unrestricted. Amounts included as unrestricted net assets are available for designation for specific purposes established by the District's Board of Directors. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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:

	2017	(restated) 2016
2012 Electric Refunding Revenue Bond	$ 540,684	$ 539,604
2015A Electric System Refunding	1,266,706	1,289,256
2014 Water Hydro Refunding Bond (FERC)	665,533	683,499
OPEB - Retiree Medical Insurance	716,814	584,686
Mariposa County Water Rights	-	137,107
Total	$ 3,189,737	$ 3,234,152

NOTE 8 – NET POSITION (continued)

Restricted (continued): The restrictions are for the following:

- Restricted for cash and cash equivalents as held with fiscal agents for the future repayment of bond principle upon maturity.
- 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 irrevocable trust represents pre-funded retiree medical costs payable under the postemployment health care benefits.

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 resource funds available as of March 31, 2017 and 2016, as restated, amount to $72,289,474 and $59,235,943, respectively. Amounts set aside for future spending plans included the following at March 31:

	2017	(restated) 2016
Water resources - capital fund	$ 6,843,116	$ 3,593,165
Water resources - unanticipated infrastructure	3,000,000	2,000,000
Water resources - operating reserve	6,575,000	3,959,502
Water resources - catastrophe fund	1,525,000	419,158
Water transfer	856,413	1,096,683
Subtotal - water resources	18,799,529	11,068,508
Energy resources - new customer growth	3,185,000	3,185,000
Energy resources - system support and growth	28,947,988	25,992,181
Energy resources - purchased power reserve	13,051,000	12,211,477
Energy resources - operating reserve	5,068,000	4,564,869
Energy resources - catastrophe fund	3,199,000	2,174,896
Energy refunding bond payment	38,957	39,012
Subtotal - water resources	53,489,945	48,167,435
Total	$ 72,289,474	$ 59,235,943

NOTE 8 – 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. The District 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 the District 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 - purchased 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 resources - 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 the District. The District may use funds herein for either capital or operating purposes.

NOTE 9 – EMPLOYEES' RETIREMENT PLAN

Plan Description: The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the plan's June 30, 2014 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website.

NOTE 9 – EMPLOYEES' RETIREMENT PLAN (continued)

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect are summarized as follows:

	Hired prior to January 1, 2013	Hired on or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits as a % of eligible compensation	2.0%	2.0%
Required employee contribution rates	7.0%	7.0%
Required employer contribution rates	15.837%	15.837%

The following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	192
Inactive employees entitled to but not yet receiving benefits	21
Active employees	162
Total	375

Contributions: Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

NOTE 9 – EMPLOYEES' RETIREMENT PLAN (continued)

Net Pension Liability: The District's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

The total pension liabilities in the actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	Varies by entry age and service
Investment rate of return	7.65%, net of pension plan investment expenses, includes inflation
Mortality	Derived using CalPERS' membership data for all funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, staff took into account both short-term and long term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTE 9 – EMPLOYEES' RETIREMENT PLAN (continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1-10*	Real Return Years 11+**
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	10.00	6.83	6.95
Real Estate	10.00	4.50	5.13
Infrastructure and Forestland	2.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)
Total	100.00%		

* An expected inflation of 2.5% used for this period

** An expected inflation of 3.0% used for this period

Changes in the Net Pension Liability: The changes in the net pension liability is as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) c = (a)-(b)
Balance at June 30, 2015	$ 69,277,387	$ 49,733,463	$ 19,543,924
Changes in the year:			
Service cost	1,445,525	-	1,445,525
Interest on the total pension liability	5,238,549	-	5,238,549
Changes of benefit terms	183,194	-	183,194
Differences between expected and actual experience	159,334	-	159,334
Changes in assumptions	-	-	-
Plan to plan resource movement	-	-	-
Contributions from the employer	-	1,699,603	(1,699,603)
Contributions from employees	-	751,609	(751,609)
Net investment income	-	244,953	(244,953)
Benefit Payments, including Refunds of Employee Contributions	(3,729,791)	(3,729,791)	-
Administrative expense	-	(30,310)	30,310
Net change	3,296,811	(1,063,936)	4,360,747
Balance at June 30, 2016	$ 72,574,198	$ 48,669,527	$ 23,904,671

NOTE 9 – EMPLOYEES' RETIREMENT PLAN (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the District, calculated using the discount rate as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate 7.65%	Discount Rate + 1% (8.65%)
Net Pension Liability	$ 33,889,036	$ 23,904,671	$ 15,719,336

Deferred Outflows and Deferred Inflows of Resources Related to Pensions: The District has deferred outflows and deferred inflows of resources related to pensions, as listed below. Included in this list is subsequent contributions that were made between the measurement date of June 30, 2016 and the District's fiscal year end of March 31, 2017.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ -	$ (578,173)
Differences between expected and actual experiences	396,047	-
Pension contributions subsequent to measurement date	1,963,127	-
Net differences between projected and actual earnings	3,465,140	(1,074,680)
Total	$ 5,824,314	$ (1,652,853)

At March 31, 2017, amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ending June 30,	Amount
2017	$ 69,955
2018	279,819
2019	1,139,563
2020	718,997
Total	$ 2,208,334

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

NOTE 10 – 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 invested 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 years ended March 31:

	2017	2016
Fair value - beginning of year	$ 584,686	$ 398,537
Contributions	71,085	203,342
Gain (loss) on investments	61,479	(16,702)
Administrative expenses	(436)	(491)
Total	$ 716,814	$ 584,686

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, 2017, the District contributed $158,070 to the plan, which represents 47% of the cost for the year then ended. For the year ended March 31, 2016, the District contributed $188,331 to the plan, which represents 56% of the cost for the year then ended. During the years ended March 31, 2017 and 2016, plan members receiving benefits contributed $7,940 (or approximately 5%) and $27,509 (or approximately 15%), respectively, of the total premiums, through their required contribution.

NOTE 10 – 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, 2017 and 2016, 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:

	2017	2016
Annual required contribution (ARC)	$ 350,055	$ 350,055
Interest on net OPEB obligation	102,111	106,148
Annual required contribution adjustment	(117,554)	(122,202)
Annual OPEB Cost	334,612	334,001
Funded contribution	(71,085)	(203,342)
Contributions made (premium payment made)	(158,070)	(188,331)
Change in net OPEB obligation	105,457	(57,672)
Net OPEB obligation, beginning of year	1,458,735	1,516,407
Net OPEB obligation, end of year	$ 1,564,192	$ 1,458,735

The ARC of $350,055 for March 31, 2017 and 2016 above is based on the latest valuation available as of that date, which is July 1, 2015.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended March 31, 2017, 2016 and 2015 were as follows:

Year Ended	Annual OPEB	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/(Asset)
3/31/2015	$ 397,145	152.76%	$ 1,516,407
3/31/2016	334,001	117.27%	1,458,735
3/31/2017	334,612	68.48%	1,564,192

Funded Status and Funding Progress: As of July 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits is $4,879,243.

NOTE 10 – 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 July 1, 2015 actuarial valuation, the projected unit credit actuarial method was used. The actuarial assumptions included a 7% investment rate of return (net of administrative expenses), which is based on the employer's own investments and a constant 3% general inflation rate increase. The annual healthcare cost trend rates are as follows: for medical premiums, 7% 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 July 1, 2015 was 30 years.

NOTE 11 – 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	150,000,000	Various
Workers' Compensation Liability	2,000,000	Statutory	None
Dam Failure Liability (retention)	50,000	5,000,000	$ 250,000

The District continues to carry commercial insurance for all other risks of loss to which the District is exposed. During the fiscal year ended March 31, 2017 and 2016, there were no reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 12 – 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 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 taken over (by the federal government) or a new license is issued.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (continued)

Contract Commitments: At March 31, 2017 and 2016, the District had contract commitments of $5,630,159 and $2,716,421, 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.

NOTE 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. Energy Resources operates the retail electric system. Water Resources operates the District's irrigation water supply system.

Condensed Statements of Net Position

	March 31, 2017		(restated) March 31, 2016	
	Energy Resources	Water Resources	Energy Resources	Water Resources
Assets:				
Capital assets, net	$ 71,444,743	$ 45,009,136	$ 67,476,644	$ 44,178,986
Debt insurance costs	309,423	3,829	342,851	4,169
Interfund receivables	56,992,416	48,289,503	49,994,649	41,130,217
Current assets	9,728,672	6,700,214	9,875,964	4,372,345
Total assets	138,475,254	100,002,682	127,690,108	89,685,717
Deferred outflow of resources	2,293,602	2,502,540	676,220	1,702,846
Liabilities:				
Long-term and other liabilities	74,160,315	18,508,018	75,770,828	16,659,374
Interfund payables	-	-	222,619	379,359
Other current liabilities	6,913,482	5,771,524	6,431,148	3,547,333
Total liabilities	81,073,797	24,279,542	82,424,595	20,586,066
Deferred inflow of resources	3,049,808	747,951	2,768,347	1,206,182
Net position:				
Net investment (deficit) in capital assets	2,499,720	41,810,095	(4,244,400)	40,893,670
Restricted	1,807,390	665,533	1,828,860	820,606
Unrestricted	52,338,141	35,002,101	45,588,926	27,882,039
Total net position	$ 56,645,251	$ 77,477,729	$ 43,173,386	$ 69,596,315

NOTE 13 – DISCLOSURE OF SEGMENT INFORMATION (continued)

Condensed Statements of Revenues, Expenses and Changes in Net Position

	March 31, 2017		(restated) March 31, 2016	
	Energy Resources	Water Resources	Energy Resources	Water Resources
Operating revenues (pledged against bonds)	$ 54,243,062	$ 18,774,341	$ 54,181,356	$ 15,048,595
Depreciation and amortization	(2,721,866)	(1,687,938)	(4,206,581)	(1,682,668)
Other operating expenses	(34,400,238)	(13,273,416)	(35,542,689)	(12,990,521)
Operating income	17,120,958	3,812,987	14,432,086	375,406
Nonoperating revenues (expenses):				
Property taxes	-	2,699,900	-	2,486,236
Other nonoperating revenues	534,569	211,425	467,962	227,166
Other nonoperating expenses	(797,070)	(852,288)	(52,910)	(116,929)
Interest expense	(2,480,176)	(106,584)	(5,199,612)	(106,982)
Nonoperating revenues (expenses), net	(2,742,677)	1,952,453	(4,784,560)	2,489,491
Income (loss) before transfers and capital contributions	14,378,281	5,765,440	9,647,526	2,864,897
Capital contributions	47,984	1,131,915	51,481	2,532,694
Transfers in	-	984,059	-	1,022,398
Transfers out	(954,400)	-	(975,793)	-
Changes in net position	13,471,865	7,881,414	8,723,214	6,419,989
Beginning net position	43,173,386	69,596,315	34,450,172	63,176,326
Ending net position	$ 56,645,251	$ 77,477,729	$ 43,173,386	$ 69,596,315

NOTE 13 – DISCLOSURE OF SEGMENT INFORMATION (continued)

Condensed Statements of Cash Flows

	March 31, 2017		(restated) March 31, 2016	
	Energy Resources	Water Resources	Energy Resources	Water Resources
Net cash provided by (used in):				
Operating activities	$ 12,071,437	$ (184,481)	$ 8,505,630	$ (3,365,144)
Noncapital financing activities	(797,070)	1,607,342	151,201	2,730,006
Capital and related financing activities	(11,830,406)	(1,633,980)	(13,000,020)	(1,661,986)
Investing activities	556,039	213,329	4,343,189	227,550
Net increase (decrease)	-	2,210	-	(2,069,574)
Cash and cash equivalents, beginning of year	-	1,023,865	-	3,093,439
Cash and cash equivalents, end of year	$ -	$ 1,026,075	$ -	$ 1,023,865

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, 2017 and 2016, 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.

NOTE 14 – PRIOR PERIOD RESTATEMENTS

Certain reclassifications have been made to the prior year financial statements to conform to current year presentation. There were no changes to the ending net position and/or change in net position from the prior year audited presented figures.

