MERCED IRRIGATION DISTRICT

WATER & POWER

Comprehensive Annual Financial Report

For the Fiscal Years Ended March 31, 2016 and 2015

Photo by Danica Esparaz, Best Sunset Photo 2014 Contest Winner

744 W 20th Street · Merced, CA. 95340

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Merced Irrigation District

of Merced, California

Comprehensive Annual Financial Report

For the Fiscal Years Ended

March 31, 2016 and 2015

Prepared by the

Finance Department

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

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MERCED IRRIGATION DISTRICT

Comprehensive Annual Financial Report

For the Fiscal Years Ended March 31, 2016 and 2015

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MERCED IRRIGATION DISTRICT

WATER & POWER

Introductory Section

New Exchequre Dam , April 2014

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MERCED IRRIGATION DISTRICT

WATER & POWER

June 30, 2016

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, 2016.

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

Burr, Pilger, and Mayer, Certified Public Accountants, (BPM) have issued an 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.

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

Map of Merced River

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 water system. These water supplies are conveyed through approximately 720 miles of conveyance facilities, consisting of canals, pipelines, pump stations, creeks and drains.

The District began providing retail electric service in 1996. The District owns and operates its retail energy system consisting of approximately 35 miles of transmission lines, three substations, and approximately 450 miles of distribution lines. The District's Energy System serves approximately 8,700 customers in the eastern portion of Merced County, including in the communities and cities of Livingston, Merced, and Atwater.

The District has generated electricity through 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.

McSwain Campsite, 2011

The District owns, operates and maintains five recreation areas adjacent to Lake McClure and Lake McSwain including the Lake McSwain Recreation Area, located adjacent to Lake McSwain; and the McClure Point, Barrett Cove, Horseshoe Bend, and Bagby Recreation Areas, all located adjacent to Lake McClure (collectively, the "Parks and Recreation Facilities"). A total of six boat launch facilities are available and over 600 campsites are available to the public on a year round basis. 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.

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 a mooring buoy fields for approximately 240 private houseboats around Lake McClure. The marina at Barrett Cove has fuel and houseboat greywater/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 budget.

Governance and Management

The District is governed by a fiver 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 2016
Jeff Marchini, Division 1	December 2018
Kevin Gonzalves, Division 4	December 2016
Billy Pimentel, Division 5	December 2016

The day-to-day management of the District is under the direction of the General Manager who reports directly to the Board of Directors. The District is organized functionally into ten departments. The five operating departments are Water Resources, Energy Resources, Hydroelectric Project, Parks and Recreation, and Storm Drainage. 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.

Bagby Bridge over Lake McClure, left taken in 2011, right taken in 2014

District Water Supply and Water Rights

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 right licenses issued by the State Water Resources Control Board (SWRCB).

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

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. For fiscal year 2016 there was initially zero surface water budgeted to be sold. Due to a storm in May there was run off that allowed for an irrigation event in early July where the District sold water at $100.00 per acre-foot. Standby fee was $24.00 per acre for the year. Conjunctively pumped groundwater is priced at $225.00 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.

Exchequer Dam, 1963

District Energy Resources Power Supply and Cost

The District currently provides retail electric service to approximately 8,700 customers within the electric service area of the District.

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

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

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

Lineman, 2015

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).

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"), Iberdrola Renewables ("Iberdrola") 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 was mandated by State legislation (i.e. AB 1890 and subsequent legislation) and disbursement is restricted to various socially-beneficial programs and services.

The District has 14 rate electric schedules, as follows:

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

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.

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. The past four years of poor hydrological conditions have had a significant negative impact on generation of hydro power.

District Property Tax Revenue. The County of Merced (County) levies a 1% ad valorem property tax on behalf of all taxing agencies in the County, including the District (the "Property Tax"). The taxes collected are allocated to taxing agencies within the County, including the District, on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, and inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special districts.

For the fiscal year ended March 31, 2016, the District received approximately $2.5 million as the District's share of the County's 1% ad valorem property tax.

Projects Completed During Fiscal Year

As the District looks to the future, major District goals include: continuing to improve service levels 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.

Hartley Lateral Improvements
The project was completed for approximately, $381,000 and encompassed the installation of a new grate. The project also extended an underground water conveyance conduit under Highway 140.

Emergency Back-up Generator for Booster No. 1
The project was completed for approximately $171,000, and encompassed replacing one 650-750 kW emergency back-up diesel Powered Generator for Booster No. 1 on the Le Grand Canal. Booster 1 is the largest pumping station in the district, with a capacity of approximately, 250 cfs. In the event of a PG&E power outage, MID customers downstream on the Le Grand Canal would be without surface water for the duration of the power outage. Furthermore, the water that was sent to Booster No. 1 would spill into Bear Creek as well as the Planada Canal system, which could overload the Planada system depending on its flows at the time of the outage. Said water would be lost, and the District would not receive revenue for this lost water. In addition to the lost revenue and surface water, depending on the length of the outage, crop losses could have occurred causing potential hardship for MID growers. The completion of this project reduces the likelihood of this occurring.

Electrical Equipment Replacement/Upgrade at Barrett Cove – Phase 1
The project was completed for approximately $62,000, and encompassed performing improvements of electric campsites and restroom electric facilities at Barrett Cove, Recreational Area. The District received reimbursement of approximately $20,000 from the Davis-Grunsky Act Grant for this project. Barrett Cove is the largest single recreational area on Lake McClure. It is located in LaGrange approximately a half-mile east of Ranchito Drive and Merced Falls Road. Barrett Cove includes 276 campsites with 93 containing electric pedestals and 15 restrooms. The type of improvements performed included repair and upgrade of the recreational areas existing campsite electric pedestals, restroom receptacles and electrical panels, including main feeder panels.

Electrical Equipment Replacement/Upgrade at McSwain – Phase 1
The project was completed for approximately $22,000, and encompassed performing improvements of electric campsites and restroom electric facilities at McSwain, Recreational Area. McSwain Recreational

Area is located on Lake McSwain, approximately seven miles east of Snelling and includes 96 campsites, with 63 containing electric pedestals and six restrooms. The type of improvements performed included repair and upgrade of the recreational areas existing campsite electric pedestals, restroom receptacles and electrical panels, including main feeder panels.

Exchequer Overhaul

Phase 1 of the project was completed for approximately $2,810,000, and encompassed replacing the turbine runner, installation of revised wicket gates, installation of spiral case directional vanes, and the draft tube geometry changes. The completion of this project upgraded and accomplished efficiency improvements that now enable the New Exchequer power plant to generate an average increase of about 10,900 megawatt-hours per year of incremental energy using the same volume of water that previously passed through the powerhouse. This project began in fiscal year 2012 and was completed in 2016.

Hydro Plant, 2014

SCADA & PCL Upgrade

The project was completed for approximately $657,000, and comprised the design/build upgrade of the SCADA system at New Exchequer, McSwain, and Merced Falls facilities. The previous SCADA & PLC systems were beyond their useful life. The completion of this project accomplished efficiency improvements that have restored full functionality and resolved the errors the system was experiencing. This project encompassed OEM equipment upgrades to existing equipment as well as acquired new equipment that allowed the District staff to operate independently of PG&E.

GIS Software

The project was completed for approximately $138,000, and involved the change of the previous manual methodologies of mapping, reporting and analysis of the electric utility system to a computer aided process that links multiple databases together and has the ability to query and calculate many routine functions needed. This completion of this project has improved efficiency of services and allowed the District to respond to regulatory requirements. The purpose of the Geographic Information System (GIS) data model is to represent real world geographies in a structured, digital format that permits users to create, edit, manipulate, display, analyze, and output data.

720 West 20th Street Conversion

The project was completed for approximately $121,000, and encompassed converting the building at 720 West 20th Street to be compliant with American with Disabilities Act. The completion of this project allowed for the District to enter into a long-term lease of the property.

Offsite Disaster Recovery – Franklin Yard/Main Office – Phase 1

The project was completed for approximately $86,000, and comprised building the Franklin Yard data room, upgrade internet connectivity to fiber optic, and designate this new location as an offsite disaster recovery area for the main office. With the completion of this project and the offsite disaster recovery location in place, all main office data will be synchronized with the Franklin Yard and all the Franklin Yard data would be synchronized with the main office.

Financial Policies

The District has formally adopted the following four 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 in Merced 2016

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, 2015. This was the first 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

The Government Finance Officers Association of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Finance Department