MERCED IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

MERCED IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF FUNDING PROGRESS – OTHER
POST-EMPLOYMENT BENEFITS (OPEB)
MARCH 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded Liability as Percentage of Covered Payroll ((b-a)/c)
1/1/2011	$ -	$ 2,971,500	$2,971,500	0%	$10,785,022	28%
4/1/2014	-	3,153,781	3,153,781	0%	10,437,322	30%
7/1/2015	593,673	2,658,281	2,064,608	22%	10,768,916	19%

MERCED IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
MARCH 31, 2017

Last 10 Fiscal Years*

	2017	2016	2015
Total Pension Liability			
Service cost	$ 1,445,525	$ 1,475,369	$ 1,417,603
Interest on total pension liability	5,238,549	4,996,783	4,739,687
Change of benefit terms	183,194	-	-
Differences between expected and actual experience	159,334	637,217	-
Changes in assumptions	-	(1,254,761)	-
Benefit payments, including refunds of employee contributions	(3,729,791)	(3,549,005)	(3,345,061)
Net change in total pension liability	3,296,811	2,305,603	2,812,229
Total pension liability- beginning	69,277,387	66,971,784	64,159,555
Total pension liability- ending (a)	$ 72,574,198	$ 69,277,387	$ 66,971,784
Plan Fiduciary Net Position			
Contributions- employer	$ 1,699,603	$ 1,567,686	$ 1,366,237
Contributions- employees	751,609	752,306	726,473
Plan to plan resource movement	-	-	-
Net investment income	244,953	1,135,034	7,522,312
Administrative expense	(30,310)	(55,964)	-
Benefit payments	(3,729,791)	(3,549,005)	(3,345,061)
Net change in plan fiduciary net position	(1,063,936)	(149,943)	6,269,961
Total plan fiduciary net position- beginning	49,733,463	49,883,406	43,613,445
Total plan fiduciary net position- ending (b)	$ 48,669,527	$ 49,733,463	$ 49,883,406
Net pension liability- ending (a)-(b)	$ 23,904,671	$ 19,543,924	$ 17,088,378
Plan fiduciary net position as a percentage of the total pension liability	67.06%	71.79%	74.48%
Commission's covered-employee payroll	10,819,795	10,872,291	10,220,639
Net pension liability as a percentage of covered-employee payroll	220.93%	179.76%	167.19%

NOTES TO SCHEDULE:

Changes in assumptions:

The discount rate was changed from 7.5% (net of administrative expenses) to 7.65% in fiscal year 2016.

*Fiscal Year 2015 was the first year of retroactive implementation; therefore, only three available years are shown as of March 31, 2017.

MERCED IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CONTRIBUTIONS
MARCH 31, 2017

Last 10 Fiscal Years*	2017	2016	2015
Actuarially determined contribution	$ 1,699,603	$ 1,567,686	$ 1,366,237
Contributions in relation to the actuarially determined contribution	(1,699,603)	(1,567,686)	(1,366,237)
Contribution deficiency (excess)	$ -	$ -	$ -
Commission's covered-employee payroll	$ 10,819,795	$ 10,872,291	$ 10,220,639
Contributions as a percentage of covered-employee payroll	15.71%	14.42%	13.37%

NOTES TO SCHEDULE:

Valuation Date: June 30, 2016

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Asset valuation method	15 year smooth market
Inflation	2.75%
Salary increases	Varies by age and service
Payroll growth	3.00%
Investment rate of return	7.65%
Retirement age	Based on 2010 CalPERS study From 1997-2007
Mortality	Based on 2010 CalPERS study From 1997-2007

*Fiscal Year 2015 was the first year of retroactive implementation; therefore, only three available years are shown as of March 31, 2017.

MERCED IRRIGATION DISTRICT

SUPPLEMENTARY INFORMATION

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF NET POSITION
MARCH 31, 2017

	Energy Resources	Water Resources	Hydroelectric	Parks
ASSETS				
Capital Assets:				
Nondepreciable	$ 10,256,999	$ 9,246,365	$ 9,136,542	$ 3,515,314
Depreciable	61,187,744	35,762,771	29,199,356	2,899,535
Capital assets, net	71,444,743	45,009,136	38,335,898	6,414,849
Other Noncurrent Assets:				
Investments	-	-	-	-
Regulatory relicense costs	-	-	-	-
Debt insurance costs	309,423	3,829	-	-
Total other noncurrent assets	309,423	3,829	-	-
Current Assets:				
Cash and cash equivalents	-	1,026,075	-	1,460
Investments	-	-	-	-
Accounts receivable, net	4,477,303	3,182,611	3,591,734	104,214
Due from other governmental agencies	-	2,019,841	-	363,133
Accrued interest and taxes receivable	-	-	-	-
Inventory	3,383,027	343,137	-	-
Prepaid expenses and other current assets	60,952	128,550	166,414	22,970
Due from other funds	56,992,416	48,289,503	6,963,584	-
Restricted cash and cash equivalents	1,807,390	-	-	-
Total current assets	66,721,088	54,989,717	10,721,732	491,777
Total Assets	138,475,254	100,002,682	49,057,630	6,906,626
DEFERRED OUTFLOWS OF RESOURCES				
Deferred gas charges	(174,579)	-	-	-
Renewable portfolio standards	1,282,156	-	-	-
Pension plan	1,186,025	2,502,540	374,489	559,480
Total Deferred Outflows of Resources	2,293,602	2,502,540	374,489	559,480
Total Assets and Deferred Outflows of Resources	$ 140,768,856	$ 102,505,222	$ 49,432,119	$ 7,466,106

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF NET POSITION (CONTINUED)
MARCH 31, 2017

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	SGMA	General Operations	Twin Lakes	Eliminating Entries	Total
$ -	$ -	$ 176,359	$ 194,204	$ 204,992	$ -	$ 32,730,775
747,594	-	-	994,616	222,444	-	131,014,060
747,594	-	176,359	1,188,820	427,436	-	163,744,835
-	-	-	40,612,815	-	-	40,612,815
-	27,649,093	-	-	-	-	27,649,093
-	39,685	-	-	-	-	352,937
-	27,688,778	-	40,612,815	-	-	68,614,845
-	-	-	17,571,972	73,958	-	18,673,465
-	-	-	22,205,588	-	-	22,205,588
-	-	-	17,377	94,710	-	11,467,949
74,476	-	88,179	-	-	-	2,545,629
-	-	-	301,005	-	-	301,005
-	-	-	-	26,607	-	3,752,771
-	-	-	294,584	21,886	-	695,356
992,109	-	-	22,606,913	1,533,936	(137,378,461)	-
-	665,533	-	716,814	-	-	3,189,737
1,066,585	665,533	88,179	63,714,253	1,751,097	(137,378,461)	62,831,500
1,814,179	28,354,311	264,538	105,515,888	2,178,533	(137,378,461)	295,191,180
-	-	-	-	-	-	(174,579)
-	-	-	-	-	(1,282,156)	-
-	-	-	1,201,780	-	-	5,824,314
-	-	-	1,201,780	-	(1,282,156)	5,649,735
$ 1,814,179	$ 28,354,311	$ 264,538	$ 106,717,668	$ 2,178,533	$ (138,660,617)	$ 300,840,915

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF NET POSITION (CONTINUED)
MARCH 31, 2017

	Energy Resources	Water Resources	Hydroelectric	Parks
LIABILITIES				
Noncurrent Liabilities:				
Long-term debt	$ 68,442,434	$ 3,020,549	$ -	$ -
Accrued compensated absences	344,096	659,236	131,195	145,195
Employee retirement	-	-	1,494,158	-
Net OPEB obligation	552,447	870,388	285,142	353,584
Collective net pension liability	4,821,338	10,352,457	1,501,173	2,261,363
Regulatory unearned revenues	-	3,586,413	-	-
Deposits - noncurrent	-	18,975	-	-
Total noncurrent liabilities	74,160,315	18,508,018	3,411,668	2,760,142
Current Liabilities:				
Accounts payable	655,411	597,295	76,241	69,319
Accrued liabilities	2,475,032	1,048,871	2,945,461	178,876
Unearned revenue	-	3,952,032	250	183,675
Accrued interest payable	1,055,591	48,806	-	-
Due to other funds	-	-	1,665,101	14,561,841
Deposits - current	417,448	-	-	200,574
Current portion of long-term debt	2,310,000	124,520	-	-
Total current liabilities	6,913,482	5,771,524	4,687,053	15,194,285
Total Liabilities	81,073,797	24,279,542	8,098,721	17,954,427
DEFERRED INFLOWS OF RESOURCES				
Public purpose revenues	1,934,809	-	-	-
Power cost reductions	800,000	-	-	-
Renewable portfolio standards	-	-	1,282,156	-
Pension plan	314,999	747,951	89,627	142,559
Total Deferred Inflows of Resources	3,049,808	747,951	1,371,783	142,559
NET POSITION				
Net investment in capital assets	2,499,720	41,810,095	38,335,898	6,414,849
Restricted	1,807,390	665,533	-	-
Unrestricted	52,338,141	35,002,101	1,625,717	(17,045,729)
Total Net Position	56,645,251	77,477,729	39,961,615	(10,630,880)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 140,768,856	$ 102,505,222	$ 49,432,119	$ 7,466,106

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF NET POSITION (CONTINUED)
MARCH 31, 2017

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	SGMA	General Operations	Twin Lakes	Eliminating Entries	Total
$ -	$ 31,303,874	$ -	$ -	$ -	$ -	$ 102,766,857
-	-	-	293,024	15,928	-	1,588,674
-	-	-	-	-	-	1,494,158
4,177	20	-	(501,566)	-	-	1,564,192
-	-	-	4,968,340	-	-	23,904,671
-	-	-	-	-	-	3,586,413
-	-	-	-	-	-	18,975
4,177	31,303,894	-	4,759,798	15,928	-	134,923,940
-	46,000	30,521	106,949	23,077	-	1,604,813
-	205,565	61,478	252,817	21,984	-	7,190,084
6,079	-	-	-	194,325	-	4,336,361
-	505,807	-	-	-	-	1,610,204
-	12,458,277	85,332	105,628,239	2,979,671	(137,378,461)	-
-	-	-	3,870	12,146	-	634,038
-	1,290,480	-	-	-	-	3,725,000
6,079	14,506,129	177,331	105,991,875	3,231,203	(137,378,461)	19,100,500
10,256	45,810,023	177,331	110,751,673	3,247,131	(137,378,461)	154,024,440
-	-	-	-	-	-	1,934,809
-	-	-	-	-	-	800,000
-	-	-	-	-	(1,282,156)	-
-	-	-	357,717	-	-	1,652,853
-	-	-	357,717	-	(1,282,156)	4,387,662
747,594	(4,279,727)	176,359	1,188,820	427,436	-	87,321,044
-	-	-	716,814	-	-	3,189,737
1,056,329	(13,175,985)	(89,152)	(6,297,356)	(1,496,034)	-	51,918,032
1,803,923	(17,455,712)	87,207	(4,391,722)	(1,068,598)	-	142,428,813
$ 1,814,179	$ 28,354,311	$ 264,538	$ 106,717,668	$ 2,178,533	$ (138,660,617)	$ 300,840,915

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF NET POSITION (CONTINUED)
MARCH 31, 2016 (restated)

	Energy Resources	Water Resources	Hydroelectric	Parks
ASSETS				
Capital Assets:				
Nondepreciable	$ 6,820,712	$ 6,907,025	$ 9,233,434	$ 2,438,376
Depreciable	60,655,932	37,271,961	29,152,931	2,453,612
Capital assets, net	67,476,644	44,178,986	38,386,365	4,891,988
Other Noncurrent Assets:				
Investments	-	-	-	-
Regulatory relicense costs	-	-	-	-
Debt insurance costs	342,851	4,169	-	-
Total other noncurrent assets	342,851	4,169	-	-
Current Assets:				
Cash and cash equivalents	-	1,023,865	-	1,460
Investments	-	-	-	-
Accounts receivable, net	4,130,509	208,735	200,272	119,014
Due from other governmental agencies	-	2,725,532	-	1,042,693
Accrued interest and taxes receivable	-	1,904	-	-
Inventory	3,847,065	296,838	-	-
Prepaid expenses and other current assets	69,530	115,471	145,839	20,703
Due from other funds	49,994,649	41,130,217	-	-
Restricted cash and cash equivalents	1,828,860	-	-	-
Total current assets	59,870,613	45,502,562	346,111	1,183,870
Total Assets	127,690,108	89,685,717	38,732,476	6,075,858
DEFERRED OUTFLOWS OF RESOURCES				
Deferred gas charges	(99,999)	-	-	-
Pension plan	776,219	1,702,846	237,417	361,454
Total Deferred Outflows of Resources	676,220	1,702,846	237,417	361,454
Total Assets and Deferred Outflows of Resources	$ 128,366,328	$ 91,388,563	$ 38,969,893	$ 6,437,312

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF NET POSITION (CONTINUED)
MARCH 31, 2016 (restated)

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	SGMA	General Operations	Twin Lakes	Eliminating Entries	Total
$ -	$ -	$ -	$ 114,740	$ 122,551	$ -	$ 25,636,838
796,579	-	-	1,107,843	222,883	-	131,661,741
796,579	-	-	1,222,583	345,434	-	157,298,579
-	-	-	30,141,828	-	-	30,141,828
-	26,389,591	-	-	-	-	26,389,591
-	43,211	-	-	-	-	390,231
-	26,432,802	-	30,141,828	-	-	56,921,650
-	-	-	23,637,413	26,572	-	24,689,310
-	-	-	11,103,204	-	-	11,103,204
805	-	-	10,925	91,988	-	4,762,248
76,840	-	-	-	-	-	3,845,065
-	-	-	132,421	-	-	134,325
-	-	-	-	48,216	-	4,192,119
-	-	-	327,880	15,784	-	695,207
964,525	-	-	17,832,109	2,672,031	(112,593,531)	-
-	683,499	-	584,686	-	-	3,097,045
1,042,170	683,499	-	53,628,638	2,854,591	(112,593,531)	52,518,523
1,838,749	27,116,301	-	84,993,049	3,200,025	(112,593,531)	266,738,752
-	-	-	-	-	-	(99,999)
-	-	-	816,602	-	-	3,894,538
-	-	-	816,602	-	-	3,794,539
$ 1,838,749	$ 27,116,301	$ -	$ 85,809,651	$ 3,200,025	$ (112,593,531)	$ 270,533,291

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF NET POSITION (CONTINUED)
MARCH 31, 2016 (restated)

	Energy Resources	Water Resources	Hydroelectric	Parks
LIABILITIES				
Noncurrent Liabilities:				
Long-term debt	$ 71,279,902	$ 3,165,195	$ -	$ -
Accrued compensated absences	249,834	497,232	97,713	116,397
Employee retirement	-	-	1,494,158	-
Net OPEB obligation	332,105	608,688	234,735	279,010
Collective net pension liability	3,895,291	8,545,376	1,191,429	1,813,879
Regulatory unearned revenues	-	3,826,683	-	-
Deposits - noncurrent	13,696	16,200	-	47,870
Total noncurrent liabilities	75,770,828	16,659,374	3,018,035	2,257,156
Current Liabilities:				
Accounts payable	556,204	687,285	346,186	740,120
Accrued liabilities	2,088,331	830,622	1,779,505	405,701
Unearned revenue	-	1,859,183	250	184,450
Accrued interest payable	1,074,380	50,123	-	-
Due to other funds	222,619	379,359	2,075,642	12,005,553
Deposits - current	442,233	-	-	98,648
Current portion of long-term debt	2,270,000	120,120	-	-
Total current liabilities	6,653,767	3,926,692	4,201,583	13,434,472
Total Liabilities	82,424,595	20,586,066	7,219,618	15,691,628
DEFERRED INFLOWS OF RESOURCES				
Public purpose revenues	1,418,526	-	-	-
Power cost reductions	800,000	-	-	-
Pension plan	549,821	1,206,182	168,170	256,029
Total Deferred Inflows of Resources	2,768,347	1,206,182	168,170	256,029
NET POSITION				
Net investment in capital assets	(4,244,400)	40,893,670	38,386,365	4,891,988
Restricted	1,828,860	820,606	-	-
Unrestricted	45,588,926	27,882,039	(6,804,260)	(14,402,333)
Total Net Position	43,173,386	69,596,315	31,582,105	(9,510,345)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 128,366,328	$ 91,388,563	$ 38,969,893	$ 6,437,312

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF NET POSITION (CONTINUED)
MARCH 31, 2016 (restated)

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	SGMA	General Operations	Twin Lakes	Eliminating Entries	Total
$ -	$ 32,802,955	$ -	$ -	$ -	$ -	$ 107,248,052
-	-	-	223,736	10,627	-	1,195,539
-	-	-	-	-	-	1,494,158
4,177	20	-	-	-	-	1,458,735
-	-	-	4,097,949	-	-	19,543,924
-	-	-	-	-	-	3,826,683
-	-	-	-	16,864	-	94,630
4,177	32,802,975	-	4,321,685	27,491	-	134,861,721
-	33,582	-	122,468	25,721	-	2,511,566
17,000	41,080	-	165,435	9,185	-	5,336,859
6,571	-	-	-	192,263	-	2,242,717
-	519,456	-	-	-	-	1,643,959
-	8,651,167	-	85,013,021	4,246,170	(112,593,531)	-
-	-	-	337	-	-	541,218
-	1,244,880	-	-	-	-	3,635,000
23,571	10,490,165	-	85,301,261	4,473,339	(112,593,531)	15,911,319
27,748	43,293,140	-	89,622,946	4,500,830	(112,593,531)	150,773,040
-	-	-	-	-	-	1,418,526
-	-	-	-	-	-	800,000
-	-	-	578,427	-	-	2,758,629
-	-	-	578,427	-	-	4,977,155
796,579	(6,974,746)	-	1,222,583	249,109	-	75,221,148
-	-	-	584,686	-	-	3,234,152
1,014,422	(9,202,093)	-	(6,198,991)	(1,549,914)	-	36,327,796
1,811,001	(16,176,839)	-	(4,391,722)	(1,300,805)	-	114,783,096
$ 1,838,749	$ 27,116,301	$ -	$ 85,809,651	$ 3,200,025	$ (112,593,531)	$ 270,533,291

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2017

	Energy Resources	Water Resources	Hydroelectric	Parks
OPERATING REVENUES				
Electric sales and services	$ 54,243,062	$ -	$ -	$ -
Water sales and services	-	16,670,922	-	-
Hydroelectric services	-	-	13,635,825	-
Water transfers	-	2,103,419	-	-
Recreation fees	-	-	-	1,276,633
Administrative services	-	-	-	-
Storm drainage fees	-	-	-	-
Concessionaire revenue	-	-	-	-
Total Operating Revenues	54,243,062	18,774,341	13,635,825	1,276,633
OPERATING EXPENSES				
Purchase of power	25,517,470	-	-	-
Water distribution	-	11,774,432	-	-
Electric transmission and distribution	6,714,099	-	3,455,714	-
Recreation	-	-	-	2,498,234
Concessionaire	-	-	-	-
Storm drainage	-	-	-	-
Administrative and general	2,168,669	1,498,984	310,242	464,104
Depreciation and amortization	2,721,866	1,687,938	1,362,655	230,452
Total Operating Expenses	37,122,104	14,961,354	5,128,611	3,192,790
Net Income from Operations	17,120,958	3,812,987	8,507,214	(1,916,157)
NONOPERATING REVENUES (EXPENSES)				
Property taxes	-	2,699,900	-	-
Interest income	468,504	181,744	-	-
Administrative and general - nonoperating	(433,581)	(688,982)	(126,063)	(185,137)
Other nonoperating income (expense)	(363,489)	(163,306)	-	-
Gain (loss) on disposal of capital assets	-	-	-	-
Interest expense	(2,480,176)	(106,584)	-	-
Realized gain/(loss) on investment	66,065	29,681	-	-
Transfer in	-	984,059	-	-
Transfer out	(954,400)	-	(1,641)	(1,376)
Total Nonoperating Revenues (Expenses)	(3,697,077)	2,936,512	(127,704)	(186,513)
Net Income before Capital Contributions	13,423,881	6,749,499	8,379,510	(2,102,670)
CAPITAL CONTRIBUTIONS				
Capital contributions	-	1,089,164	-	982,135
Capital contributions - other	47,984	33,687	-	-
Capital contributions - noncash	-	9,064	-	-
Total Capital Contributions	47,984	1,131,915	-	982,135
Change in Net Position	13,471,865	7,881,414	8,379,510	(1,120,535)
Net Position (Deficit), Beginning of Year	43,173,386	69,596,315	31,582,105	(9,510,345)
Net Position (Deficit), End of Year	$ 56,645,251	$ 77,477,729	$ 39,961,615	$ (10,630,880)

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2017

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	SGMA	General Operations	Twin Lakes	Eliminating Entries	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 54,243,062
-	-	-	-	-	-	16,670,922
-	-	-	-	-	(442,654)	13,193,171
-	-	-	-	-	-	2,103,419
-	-	-	-	-	-	1,276,633
-	-	-	4,910,878	-	(4,788,767)	122,111
24,648	-	-	-	-	-	24,648
-	-	-	-	1,446,134	-	1,446,134
24,648	-	-	4,910,878	1,446,134	(5,231,421)	89,080,100
-	-	-	-	-	(442,654)	25,074,816
-	-	-	-	-	-	11,774,432
-	-	-	-	-	-	10,169,813
-	-	-	-	-	-	2,498,234
-	-	-	-	1,081,595	-	1,081,595
(2,332)	-	-	-	-	-	(2,332)
193,296	154,638	972	5,120,656	-	(4,377,516)	5,534,045
48,985	3,526	-	146,747	43,861	-	6,246,030
239,949	158,164	972	5,267,403	1,125,456	(4,820,170)	62,376,633
(215,301)	(158,164)	(972)	(356,525)	320,678	(411,251)	26,703,467
255,277	-	-	-	-	-	2,955,177
151	337	-	212,275	1,544	(83,015)	781,540
(20,563)	(16,450)	-	146,746	-	411,251	(912,779)
-	-	-	(2,496)	-	-	(529,291)
-	-	-	-	(7,000)	-	(7,000)
-	(1,104,596)	-	-	(83,015)	83,015	(3,691,356)
-	-	-	-	-	-	95,746
-	-	-	-	-	(984,059)	-
(26,642)	-	-	-	-	984,059	-
208,223	(1,120,709)	-	356,525	(88,471)	411,251	(1,307,963)
(7,078)	(1,278,873)	(972)	-	232,207	-	25,395,504
-	-	-	-	-	-	2,071,299
-	-	88,179	-	-	-	169,850
-	-	-	-	-	-	9,064
-	-	88,179	-	-		2,250,213
(7,078)	(1,278,873)	87,207	-	232,207	-	27,645,717
1,811,001	(16,176,839)	-	(4,391,722)	(1,300,805)	-	114,783,096
$ 1,803,923	$ (17,455,712)	$ 87,207	$ (4,391,722)	$ (1,068,598)	$ -	$ 142,428,813

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016 (restated)

	Energy Resources	Water Resources	Hydroelectric	Parks
OPERATING REVENUES				
Electric sales and services	$ 54,181,356	$ -	$ -	$ -
Water sales and services	-	9,387,586	-	-
Hydroelectric services	-	-	3,992,983	-
Water transfers	-	5,661,009	-	-
Recreation fees	-	-	-	848,773
Administrative services	-	-	-	-
Storm drainage fees	-	-	-	-
Concessionaire revenue	-	-	-	-
Total Operating Revenues	54,181,356	15,048,595	3,992,983	848,773
OPERATING EXPENSES				
Purchase of power	27,475,015	-	-	-
Water distribution	-	11,556,965	-	-
Electric transmission and distribution	5,630,547	-	2,284,368	-
Recreation	-	-	-	1,942,452
Concessionaire	-	-	-	-
Storm drainage	-	-	-	-
Administrative and general	2,021,144	1,433,556	300,047	450,070
Depreciation and amortization	4,206,581	1,682,668	1,183,598	247,681
Total Operating Expenses	39,333,287	14,673,189	3,768,013	2,640,203
Net Income from Operations	14,848,069	375,406	224,970	(1,791,430)
NONOPERATING REVENUES (EXPENSES)				
Property taxes	-	2,486,236	-	-
Interest income	316,761	153,043	-	-
Administrative and general - nonoperating	(52,910)	(116,070)	(16,183)	(24,638)
Other nonoperating income (expense)	(290,320)	59,404	-	-
Gain (loss) on disposal of capital assets	-	(859)	-	-
Interest expense	(5,199,612)	(106,982)	-	-
Realized gain/(loss) on investment	25,538	14,719	-	-
Transfer in	-	1,022,398	-	-
Transfer out	(975,793)	-	(4,279)	(18,250)
Total Nonoperating Revenues (Expenses)	(6,176,336)	3,511,889	(20,462)	(42,888)
Net Income before Capital Contributions	8,671,733	3,887,295	204,508	(1,834,318)
CAPITAL CONTRIBUTIONS				
Capital contributions	-	2,425,175	-	1,042,693
Capital contributions - other	51,481	107,519	-	-
Capital contributions - noncash	-	-	-	-
Total Capital Contributions	51,481	2,532,694	-	1,042,693
Change in Net Position	8,723,214	6,419,989	204,508	(791,625)
Net Position (Deficit), Beginning of Year	34,450,172	63,176,326	31,377,597	(8,718,720)
Net Position (Deficit), End of Year	$ 43,173,386	$ 69,596,315	$ 31,582,105	$ (9,510,345)

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016 (restated)

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	SGMA	General Operations	Twin Lakes	Eliminating Entries	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 54,181,356
-	-	-	-	-	-	9,387,586
-	-	-	-	-	(97,992)	3,894,991
-	-	-	-	-	-	5,661,009
-	-	-	-	-	-	848,773
-	-	-	4,649,029	-	(4,542,371)	106,658
10,323	-	-	-	-	-	10,323
-	-	-	-	1,136,380	-	1,136,380
10,323	-	-	4,649,029	1,136,380	(4,640,363)	75,227,076
-	-	-	-	-	(97,992)	27,377,023
-	-	-	-	-	-	11,556,965
-	-	-	-	-	-	7,914,915
-	-	-	-	-	-	1,942,452
-	-	-	-	928,493	-	928,493
23,969	-	-	-	-	-	23,969
187,530	150,023	-	4,514,102	-	(4,542,371)	4,514,101
49,255	3,676	-	120,280	48,477		7,542,216
260,754	153,699	-	4,634,382	976,970	(4,640,363)	61,800,134
(250,431)	(153,699)	-	14,647	159,410	-	13,426,942
264,244	-	-	-	-	-	2,750,480
236	83	-	41,017	1,538	(37,978)	474,700
-	-	-	(55,662)	-	-	(265,463)
-	-	-	-	-	-	(230,916)
-	-	-	-	(59,615)	-	(60,474)
-	(1,108,725)	-	-	(37,978)	37,978	(6,415,319)
-	-	-	-	-	-	40,257
-	-	-	-	-	(1,022,398)	-
(24,076)	-	-	-	-	1,022,398	-
240,404	(1,108,642)	-	(14,645)	(96,055)	-	(3,706,735)
(10,027)	(1,262,341)	-	2	63,355	-	9,720,207
-	-	-	-	-	-	3,467,868
-	-	-	-	-	-	159,000
-	-	-	-	7,283	-	7,283
-	-	-	-	7,283		3,634,151
(10,027)	(1,262,341)	-	2	70,638	-	13,354,358
1,821,028	(14,914,498)	-	(4,391,724)	(1,371,443)	-	101,428,738
$ 1,811,001	$ (16,176,839)	$ -	$ (4,391,722)	$ (1,300,805)	$ -	$ 114,783,096