Merced Irrigation District, California

The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

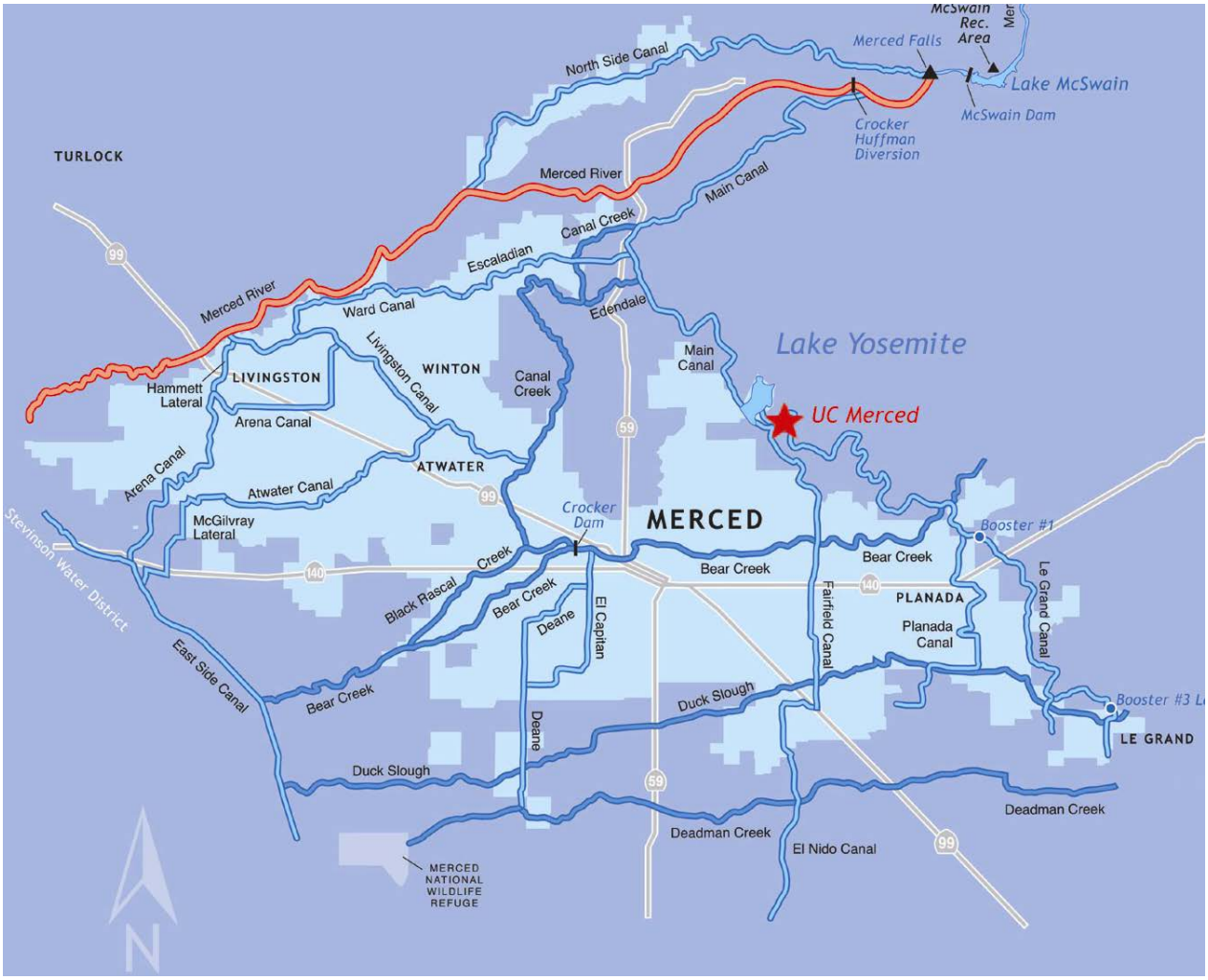
Jeffrey R. Emer

Date February 1, 2016

x

Merced Irrigation District

District Service Area Map



Communities We Serve

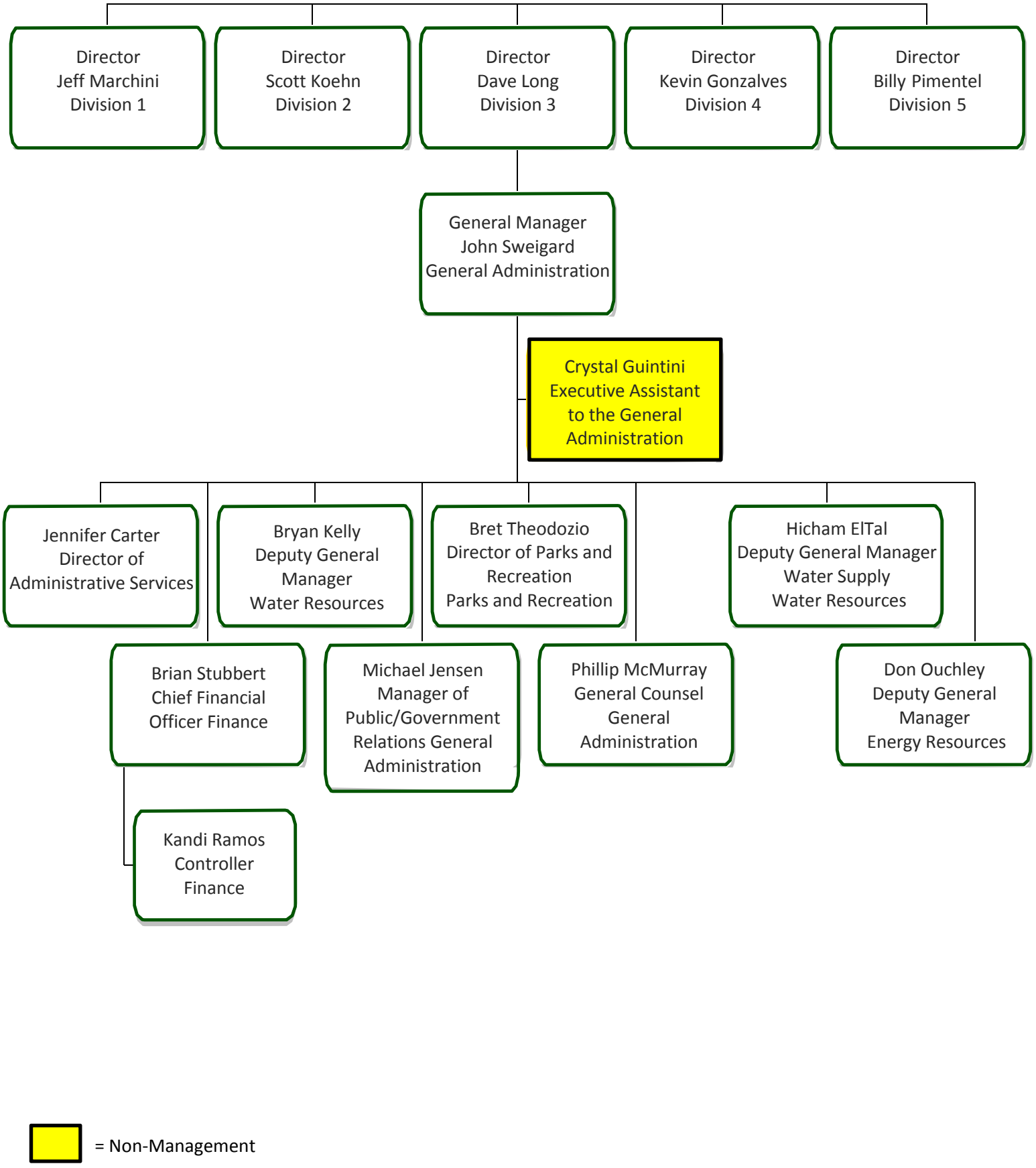
Merced
Atwater
Livingston
Cressey
Le Grand
Winton
Franklin-Beachwood
Planada
Tuttle
El Nido

MERCED IRRIGATION DISTRICT
DISTRICT OFFICIALS
At March 31, 2016

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

MID Organizational Chart - 2015/16



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MERCED IRRIGATION DISTRICT

WATER & POWER

Financial Section

Lake McClure during summer 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Merced Irrigation District
Merced, California

We have audited the accompanying financial statements of the business-type activities of the Merced Irrigation District (the District) as of and for the years ended March 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of March 31, 2016 and 2015, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2016 the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68*, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-9 and the Schedules of Funding Progress, Schedule of Changes in the Net Pension Liability and Related Ratios–Last 10 Years, and Schedule of Contributions–Last 10 Years on pages 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining statements and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Burr Pilger Mayer, Inc.

Burr Pilger Mayer, Inc.
E. Palo Alto, California
June 30, 2016

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, 2016. 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 2015 and fiscal year 2014 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 11.

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 $3.8 million for the year ended March 31, 2016. The total liabilities decreased by approximately $10.9 million when compared to March 31, 2015 (restated).
    - The deferred outflow of resources has increased by approximately $988,000. This is a result of two items. A decrease in the fair value associated with the financial hedging instruments of approximately $1.1 million and the implementation of GASB 68 is reflected with an increase of $2.2 million for the District's Pension Plan.
    - The deferred inflow of resources has increased by approximately $1.4 million. This is a result of a decrease in the fair value associated with the financial hedging instruments of approximately $1.1 million. Approximately $300,000 more in Public Purpose revenue was recognized in fiscal year 2016 as compared to fiscal year 2015.

- The District continued its efforts to obtain a new operating license for its Merced River hydroelectric project from the Federal Energy Regulatory Commission (FERC). Since beginning its efforts to relicense its hydroelectric project in approximately 2008, the District has expended a total of approximately $29.4 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, 2016, of approximately $74.8 million, and operating expenses of approximately $62.2 million which resulted in net revenue from operations of approximately $12.5 million. Non-operating revenue (consisting primarily of Property tax revenue) was $2.8 million. Non-operating expenses of approximately $6.5 million (consisting primarily of Interest Expense of $6.5 million) and Capital Contributions of $3.6 million result in a change in net position of approximately $13.4 million.

- The District's total cash and cash equivalents decreased by approximately $10.1 million for the year ended March 31, 2016. The total cash decrease was primarily due to the District investment in 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

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, 2016, 2015, and 2014:

	March 31, 2016	March 31, 2015 (as restated)	March 31, 2014
Assets			
Capital Assets, Net	$ 157,298,579	$ 152,400,613	$ 147,701,559
Total Other Non-Current Assets	56,921,650	48,063,796	51,265,041
Total Current Assets	52,518,524	63,444,541	60,268,411
Total Assets	266,738,753	263,908,950	259,235,011
Deferred Outflows of Resources			
Deferred Amount on Debt Refunding	-	2,238,081	2,566,336
Deferred Gas Charges	(99,999)	(94,500)	389,222
Deferred Pension GASB 68 & 71	3,894,538	1,739,995	-
Accumulated Decrease in Fair Value of Financial Hedge Instruments	(2,526,975)	(3,604,223)	(513,551)
Total Deferred Outflows of Resources	1,267,564	279,353	2,442,007
Total Assets and Deferred Outflows of Resources	$ 268,006,317	$ 264,188,303	$ 261,677,018
Liabilities			
Total Noncurrent & Other Liabilities	$ 135,633,319	$ 147,178,258	$ 131,962,302
Total Current Liabilities	15,139,721	14,483,036	9,510,610
Total Liabilities	150,773,040	161,661,294	141,472,882
Deferred Inflows of Resources			
Public Purpose Revenues	1,418,526	1,108,324	1,073,881
Power Cost Reductions	800,000	800,000	800,000
Deferred Pension GASB 68 & 71	2,758,629	2,794,170	-
Accumulated Increase in Fair Value of Financial Hedge Instruments	(2,526,975)	(3,604,223)	(513,551)
Total Deferred Inflows of Resources	2,450,180	1,098,271	1,360,330
Net Position			
Net Invested in Capital Assets	75,221,152	71,505,402	65,801,230
Restricted	1,069,529	1,997,701	1,444,100
Unrestricted	38,492,416	27,925,635	51,598,476
Total Net Position	114,783,097	101,428,738	118,843,806
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 268,006,317	$ 264,188,303	$ 261,677,018

Condensed Capital Assets Detail, Net of Accumulated Depreciation March 31, 2016, 2015, and 2014:

	March 31, 2016	March 31, 2015	March 31, 2014
Structures and improvements, net	$ 28,368,253	$ 29,429,046	$ 29,315,361
Distribution system, net	88,112,222	89,346,014	78,531,499
Equipment, net	14,414,884	10,784,049	5,506,292
Intangible assets, net	766,383	960,796	1,079,983
Construction in progress	12,528,650	8,772,519	20,160,236
Land and easements	13,098,089	13,098,089	13,098,088
Goodwill	10,100	101,000	10,100
	$ 157,298,579	$ 152,400,613	$ 147,701,559

Significant Capital Asset Activity – Overall, capital assets increased by approximately $4.9 million as of March 31, 2016 compared to an approximate increase of $4.7 million at March 31, 2015 (restated), as compared to March 31, 2014. This is due to the completion of improvements to the District's Exchequer machinery along with the SCADA and PLC upgrades done for hydroelectric equipment. While some of the work spanned multiple years, the projects were closed out in the year ended March 31, 2016.

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

Long Term Debt	**March 31, 2016**	**March 31, 2015**	**March 31, 2014**
1964 Merced River Development Bonds	$ -	$ -	$ 395,000
2005 Electric System Refunding Revenue Bonds	-	55,365,000	56,745,000
2005 Revenue Certificates of Participation	-	2,735,000	3,065,000
2008 Water and Hydro Refunding Revenue Certificates of Participation	-	-	3,715,000
2008 Water and Hydro Capital Appreciation Revenue Certificates of Participation	-	-	22,718,863
2012 Electric System Refunding Revenue Bonds	10,185,000	10,200,000	10,210,000
2013 Electric System Refunding Revenue Bonds	-	11,688,190	11,988,960
2014 Water & Hydroelectric System Refunding Revenue Bonds	30,220,000	31,410,000	-
2015 Electric System Refunding Revenue Bonds	57,955,000	-	-
Line of Credit	4,310,000	4,342,000	-
Subtotal of Bond & Line of Credit	**$ 102,670,000**	**$ 115,740,190**	**$ 108,837,823**
Bond discount/Premiums	8,213,052	3,966,402	1,000,978
Accretion of capital appreciation certificates	-	-	10,150,358
Less Current portion of long-term debt	(3,635,000)	(3,434,460)	(2,880,770)
Total Long Term Debt	**$ 107,248,052**	**$ 116,272,132**	**$ 117,108,389**

Significant Long-term Debt Activity – Long-term debt decreased by approximately $9.0 million in the year ended March 31, 2016 from March 31, 2015 (restated), as compared to a decrease of approximately $5.1 million in the period ended March 31, 2015 (restated) from March 31, 2014. At March 31, 2016, the District had long-term debt outstanding of approximately $107.2 million as compared to approximately $116.2 million at March 31, 2015 (restated), and $117.1 million at March 31, 2014. 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 5 of the basic financial statements. See Long Term Debt table on previous page.

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.

Significant Net Position Activity – The District's net investment in capital assets increased by approximately $3.7 million for the year ended March 31, 2016 as compared to an increase of approximately $5.7 million in the year ended March 31, 2015 (restated). This corresponds with the District's refunding and defeased of its 2005 Electric System Bonds, 2005 Electric System Revenue Certificates of Participation, 2013 GE Electric System Loan, coupled with the continued use of the bonds issued to fund the District's FERC relicensing activities. The balance of net position is comprised of approximately $1.1 million of restricted net position, which are subject to external restrictions on their use, and approximately $38.5 million of unrestricted net position. The District's assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by approximately $114.8 million at March 31, 2016. Capital assets are not liquid nor are they available for future spending but have been acquired over time and through their utilization, provide the District with revenue.

Changes in Net Position

Net income from District operations was approximately $12.5 million for the year ended March 31, 2016, representing a decrease of approximately $3.5 million over the prior year. This decrease was due to poor hydrology following the fourth consecutive year of drought in the State of California. The Net income from operations increase for the period ended March 31, 2015 (restated) from March 31, 2014 of approximately $10.6 million was due in part, to an increase in surface water sales resulting from small changes in hydrology, water management actions taken by the District, and hydroelectric generation.

In the fiscal year ended March 31, 2016, non-operating revenue (consisting primarily of Property tax revenue) of $2.8 million. Non-operating expenses of approximately $6.5 million (consisting primarily of Interest Expense of $6.5 million) and Capital Contributions of $3.6 million result in a change in net position of approximately $13.4 million.

Capital contribution revenue of approximately $3.6 million 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. This increase in capital contribution revenue of approximately $1.5 million from the year ended March 31, 2015 (restated) is due to the completion of Water Resources and Parks & Recreations infrastructure improvement projects partially funded through matching state grants.