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

	Energy Resources	Water Resources	Hydroelectric	Parks
Cash Flows from Operating Activities:				
Cash receipts from customers	$ 53,896,268	$ 18,599,005	$ 9,801,709	$ 1,970,218
Cash paid to suppliers for goods and services	(29,014,167)	(6,638,502)	(394,341)	(2,106,842)
Cash paid to employees for services	(1,949,975)	(4,091,414)	(725,763)	(997,869)
Cash receipts/(payments) to other funds	(10,786,109)	(8,053,570)	(7,243,354)	2,090,808
Net cash provided by (used for) operating activities	12,146,017	(184,481)	1,438,251	956,315
Cash Flows from Non-Capital Financing Activities:				
Property taxes received	-	2,699,900	-	-
Relicense costs incurred	-	(240,270)	-	-
Other income, net of other expenses	(797,070)	(852,288)	(126,063)	(185,137)
Net cash provided by (used for) non-capital financing activities	(797,070)	1,607,342	(126,063)	(185,137)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(6,689,965)	(2,518,088)	(1,312,188)	(1,753,313)
Proceeds from the sale of capital assets	-	-	-	-
Capital contributions from grants	47,984	1,131,915	-	982,135
Proceeds from issuance of debt	-	-	-	-
Principal payments on long-term debt	(2,797,468)	(140,246)	-	-
Interest payments on long-term debt	(2,465,537)	(107,561)	-	-
Long-term debt refunding	-	-	-	-
Net cash used by capital and related financing activities	(11,904,986)	(1,633,980)	(1,312,188)	(771,178)
Cash Flows from Investing Activities:				
Purchase of investment securities	-	-	-	-
Change in restricted cash	21,470	-	-	-
Interest received on investments	534,569	213,329	-	-
Net cash provided by (used by) investing activities	556,039	213,329	-	-
Net increase (decrease) in cash and cash equivalents	-	2,210	-	-
Cash and cash equivalents, beginning of year	-	1,023,865	-	1,460
Cash and cash equivalents, end of year	$ -	$ 1,026,075	$ -	$ 1,460

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2017

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	SGMA	General Operations	Twin Lakes	Eliminating Entries	Total
$ 27,325	$ -	$ (88,179)	$ 115,659	$ 1,445,474	$ -	$ 85,767,479
(14,668)	176,903	91,999	(2,470,944)	(573,857)	(411,251)	(41,355,670)
-	-	-	(2,710,933)	(481,493)	-	(10,957,447)
(247,522)	3,652,472	84,360	20,631,319	(128,404)	-	-
(234,865)	3,829,375	88,180	15,565,101	261,720	(411,251)	33,454,362
255,277	-	-	-	-	-	2,955,177
-	(1,259,502)	-	-	-	-	(1,499,772)
(20,563)	(16,450)	-	144,250	-	411,251	(1,442,070)
234,714	(1,275,952)	-	144,250	-	411,251	13,335
-	(3,526)	(176,359)	(112,984)	(252,875)	-	(12,819,298)
-	-	-	-	120,012	-	120,012
-	-	88,179	-	-	-	2,250,213
-	-	-	-	-	-	-
-	(1,453,481)	-	-	-	-	(4,391,195)
-	(1,114,719)	-	-	(83,015)	83,015	(3,687,817)
-	-	-	-	-	-	-
-	(2,571,726)	(88,180)	(112,984)	(215,878)	83,015	(18,528,085)
-	-	-	(21,573,371)	-	-	(21,573,371)
-	17,966	-	(132,128)	-	-	(92,692)
151	337	-	43,691	1,544	(83,015)	710,606
151	18,303	-	(21,661,808)	1,544	(83,015)	(20,955,457)
-	-	-	(6,065,441)	47,386	-	(6,015,845)
-	-	-	23,637,413	26,572	-	24,689,310
$ -	$ -	$ -	$ 17,571,972	$ 73,958	$ -	$ 18,673,465

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2017

	Energy Resources	Water Resources	Hydroelectric	Parks
Reconciliation of operating income to net cash provided (used) by operating activities:				
Net income (loss) from operations	$ 17,120,958	$ 3,812,987	$ 8,507,214	$ (1,916,157)
Adjustments to reconcile net income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation and amortization	2,721,866	1,687,938	1,362,655	230,452
Transfers to/from other funds	(954,400)	984,059	(1,641)	(1,376)
Changes in operating assets and liabilities:				
Accounts receivable	(346,794)	(2,973,876)	(3,391,462)	14,800
Due from other governmental agencies	-	705,691	-	679,560
Inventory	464,038	(46,299)	-	-
Prepaid expenses and other current assets	8,578	(13,079)	(20,575)	(2,267)
Due to/from other funds	(7,220,386)	(7,538,645)	(7,374,125)	2,556,288
Deferred outflows of resources	(1,617,382)	(799,694)	(137,072)	(198,026)
Accounts payable	99,207	(89,990)	(269,945)	(670,801)
Accrued liabilities	386,701	218,249	1,165,956	(226,825)
Unearned revenue	-	2,092,849	-	(775)
Accrued compensated absences	94,262	162,004	33,482	28,798
Net OPEB obligation	220,342	261,700	50,407	74,574
Collective net pension liability	926,047	1,807,081	309,744	447,484
Deposits	(38,481)	2,775	-	54,056
Deferred inflows of resources	281,461	(458,231)	1,203,613	(113,470)
Net cash provided (used) by operating activities	$ 12,146,017	$ (184,481)	$ 1,438,251	$ 956,315
Supplemental Disclosure of Cash Flow Information:				
Non-cash investing, capital, and financing activities:				
Receipt of contributed assets	$ -	$ 9,064	$ -	$ -

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2017

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	SGMA	General Operations	Twin Lakes	Eliminating Entries	Total
$ (215,301)	$ (158,164)	$ (972)	$ (356,525)	$ 320,678	$ (411,251)	$ 26,703,467
48,985	3,526	-	146,747	43,861	-	6,246,030
(26,642)	-	-	-	-	-	-
805	-	-	(6,452)	(2,722)	-	(6,705,701)
2,364	-	(88,179)	-	-	-	1,299,436
-	-	-	-	21,609	-	439,348
-	-	-	33,296	(6,102)	-	(149)
(27,584)	3,807,110	85,332	15,840,414	(128,404)	-	-
-	-	-	(385,178)	-	-	(3,137,352)
-	12,418	30,521	(15,519)	(2,644)	-	(906,753)
(17,000)	164,485	61,478	87,382	12,799	-	1,853,225
(492)	-	-	-	2,062	-	2,093,644
-	-	-	69,288	5,301	-	393,135
-	-	-	(501,566)	-	-	105,457
-	-	-	870,391	-	-	4,360,747
-	-	-	3,533	(4,718)	-	17,165
-	-	-	(220,710)	-	-	692,663
$ (234,865)	$ 3,829,375	$ 88,180	$ 15,565,101	$ 261,720	$ (411,251)	$ 33,454,362
$ -	$ -	$ -	$ -	$ -	$ -	$ 9,064

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016 (restated)

	Energy Resources	Water Resources	Hydroelectric	Parks
Cash Flows from Operating Activities:				
Cash receipts from customers	$ 55,400,770	$ 9,963,594	$ 3,785,669	$ 927,940
Cash paid to suppliers for goods and services	(33,979,378)	(11,272,126)	(3,226,408)	(1,898,637)
Cash paid to employees for services	(2,125,730)	(1,568,277)	(284,004)	(435,581)
Cash receipts/(payments) to other funds	(10,374,049)	(488,335)	1,392,215	1,783,059
Net cash provided by (used for) operating activities	8,921,613	(3,365,144)	1,667,472	376,781
Cash Flows from Non-Capital Financing Activities:				
Property taxes received	-	2,486,236	-	-
Relicense costs incurred	-	-	-	-
Other income, net of other expenses	(264,782)	243,770	(83,863)	-
Net cash provided by (used for) non-capital financing activities	(264,782)	2,730,006	(83,863)	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(3,801,274)	(3,946,039)	(1,583,609)	(1,419,474)
Proceeds from the sale of capital assets	-	-	-	-
Capital contributions from grants	51,481	2,532,694	-	1,042,693
Proceeds from issuance of debt	63,405,402	-	-	-
Principal payments on long-term debt	(70,707,728)	(104,720)	-	-
Interest payments on long-term debt	(4,185,982)	(143,921)	-	-
Long-term debt refunding	2,238,081	-	-	-
Net cash used by capital and related financing activities	(13,000,020)	(1,661,986)	(1,583,609)	(376,781)
Cash Flows from Investing Activities:				
Purchase of investment securities	-	-	-	-
Change in restricted cash	4,026,428	75,111	-	-
Interest received on investments	316,761	152,439	-	-
Net cash provided by (used by) investing activities	4,343,189	227,550	-	-
Net increase (decrease) in cash and cash equivalents	-	(2,069,574)	-	-
Cash and cash equivalents, beginning of year	-	3,093,439	-	1,460
Cash and cash equivalents, end of year	$ -	$ 1,023,865	$ -	$ 1,460

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016 (restated)

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	SGMA	General Operations	Twin Lakes	Eliminating Entries	Total
$ 10,342	$ -	$ -	$ 4,735,306	$ 1,170,681	$ -	$ 75,994,302
(23,858)	-	-	(41,065)	(590,807)	-	(51,032,279)
(187,530)	(143,565)	-	(4,260,538)	(238,192)	-	(9,243,417)
(63,433)	3,484,163	-	4,535,798	(269,418)	-	-
(264,479)	3,340,598	-	4,969,501	72,264	-	15,718,606
264,244	-	-	-	-	-	2,750,480
-	(858,819)	-	-	-	-	(858,819)
-	-	-	(92,642)	27,448	-	(170,069)
264,244	(858,819)	-	(92,642)	27,448	-	1,721,592
-	-	-	(411,387)	(117,873)	-	(11,279,656)
-	-	-	-	43,181	-	43,181
-	-	-	-	-	-	3,626,868
-	-	-	-	-	-	63,405,402
-	(1,085,280)	-	(32,000)	-	-	(71,929,728)
-	(1,491,541)	-	-	(37,978)	37,978	(5,821,444)
-	-	-	-	-	-	2,238,081
-	(2,576,821)	-	(443,387)	(112,670)	37,978	(19,717,296)
-	-	-	(12,348,019)	-	-	(12,348,019)
-	94,959	-	(186,149)	-	-	4,010,349
235	83	-	(5,966)	-	(37,978)	425,574
235	95,042	-	(12,540,134)	-	(37,978)	(7,912,096)
-	-	-	(8,106,662)	(12,958)	-	(10,189,194)
-	-	-	31,744,075	39,530	-	34,878,504
$ -	$ -	$ -	$ 23,637,413	$ 26,572	$ -	$ 24,689,310

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016 (restated)

	Energy Resources	Water Resources	Hydroelectric	Parks
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Net income (loss) from operations	$ 14,848,069	$ 375,406	$ 224,970	$ (1,791,430)
Adjustments to reconcile net income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation and amortization	4,206,581	1,682,668	1,183,598	247,681
Transfers to/from other funds	(1,028,690)	736,669	49,293	(42,879)
Changes in operating assets and liabilities:				
Accounts receivable	506,620	499,699	(178,640)	(105,286)
Due from other governmental agencies	-	406,377	-	(970,488)
Inventory	(401,385)	(32,285)	-	-
Prepaid expenses and other current assets	24,376	12,835	20,280	7,872
Due to/from other funds	(9,300,265)	(1,510,732)	1,298,502	1,801,309
Deferred outflows of resources	(423,922)	(942,052)	(131,344)	(199,964)
Accounts payable	228,455	58,265	(723,296)	698,666
Accrued liabilities	(447,950)	44,574	(195,209)	354,190
Unearned revenue	-	(5,579,177)	250	184,450
Accrued compensated absences	53,464	(87,708)	(4,778)	13,110
Net OPEB obligation	(139,050)	(94,907)	(23,681)	(35,341)
Collective net pension liability	489,413	1,073,662	149,694	227,900
Deposits	2,781	7,098	-	(9,712)
Deferred inflows of resources	303,116	(15,536)	(2,167)	(3,297)
Net cash provided (used) by operating activities	$ 8,921,613	$ (3,365,144)	$ 1,667,472	$ 376,781
Supplemental Disclosure of Cash Flow Information:				
Non-cash investing, capital, and financing activities:				
Receipt of contributed assets	$ -	$ -	$ -	$ -

MERCED IRRIGATION DISTRICT
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2016 (restated)

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	SGMA	General Operations	Twin Lakes	Eliminating Entries	Total
$ (250,431)	$ (153,699)	$ -	$ 14,647	$ 159,410	$ -	$ 13,426,942
49,255	3,676	-	120,280	48,477	-	7,542,216
(24,075)	-	-	303,209	6,473	-	-
		-				
-	-	-	2,661	(26,850)	-	698,204
(1,390)	-	-	-	-	-	(565,501)
-	-	-	-	92,809	-	(340,861)
-	-	-	(11,585)	11,648	-	65,426
(39,357)	3,484,163	-	4,535,798	(269,418)	-	-
-	-	-	(727,041)	-	-	(2,424,323)
-	8,876	-	29,233	16,485	-	316,684
1,500	(2,418)	-	(59,048)	8,369	-	(295,992)
19	-	-	-	54,593	-	(5,339,865)
-	-	-	18,263	(4,178)	-	(11,827)
-	-	-	235,307	-	-	(57,672)
-	-	-	514,877	-	-	2,455,546
-	-	-	355	(25,554)	-	(25,032)
-	-	-	(7,455)	-	-	274,661
$ (264,479)	$ 3,340,598	$ -	$ 4,969,501	$ 72,264	$ -	$ 15,718,606
$ -	$ -	$ -	$ -	$ 7,283	$ -	$ 7,283

MERCED IRRIGATION DISTRICT
DEBT SERVICE RATIO RELATED TO OUTSTANDING COP AND BONDS-
ENERGY RESOURCES
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017	(restated) 2016
REVENUES		
Electric sales and services	$ 54,243,062	$ 54,181,356
Interest income	468,504	316,761
Other revenues	114,049	77,019
Transfer in	-	-
Total Revenues	54,825,615	54,575,136
OPERATIONS AND MAINTENANCE EXPENSES		
Purchase of power	25,517,470	27,475,015
Electric transmission and distribution	6,714,099	5,598,060
Administrative and general	2,168,669	2,053,619
Transfer out	954,400	975,792
Total Operating Expenses	35,354,638	36,102,486
Net Energy Systems Revenue	$ 19,470,977 (A)	$ 18,472,650 (B)
DEBT SERVICE		
2005 Electric Revenue Bond	$ -	$ 2,214,067
2005 Electric Revenue COP	-	377,503
2012 Electric Refunding Revenue Bond	462,920	463,580
2013 Electric Refunding Revenue Bond	-	547,576
2015 Electric System Refunding Bond	4,833,513	1,870,989
Total Debt Service	$ 5,296,433	$ 5,473,715
Debt Service Coverage	3.68	3.37
Required Debt Service Coverage	1.20	1.20

(A) The above calculation schedule was compiled using the debt service calculation required by the bond document. The above schedule excludes noncash expenditures such as Pension Expenses – GASB 68, Loss on Disposal of Capital Assets, Depreciation, Amortization and Bond Issuance Cost.

(B) The above calculation schedule was compiled using the debt service calculation required by the bond document. The above schedule excludes noncash expenditures such as Pension Expenses – GASB 68, Depreciation, Amortization and Bond Issuance Cost.

MERCED IRRIGATION DISTRICT
DEBT SERVICE RATIO RELATED TO OUTSTANDING COP AND BONDS-
WATER RESOURCES AND HYDROELECTRIC PROJECT
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

	2017		(restated) 2016	
REVENUES				
Sales of Hydroelectric Energy	$ 13,635,825		$ 3,992,983	
Water sales	16,670,922		9,263,624	
Deferred Revenue/Water Transfers	2,103,419	(A)	5,615,875	(B)
1% Property tax revenue	2,699,900		2,486,236	
Permission fees - water	889,386		911,268	
Grants	1,089,164		2,425,175	
Interest income	181,744		153,043	
Other revenues	63,368		403,014	
Transfer in	94,673		-	
Total Revenues	37,428,401		25,251,218	
OPERATIONS AND MAINTENANCE EXPENSES				
Hydroelectric transmission and distribution	3,455,714		2,284,227	
Water distribution	11,774,432		11,489,346	
Administrative and general	1,809,226		1,806,202	
Transfer out	1,641		-	
Total Operating Expenses	17,041,013		15,579,775	
Net Water and Hydro Systems Revenue	$ 20,387,388	(C)	$ 9,671,443	(C)
DEBT SERVICE				
2014 Water, Hydroelectric, FERC Bond (Tax Exempt)	$ 2,486,400		$ 2,494,333	
2014 Water, Hydroelectric, FERC Bond (Taxable)	245,594		247,553	
2014 Water, Hydroelectric, FERC Bond (LOC)	87,881		79,545	
Total Debt Service	$ 2,819,875		$ 2,821,431	
Debt Service Coverage	7.23		3.43	
Required Debt Service Coverage	1.25		1.25	

(A) Water Transfers include $240,000 of deferred revenue related to physical water transfers that occurred in a prior year, but for accounting purposes was not recognized until the current fiscal year (FY 2017). Without this deferred revenue Net Revenue would have been $20.1 million resulting in debt coverage calculation of 7.14.

(B) Water Transfers include $4,427,000 of deferred revenue related to physical water transfers that occurred in a prior year, but for accounting purposes was not recognized until the fiscal year (FY 2016). Without this deferred revenue Net Revenue would have been $5.2 million resulting in debt coverage calculation of 1.86.

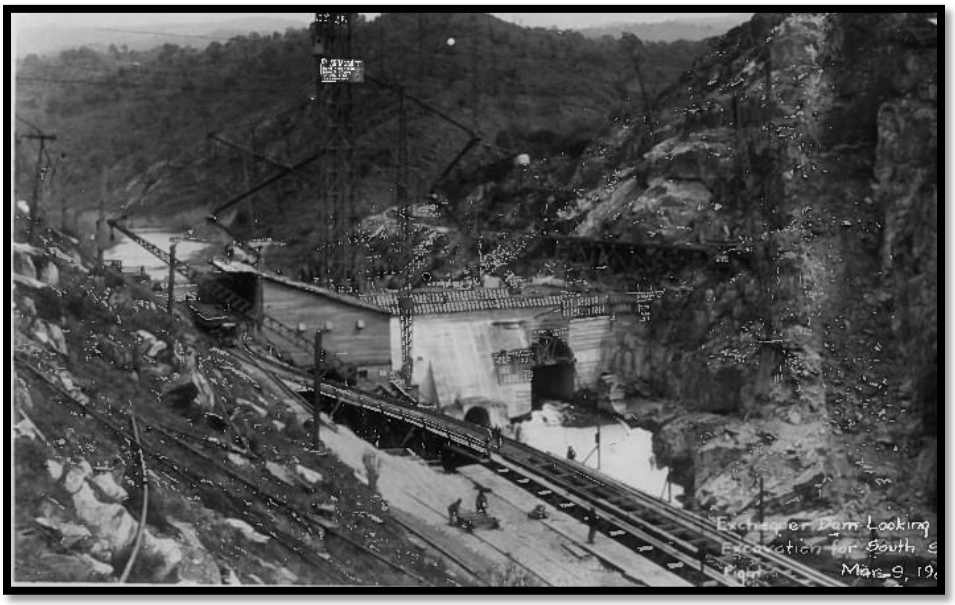
(C) The above calculation schedule was compiled using the debt service calculation required by the bond document. The above schedule excludes noncash expenditures such as Pension Expenses – GASB 68, Loss on Disposal of Capital Assets, Depreciation, Amortization and Bond Issuance Cost. The above schedule differs from the audited financial statement presentation in the following areas: Total Revenues (debt service calculation) includes permission fees earned by Water Resources. The audited financial statements present this account in the Nonoperating Revenues in the "Transfer In" category.

This Page Left Blank Intentionally

MERCED IRRIGATION DISTRICT

WATER & POWER

Statistical Section



Exchequer Dam under construction, March 9, 1925

This Page Left Blank Intentionally

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 93 - 95

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 96 - 102

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 108 - 111

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 112 - 113

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 114 - 118

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.

This Page Left Blank Intentionally

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

	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013 *	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
Primary government		(restated)	(restated)							
Net Invested in Capital Assets	$ 87,321,044	$ 75,221,148	$ 67,163,402	$ 65,801,230	$ 70,364,183	$ 56,940,683	$ 42,111,265	$ 39,111,893	$ 37,589,323	$ 37,895,293
Restricted	3,189,737	3,234,152	1,997,701	1,444,100	1,544,100	1,744,100	13,458,090	13,831,119	15,563,378	14,334,426
Unrestricted	51,918,032	36,327,796	32,267,635	51,598,476	42,209,263	40,599,619	32,123,162	27,996,033	25,615,919	26,520,147
Total Governmental Activities Net Position	$ 142,428,813	$ 114,783,096	$ 101,428,738	$ 118,843,806	$ 114,117,546	$ 99,284,402	$ 87,692,517	$ 80,939,045	$ 78,768,620	$ 78,749,866
Percentage Increase/Decrease	24%	13%	-15%	4%	15%	13%	8%	3%	0%	8%

Note: FY 2007 through FY 2011 - These periods are based on a calendar year from January through December.
FY 2013 * - This period is for a 15 month period of time from January 2012 through March 2013, required by the switch from a calendar year (January through December) to a fiscal year (April through March).
FY 2014 through FY 2017 - These periods are based on a fiscal year from April through March.

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

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

	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013 *	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
Operating Revenue		(restated)	(restated)							
Electric Sales and Services	$ 54,243,062	$ 54,181,356	$ 56,320,094	$ 52,655,884	$ 60,790,788	$ 49,902,766	$ 49,096,785	$ 53,177,365	$ 50,215,471	$ 46,034,044
Water Sales and Services	16,670,922	9,387,586	15,610,991	11,998,771	10,312,735	9,613,418	9,063,731	8,891,757	8,919,508	9,658,878
Hydroelectric Sales and Services [(A)]	13,193,171	3,894,991	8,401,170	6,821,581	9,864,859	5,819,743	9,039,230	7,470,082	6,114,517	6,179,373
Water Transfers/Deferred Revenue	2,103,419	5,661,009	7,880,905	3,879,498	5,701,325	3,203,258	6,859,023	5,056,833	4,648,428	5,185,240
Recreation Fees	1,276,633	848,773	1,100,747	1,423,916	1,830,125	1,554,226	1,607,626	1,672,795	1,564,837	1,821,687
Administrative services	122,111	106,658	-							
Storm Drainage Fees	24,648	10,323	6,480	19,942	12,812	7,443	9,020	8,225	28,495	67,240
Concessionaire Revenue [(B)]	1,446,134	1,136,380	1,496,512	1,837,517	1,588,511	1,361,010	-	-	-	-
Total Operating Revenue	89,080,100	75,227,076	90,816,899	78,637,109	90,101,155	71,461,864	75,675,415	76,277,057	71,491,256	68,946,462
Operating Expenses										
Purchase of Power	25,074,816	27,377,023	32,714,176	28,583,744	29,989,929	27,061,112	28,049,376	34,783,043	33,327,494	30,914,133
Water Distribution	11,774,432	11,556,965	15,272,068	16,197,532	13,961,533	11,042,027	12,395,276	13,807,527	15,405,911	13,845,451
Electric Transmission and Distribution	10,169,813	7,914,915	12,307,220	12,744,986	17,537,977	11,959,843	16,640,427	14,982,256	13,907,862	13,287,593
Recreation	2,498,234	1,942,452	2,642,197	2,670,247	2,896,704	2,362,824	2,002,847	1,920,704	1,861,015	1,750,324
Concessionaire [(B)]	1,081,595	928,493	789,633	529,003	378,088	239,164	-	-	-	-
Storm Drainage	(2,332)	23,969	34,743	21,076	14,552	25,593	41,570	61,295	54,207	57,705
Administrative and General	5,534,045	4,514,101	5,067,069	6,189,318	7,882,331	4,477,355	3,080,480	2,047,216	2,190,498	1,980,938
Depreciation and Amortization	6,246,030	7,542,216	5,809,401	6,205,348	7,082,293	5,493,292	5,409,291	5,436,229	5,185,666	4,959,646
Total Operating Expenses	62,376,633	61,800,134	74,636,507	73,141,254	79,743,407	62,661,210	67,619,267	73,038,270	71,932,653	66,795,790
Net Income (Loss) From Operations	26,703,467	13,426,942	16,180,392	5,495,855	10,357,748	8,800,654	8,056,148	3,238,787	(441,397)	2,150,672
Non-operating Revenue (Expense)										
Property Tax Revenue	2,955,177	2,750,480	2,548,024	3,214,982	2,059,195	2,242,166	2,162,640	2,363,313	2,565,214	2,524,649
Interest Income	781,540	474,700	258,867	313,773	207,286	160,899	148,476	189,486	1,201,133	2,087,083
Administrative and General - Nonoperating	(912,779)	(265,463)	-							
Other Non-Operating Income (Expense)	(529,291)	(230,916)	(300,831)	135,065	753,778	656,835	1,304,566	956,220	493,127	747,851
Gain/ (Loss) on Disposal of Capital Assets	(7,000)	(60,474)	212,470	-	3,000	74,993	37,093	92,141	373,361	111,695
Interest Expense	(3,691,356)	(6,415,319)	(20,351,456)	(5,109,537)	(6,169,805)	(5,056,729)	(5,248,012)	(5,361,674)	(5,426,972)	(5,329,720)
Realized Gains/(Losses) on Investment	95,746	40,257	29,634							
Total Non-Operating Revenue (Expenses)	(1,307,963)	(3,706,735)	(17,603,292)	(1,445,717)	(3,146,546)	(1,921,836)	(1,595,237)	(1,760,514)	(794,137)	141,558
Net Income (Loss) Before Capital Contribution	25,395,504	9,720,207	(1,422,900)	4,050,138	7,211,202	6,878,818	6,460,911	1,478,273	(1,235,534)	2,292,230
Capital Contributions										
Capital Contributions	2,071,299	3,467,868	707,862	676,122	9,132,946	4,713,067	292,561	692,152	1,254,288	3,819,348
Capital Contributions - Other	169,850	159,000	1,442,523							
Capital Contributions Non-Cash	9,064	7,283								
Total Capital Contributions	2,250,213	3,634,151	2,150,385	676,122	9,132,946	4,713,067	292,561	692,152	1,254,288	3,819,348
Change in Net Position	27,645,717	13,354,358	727,485	4,726,260	16,344,148	11,591,885	6,753,472	2,170,425	18,754	6,111,578
Net Position, Beginning of Year	114,783,096	101,428,738	100,701,253	114,117,546	97,773,398	87,692,517	80,939,045	78,768,620	78,749,866	72,638,288
Net Position, End of Year	$ 142,428,813	$ 114,783,096	$ 101,428,738	$ 118,843,806	$ 114,117,546	$ 99,284,402	$ 87,692,517	$ 80,939,045	$ 78,768,620	$ 78,749,866