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, 2016, 2015, and 2014:

	March 31, 2016	March 31, 2015 (as restated)	March 31, 2014
Operating Revenue			
Electric Sales and Services	$ 54,167,965	$ 56,292,342	$ 52,655,884
Water Sales and Services	9,020,820	15,623,423	11,998,771
Hydroelectric Services	3,992,297	8,401,004	6,821,581
Water Transfers	5,615,875	7,768,887	3,879,498
Recreation Fees	848,776	1,100,749	1,423,916
Storm Drainage Fees	10,323	6,480	19,942
Concessionaire Revenue	1,110,570	1,496,512	1,837,517
Total Operating Revenue	$ 74,766,626	$ 90,689,397	$ 78,637,109
Operating Expense	62,226,670	74,612,824	73,141,254
Net Income from Operations	$ 12,539,661	$ 16,076,573	$ 5,495,855
Non-Operating Revenue			
Property Taxes	2,750,480	2,548,023	3,214,982
Interest Income	511,139	299,997	313,773
Other Non-Operating Income	436,435	222,213	145,265
Gains on Disposal of Capital Assets	-	212,069	-
Total Non-Operating Revenue	$ 3,698,054	$ 3,282,302	$ 3,674,020
Non-Operating Expense			
Loss on Disposal of Capital Assets	60,474	-	10,200
Interest Expense	6,457,328	20,781,775	5,109,537
Total Non-Operating Expense	$ 6,517,802	$ 20,781,775	$ 5,119,737
Net Income/(Loss) Before Capital Contribution	9,720,208	(1,422,900)	4,050,138
Capital Contributions	3,634,151	2,150,385	676,122
Change in Net Position	13,354,359	727,485	4,726,260
Net Position, Beginning of Year	101,428,738	100,701,253	114,117,546
Net Position, End of Year	$ 114,783,097	$ 101,428,738	$ 118,843,806

Economic Factors and Rates

With respect to water operations, the District's 2015 water year (October 1, 2014 to September 30, 2015) was the fourth year of the ongoing drought. The 2015 water year included the lowest water levels of Lake McClure since New Exchequer dam was constructed in 1964 (63,487 AF on February 3, 2015). End of October storage in Lake McClure (October 31, 2015) was approximately 68,860 acre-feet, compared to a 47 year average storage of approximately 456,200 acre-feet. The April-July 2015 inflow into Lake McClure was approximately 90,200 acre-feet, the lowest inflow ever recorded - compared to the historical average inflow during this time period of approximately 628,000 acre-feet.

Due to the ongoing drought and critically low reservoir levels, the District did not allocate any surface water deliveries for the 2015 irrigation season. MID did authorize a short, emergency diversion of about 13,250 acre-feet during the early part of July 2015. With no available surface water supply, MID developed a plan to provide as much conjunctive groundwater water supply to its growers as possible, through the District's Supplemental Water Supply Pool Program. Based on this planning effort, coupled with water distribution system modifications necessary to implement this plan, MID was able to deliver about 30,300 acre-feet of conjunctive groundwater to its growers during the 2015 irrigation season, including about 10,500 acre-feet of surface water supplies as part of the emergency diversion.

The District saw a decrease in customers' electric usage in the 2016 fiscal year, with electric load decreasing by 1.3% percent from the 2015 fiscal year. District electricity purchases are made under contract with Turlock Irrigation District (TID) through April 30, 2017.

Prior to June 30, 2014 energy generated at the District's New Exchequer and McSwain hydroelectric facilities was diverted to PG&E under a long-term power purchase agreement. New short term contracts with PG&E for energy generation and Shell Energy North America for capacity were entered into and will expire on December 31, 2016. During fiscal year 2016 California entered into an unprecedented 4th year of a historic drought. Both powerhouses did not operate for 5 of the 12 months of the fiscal year, and their combined gross generation of 12,350 MWh was by far the lowest generating output in 49 years since the New Exchequer Dam opened for operation in 1967.

The circumstances caused by the ongoing drought caused a reduction in park reservation attendance for the 2016 fiscal year to approximately 5,900 visitors, which is below the ten year average of attendance of approximately 6,000 visitors, but is a (21%) decline from the 2015 fiscal year attendance of more than 7,100.

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 mooring field and the relocation of house boats from their normal mooring location to the emergency drought mooring field that accommodated approximately half of the permitted houseboats. The remaining houseboats were pulled from the lake as the extremely low lake kevels would not accommodate every house boat 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.

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BASIC FINANCIAL STATEMENTS

MERCED IRRIGATION DISTRICT

STATEMENTS OF NET POSITION

March 31, 2016 and 2015

	2016	2015 (As Restated)
ASSETS		
Capital assets:		
Nondepreciable	$ 25,636,838	$ 21,880,707
Depreciable	131,661,741	130,519,906
Capital assets, net	157,298,579	152,400,613
Other noncurrent assets:		
Investments	30,141,828	20,886,250
Deferred relicense costs	26,389,591	25,530,772
Debt issuance costs	390,231	1,646,774
Total other noncurrent assets	56,921,650	48,063,796
Current assets:		
Cash and cash equivalents	24,689,310	34,878,504
Investments	11,103,204	8,010,763
Accounts receivable, net	4,873,615	5,581,053
Due from other governmental agencies	3,733,802	3,168,301
Accrued interest and taxes receivable	134,325	86,738
Inventory	4,192,016	3,851,155
Prepaid expenses and other current assets	695,207	760,633
Restricted cash and cash equivalents	3,097,045	7,107,394
Total current assets	52,518,524	63,444,541
Total assets	266,738,753	263,908,950
DEFERRED OUTFLOWS OF RESOURCES		
Long-term debt refundings	-	2,238,081
Deferred gas charges	(99,999)	(94,500)
Pension plan	3,894,538	1,739,995
Accumulated decrease in fair value of financial hedging instruments	(2,526,975)	(3,604,223)
Total deferred outflows of resources	1,267,564	279,353
Total assets and deferred outflows of resources	$ 268,006,317	$ 264,188,303

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

MERCED IRRIGATION DISTRICT

STATEMENTS OF NET POSITION (CONTINUED)

March 31, 2016 and 2015

	2016	2015 (As Restated)
LIABILITIES		
Noncurrent liabilities:		
Long-term debt	$ 107,248,052	$ 116,272,132
Accrued compensated absences	1,195,539	1,207,365
Employee retirement	1,494,158	1,494,158
Net OPEB obligation	1,458,735	1,516,407
Collective net pension liability	19,543,924	17,088,378
Regulatory deferred revenues	3,826,683	8,708,558
Deposits	866,228	891,260
Total noncurrent liabilities	135,633,319	147,178,258
Current liabilities:		
Accounts payable	2,511,566	2,194,882
Accrued liabilities	5,336,859	5,636,527
Unearned revenue	2,012,337	2,470,327
Accrued interest payable	1,643,959	746,840
Current portion of long-term debt	3,635,000	3,434,460
Total current liabilities	15,139,721	14,483,036
Total liabilities	150,773,040	161,661,294
DEFERRED INFLOWS OF RESOURCES		
Public purpose revenues	1,418,526	1,108,324
Power cost reductions	800,000	800,000
Pension plan	2,758,629	2,794,170
Accumulated increase in fair value of financial hedging instruments	(2,526,975)	(3,604,223)
Total deferred inflows of resources	2,450,180	1,098,271
NET POSITION		
Net investment in capital assets	75,221,152	67,163,402
Restricted	1,069,529	1,997,701
Unrestricted	38,492,416	32,267,635
Total net position	114,783,097	101,428,738
Total liabilities, deferred inflows of resources and net position	$ 268,006,317	$ 264,188,303

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

MERCED IRRIGATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the years ended March 31, 2016 and 2015

	2016	2015 (As Restated)
Operating revenues:		
Electric sales and services	$ 54,167,965	$ 56,292,342
Water sales and services	9,020,820	15,623,423
Hydroelectric contractual services	3,992,297	8,401,004
Water transfers	5,615,875	7,768,887
Recreation fees	848,776	1,100,749
Storm drainage fees	10,323	6,480
Concessionaire revenue	1,110,570	1,496,512
Total operating revenues	74,766,626	90,689,397
Operating expenses:		
Purchase of power	27,475,015	30,586,822
Water distribution	11,362,613	15,135,344
Electric transmission and distribution	8,353,286	14,405,851
Recreation	1,956,934	2,642,204
Concessionaire	694,584	789,633
Storm drainage	23,968	34,741
Administrative and general	4,822,085	5,210,885
Depreciation and amortization	7,538,185	5,807,344
Total operating expenses	62,226,670	74,612,824
Net income from operations	12,539,956	16,076,573
Nonoperating revenues (expenses):		
Property taxes	2,750,480	2,548,023
Interest income	511,139	299,997
Other nonoperating income	436,435	222,213
Gain (loss) on disposal of capital assets	(60,474)	212,069
Interest expense	(6,457,328)	(20,781,775)
Total nonoperating revenues (expenses)	(2,819,748)	(17,499,473)
Net income (loss) before capital contributions	9,720,208	(1,422,900)
Capital contributions	3,634,151	2,150,385
Total capital contributions	3,634,151	2,150,385
Change in net position	13,354,359	727,485
Net position, beginning of year, as restated	101,428,738	100,701,253
Net position, end of year	$ 114,783,097	$ 101,428,738

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

MERCED IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS

For the years ended March 31, 2016 and 2015

	2016	2015 (As Restated)
Cash flows from operating activities:		
Cash receipts from customers	$ 75,485,790	$ 94,168,503
Cash paid to suppliers for goods and services	(51,130,271)	(60,010,450)
Cash paid to employees for services	(9,243,417)	(9,822,841)
Net cash provided by operating activities	15,112,102	24,335,212
Cash flows from noncapital financing activities:		
Property taxes received	2,750,480	2,554,960
Relicense costs incurred	(858,819)	(2,765,475)
Other income, net of other expenses	436,435	215,276
Net cash provided by noncapital financing activities	2,328,096	4,761
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(11,176,001)	(10,561,941)
Gain (loss) on sale of equipment	(60,474)	212,069
Capital contributions from grants	3,626,868	2,150,385
Proceeds from issuance of debt	63,405,402	38,793,615
Principal payments on long-term debt	(71,929,728)	(28,849,633)
Interest payments on long-term debt	(5,859,422)	(20,013,113)
Long-term debt refunding	2,238,081	226,538
Net cash used by capital and related financing activities	(19,755,274)	(18,042,080)
Cash flows from investing activities:		
Purchase of investment securities	(12,348,019)	(1,603,192)
Change in restricted cash	4,010,349	5,364,590
Interest received on investments	463,552	305,983
Net cash (used in) provided by investing activities	(7,874,118)	4,067,381
(Decrease) increase in cash and cash equivalents	(10,189,194)	10,365,274
Cash and cash equivalents, beginning of year	34,878,504	24,513,230
Cash and cash equivalents, end of year	$ 24,689,310	$ 34,878,504

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

MERCED IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS (CONTINUED)

For the years ended March 31, 2016 and 2015

	2016	2015 (As Restated)
Reconciliation of the net income from operations to net cash provided by operating activities:		
Net income from operations	$ 12,539,956	$ 16,076,573
Adjustments to reconcile net income from operations to net cash provided by operating activities:		
Depreciation and amortization	7,538,185	5,807,344
Changes in operating assets and liabilities:		
Accounts receivable	707,438	998,541
Due from other governmental agencies	(565,501)	(2,143,028)
Inventory	(340,861)	150,063
Prepaid expenses and other current assets	65,426	334,976
Deferred outflows to resources	(2,149,044)	483,722
Accounts payable	316,684	1,493,428
Accrued liabilities	(295,992)	1,100,281
Unearned revenue	(5,339,865)	(11,430)
Collective net pension liability	2,455,546	-
Deposits	(25,032)	75,610
Deferred inflow of resources	274,661	34,443
Accrued compensated absences	(11,827)	140,267
Employee retirement	-	134,881
Net OPEB obligation	(57,672)	(340,459)
Net cash provided by operating activities	$ 15,112,102	$ 24,335,212
Supplemental disclosures of cash flow information:		
Noncash operating activities:		
Recognition of collective net pension liability	$ -	$ 17,088,378
Deferred inflow of resources - pension plan	-	2,794,170
Prior period adjustment: change in accounting principle	-	(18,142,553)
Cash payments for collective net pension liability	$ -	$ 1,739,995
Noncash investing, capital and financing activities:		
Receipt of contributed assets	$ 7,283	$ -
Change in financial hedging instruments	$ (1,077,248)	$ 3,090,672

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

1. Reporting Entity and Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Although legally separate from the District, the MIDPFFC and the MIDDID#1 are reported as if they were part of the primary government because they share a common Board of Directors with the District and their sole purposes are to provide financing to the District under the debt issuance documents of the District and construction and maintenance of storm water drainage facilities. 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.