Note: FY 2007 through FY 2011 - These periods are based on a calendar year from January through December.
FY 2013 * - This period is for a 15 month period of time from January 2012 through March 2013, required by the switch from a calendar year (January through December) to a fiscal year (April through March).
FY 2014 through FY 2017 - These periods are based on a fiscal year from April through March.
[(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
[(B)] Concessionaires 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
FY 2017		$ 3,189,737	$ 18,799,529	$ 53,489,944	$ 992,109	$ -	$ 8,136,326	$ 81,417,908	$ 84,607,645
restated FY 2016		3,234,152	11,068,508	48,167,435	964,525	-	5,570,197	65,770,665	69,004,817
FY 2015		8,690,236	18,628,147	39,170,261	914,652	-	3,423,761	62,136,821	70,827,057
FY 2014		13,701,945	14,581,879	33,056,695	872,363	-	2,107,188	50,618,125	64,320,070
FY 2013	*	17,123,136	15,466,788	24,649,352	827,014	-	1,413,667	42,356,821	59,479,957
FY 2011		21,096,276	11,582,055	8,364,722	694,211	17,773,570	-	38,414,558	59,510,834
FY 2010		25,822,173	12,145,683	2,983,788	613,218	17,741,385	-	33,484,074	59,306,247
FY 2009		30,369,544	10,864,958	15,138	673,566	15,117,243	-	26,670,905	57,040,449
FY 2008		34,317,527	12,179,578	367,998	955,824	11,114,500	-	24,617,900	58,935,427
FY 2007		18,066,936	8,516,117	281,909	897,600	12,296,193	-	21,991,819	40,058,755

Note: FY 2007 through FY 2011 - These periods are based on a calendar year from January through December.
FY 2013 * - This period is for a 15 month period of time from January 2012 through March 2013, required by the switch from a calendar year (January through December) to a fiscal year (April through March).
FY 2014 through FY 2017 - These periods are based on a fiscal year from April through March.

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
2015/16	$ 19,594,870,287	$ 1,533,439,064	$ 577,739,780	$ 878,965,724	$ 20,827,083,407	1.00%
2014/15	18,097,459,259	1,445,344,675	526,009,741	882,002,781	19,186,810,894	1.00%
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%

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, 2016. Web. 9 March 2017.**

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
2015/16	$ 1.00	0.8178	$ 1.8178	16.45	7.19	12.70	60.08	3.58	100.00
2014/15	1.00	0.6930	1.6930	16.41	7.20	12.79	60.05	3.55	100.00
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

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's 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, 2016. Web. 9 March 2017.**

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

		2016			2007		
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	$ 6,094,748	1	2.49%	$ 2,817,416	1	1.35%
Gallo Winery E & J	Agricultural	4,895,483	2	2.00%	1,142,705	4	0.55%
Liberty Packing CO., LLC	Agricultural	2,082,547	3	0.85%	1,227,211	3	0.59%
Foster Poulty Farms	Agricultural	1,848,114	4	0.75%	609,320	7	0.29%
Fresno Farming LLC	Agricultural	1,622,007	5	0.66%			
QG Printing II Corp	Industrial	1,135,070	6	0.46%			
Ingomar Packing Company LLC	Agricultural	1,039,891	7	0.42%	471,586	8	0.23%
Dole Packaged Foods LLC	Agricultural	1,023,305	8	0.42%			
Gallo Vineyards, Inc.	Agricultural	919,233	9	0.38%			
HCC Properties LTD A Partnership	Commercial	909,353	10	0.37%			
Hostetler Investments, LLC	Commercial				635,533	6	0.30%
World Color Press Inc	Industrial				1,767,728	2	0.85%
Lakemont LWH LLC	Commercial				700,609	5	0.34%
Pacific Bell	Utility				470,955	9	0.23%
McLane Company, Inc	Industrial				440,716	10	0.00%
		$ 21,569,751		8.80%	$ 10,283,779		4.94%

Note: (1) The County of Merced's 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, 2016. Web. 9 March 2017.

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	
2015/16	$ 244,989,151	$ 239,650,497	97.82%	$ 5,338,654
2014/15	228,111,696	223,315,970	97.90%	4,145,726
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

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's 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, 2016. Web. 9 March 2017.***

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
FY 2017	$ 24.00	$ 66.00	$ 225.00
FY 2016	24.00	66.00	225.00
FY 2015	24.00	100.00 (A)	225.00
FY 2014	24.00	75.00 (D)	110.00
FY 2013	24.00	23.25	73.25 (B)
FY 2012	24.00	18.25 - 23.25 (C)	
FY 2011	24.00	18.25	
FY 2010	24.00	18.25	
FY 2009	24.00	15.25	
FY 2008	24.00	15.25	

Notes:

(A) Surface Water was unavailable in 2015 due to poor hydrological conditions. Due to a storm in May there was run off that allowed for an irrigation event in July at the rate of $100.00/AF.

(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 on parcels over 2.5

(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	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013 *	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
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	95.00	95.00	90.00	90.00	85.00
Medium Demand General Service	325.00	325.00	325.00	325.00	325.00	325.00	325.00	300.00	300.00	(A)
Commercial & Small Industrial										
Small Demand General Service-Agricultural	-	-	-	-	-	-	-	-	-	-
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	95.00	95.00	90.00	90.00	(A)
Commercial & Industrial										
Small Demand General Service	95.00	95.00	95.00	95.00	95.00	95.00	95.00	90.00	90.00	85.00
Medium Demand General Service	325.00	325.00	325.00	325.00	325.00	325.00	325.00	300.00	300.00	200.00
Large Demand Primary Service	800.00	800.00	800.00	800.00	800.00	800.00	800.00	800.00	800.00	400.00
Large Demand General Service	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	400.00
Agricultural										
Demand General Service	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	12.00

Note: FY 2007 through FY 2011 - These periods are based on a calendar year from January through December.
FY 2013 * - This period is for a 15 month period of time from January 2012 through March 2013, required by the switch from a calendar year (January through December) to a fiscal year (April through March).
FY 2014 through FY 2017 - These periods are based on a fiscal year from April through March.
(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

		FY 2017	FY 2016	FY 2015	FY 2014	FY 2013 *	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
ED-2 - Demand Charge											
	Winter [A]	$ 7.00	$ 7.00	$ 7.00	$ 7.00	$ 7.00	$ 7.00	$ 7.00	$ 6.00	$ 6.00	$ 7.00
	Summer [B]	17.00	17.00	17.00	17.00	17.00	17.00	17.00	18.00	18.00	10.00
ED-2 - Energy Charge											
	Winter [A]	0.0725	0.0725	0.0725	0.0725	0.0725	0.0725	0.0725	0.0650	0.0650	0.0650
	Summer [B]	0.0875	0.0875	0.0875	0.0875	0.0875	0.0875	0.0875	0.0825	0.0825	0.0900
AG-2 - Demand Charge											
	Winter [A]	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.50
	Summer [B]	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00
AG-2 - Energy Charge											
	Winter [A]	0.0880	0.0880	0.0880	0.0880	0.0880	0.0880	0.0880	0.0800	0.0800	0.0950
	Summer [B]	0.1180	0.1180	0.1180	0.1180	0.1180	0.1180	0.1180	0.1100	0.1100	0.0950
ED-2P - Demand Charge											
	Winter [A]	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.50	4.50	4.50
	Summer [B]	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	7.00

Note: FY 2007 through FY 2011 - These periods are based on a calendar year from January through December.
FY 2013 * - This period is for a 15 month period of time from January 2012 through March 2013, required by the switch from a calendar year (January through December) to a fiscal year (April through March).
FY 2014 through FY 2017 - These periods are based on a fiscal year from April through March.

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

		FY 2017	FY 2016	FY 2015	FY 2014	FY 2013 *	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
ED-2P - Energy Charge											
	Winter A)	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0625	0.0625	0.0625
	Summer B)	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850	0.0800	0.0800	0.0900
ED-3 - Demand Charge											
	Winter A)	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00	7.00
	Summer B)	17.00	17.00	17.00	17.00	17.00	17.00	17.00	18.00	18.00	10.00
ED-3 - Energy Charge											
	Winter A)	0.0750	0.0750	0.0750	0.0750	0.0750	0.0750	0.0750	0.0700	0.0700	0.0825
	Summer B)	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0875	0.0875	0.1075
ED-3V - Demand Charge											
	Winter A)	7.00	7.00	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	17.00	17.00	18.00	18.00	-
ED-3V - Energy Charge											
	Winter A)	0.0750	0.0750	0.0750	0.0750	0.0750	0.0750	0.0750	0.0700	0.0700	-
	Summer B)	0.0900	0.0900	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	4.50	4.50	4.00	4.00	5.00
	Summer B)	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.00

Note: FY 2007 through FY 2011 - These periods are based on a calendar year from January through December.
FY 2013 * - This period is for a 15 month period of time from January 2012 through March 2013, required by the switch from a calendar year (January through December) to a fiscal year (April through March).
FY 2014 through FY 2017 - These periods are based on a fiscal year from April through March.

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

		FY 2017	FY 2016	FY 2015	FY 2014	FY 2013 *	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
ED-4 - Energy Charge											
	Winter [A]	0.0925	0.0925	0.0925	0.0925	0.0925	0.0925	0.0925	0.0900	0.0900	0.0850
	Summer [B]	0.1175	0.1175	0.1175	0.1175	0.1175	0.1175	0.1175	0.1150	0.1150	0.1100
EGS-2 - Energy Charge											
	Winter [A]	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1200	0.1200	0.1075
	Summer [B]	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1500
MD-3 - Demand Charge											
	Winter [A]	6.0000	6.0000	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	16.0000	16.0000	17.0000	17.0000	-
MD-3 - Energy Charge											
	Winter [A]	0.0725	0.0725	0.0725	0.0725	0.0725	0.0725	0.0725	0.0675	0.0675	-
	Summer [B]	0.0875	0.0875	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	4.0000	4.0000	3.5000	3.5000	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	0.0900	0.0900	0.0875	0.0875	0.0800
	Summer [B]	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150	0.1125	0.1125	0.1000

Note: FY 2007 through FY 2011 - These periods are based on a calendar year from January through December.
FY 2013 * - This period is for a 15 month period of time from January 2012 through March 2013, required by the switch from a calendar year (January through December) to a fiscal year (April through March).
FY 2014 through FY 2017 - These periods are based on a fiscal year from April through March.

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

		FY 2017	FY 2016	FY 2015	FY 2014	FY 2013 *	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
RES-2 - Energy Charge											
Tier 1 (0-100% of Baseline)											
Winter (374 kWh)	A)	0.1100	0.1100	0.1100	0.1100	0.1100	0.1100	0.1100	0.1050	0.1050	0.1000
Summer (551 kWh)	B)	0.1100	0.1100	0.1100	0.1100	0.1100	0.1100	0.1100	0.1050	0.1050	0.1000
Tier 2 (101-130% of Baseline)											
Winter (112 kWh)	A)	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1200	0.1200	0.1150
Summer (165 kWh)	B)	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1200	0.1200	0.1150
Tier 3 (131-200% of Baseline)											
Winter (262 kWh)	A)	0.2250	0.2250	0.2250	0.2250	0.2250	0.2250	0.2250	0.2100	0.2100	0.1800
Summer (386 kWh)	B)	0.2250	0.2250	0.2250	0.2250	0.2250	0.2250	0.2250	0.2100	0.2100	0.1800
Tier 4 (201-300% of Baseline)											
Winter (374 kWh)	A)	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.2700	0.2700	0.2300
Summer (551 kWh)	B)	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.2700	0.2700	0.2300
Tier 5 (301+ % of Baseline)											
Winter (all other kWh)	A)	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3100	0.3100	0.2700
Summer (all other kWh)	B)	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3100	0.3100	0.2700
TR-1 - Monthly Rates											
Energy		0.0610	0.0610	-	-	-	-	-	-	-	-
Demand		10.00	10.00	-	-	-	-	-	-	-	-

Note: FY 2007 through FY 2011 - These periods are based on a calendar year from January through December.
FY 2013 * - This period is for a 15 month period of time from January 2012 through March 2013, required by the switch from a calendar year (January through December) to a fiscal year (April through March).
FY 2014 through FY 2017 - These periods are based on a fiscal year from April through March.