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

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 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.

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.

Basis of Presentation

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

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.

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

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.

Change in Accounting Principle

The District adopted new accounting guidance, GASB Statement No. 68*, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB 68), and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68* (GASB 71). As a result of the implementation, the District restated beginning net position in the Statement of Net Position, effectively decreasing net position by $18,142,553 as of April 1, 2014. The decrease resulted from recognizing the deferred outflow of resources of $1,739,995; a net pension liability of $17,088,378, which is a noncurrent liability; and a deferred inflow of resources of $2,794,170. See Note 8 for additional information regarding this presentation.

Statements of Net Position	2015 as Restated	2015 Originally Reported	Change
Deferred outflow of resources - pension plan	$ (1,739,995)	$ -	$ (1,739,995)
Collective net pension liability	17,088,378	-	17,088,378
Deferred inflow of resources - pension plan	2,794,170	-	2,794,170
Net position, end of year	101,428,738	119,571,291	(18,142,553)

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to current year presentation due to the change in accounting principle discussed above.

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.

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

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, 2016 and 2015, 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, 2016 and 2015, such cumulative water sales were $3,826,683 and $8,708,558, respectively, and are reported as regulatory deferred revenues, as follows:

1. In 2007, the District was able to negotiate several transfer agreements which resulted in excess net income available to offset the projected low water sales and increasing costs in future years. A portion of the excess revenue was deferred in accordance with SFAS 71 to offset certain expenditures in future years. At March 31, 2015, the available balance was $2,750,000 and was recognized in 2016.

2. In 2013, the District entered into an agreement to transfer water to a local agency on or before February 28, 2019. The transfer is currently undergoing its state required environmental review. At March 31, 2016 and 2015, the balance on deposit to be applied to the future purchase amount was $2,730,000.

3. In 2014, the District entered into and completed an agreement to transfer water to a local agency. The revenue from this transfer has been deferred to offset certain expenditures in future years. At March 31, 2016 and 2015, the remaining balance was $1,096,683 and $1,551,558, respectively.

4. In 2015, the District entered into and completed an agreement to transfer water to a local agency. The revenue from this transfer has been deferred to offset certain expenditures in future years. At March 31, 2015, the available balance was $1,677,000 and was recognized in 2016.

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

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, 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.

Capital Assets

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

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

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

Deferred Relicense Costs

The District is deferring the costs of studies, legal counsel and various consultants associated with relicensing the 1964 Merced River Development Project with the Federal Energy Regulatory Commission (FERC) until the license is renewed. The District's existing FERC license expired on February 28, 2014; however, 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, Prepaid Insurance Debt Issuance Costs

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

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

Deferred Outflows

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

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.

Purchased Power Expenses - 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. Investments are reported at fair value.

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

Valuation Date:	June 30, 2014
Measurement Date:	June 30, 2015
Measurement Period:	July 1, 2014 to June 30, 2015

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

Accounts Receivable, Net

Accounts receivable arise from billings to customers for water and electricity usage and include an estimate for unbilled revenues earned from the dates the customers were last billed to the end of the year. An estimate of the uncollectible amount is $40,500 and $46,600 at March 31, 2016 and 2015, respectively.

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

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.

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

Property Taxes

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

1. Reporting Entity and 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), which are available upon demand.

New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09), which converges the FASB and the International Accounting Standards Board standards on revenue recognition. ASU 2014-09 supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") 605, *Revenue Recognition*. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized, based upon the core principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires additional disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 is effective for fiscal years beginning after December 15, 2018 and interim periods within annual periods beginning after December 15, 2018. Early adoptions is permitted for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. The District is currently evaluating the impact of the adoption of ASU 2014-09 on its financial statements.

In June 2015, GASB issued Statement 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 69* (GASB 73). 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 District is in the process of evaluating the impact of implementing GASB 73 for financial reporting.

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

New Accounting Pronouncements, continued

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (GASB 74). 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, 2015. Earlier application is encouraged. The District is in the process of evaluating the impact of implementing GASB 74 for financial reporting.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). 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 inter-period 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.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 76). 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. GASB 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Earlier application is permitted. The requirements of GASB 76 are effective for reporting periods beginning after June 15, 2015. Earlier application is encouraged. The District is in the process of evaluating the impact of implementing GASB 76 for financial reporting.

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

New Accounting Pronouncements, continued

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures (*GASB 77). 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 District is in the process of evaluating the impact of implementing GASB 77 for financial reporting.

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* (GASB 78). 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. Earlier application is encouraged. The District is in the process of evaluating the impact of implementing GASB 78 for financial reporting.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants* (GASB 79). 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. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by GASB 79 during the reporting period, individually or in the aggregate, were significant. The requirements of GASB 79 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. Earlier application is encouraged. The District is in the process of evaluating the impact of implementing GASB 79 for financial reporting.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* (GASB 80). 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.

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

New Accounting Pronouncements, continued

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements* (GASB 81). 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.

In March 2016, GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statement No. 67, No. 68, and No. 69 (*GASB 82). 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.

2. Cash, Cash Equivalents and Investments

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

	2016	2015
Cash	$ 24,540,733	$ 32,710,885
Cash equivalents	148,577	2,167,619
Restricted - cash equivalents	2,512,359	6,708,857
Restricted - irrevocable trust	584,686	398,537
Investments	41,245,032	28,897,013
Total cash, cash equivalents and investments	$ 69,031,387	$ 70,882,911

Cash, cash equivalents and investments consisted of the following as of March 31, 2016 and 2015:

	2016	2015
Cash on hand	$ 6,310	$ 10,660
Deposits with financial institutions	24,534,423	32,700,225
Deposits with trust	584,686	398,537
Investments and cash equivalents	43,905,968	37,773,489
Total cash, cash equivalents and investments	$ 69,031,387	$ 70,882,911

2. Cash, Cash Equivalents and Investments, continued

Investment Policy

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

During the years ended March 31, 2016 and 2015, the District's permissible investments included the following instruments:

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

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

2. Cash, Cash Equivalents and Investments, continued

Investments Authorized by Debt Agreements

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

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

Interest Rate Risk

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

2. Cash, Cash Equivalents and Investments, continued

Interest Rate Risk, continued

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

March 31, 2016

		Remaining Maturity (in Months)			
	Total	12 months or less	13 to 24 months	25 to 60 months	More than 60 months
U.S. Treasury Obligations	$ 8,105,849	$ -	$ 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	-	-	-
Total	$ 43,905,968	$ 11,251,781	$ 5,044,580	$ 27,609,607	$ -

March 31, 2015

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

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, 2016

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

March 31, 2015

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

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, 2016 and 2015, 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, 2016 and 2015, the carrying amount of the District's deposits was $24,534,425 and $32,700,225, respectively, and the balance in financial institutions was $24,505,184 and $32,700,839, respectively. Of the balances in financial institutions, $500,000 was insured by the Federal Deposit Insurance Corporation. At March 31, 2016 and 2015, as required by State law (Government Code Section 53630), the amount collateralized by the pledging financial institution was $24,005,184 and $32,200,839, respectively, with assets held in a common pool for the District and other governmental agencies, but not in the name of the District.

Investment in LAIF

As of March 31, 2016 and 2015, the District's investment in LAIF was $1,923 and $2,074,448, respectively. The total amount invested by all public agencies in LAIF at those dates is approximately $21.1 billion and $20.1 billion, respectively. LAIF is part of the Pooled Money Investment Account (PMIA) with a total portfolio of approximately $70.2 billion and $66.2 billion at March 31, 2016 and 2015, respectively. As of March 31, 2016 and 2015, LAIF has an average life of 146 days and 185 days, respectively. The Local Investment Advisory Board (Advisory Board) has oversight responsibility for LAIF. The Advisory Board consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis that is different than the fair value of the District's position in the pool.

3. Capital Assets

Capital asset activity for the year ended March 31, 2016 is as follows:

	Balances at April 1, 2015	Additions	Disposals	Transfers and Adjustments	Balances at March 31, 2016
Capital assets, not being depreciated:					
Land	$ 13,098,088	$ -	$ -	$ -	$ 13,098,088
Construction in process	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	-	(18,721)	2,217,207	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	(245,535)	6,688,408	232,199,716
Less accumulated depreciation for:					
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)	141,880	-	(100,537,975)
Total capital assets being depreciated, net	130,519,906	(5,442,918)	(103,655)	6,688,408	131,661,741
Capital assets, net	$ 152,400,613	$ 5,768,146	$ (103,655)	$ (766,525)	$ 157,298,579

3. Capital Assets, continued

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

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

4. Accrued Liabilities

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

	2016	2015
Accrued NMDL settlement	$ 10,287	$ 7,650
Accrued permission fees	186,082	191,194
Accrued power purchase expense	1,747,776	2,185,149
Accrued salaries and wages	276,787	272,335
Other accrued liabilities	3,115,927	2,980,199
Total accrued liabilities	$ 5,336,859	$ 5,636,527

5. Long-Term Debt

Long-term debt activity during the years ended March 31, 2016 and 2015 is as follows:

	Balances at April 1, 2015	Additions	(Repayments)	Balances at March 31, 2016	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	

5. Long-Term Debt, continued

	Balances at April 1, 2014	Additions	(Repayments)	Balances at March 31, 2015	Due Within One Year
Long-term debt:					
Merced River Development Bonds	$ 395,000	$ -	$ (395,000)	$ -	$ -
2005 Electric System Refunding Revenue Bonds	56,745,000	-	(1,380,000)	55,365,000	1,460,000
2005 Revenue Certificates of Participation	3,065,000	-	(330,000)	2,735,000	345,000
2008 Water and Hydro Refunding Revenue Certificates of Participation	3,715,000	-	(3,715,000)	-	-
2008 Water and Hydro Capital Appreciation Revenue Certificates of Participation	22,718,863	-	(22,718,863)	-	-
2012 Electric System Refunding Revenue Bonds	10,210,000	-	(10,000)	10,200,000	15,000
2013 Electric System Refunding Revenue Bonds	11,988,960	-	(300,770)	11,688,190	424,460
2014 Water & Hydroelectric System Refunding Revenue Bonds	-	31,410,000	-	31,410,000	1,190,000
	108,837,823	31,410,000	(28,849,633)	111,398,190	3,434,460
Line of Credit	-	4,342,000	-	4,342,000	-
Total	108,837,823	35,752,000	(28,849,633)	115,740,190	$ 3,434,460
Add:					
Bond discounts	(14,536)	-	14,536	-	
Bond premiums	1,015,514	3,163,280	(212,392)	3,966,402	
Accretion of capital appreciation certificates	10,150,358	888,663	(11,039,021)	-	
Less: current portion of long-term debt	(2,880,770)	(3,434,460)	2,880,770	(3,434,460)	
Total long-term debt	$ 117,108,389	$ 617,483	$ (8,356,107)	$ 116,272,132	

5. Long-Term Debt, continued

Long-term debt consists of the following at March 31, 2016 and 2015:

Merced River Development Bonds

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

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.

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.

5. Long-Term Debt, continued

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

On June 24, 2008, the District issued 2008 Refunding Revenue Certificates of Participation in the amount of $6,335,000. Proceeds were used to advance refund the District's 2001 Certificates of Participation (Water Utility Facilities Improvements). The Certificates are secured by a lien on the District's Water Operations and Hydroelectric net revenues. Interest rates range from 3.00% to 4.625%. Principal payments ranging from $435,000 to $600,000 are due annually on September 1, through September 1, 2020. Interest payments ranging from $27,750 to $292,133 are due semi-annually on March 1 and September 1, through September 1, 2020. The District is required to maintain a ratio of water operation net revenues to debt service of 120% until 2014 and a ratio of Water Operations and Hydroelectric net revenue to debt service of 125% thereafter. This bond with a balance of $3,715,000 was defeased in 2014-15 by the 2014 Water and Hydroelectric System Refunding Revenue Bonds.

2008 B Capital Appreciation Revenue Certificates of Participation

On June 24, 2008, the District issued 2008 Capital Appreciation Revenue Certificates of Participation in the amount of $22,718,863. Proceeds were used to advance refund the 2005 Warrants and to continue to finance the costs of relicensing the District's 1964 Merced River Development Project. The certificates are secured by a lien on the District's Water Operations and Hydroelectric net revenues. Interest rates range from 6.35% to 6.75%. Interest on these certificates is compounded semi-annually at March 1 and September 1, commencing September 1, 2008. The interest cost is accreted from date of issuance to maturity. The Certificates mature on September 1, 2023, 2033 and 2038; however, mandatory prepayments on these Certificates begin on September 1, 2015, September 1, 2024 and September 1, 2034 for each certificate maturity date, respectively. Principal payments ranging from $387,550 to $1,832,445 are due annually starting September 1, 2015 through September 1, 2038. Interest payments ranging from $1,039,143 to $2,487,450 are due annually starting September 1, 2015 through September 1, 2038. The District is required to maintain a ratio of Water Operations and Hydroelectric net revenue to debt service of 125%. This bond with a balance of $22,718,863 was defeased in 2014-15 by the 2014 Water and Hydroelectric System Refunding Revenue Bonds.