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

		FY 2017	FY 2016	FY 2015	FY 2014	FY 2013 *	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
LSC - Monthly Rates											
Watts 0-50; Type - Lamp; kWh 17	C)	2.20	2.20	2.20	2.20	-	-	-	-	-	-
Watts 51-70; Type - Lamp; kWh 29	C)	3.93	3.93	3.93	3.93	3.93	3.93	3.93	3.70	3.70	3.41
Watts 71-100; Type - Lamp; kWh 41	C)	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.26	5.26	4.85
Watts 101-150; Type - Lamp; kWh 60	C)	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.27	7.27	6.67
Watts 151-200; Type - Lamp; kWh 81	C)	10.10	10.10	10.10	10.10	10.10	10.10	10.10	9.45	9.45	8.64
Watts 201-250; Type - Lamp; kWh 100	C)	12.74	12.74	12.74	12.74	12.74	12.74	12.74	11.94	11.94	10.94
Watts 251-310; Type - Lamp; kWh 121	C)	14.91	14.91	14.91	14.91	14.91	14.91	14.91	13.94	13.94	12.73
Watts 311-; Type - Lamp; kWh 159	C)	19.29	19.29	19.29	19.29	19.29	19.29	19.29	18.02	18.02	16.43
LSC-1 - Monthly Rates											
Watts 0-70; Type - Vapor; kWh 29	C)	9.51	9.51	9.51	9.51	9.51	9.51	9.51	9.28	9.28	8.99
Watts 71-100; Type - Vapor; kWh 41	C)	12.19	12.19	12.19	12.19	12.19	12.19	12.19	11.86	11.86	11.45
Watts 101-150; Type - Vapor; kWh 60	C)	14.19	14.19	14.19	14.19	14.19	14.19	14.19	13.71	13.71	13.11
Watts 200-249; Type - Vapor; kWh 81	C)	18.52	18.52	18.52	18.52	18.52	18.52	18.52	17.87	17.87	17.06
Watts 250-399; Type - Vapor; kWh 100	C)	20.62	20.62	20.62	20.62	20.62	20.62	20.62	19.82	19.82	18.82
Watts 400-; Type - Vapor; kWh 159	C)	28.15	28.15	28.15	28.15	28.15	28.15	28.15	26.88	26.88	25.29

Note: FY 2007 through FY 2011 - These periods are based on a calendar year from January through December.
FY 2013 * - This period is for a 15 month period of time from January 2012 through March 2013, required by the switch from a calendar year (January through December) to a fiscal year (April through March).
FY 2014 through FY 2017 - These periods are based on a fiscal year from April through March.

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

		FY 2017	FY 2016	FY 2015	FY 2014	FY 2013 *	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
MEF - Monthly Rates											
000-200 watts: 26 kWh	D)	9.96	9.96	9.96	9.96	9.96	9.96	9.96	9.96	9.96	9.70
201-300 watts: 64 kWh	D)	14.84	14.84	14.84	14.84	14.84	14.84	14.84	14.84	14.84	14.20
301-500 watts: 102 kWh	D)	19.72	19.72	19.72	19.72	19.72	19.72	19.72	19.72	19.72	18.70
501-800 watts: 166 kWh	D)	27.91	27.91	27.91	27.91	27.91	27.91	27.91	27.91	27.91	26.25
801-1200 watts: 256 kWh	D)	39.46	39.46	39.46	39.46	39.46	39.46	39.46	39.46	39.46	36.90
1201-1600 watts: 523 kWh	D)	79.03	79.03	79.03	79.03	79.03	79.03	79.03	79.03	79.03	73.80
Other Rates											

NEM

A customer taking services under this rate schedule is responsible for all charges in accordance with the rate schedule to which the same customer would be assigned if the customer did not use an eligible solar electrical generating facility, including monthly minimum charges, customer charges, demand charges, energy charges, mandated charges, and power factor corrections. Energy Charges will be based on the net metered kilowatt-hour consumption over a 12-month period, in accordance with the Net Energy Billing section.

PCA

The PCA charge is the product of the total kWh for the customer billing period times the PCA amount per kWh, and may be a charge or credit depending on energy market conditions. The PCA is calculated using twelve months of historical market prices and reevaluated every six months. The PCA will be recalculated twice per year and will coincide with existing seasonal rate changes. November 1 and May 1.

EC

The charge is the product of the total kWh for the customer billing period times the EC amount. The Environmental Charge is calculated and adjusted annually based on the District's fiscal calendar (April 1 - March 31). The EC will be determined based on a reconciliation of actual costs and projected values. Any over or under collections will be accounted for in the following year.

Note: FY 2007 through FY 2011 - These periods are based on a calendar year from January through December.
FY 2013 * - This period is for a 15 month period of time from January 2012 through March 2013, required by the switch from a calendar year (January through December) to a fiscal year (April through March).
FY 2014 through FY 2017 - These periods are based on a fiscal year from April through March.

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)

	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013 *	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
Capital Lease	$ -	$ -	$ -	$ -	$ -	$ 220,610	$ 323,793	$ 424,432	$ 543,079	$ 673,825
Line of Credit	4,310,000	4,310,000	4,342,000	-	533,156	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	-	-	-	329,806
Development Bonds	-	-	-	395,000	1,945,000	4,170,000	5,585,000	6,950,000	8,265,000	9,535,000
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
Refunding Revenue Bonds	94,725,000	98,360,000	108,663,190	78,943,960	68,280,000	59,285,000	60,480,000	61,635,000	62,750,000	63,050,000
Bond Premiums	7,456,857	8,213,052	3,966,402	1,015,514	1,110,988	1,341,218	1,448,516	1,559,940	1,675,491	1,816,755
Warrants	-	-	-	-	-	-	-	-	-	5,000,000
Total Outstanding Debt	$ 106,491,857	$ 110,883,052	$ 119,706,592	$ 109,853,337	$ 115,063,007	$ 119,410,691	$ 123,351,172	$ 127,183,235	$ 130,927,433	$ 115,030,386
Percentage of Personal Income [(A)]	1.1%	1.2%	1.4%	1.3%	1.4%	1.7%	1.7%	1.8%	1.8%	1.6%
Personal Income, Per Capita [(1)]	33,865	33,865	31,935	31,935	30,630	27,329	27,517	27,871	27,871	27,871
Debt per Capita [(B)]	400,144	416,644	451,856	414,663	438,372	461,516	480,549	494,499	512,689	452,776
Population [(2)]	266,134	266,134	264,922	264,922	262,478	258,736	256,688	257,196	255,374	254,056

Note: FY 2007 through FY 2011 - These periods are based on a calendar year from January through December.
FY 2013 * - This period is for a 15 month period of time from January 2012 through March 2013, required by the switch from a calendar year (January through December) to a fiscal year (April through March).
FY 2014 through FY 2017 - These periods are based on a fiscal year from April through March.

[(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.

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)

		Change in Net Position	Adjustments	Reconciled Net Revenue	Debt Service Related to Outstanding COP's			Debt Service Coverage	Required Debt Service Coverage
					Principal	Interest	Total		
	FY 2017 (C)	$ 16,260,924	$ 4,126,464	$ 20,387,388	$ 1,365,000	$ 1,454,875	$ 2,819,875	723%	125%
restated	FY 2016 (B)	6,624,497	3,046,946	9,671,443	1,070,000	1,751,431	2,821,431	343%	125%
restated	FY 2015 (A)	9,917,658	3,857,563	13,775,221	465,001	160,633	625,633	2202%	125%
	FY 2014	105,692	1,947,082	2,052,774	436,719	201,164	637,883	322%	125%
	FY 2013 *	3,105,054	(1,705,819)	1,399,235	508,675	278,853	787,528	178%	120%
	FY 2011	3,301,095	(540,452)	2,760,643	537,864	248,931	786,795	351%	120%
	FY 2010	3,600,506	1,726,820	5,327,326	533,103	270,942	804,045	663%	120%
	FY 2009	553,141	1,783,614	2,336,755	540,162	326,971	867,133	269%	120%
	FY 2008	565,564	(396,256)	169,308	68,568	49,022	117,590	144%	120%
	FY 2007	4,911,224	(1,503,531)	3,407,693	702,889	315,804	1,018,693	335%	120%

Note: FY 2007 through FY 2011 - These periods are based on a calendar year from January through December.
FY 2013 * - This period is for a 15 month period of time from January 2012 through March 2013, required by the switch from a calendar year (January through December) to a fiscal year (April through March).
FY 2014 through FY 2017 - These periods are based on a fiscal year from April through March.

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

(B) Water Transfers include $4,427,000 of deferred revenue related to physical water transfers that occurred in a prior year, but for accounting purposes was not recognized until the current fiscal year (FY 2016). Without this deferred revenue Net Revenue would have been $5.2 million resulting in debt coverage calculation of 1.86. The above calculation schedule was complied using the debt service calculation schedule required by the bond document. The above schedule excludes noncash expenditures such as Pension Expense - GASB 68, Loss on Disposal of Capital Assets, Depreciation, Amortization, and Bond Issuance Cost. The above schedule differs from the audited financial statement presentation in the following areas: Total Revenues (debt service calculation) includes Permission Fees earned by Water Resources. The audited financial statements present this account in the Nonoperating revenues in the "Transfer In" category.

(C) Water Transfers include $240,000 of deferred revenue related to physical water transfers that occurred in a prior year, but for accounting purposes was not recognized until the current fiscal year (FY 2017). Without this deferred revenue Net Revenue would have been $20.1 million resulting in debt coverage calculation of 7.14. The above calculation schedule was compiled using the debt service calculation schedule required by the bond document. The above schedule excludes noncash expenditures such as pension Expense - GASB 68, Loss on Disposal of Capital Assets, Depreciation, Amortization, and Bond Issuance Cost. The above schedule differs from the audited financial statement presentation in the following areas: Total Revenues (debt service calculation) includes permission Fees earned by Water Resources, the audited financial statement present this account in the Nonoperating revenues in the "Transfer In" category.

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)

			Change in Net Position	Adjustments	Reconciled Net Revenue	Debt Service Related to Outstanding COP's				Required Debt Service Coverage
						Principal	Interest	Total	Debt Service Coverage	
	FY 2017	(B)	$ 13,471,865	$ 5,999,112	$ 19,470,977	$ 2,270,000	$ 3,026,433	$ 5,296,433	368%	120%
restated	**FY 2016**	(A)	8,723,214	9,749,436	18,472,650	2,244,460	3,229,255	5,473,715	337%	120%
restated	**FY 2015**		9,142,093	6,705,964	15,848,057	2,020,770	3,882,259	5,903,029	268%	120%
	FY 2014		5,780,326	7,564,796	13,345,122	3,414,572	2,079,326	5,493,898	243%	125%
	FY 2013	*	9,857,086	9,285,822	19,142,908	2,110,333	5,701,531	7,811,864	245%	125%
	FY 2011		6,504,500	7,336,174	13,840,674	1,612,860	4,647,909	6,260,769	221%	125%
	FY 2010		1,463,983	7,305,237	8,769,220	1,520,994	4,740,255	6,261,249	140%	125%
	FY 2009		942,326	6,913,235	7,855,561	1,487,987	4,769,482	6,257,469	126%	125%
	FY 2008		(1,006,121)	7,889,056	6,882,935	685,561	4,760,008	5,445,569	126%	125%
	FY 2007		107,890	6,147,233	6,255,123	342,518	4,542,501	4,885,019	128%	125%

Note: FY 2007 through FY 2011 - These periods are based on a calendar year from January through December.
FY 2013 * - This period is for a 15 month period of time from January 2012 through March 2013, required by the switch from a calendar year (January through December) to a fiscal year (April through March).
FY 2014 through FY 2017 - These periods are based on a fiscal year from April through March.
(A) The above calculation schedule was compiled using the debt service calculation schedule required by the bond document. The above schedule excludes noncash expenditures such as Pension Expense - GASB 68, Loss on Disposal of Capital Assets, Depreciation, Amortization, and Bond Issuance Cost.
(B) The above calculation schedule was complied using the debt service calculation schedule required by the bond document. The above schedule excludes noncash expenditures such as Pension Expense - GASB 68, Depreciation, Amortization, and Bond Issuance Cost.