2012 Electric System Refunding Revenue Bonds

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

5. Long-Term Debt, continued

2013 Electric System Refunding Revenue Bonds

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

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 semi-annually on April 1 and 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.

5. Long-Term Debt, continued

The following is a schedule of long-term debt:

Years Ending March 31,	Principal	Interest	Total
2017	$ 3,635,000	$ 4,393,423	$ 8,028,423
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
2022-2026	19,710,000	16,598,773	36,308,773
2027-2031	24,890,000	11,390,865	36,280,865
2032-2036	29,390,000	5,056,910	34,446,910
2037-2041	5,825,000	506,500	6,331,500
	$ 98,360,000	$ 54,386,883	$ 152,746,883

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 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, 2016 and 2015 is $104,567,160 and $128,999,800, respectively. For the year ended March 31, 2016, principal and interest and total electric customer net revenues were $3,458,937 and $14,438,583 respectively. For the year ended March 31, 2015, principal and interest paid and total electric customer net revenues were $5,903,029 and $15,796,157, respectively.

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, 2016 and 2015, is $48,179,720 and $50,921,606, respectively. For the year ended March 31, 2016, principal and interest and total water customer net revenues were $3,311,465 and $7,469,184, respectively. For the year ended March 31, 2015, principal and interest paid and total water customer net revenues were $625,633 and $10,926,973, respectively.

5. Long-Term Debt, continued

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, 2016 and 2015, 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 and $4,342,000 outstanding on this line of credit at March 31, 2016 and 2015, respectively.

6. Energy Supply Purchases and Derivatives

Power Supply Agreements

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

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, 2016 and 2015 totaled $18,600,433 and $24,750,551, respectively.

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

6. Energy Supply Purchases and Derivatives, continued

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 $58.21 and $53.31 per megawatt-hour during the years ended March 31, 2016 and 2015, respectively. The District's purchases for the years ended March 31, 2016 and 2015 totaled $531,300 and $436,846, respectively.

Iberdrola Renewables, Inc.

The District entered into a 25-year power supply agreement with Iberdrola in 2003 for energy generated by a wind energy project. This is a non-firm power supply contract to purchase 5 megawatts of installed capacity, which is expected to generate 16,000 megawatt-hours of energy annually for the District at a fixed price of $54.95 per megawatt-hour. Effective April 1, 2010 through the remaining life of the power supply agreement, under the new amendment, the District receives a credit on their invoice for the amount of energy delivered to the California Independent System Operator (CAISO) times the locational marginal price applicable to the CAISO pricing node for the wind project. The District's purchases during the year ended March 31, 2016 and 2015 totaled $595,658 and $551,231, respectively. The District's sales back to Iberdrola during the years ended March 31, 2016 and 2015 totaled $285,820 and $418,285, respectively.

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. Certain put and call options and financial swaps for electricity and natural gas are considered to be derivatives under GASB 53, as they do not generally meet the "normal purchases and normal sales" criteria.

6. Energy Supply Purchases and Derivatives, continued

Background Information

At March 31, 2016 and 2015, the District has the following derivative financial instruments:

			Changes in Fair Value		2016	
Type	Notional Amount		Classification	Amount	Classification	Amount
Commodity forward contracts	393,050	MWh	Deferred inflow	$ (1,077,248)	Derivative instruments	$ 2,526,975

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

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

The District purchases fixed-for-floating swap agreements to hedge changes in cash flows and to manage market price risk under its TID agreement. Effective April 1, 2009, all ongoing electricity swap agreements settle against the newly-created North Path 15 Existing Zone Generation Trading Hub's day-ahead locational marginal price index. The North Path 15 index was selected to link the swap agreements to the cost of electricity under the TID agreement. The District's objective in executing swap agreements is to fix its costs for power supply and hedge market price exposure. The net amount of electricity swap settlements paid during the years ended March 31, 2016 and 2015 was $3,646,148 and $1,796,892, respectively.

The fair values of the electricity price swap agreements are based on forward prices from established indices for the applicable region and discounted using the District's estimated cost of funds of 5.5% at March 31, 2016 and 2015.

6. Energy Supply Purchases and Derivatives, continued

Risks

The following tables display the terms of the District's hedging derivative instruments outstanding at March 31, 2016 and 2015, along with the credit rating of the associated counterparty or parent company guarantor, as applicable. All of these instruments presented in the tables are commodity forward contracts with the objective to hedge changes in cash flows due to market price fluctuations related to expected purchases of electricity. In addition, all of the instruments settle at expiration using the North Path 15 as the index.

March 31, 2016

Type	Notional Amount		Effective Date	Maturity Date	Counterparty Credit Risk
Commodity forward contract	10,400	MWh	04/01/16	6/30/2016	A
Commodity forward contract	10,000	MWh	04/01/16	6/30/2016	A
Commodity forward contract	10,400	MWh	04/01/16	6/30/2016	A
Commodity forward contract	43,760	MWh	07/01/16	9/30/2016	A
Commodity forward contract	44,880	MWh	07/01/16	9/30/2016	A
Commodity forward contract	42,800	MWh	07/01/16	9/30/2016	A
Commodity forward contract	22,000	MWh	10/01/16	12/31/2016	A
Commodity forward contract	21,210	MWh	10/01/16	12/31/2016	A
Commodity forward contract	22,000	MWh	10/01/16	12/31/2016	A
Commodity forward contract	16,000	MWh	01/01/17	3/31/2017	A
Commodity forward contract	15,360	MWh	01/01/17	3/31/2017	A
Commodity forward contract	17,280	MWh	01/01/17	3/31/2017	A
Commodity forward contract	20,000	MWh	01/01/17	9/30/2017	A
Commodity forward contract	21,600	MWh	01/01/17	9/30/2017	A
Commodity forward contract	20,000	MWh	01/01/17	9/30/2017	A
Commodity forward contract	10,400	MWh	01/01/18	3/31/2018	A
Commodity forward contract	9,600	MWh	01/01/18	3/31/2018	A
Commodity forward contract	10,800	MWh	01/01/18	3/31/2018	A
Commodity forward contract	2,080	MWh	01/01/19	12/31/2019	A
Commodity forward contract	1,920	MWh	01/01/19	12/31/2019	A
Commodity forward contract	2,080	MWh	01/01/19	12/31/2019	A
Commodity forward contract	2,080	MWh	01/01/19	12/31/2019	A
Commodity forward contract	2,080	MWh	01/01/19	12/31/2019	A
Commodity forward contract	2,000	MWh	01/01/19	12/31/2019	A
Commodity forward contract	2,080	MWh	01/01/19	12/31/2019	A
Commodity forward contract	2,160	MWh	01/01/19	12/31/2019	A
Commodity forward contract	1,920	MWh	01/01/19	12/31/2019	A
Commodity forward contract	2,160	MWh	01/01/19	12/31/2019	A
Commodity forward contract	2,000	MWh	01/01/19	12/31/2019	A
Commodity forward contract	2,000	MWh	01/01/19	12/31/2019	A

6. Energy Supply Purchases and Derivatives, continued

Risks, continued

March 31, 2015

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

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

Other Risks – There were no derivative transactions outstanding that carry basis risk as of March 31, 2016 and 2015. As of March 31, 2016 and 2015, no termination events have occurred, and there were no outstanding transactions with material termination risk. There was no rollover, interest rate, foreign currency or market access risk for these derivative products at March 31, 2016 and 2015.

7. Net Position

Restricted

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

	2016	2015
Recreation plan operations and maintenance	$ -	$ 1,100,490
Mariposa County water rights settlement	484,843	492,171
Recreation plan future stage construction	-	6,503
Irrevocable trust - OPEB	584,686	398,537
Total	$ 1,069,529	$ 1,997,701

7. Net Position, continued

Restricted, continued

The restrictions are for the following:

- Restricted for recreation plan operations and maintenance represents unspent State of California grant proceeds restricted for the District's recreation plan operations and maintenance.
- Restricted for Mariposa County water rights settlement represents unspent State of California grant proceeds restricted for the remaining unpaid Mariposa County water rights commitment.
- Restricted for recreation plan future stage construction represents unspent State of California grant proceeds restricted for the third stage of onshore recreation facilities improvements, including fishing access sites, at Lake McClure and Lake McSwain in accordance with the District's recreation plan.
- 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, 2016 and 2015, as restated, amount to $75,635,589 and $64,752,972, respectively. Amounts set aside for future spending plans included the following at March 31:

	2016	2015
Water resources - capital fund	$ 2,917,963	$ 4,093,841
Water resources - unanticipated infrastructure	2,000,000	5,000,000
Water resources - operating reserve	5,715,547	7,144,434
Water resources - catastrophe fund	838,315	838,315
Subtotal - water resources	11,471,825	17,076,590
Energy resources - new customer growth	3,185,000	2,185,000
Energy resources - system support and growth	25,992,181	19,489,000
Energy resources - purchased power reserve	12,211,477	11,480,461
Energy resources - operating reserve	4,564,869	4,565,869
Energy resources - catastrophe fund	2,174,896	1,449,931
Subtotal - energy resources	48,128,423	39,170,261
Total	$ 59,600,248	$ 56,246,851

7. Net Position, continued

Unrestricted, continued

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

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

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

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

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

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

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

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

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

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

8. Employees' Retirement Plan

During fiscal year ended March 31, 2016, the District implemented GASB No. 68 which changed the format of disclosures that were reported at March 31, 2015. Therefore, a new format was used for March 31, 2016 and disclosures for each year are presented separately within this note.

For the Fiscal Year Ended March 31, 2016

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.

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

8. Employees' Retirement Plan, continued

For the Fiscal Year Ended March 31, 2016, continued

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.

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, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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, 2014
Measurement date	June 30, 2015
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, 2014 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 found on the CalPERS website.

8. Employees' Retirement Plan, continued

For the Fiscal Year Ended March 31, 2016, continued

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.

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 [(a)]	Real Return Years 11 + [(b)]
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%

[(a)] An expected inflation rate of 2.5% used for this period

[(b)] An expected inflation rate of 3.0% used for this period

8. Employees' Retirement Plan, continued

For the Fiscal Year Ended March 31, 2016, continued

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, 2014	$ 66,971,784	$ 49,883,406	$ 17,088,378
Changes recognized for the measurement period:			
Service Cost	1,475,369	-	1,475,369
Interest on the total pension liability	4,996,783	-	4,996,783
Changes in assumptions	(1,254,761)	-	(1,254,761)
Differences between actual and expected experience	637,217	-	637,217
Contribution - employer	-	1,567,686	(1,567,686)
Contribution - employees	-	752,306	(752,306)
Net investment income	-	1,135,034	(1,135,034)
Benefit payments, including refunds of employee contributions	(3,549,005)	(3,549,005)	-
Administrative expenses	-	(55,964)	55,964
Net changes during 2014-15	2,305,603	(149,943)	2,455,546
Balance at June 30, 2015	$ 69,277,387	$ 49,733,463	$ 19,543,924

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%)
Plan's Net Pension Liability/(Asset)	$ 29,078,702	$ 19,543,924	$ 11,725,587

8. Employees' Retirement Plan, continued

For the Fiscal Year Ended March 31, 2016, continued

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, 2015 and the District's fiscal year end of March 31, 2016.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,765,529	$ -
Recognized pension expense	(488,427)	(829,335)
Changes in assumptions	-	1,008,729
Differences between actual and expected experience	512,272	-
Net difference between projected and actual earnings on plan investments	2,105,164	2,579,235
Total	$ 3,894,538	$ 2,758,629

At March 31, 2016, amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources
2016	$ (36,974)
2017	(36,974)
2018	(36,974)
2019	(681,779)
2020	(343,208)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

8. Employees' Retirement Plan, continued

For the Fiscal Year Ended March 31, 2015

Plan Description

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

Funding Policy

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

Annual Pension Cost

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

Three-Year Trend Information for the District

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

* Due to change in accounting period

8. Employees' Retirement Plan, continued

For the Fiscal Year Ended March 31, 2015, continued

Funded Status and Funding Progress

The actuarial value and funding progress is set forth below at the most recent actuarial valuation date:

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

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

9. Postemployment Health Care Benefits

Plan Description

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

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

9. Postemployment Health Care Benefits, continued

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:

	2016	2015
Fair value - beginning of year	$ 398,537	$ -
Contributions	203,342	390,542
Gain (loss) on investments	(16,702)	8,083
Administrative expenses	(491)	(88)
Fair value - end of the year	$ 584,686	$ 398,537

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended March 31, 2016, the District contributed $188,331 to the plan, which represents 56% of the cost for the year then ended. For the year ended March 31, 2015, the District contributed $216,122 to the plan, which represents 54% of the cost for the year then ended premiums for eligible retired plan members and their spouses. During the years ended March 31, 2016 and 2015, plan members receiving benefits contributed $27,509 (or approximately 15%) and $19,970 (or approximately 9%), respectively, of the total premiums, through their required contribution.

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, 2016 and 2015, 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:

	2016	2015
Annual required contribution	$ 350,055	$ 427,918
Interest on net OPEB obligation	106,148	69,037
Annual required contribution adjustment	(122,202)	(99,810)
Annual OPEB cost	334,001	397,145
Funded contribution	(203,342)	(390,542)
Contributions made (premium payment made)	(188,331)	(216,122)
Change in net OPEB obligation	(57,672)	(209,519)
Net OPEB obligation, beginning of year	1,516,407	1,725,926
Net OPEB obligation, end of year	$ 1,458,735	$ 1,516,407

The ARC of $350,055 for March 31, 2016 above is based on the latest valuation available as of that date, which is July 1, 2015. The ARC of $427,918 for March 31, 2015 is based on the latest valuation available as of that date, which is April 1, 2014.

9. Postemployment Health Care Benefits, continued

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for years ended March 31, 2016 and 2015, and December 31, 2013 were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2013	$ 334,254	77.97%	$ 1,725,926
March 31, 2015	397,145	152.76%	1,516,407
March 31, 2016	334,001	117.27%	1,458,735

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.

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.

10. Insurance

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

10. Insurance, continued

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. Settled claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

11. Commitments and Contingencies

Mariposa County Water Rights Commitment

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

Litigation

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

Federal and State Regulatory Issues

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

Contract Commitments

At March 31, 2016 and 2015, the District had contract commitments of $2,716,421 and $1,349,715, respectively, for construction, design, engineering, planning and administrative costs. The District has unexpended approved allocations from existing sources, as well as committed revenues in its funding plan to cover the costs of these contract commitments.

12. 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.

	March 31, 2016		March 31, 2015, as restated	
	Energy Resources	Water Resources	Energy Resources	Water Resources
Condensed Statements of Net Position				
Assets:				
Capital assets, net	$ 67,476,644	$ 44,178,986	$ 66,629,439	$ 41,915,764
Debt issuance costs	342,851	4,169	1,595,363	4,524
Interfund receivables	49,994,649	41,130,217	40,694,384	39,619,485
Current assets	9,875,964	4,372,345	14,032,003	7,403,052
Total assets	127,690,108	89,685,717	122,951,189	88,942,825
Deferred outflow of resources	(1,850,755)	1,702,846	(1,113,844)	760,794
Liabilities:				
Long-term and other liabilities	76,213,061	16,889,754	83,195,069	21,014,589
Interfund payables	222,605	379,370	222,605	379,370
Other current liabilities	5,988,916	3,316,954	5,108,491	3,911,616
Total liabilities	82,424,582	20,586,078	88,526,165	25,305,575
Deferred inflow of resources	241,372	1,206,182	(1,138,992)	1,221,718
Net position:				
Net investment (deficit) in capital assets	(4,244,400)	40,893,670	(6,198,497)	38,579,852
Restricted	-	484,843	-	492,171
Unrestricted	47,417,799	28,217,790	40,648,669	24,104,303
Total net position	$ 43,173,399	$ 69,596,303	$ 34,450,172	$ 63,176,326

12. Disclosure of Segment Information, continued

	March 31, 2016		March 31, 2015, as restated	
	Energy Resources	Water Resources	Energy Resources	Water Resources
Condensed Statements of Revenues, Expenses and Changes in Net Position				
Operating revenues (pledged against bonds)	$ 54,167,965	$ 14,636,695	$ 56,292,342	$ 23,392,310
Depreciation and amortization	(4,206,581)	(1,682,313)	(2,673,492)	(1,580,616)
Other operating expenses	(35,582,196)	(12,864,349)	(39,796,726)	(17,143,679)
Operating income	14,379,188	90,033	13,822,124	4,668,015
Nonoperating revenues (expenses):				
Property taxes	-	2,486,236	-	2,285,578
Other nonoperating revenues	467,962	395,954	284,233	440,040
Interest expense	(5,199,612)	(107,337)	(4,018,067)	(306,285)
Nonoperating revenues (expenses), net	(4,731,650)	2,774,853	(3,733,834)	2,419,333
Income (loss) before transfers and capital contributions	9,647,538	2,864,886	10,088,290	7,087,348
Capital contributions	51,481	2,532,694	37,495	1,063,045
Transfers in	-	1,022,397	-	1,031,909
Transfers out	(975,792)	-	(983,692)	-
Changes in net position	8,723,227	6,419,977	9,142,093	9,182,302
Beginning net position, as restated	34,450,172	63,176,326	25,308,079	53,994,024
Ending net position	$ 43,173,399	$ 69,596,303	$ 34,450,172	$ 63,176,326

	March 31, 2016		March 31, 2015, as restated	
	Energy Resources	Water Resources	Energy Resources	Water Resources
Condensed Statements of Cash Flows				
Net cash provided by (used in):				
Operating activities	$ 8,505,630	$ (3,365,144)	$ 9,636,374	$ (2,206,675)
Noncapital financing activities	151,201	2,730,006	142,976	2,448,693
Capital and related financing activities	(13,000,020)	(1,661,986)	(9,900,365)	(1,225,443)
Investing activities	4,343,189	227,550	121,015	991,343
Net increase (decrease)	-	(2,069,574)	-	7,918
Cash and cash equivalents, beginning of year	-	3,093,439	-	3,085,521
Cash and cash equivalents, end of year	$ -	$ 1,023,865	$ -	$ 3,093,439

12. Disclosure of Segment Information, continued

Cash is used within the District by different funds for various operations and this use of another fund's cash is recorded on the statement of net position as due to other funds and due from other funds. As of March 31, 2016 and 2015, 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.

13. Subsequent Events

The District evaluated subsequent events for recognition and disclosure through June 30, 2016, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since March 31, 2016 that required recognition or disclosure in such financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

MERCED IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULES OF FUNDING PROGRESS

For the year ended March 31, 2016

Schedule of Funding Progress for the Postemployment Health Care Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2011	$ -	$ 2,971,500	$ 2,971,500	0%	N/A	N/A
April 1, 2014	-	3,153,781	3,153,781	0%	N/A	N/A
July 1, 2015	593,673	2,658,281	2,064,608	29%	N/A	N/A

Schedule of Funding Progress for the Employees Retirement Plan

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

MERCED IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS– LAST 10 YEARS*

As of March 31, 2016

	June 30,*	
	2015	2014
Total pension liability:		
Service cost	$ 1,475,369	$ 1,417,603
Interest on total pension liability	4,996,783	4,739,687
Differences between expected and actual experience	637,217	-
Changes in assumptions	(1,254,761)	-
Benefit payments, including refunds of employee contributions	(3,549,005)	(3,345,061)
Net change in total pension liability	2,305,603	2,812,229
Total pension liability - beginning	66,971,784	64,159,555
Total pension liability - ending (a)	$ 69,277,387	$ 66,971,784
Plan fiduciary net position:		
Contributions - employer	$ 1,567,686	$ 1,366,237
Contributions - employee	752,306	726,473
Net investment income	1,135,034	7,522,312
Administrative expense	(55,964)	-
Benefit payments	(3,549,005)	(3,345,061)
Net change in plan fiduciary net position	(149,943)	6,269,961
Plan fiduciary net position - beginning	49,883,406	43,613,445
Plan fiduciary net position - ending (b)	$ 49,733,463	$ 49,883,406
Net pension liability - ending (a)-(b)	$ 19,543,924	$ 17,088,378
Plan fiduciary net position as a percentage of the total pension liability	71.79%	74.48%
Covered - employee payroll	$ 10,872,291	$ 10,220,639
Net pension liability as percentage of covered-employee payroll	179.76%	167.19%

Notes to Schedule

Changes in assumptions:

The discount rate was changed from 7.5% (net of administrative expense) to 7.65%.

* Fiscal year 2016 was the first year of implementation; therefore, only two available years are shown as of the measurement date of June 30.

MERCED IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CONTRIBUTIONS – LAST 10 YEARS*

As of March 31, 2016

	June 30,*	
	2015	2014
Actuarially determined contribution	$ 1,567,686	$ 1,366,237
Contributions in relation to the actuarially determined contributions	(1,567,686)	(1,366,237)
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 10,872,291	$ 10,220,639
Contributions as a percentage of covered-employee payroll	14.42%	13.37%

Notes to Schedule

Valuation Date	June 30, 2015
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Asset valuation method	15 year smoothed market
Inflation	2.75%
Salary increases	Varies by age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expense, including inflation
Retirement age	Based on 2010 CalPERS study from 1997-2007
Mortality	Based on 2010 CalPERS study from 1997-2007

* Fiscal year 2016 was the first year of implementation; therefore, only two available years are shown as of the measurement date of June 30.

SUPPLEMENTARY INFORMATION

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF NET POSITION

March 31, 2016

	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	-	-	-	-
Deferred relicense costs	-	-	-	-
Debt issuance 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	319,998	200,272	119,014
Due from other governmental agencies	-	2,614,269	-	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
Accumulated decrease in fair value of financial hedging instruments	(2,526,975)	-	-	-
Total deferred outflows of resources	(1,850,755)	1,702,846	237,417	361,454
Total assets and deferred outflows of resources	$ 125,839,353	$ 91,388,563	$ 38,969,893	$ 6,437,312

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	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	92,092	-	4,873,615
76,840	-	-	-	-	3,733,802
-	-	132,421	-	-	134,325
-	-	-	48,113	-	4,192,016
-	-	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	2,854,592	(112,593,531)	52,518,524
1,838,749	27,116,301	84,993,049	3,200,026	(112,593,531)	266,738,753
-	-	-	-	-	(99,999)
-	-	816,602	-	-	3,894,538
-	-	-	-	-	(2,526,975)
-	-	816,602	-	-	1,267,564
$ 1,838,749	$ 27,116,301	$ 85,809,651	$ 3,200,026	$ (112,593,531)	$ 268,006,317

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF NET POSITION (CONTINUED)

March 31, 2016

	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
Other noncurrent liabilities:				
Collective net pension liability	3,895,291	8,545,376	1,191,429	1,813,879
Regulatory deferred revenues	-	3,826,683	-	-
Deposits	455,929	246,580	-	146,518
Total noncurrent liabilities	76,213,061	16,889,754	3,018,035	2,355,804
Current liabilities:				
Accounts payable	556,204	687,285	346,186	740,120
Accrued liabilities	2,088,332	830,623	1,779,505	405,701
Unearned revenue	-	1,628,803	250	184,450
Accrued interest payable	1,074,380	50,123	-	-
Due to other funds	222,605	379,370	2,075,641	12,005,544
Current portion of long-term debt	2,270,000	120,120	-	-
Total current liabilities	6,211,521	3,696,324	4,201,582	13,335,815
Total liabilities	82,424,582	20,586,078	7,219,617	15,691,619
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
Accumulated increase in fair value of financial hedging instruments	(2,526,975)	-	-	-
Total deferred inflows of resources	241,372	1,206,182	168,170	256,029
Net Position				
Net investment (deficit) in capital assets	(4,244,400)	40,893,670	38,386,365	4,891,991
Restricted	-	484,843	-	-
Unrestricted (deficit)	47,417,799	28,217,790	(6,804,259)	(14,402,327)
Total net position (deficit)	43,173,399	69,596,303	31,582,106	(9,510,336)
Total liabilities, deferred inflows of resources and net position	$ 125,839,353	$ 91,388,563	$ 38,969,893	$ 6,437,312

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	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
-	-	337	16,864	-	866,228
4,177	32,802,975	4,322,022	27,491	-	135,633,319
-	33,582	122,468	25,721	-	2,511,566
17,000	41,080	165,435	9,183	-	5,336,859
6,571	-	-	192,263	-	2,012,337
-	519,456	-	-	-	1,643,959
-	8,651,167	85,013,026	4,246,178	(112,593,531)	-
-	1,244,880	-	-	-	3,635,000
23,571	10,490,165	85,300,929	4,473,345	(112,593,531)	15,139,721
27,748	43,293,140	89,622,951	4,500,836	(112,593,531)	150,773,040
-	-	-	-	-	1,418,526
-	-	-	-	-	800,000
-	-	578,427	-	-	2,758,629
-	-	-	-	-	(2,526,975)
-	-	578,427	-	-	2,450,180
796,579	(6,974,746)	1,222,584	249,109	-	75,221,152
-	-	584,686	-	-	1,069,529
1,014,422	(9,202,093)	(6,198,997)	(1,549,919)	-	38,492,416
1,811,001	(16,176,839)	(4,391,727)	(1,300,810)	-	114,783,097
$ 1,838,749	$ 27,116,301	$ 85,809,651	$ 3,200,026	$ (112,593,531)	$ 268,006,317