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
	FY 2017		$ 8,116,308	$ 144,718,458	$ 5,296,433	$ 19,470,977	$ 2,819,875	$ 20,387,388
restated	**FY 2016**		8,295,146	152,746,880	5,473,715	18,472,650	2,821,431	9,671,443
restated	**FY 2015**	(A)	6,528,662	115,740,190	5,903,029	15,848,057	625,633	13,775,221
	FY 2014		6,131,781	108,837,823	5,493,898	13,345,122	637,883	2,052,774
	FY 2013	*	8,599,392	113,952,019	7,811,864	19,142,908	787,528	1,399,235
	FY 2011		7,047,564	118,069,473	6,260,769	13,840,674	786,795	2,760,643
	FY 2010		7,065,294	121,902,656	6,261,249	8,769,220	804,045	5,327,326
	FY 2009		7,124,602	125,623,295	6,257,469	7,855,561	867,133	2,336,755
	FY 2008		5,563,159	129,251,942	5,445,569	6,882,935	117,590	169,308
	FY 2007		5,903,712	113,213,631	4,885,019	6,255,123	1,018,693	3,407,693

Note: FY 2007 through FY 2011 - These periods are based on a calendar year from January through December.
FY 2013 * - This period is for a 15 month period of time from January 2012 through March 2013, required by the switch from a calendar year (January through December) to a fiscal year (April through March).
FY 2014 through FY 2017 - These periods are based on a fiscal year from April through March.
(A) The increase in net income reflects an increase in water sales, water transfers, and the inclusion of hydroelectric revenues.

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

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

	Population	Personal Income (thousands of dollars)	Per Capita Personal Income *	School Enrollment	Unemployment Rate (Avg.)
2015/16	271,579	$ 9,827,086	$ 36,185	57,477	10.4%
2014/15	266,134	9,012,628	33,865	57,011	10.4%
2013/14	264,922	8,460,284	31,935	56,461	12.2%
2012/13	262,478	8,039,701	30,630	56,349	14.1%
2011/12	258,736	7,070,996	27,329	56,158	17.7%
2010/11	256,688	7,063,284	27,517	55,489	18.6%
2009/10	257,196	7,168,310	27,871	56,258	18.1%
2008/09	255,374	7,117,529	27,871	56,153	17.4%
2007/08	254,056	7,080,795	27,871	57,122	11.8%
2006/07	249,981	6,994,718	27,981	56,743	9.4%

Source: Population information is obtained from the State Department of Finance. Per capita income information is obtained from the U.S. Department of Commerce - Bureau of Economic Analysis. School enrollment data is obtained from the State Department of Education. Unemployment rate

*** Based on the most recent data available and prior years restated for updates.**

Source: *Comprehensive Annual Financial Report* . 1st ed. Merced: County of Merced, 2015. Web. 7 March 2016.

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

Table XVI
COUNTY OF MERCED
Principal Employers
Current Year and Nine Years Ago
as of June 30, 2016

	2016			2007		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Foster Farms Inc.	3,214	1	3.09%	3,500	1	3.83%
UC Merced	1,997	2	1.92%	800	9	0.87%
County of Merced	1,956	3	1.88%	2,175	2	2.38%
Mercy Medical Center	1,337	4		1,000	6	1.09%
Dole Packaged Foods	1,235	5	1.19%			
Merced City School District	1,127	6	1.08%	1,300	3	1.42%
Merced Union High School District	1,060	7	1.02%	1,000	5	1.09%
Merced College	883	8	0.85%	800	8	0.87%
Liberty Packing Company LLC	650	9	0.62%	650	10	0.71%
Quad Graphic Merced	420	10	0.004			
Quebecor				1,000	4	1.09%
AT & T				907	7	0.99%
	13,879		11.654%	13,132		14.34%

Note: State Employement Development Department

Source: *Comprehensive Annual Financial Report* . 1st ed. Merced: County of Merced, 2016. Web. 9

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

	Full-time Equivalent Employees									
Function	**Mar-17**	**Mar-16**	**Mar-15**	**Mar-14**	**Mar-13**	**Dec-11**	**Dec-10**	**Dec-09**	**Dec-08**	**Dec-07**
Directors	5	5	5	5	5	5	5	5	5	5
Energy	27	27	27	26	23	23	23	24	25	24
Water	80	80	80	79	78	78	84	98	98	98
Drainage	0	0	0	0	0	0	0	1	1	1
Hydroelectric	9	7	7	7	7	16	16	15	15	16
Parks & Recreations	17	19	19	19	23	22	20	25	20	20
Concessionaire [(A)]	8	8	11	14	24	25	0	0	0	0
Human Resources & Administration	31	30	30	30	30	29	29	29	27	27
Total	177	176	179	180	190	198	177	197	191	191

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)
FY 2017		429,522	208,683	98,742	377,758
FY 2016		50,177	30,197	38,486	68,860
FY 2015		264,068	132,500	87,989	90,161
FY 2014	(A)	440,047	265,613	101,802	258,425
FY 2013	(B)	502,908	315,295	104,480	384,794
FY 2011		610,679	288,865	97,415	687,449
FY 2010		543,442	277,789	98,471	649,066
FY 2009		473,567	251,775	99,092	412,233
FY 2008		409,266	222,194	90,184	257,900
FY 2007		501,316	303,794	95,642	300,672

Note: FY 2007 through FY 2011 - These periods are based on a calendar year from January through December.

FY 2013 * - This period is for a 15 month period of time from January 2012 through March 2013, required by the switch from a calendar year (January through December) to a fiscal year (April through March).

FY 2014 through FY 2017 - These periods are based on a fiscal year from April through March.

(A) FY 2014 values are from 3/11/2013 until 10/31/2013

(B) FY 2013 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)

	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013 *	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
MWh sold										
Residential	56,791	55,217	56,091	55,031	65,981	50,971	48,054	48,853	45,975	42,259
Commercial	175,166	170,606	170,769	170,952	199,495	162,376	154,545	151,078	153,536	149,500
Industrial	178,346	172,066	176,918	169,564	210,699	180,227	162,381	173,487	180,359	186,532
Agricultural	3,265	3,847	3,763	3,640	3,254	3,895	3,710	4,117	4,989	4,607
Municipal	702	57,884	58,167	57,795	63,381	50,277	47,824	46,788	45,111	43,785
Public Street & Highway Lighting	1,265	1,263	1,259	1,332	2,065	1,647	1,620	1,607	1,571	1,462
Total MWh Sold	415,536	460,883	466,965	458,314	544,875	449,393	418,135	425,930	431,541	422,674

Note: FY 2007 through FY 2011 - These periods are based on a calendar year from January through December.
FY 2013 * - This period is for a 15 month period of time from January 2012 through March 2013, required by the switch from a calendar year (January through December) to a fiscal year (April through March).
FY 2014 through FY 2017 - These periods are based on a fiscal year from April through March.

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

TABLE XX
MERCED IRRIGATION DISTRICT
OPERATING INDICATORS

	FY 2017	FY 2016	FY 2015	FY 2014
Water Users	1,802	908	2,260	*
Water Facilities				
Number of Turnouts	2,438	2,547	2,544	*
Total Miles of Canals	685	728	723	*
Miles of Concrete Lined Canals	107	107	101	*
Miles of Pipelined Canals	178	181	248	*
Miles of Drains	36	32	44	*
Groundwater Extraction Wells	215	215	221	*
Boosters	38	38	46	*
Electric Customers	9,000	8,702	8,130	8,060
Electric Facilities				
Sub-Station	3	3	3	3
Transformers	1,573	1,493	1,473	1,453
in Miles:				
Transmission Lines	35	34	34	34
Dist. Lines - Overhead	71	70	70	*
Dist. Lines - Underground	389	382	382	*
Total Distribution Lines	460	452	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

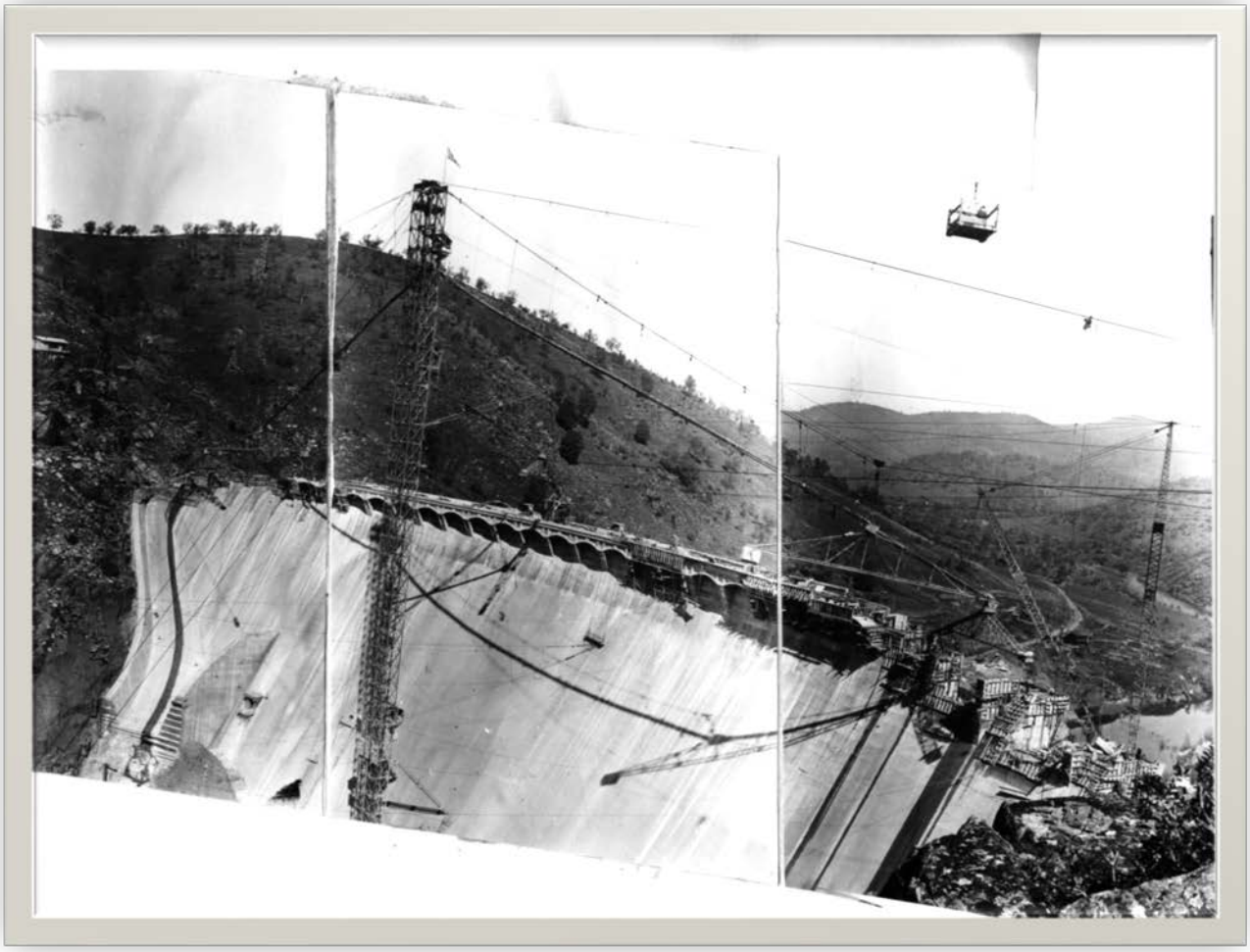
	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013 *	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
Distribution System, Net	$ 86,874,613	$ 88,112,221	$ 89,346,013	$ 78,531,499	$ 81,867,811	$ 78,292,005	$ 80,309,612	$ 82,586,582	$ 76,164,339	$ 75,283,982
Land	13,098,088	13,098,088	13,098,088	13,098,088	13,144,380	13,144,380	13,144,380	13,144,380	13,144,380	13,144,380
Goodwill	10,100	10,100	10,100	10,100	10,100	-	-	-	-	-
Landscaping, Net	4,010,282	4,344,305	4,686,329	4,961,161	779,563	-	-	-	-	-
Structures and Improvements, Net	25,042,389	24,023,950	24,742,716	24,354,200	25,110,110	26,816,013	27,656,705	28,056,765	28,790,979	29,559,510
Equipment, Net	13,381,213	13,660,837	10,295,441	4,866,280	4,630,731	5,136,191	5,174,338	4,866,511	4,656,617	4,908,499
Vehicles, Net	1,138,395	754,044	488,611	640,012	619,916	-	-	-	-	-
Intangible Assets, Net	567,168	766,384	960,796	1,079,983	1,295,863	1,524,256	1,631,519	1,739,894	1,928,488	2,055,044
Construction in Progress	19,622,587	12,528,650	8,772,519	20,160,236	24,398,070	15,597,510	10,026,453	7,845,512	14,657,097	14,662,930
Total	$ 163,744,835	$ 157,298,579	$ 152,400,613	$ 147,701,559	$ 151,856,544	$ 140,510,355	$ 137,943,007	$ 138,239,644	$ 139,341,900	$ 139,614,345

Note: FY 2007 through FY 2011 - These periods are based on a calendar year from January through December.
FY 2013 * - This period is for a 15 month period of time from January 2012 through March 2013, required by the switch from a calendar year (January through December) to a fiscal year (April through March).
FY 2014 through FY 2017 - These periods are based on a fiscal year from April through March.
Figures above are net of Accumulated Depreciation.

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

This Page Left Blank Intentionally

March 12, 1926 Exchequer Dam, panorama showing down-stream face of Exchequer Dam



744 W 20th Street · Merced, CA 95340

www.mercedid.org · (209) 722-5761

MERCED IRRIGATION DISTRICT

WATER & POWER