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF NET POSITION (CONTINUED)

March 31, 2015, as restated

	Energy Resources	Water Resources	Hydroelectric	Parks
Assets				
Capital assets:				
Nondepreciable	$ 4,887,454	$ 3,966,446	$ 11,907,993	$ 1,102,884
Depreciable	61,741,985	37,949,318	26,078,361	2,617,311
Capital assets, net	66,629,439	41,915,764	37,986,354	3,720,195
Other noncurrent assets:				
Investments	-	-	-	-
Deferred relicense costs	-	-	-	-
Debt issuance costs	1,595,363	4,524	-	-
Total other noncurrent assets	1,595,363	4,524	-	-
Current assets:				
Cash and cash equivalents	-	3,093,439	-	1,460
Investments	-	-	-	-
Accounts receivable, net	4,637,129	819,697	7,523	13,728
Due from other governmental agencies	-	3,020,646	-	72,205
Accrued interest and taxes receivable	-	1,300	-	-
Inventory	3,445,680	264,553	-	-
Prepaid expenses and other current assets	93,906	128,306	166,119	28,575
Due from other funds	40,694,384	39,619,485	887,956	-
Restricted cash and cash equivalents	5,855,288	75,111	-	-
Total current assets	54,726,387	47,022,537	1,061,598	115,968
Total assets	122,951,189	88,942,825	39,047,952	3,836,163
Deferred Outflows of Resources				
Deferred amount on debt refundings	2,238,081	-	-	-
Deferred gas charges	(94,500)	-	-	-
Pension plan	346,798	760,794	106,073	161,490
Accumulated decrease in fair value of financial hedging instruments	(3,604,223)	-	-	-
Total deferred outflows of resources	(1,113,844)	760,794	106,073	161,490
Total assets and deferred outflows of resources	$ 121,837,345	$ 89,703,619	$ 39,154,025	$ 3,997,653

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ -	$ -	$ 5,830	$ 10,100	$ -	$ 21,880,707
845,834	-	925,646	361,451	-	130,519,906
845,834	-	931,476	371,551	-	152,400,613
-	-	20,886,250	-	-	20,886,250
-	25,530,772	-	-	-	25,530,772
-	46,887	-	-	-	1,646,774
-	25,577,659	20,886,250	-	-	48,063,796
-	-	31,744,075	39,530	-	34,878,504
-	-	8,010,763	-	-	8,010,763
805	-	4,561	97,610	-	5,581,053
75,450	-	-	-	-	3,168,301
-	-	85,438	-	-	86,738
-	-	-	140,922	-	3,851,155
-	-	316,295	27,432	-	760,633
925,168	-	12,642,950	2,254,051	(97,023,994)	-
-	778,458	398,537	-	-	7,107,394
1,001,423	778,458	53,202,619	2,559,545	(97,023,994)	63,444,541
1,847,257	26,356,117	75,020,345	2,931,096	(97,023,994)	263,908,950
-	-	-	-	-	2,238,081
-	-	-	-	-	(94,500)
-	-	364,840	-	-	1,739,995
-	-	-	-	-	(3,604,223)
-	-	364,840	-	-	279,353
$ 1,847,257	$ 26,356,117	$ 75,385,185	$ 2,931,096	$ (97,023,994)	$ 264,188,303

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF NET POSITION (CONTINUED)

March 31, 2015, as restated

	Energy Resources	Water Resources	Hydroelectric	Parks
Liabilities				
Noncurrent liabilities:				
Long-term debt	$ 78,668,518	$ 3,306,301	$ -	$ -
Accrued compensated absences	196,370	584,940	102,491	103,287
Employee retirement	-	-	1,494,158	-
Net OPEB obligation	471,155	703,594	258,416	314,351
Other noncurrent liabilities:				
Collective net pension liability	3,405,878	7,471,714	1,041,735	1,585,979
Regulatory deferred revenues	-	8,708,558	-	-
Deposits	453,148	239,482	-	156,230
Total noncurrent liabilities	83,195,069	21,014,589	2,896,800	2,159,847
Current liabilities:				
Accounts payable	327,749	629,020	1,069,482	41,454
Accrued liabilities	2,536,282	786,049	1,974,714	51,511
Unearned revenue	-	2,326,105	-	-
Accrued interest payable	-	65,722	-	-
Due to other funds	222,605	379,370	1,665,095	10,204,235
Current portion of long-term debt	2,244,460	104,720	-	-
Total current liabilities	5,331,096	4,290,986	4,709,291	10,297,200
Total liabilities	88,526,165	25,305,575	7,606,091	12,457,047
Deferred Inflows of Resources				
Public purpose revenues	1,108,324	-	-	-
Power cost reductions	800,000	-	-	-
Pension plan	556,907	1,221,718	170,337	259,326
Accumulated increase in fair value of financial hedging instruments	(3,604,223)	-	-	-
Total deferred inflows of resources	(1,138,992)	1,221,718	170,337	259,326
Net Position				
Net investment (deficit) in capital assets	(6,198,497)	38,579,852	37,986,354	3,720,198
Restricted	-	492,171	-	1,106,993
Unrestricted (deficit)	40,648,669	24,104,303	(6,608,757)	(13,545,911)
Total net position (deficit)	34,450,172	63,176,326	31,377,597	(8,718,720)
Total liabilities, deferred inflows of resources and net position	$ 121,837,345	$ 89,703,619	$ 39,154,025	$ 3,997,653

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ -	$ 34,265,313	$ 32,000	$ -	$ -	$ 116,272,132
-	-	205,472	14,805	-	1,207,365
-	-	-	-	-	1,494,158
4,177	20	(235,306)	-	-	1,516,407
-	-	3,583,072	-	-	17,088,378
-	-	-	-	-	8,708,558
-	-	2	42,398	-	891,260
4,177	34,265,333	3,585,240	57,203	-	147,178,258
-	24,706	93,235	9,236	-	2,194,882
15,500	47,174	224,483	814	-	5,636,527
6,552	-	-	137,670	-	2,470,327
-	681,118	-	-	-	746,840
-	5,167,004	75,288,069	4,097,616	(97,023,994)	-
-	1,085,280	-	-	-	3,434,460
22,052	7,005,282	75,605,787	4,245,336	(97,023,994)	14,483,036
26,229	41,270,615	79,191,027	4,302,539	(97,023,994)	161,661,294
-	-	-	-	-	1,108,324
-	-	-	-	-	800,000
-	-	585,882	-	-	2,794,170
-	-	-	-	-	(3,604,223)
-	-	585,882	-	-	1,098,271
845,834	(9,041,363)	899,475	371,549	-	67,163,402
-	-	398,537	-	-	1,997,701
975,194	(5,873,135)	(5,689,736)	(1,742,992)	-	32,267,635
1,821,028	(14,914,498)	(4,391,724)	(1,371,443)	-	101,428,738
$ 1,847,257	$ 26,356,117	$ 75,385,185	$ 2,931,096	$ (97,023,994)	$ 264,188,303

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended March 31, 2016

	Energy Resources	Water Resources	Hydroelectric	Parks
Operating revenues:				
Electric sales and services	$ 54,167,965	$ -	$ -	$ -
Water sales and services	-	9,020,820	-	-
Hydroelectric contractual services	-	-	3,992,297	-
Water transfers	-	5,615,875	-	-
Recreation fees	-	-	-	848,776
Administrative services	-	-	-	-
Storm drainage fees	-	-	-	-
Concessionaire revenue	-	-	-	-
Total operating revenues	54,167,965	14,636,695	3,992,297	848,776
Operating expenses:				
Purchase of power	27,475,015	-	-	-
Water distribution	-	11,362,613	-	-
Electric transmission and distribution	6,053,562	-	2,299,724	-
Recreation	-	-	-	1,956,934
Concessionaire	-	-	-	-
Storm drainage	-	-	-	-
Administrative and general	2,053,619	1,501,736	300,187	460,220
Depreciation and amortization	4,206,581	1,682,313	1,183,598	247,681
Total operating expenses	39,788,777	14,546,662	3,783,509	2,664,835
Net income (loss) from operations	14,379,188	90,033	208,788	(1,816,059)
Nonoperating revenues (expenses):				
Property taxes	-	2,486,236	-	-
Interest income	316,761	153,043	-	-
Other nonoperating income	151,201	243,770	-	-
Loss on disposal of capital assets	-	(859)	-	-
Interest expense	(5,199,612)	(107,337)	-	-
Transfers in	-	1,022,397	-	-
Transfers out	(975,792)	-	(4,279)	(18,250)
Total nonoperating revenues (expenses)	(5,707,442)	3,797,250	(4,279)	(18,250)
Net income (loss) before capital contributions	8,671,746	3,887,283	204,509	(1,834,309)
Capital contributions	51,481	2,532,694	-	1,042,693
Change in net position	8,723,227	6,419,977	204,509	(791,616)
Net position (deficit), beginning of year	34,450,172	63,176,326	31,377,597	(8,718,720)
Net position (deficit), end of year	$ 43,173,399	$ 69,596,303	$ 31,582,106	$ (9,510,336)

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ -	$ -	$ -	$ -	$ -	$ 54,167,965
-	-	-	-	-	9,020,820
-	-	-	-	-	3,992,297
-	-	-	-	-	5,615,875
-	-	-	-	-	848,776
-	-	4,635,012	-	(4,635,012)	-
10,323	-	-	-	-	10,323
-	-	-	1,110,570	-	1,110,570
10,323	-	4,635,012	1,110,570	(4,635,012)	74,766,626
-	-	-	-	-	27,475,015
-	-	-	-	-	11,362,613
-	-	-	-	-	8,353,286
-	-	-	-	-	1,956,934
-	-	-	694,584	-	694,584
23,968	-	-	-	-	23,968
187,530	150,023	4,569,768	234,014	(4,635,012)	4,822,085
49,255	-	120,280	48,477	-	7,538,185
260,753	150,023	4,690,048	977,075	(4,635,012)	62,226,670
(250,430)	(150,023)	(55,036)	133,495	-	12,539,956
264,244	-	-	-	-	2,750,480
235	83	41,017	-	-	511,139
-	-	14,016	27,448	-	436,435
-	-	-	(59,615)	-	(60,474)
-	(1,112,401)	-	(37,978)	-	(6,457,328)
-	-	-	-	(1,022,397)	-
(24,076)	-	-	-	1,022,397	-
240,403	(1,112,318)	55,033	(70,145)	-	(2,819,748)
(10,027)	(1,262,341)	(3)	63,350	-	9,720,208
-	-	-	7,283	-	3,634,151
(10,027)	(1,262,341)	(3)	70,633	-	13,354,359
1,821,028	(14,914,498)	(4,391,724)	(1,371,443)	-	101,428,738
$ 1,811,001	$ (16,176,839)	$ (4,391,727)	$ (1,300,810)	$ -	$ 114,783,097

MERCED IRRIGATION DISTRICT

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

For the year ended March 31, 2015, as restated

	Energy Resources	Water Resources	Hydroelectric	Parks
Operating revenues:				
Electric sales and services	$ 56,292,342	$ -	$ -	$ -
Water sales and services	-	15,623,423	-	-
Hydroelectric contractual services	-	-	8,401,004	-
Water transfers	-	7,768,887	-	-
Recreation fees	-	-	-	1,100,749
Administrative services	-	-	-	-
Storm drainage fees	-	-	-	-
Concessionaire revenue	-	-	-	-
Total operating revenues	56,292,342	23,392,310	8,401,004	1,100,749
Operating expenses:				
Purchase of power	30,586,822	-	-	-
Water distribution	-	15,135,344	-	-
Electric transmission and distribution	7,742,320	-	6,663,531	-
Recreation	-	-	-	2,642,204
Concessionaire	-	-	-	-
Storm drainage	-	-	-	-
Administrative and general	1,467,584	2,008,335	479,829	-
Depreciation and amortization	2,673,492	1,580,616	1,047,444	325,776
Total operating expenses	42,470,218	18,724,295	8,190,804	2,967,980
Net income (loss) from operations	13,822,124	4,668,015	210,200	(1,867,231)
Nonoperating revenues (expenses):				
Property taxes	-	2,285,578	-	-
Interest income	128,960	86,634	57	92
Other nonoperating income (expense)	142,976	163,115	400	-
Gain on disposal of capital assets	12,297	190,291	-	9,481
Interest expense	(4,018,067)	(306,285)	(3,703)	-
Transfers in	-	1,031,909	-	-
Transfers out	(983,692)	-	(2,883)	(19,277)
Total nonoperating revenues (expenses)	(4,717,526)	3,451,242	(6,129)	(9,704)
Net income (loss) before capital contributions	9,104,598	8,119,257	204,071	(1,876,935)
Capital contributions	37,495	1,063,045	531,285	312,610
Change in net position	9,142,093	9,182,302	735,356	(1,564,325)
Net position (deficit), beginning of year, as restated	25,308,079	53,994,024	30,642,241	(7,154,395)
Net position (deficit), end of year	$ 34,450,172	$ 63,176,326	$ 31,377,597	$ (8,718,720)

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ -	$ -	$ -	$ -	$ -	$ 56,292,342
-	-	-	-	-	15,623,423
-	-	-	-	-	8,401,004
-	-	-	-	-	7,768,887
-	-	-	-	-	1,100,749
-	-	4,529,485	-	(4,529,485)	-
6,480	-	-	-	-	6,480
-	-	-	1,496,512	-	1,496,512
6,480	-	4,529,485	1,496,512	(4,529,485)	90,689,397
-	-	-	-	-	30,586,822
-	-	-	-	-	15,135,344
-	-	-	-	-	14,405,851
-	-	-	-	-	2,642,204
-	-	-	789,633	-	789,633
34,741	-	-	-	-	34,741
171,368	308,462	4,528,336	776,456	(4,529,485)	5,210,885
49,260	-	66,276	64,480	-	5,807,344
255,369	308,462	4,594,612	1,630,569	(4,529,485)	74,612,824
(248,889)	(308,462)	(65,127)	(134,057)	-	16,076,573
262,445	-	-	-	-	2,548,023
53	26,010	58,191	-	-	299,997
-	(7,723)	6,937	(83,492)	-	222,213
-	-	-	-	-	212,069
-	(16,411,883)	-	(41,837)	-	(20,781,775)
-	-	-	-	(1,031,909)	-
(26,057)	-	-	-	1,031,909	-
236,441	(16,393,596)	65,128	(125,329)	-	(17,499,473)
(12,448)	(16,702,058)	1	(259,386)	-	(1,422,900)
-	205,950	-	-	-	2,150,385
(12,448)	(16,496,108)	1	(259,386)	-	727,485
1,833,476	1,581,610	(4,391,725)	(1,112,057)	-	100,701,253
$ 1,821,028	$ (14,914,498)	$ (4,391,724)	$ (1,371,443)	$ -	$ 101,428,738

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF CASH FLOWS

For the year ended March 31, 2016

	Energy Resources	Water Resources	Hydroelectric	Parks
Cash flows from operating activities:				
Cash receipts from customers	$ 54,984,787	$ 9,963,594	$ 3,799,798	$ 927,940
Cash paid to suppliers for goods and services	(34,077,370)	(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	(10,276,057)	(488,335)	1,294,223	1,783,059
Net cash provided by (used for) operating activities	8,505,630	(3,365,144)	1,583,609	376,781
Cash flows from noncapital financing activities:				
Property taxes received	-	2,486,236	-	-
Relicense costs incurred	-	-	-	-
Other income, net of other expenses	151,201	243,770	-	-
Net cash provided by (used for) noncapital financing activities	151,201	2,730,006	-	-
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(3,801,274)	(3,945,180)	(1,583,609)	(1,419,474)
Gain (loss) from the sale of equipment	-	(859)	-	-
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 for) 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 for) investing activities	4,343,189	227,550	-	-
(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

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ 10,342	$ -	$ 4,628,648	$ 1,170,681	$ -	$ 75,485,790
(23,858)	-	(41,065)	(590,807)	-	(51,130,271)
(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	4,862,843	72,264	-	15,112,102
264,244	-	-	-	-	2,750,480
-	(858,819)	-	-	-	(858,819)
-	-	14,016	27,448	-	436,435
264,244	(858,819)	14,016	27,448	-	2,328,096
-	-	(411,387)	(15,077)	-	(11,176,001)
-	-	-	(59,615)	-	(60,474)
-	-	-	-	-	3,626,868
-	-	-	-	-	63,405,402
-	(1,085,280)	(32,000)	-	-	(71,929,728)
-	(1,491,541)	-	(37,978)	-	(5,859,422)
-	-	-	-	-	2,238,081
-	(2,576,821)	(443,387)	(112,670)	-	(19,755,274)
-	-	(12,348,019)	-	-	(12,348,019)
-	94,959	(186,149)	-	-	4,010,349
235	83	(5,966)	-	-	463,552
235	95,042	(12,540,134)	-	-	(7,874,118)
-	-	(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

	Energy Resources	Water Resources	Hydroelectric	Parks
Reconciliation of net income (loss) from operations to net cash provided by (used for) operating activities:				
Net income (loss) from operations	$ 14,379,188	$ 90,033	$ 208,788	$ (1,816,059)
Adjustments to reconcile net income (loss) from operations to net cash provided by (used for) operating activities:				
Depreciation and amortization	4,206,581	1,682,313	1,183,598	247,681
Transfers to/from other funds	(975,792)	1,022,397	(4,279)	(18,250)
Changes in operating assets and liabilities:				
Accounts receivable	506,620	499,699	(192,749)	(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
Deferred outflow 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
Due to/from other funds	(9,300,265)	(1,510,732)	1,298,502	1,801,309
Collective pension liability	489,413	1,073,662	149,694	227,900
Deposits	2,781	7,098	-	(9,712)
Deferred inflow of resources	303,116	(15,536)	(2,167)	(3,297)
Accrued compensated absences	53,464	(87,708)	(4,778)	13,110
Net OPEB obligation	(139,050)	(94,907)	(23,681)	(35,341)
Net cash provided by (used for) operating activities	$ 8,505,630	$ (3,365,144)	$ 1,583,609	$ 376,781
Noncash investing, capital and financing activities				
Receipt of contributed assets	$ -	$ -	$ -	$ -
Change in financial hedging instruments	$ (1,077,248)	$ -	$ -	$ -

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ (250,430)	$ (150,023)	$ (55,036)	$ 133,495	$ -	$ 12,539,956
49,255	-	120,280	48,477	-	7,538,185
(24,076)	-	-	-	-	-
-	-	(6,364)	5,518	-	707,438
(1,390)	-	-	-	-	(565,501)
-	-	-	92,809	-	(340,861)
-	-	(11,585)	11,648	-	65,426
-	-	(451,762)	-	-	(2,149,044)
-	8,876	29,233	16,485	-	316,684
1,500	(2,418)	(59,048)	8,369	-	(295,992)
19	-	-	54,593	-	(5,339,865)
(39,357)	3,484,163	4,535,798	(269,418)	-	-
-	-	514,877	-	-	2,455,546
-	-	335	(25,534)	-	(25,032)
-	-	(7,455)	-	-	274,661
-	-	18,263	(4,178)	-	(11,827)
-	-	235,307	-	-	(57,672)
$ (264,479)	$ 3,340,598	$ 4,862,843	$ 72,264	$ -	$ 15,112,102
$ -	$ -	$ -	$ 7,283	$ -	$ 7,283
$ -	$ -	$ -	$ -	$ -	$ (1,077,248)

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF CASH FLOWS

For the year ended March 31, 2015, as restated

	Energy Resources	Water Resources	Hydroelectric	Parks
Cash flows from operating activities:				
Cash receipts from customers	$ 55,969,360	$ 20,840,848	$ 10,136,152	$ 1,034,514
Cash paid to suppliers for goods and services	(37,842,310)	(14,660,393)	(4,093,586)	(2,567,956)
Cash paid to employees for services	(1,348,670)	(1,967,573)	(466,129)	-
Cash receipts/(payments) to other funds	(7,142,006)	(6,419,557)	(2,294,534)	445,634
Net cash provided by (used for) operating activities	9,636,374	(2,206,675)	3,281,903	(1,087,808)
Cash flows from noncapital financing activities:				
Property taxes received	-	2,285,578	-	-
Relicense costs incurred	-	-	-	-
Other income, net of other expenses	142,976	163,115	400	-
Net cash provided by (used for) noncapital financing activities	142,976	2,448,693	400	-
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(4,047,130)	(2,034,907)	(3,788,977)	(341,368)
Loss from the sale of equipment	12,297	190,291	-	9,481
Capital contributions from grants	37,495	1,063,045	531,285	312,610
Proceeds from issuance of debt	-	3,411,022	-	-
Principal payments on long-term debt	(2,020,770)	(3,715,000)	(395,000)	-
Interest payments on long-term debt	(4,108,795)	(139,894)	(7,406)	-
Long-term debt refunding	226,538	-	-	-
Net cash (used for) capital and related financing activities	(9,900,365)	(1,225,443)	(3,660,098)	(19,277)
Cash flows from investing activities:				
Purchase of investment securities	-	-	-	-
Change in restricted cash	(12,282)	904,935	377,738	1,106,993
Interest received on investments	133,297	86,408	57	92
Net cash provided by investing activities	121,015	991,343	377,795	1,107,085
Increase in cash and cash equivalents	-	7,918	-	-
Cash and cash equivalents, beginning of year	-	3,085,521	-	1,460
Cash and cash equivalents, end of year	$ -	$ 3,093,439	$ -	$ 1,460

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ 4,912	$ -	$ 4,604,354	$ 1,578,363	$ -	$ 94,168,503
(17,181)	(13,508)	-	(815,516)	-	(60,010,450)
(171,368)	(355,349)	(4,721,612)	(792,140)	-	(9,822,841)
(78,861)	2,811,480	12,457,186	220,658	-	-
(262,498)	2,442,623	12,339,928	191,365	-	24,335,212
262,445	-	6,937	-	-	2,554,960
-	(2,765,475)	-	-	-	(2,765,475)
-	(7,723)	-	(83,492)	-	215,276
262,445	(2,773,198)	6,937	(83,492)	-	4,761
-	(205,950)	(99,309)	(44,300)	-	(10,561,941)
-	-	-	-	-	212,069
-	205,950	-	-	-	2,150,385
-	35,350,593	32,000	-	-	38,793,615
-	(22,718,863)	-	-	-	(28,849,633)
-	(15,715,181)	-	(41,837)	-	(20,013,113)
-	-	-	-	-	226,538
-	(3,083,451)	(67,309)	(86,137)	-	(18,042,080)
-	-	(1,603,192)	-	-	(1,603,192)
-	3,385,743	(398,537)	-	-	5,364,590
53	28,283	57,793	-	-	305,983
53	3,414,026	(1,943,936)	-	-	4,067,381
-	-	10,335,620	21,736	-	10,365,274
-	-	21,408,455	17,794	-	24,513,230
$ -	$ -	$ 31,744,075	$ 39,530	$ -	$ 34,878,504

MERCED IRRIGATION DISTRICT

COMBINING STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended March 31, 2015, as restated

	Energy Resources	Water Resources	Hydroelectric	Parks
Reconciliation of net income (loss) from operations to net cash provided by (used for) operating activities:				
Net income (loss) from operations	$ 13,822,124	$ 4,668,015	$ 210,200	$ (1,867,231)
Adjustments to reconcile net income (loss) from operations to net cash provided by (used for) operating activities:				
Depreciation and amortization	2,673,492	1,580,616	1,047,444	325,776
Transfers to/from other funds	(983,692)	1,031,909	(2,883)	(19,277)
Changes in operating assets and liabilities:				
Accounts receivable	(357,425)	(299,242)	1,711,264	(1,223)
Due from other governmental agencies	-	(2,103,883)	23,884	(65,012)
Inventory	(44,227)	119,654	-	-
Prepaid expenses and other current assets	8,391	260,340	19,342	23,887
Deferred outflow of resources	483,722	-	-	-
Accounts payable	241,294	277,432	964,429	18,672
Accrued liabilities	(218,847)	(196,538)	1,586,174	7,264
Unearned revenue	-	(148,337)	-	-
Due to/from other funds	(6,158,314)	(7,451,466)	(2,291,651)	464,911
Deposits	16,499	14,063	-	54,152
Deferred inflow of resources	34,443	-	-	-
Accrued compensated absences	117,751	37,746	9,268	(30,476)
Employee retirement	-	-	134,881	-
Net OPEB obligation	1,163	3,016	(130,449)	749
Net cash provided by (used for) operating activities	$ 9,636,374	$ (2,206,675)	$ 3,281,903	$ (1,087,808)
Noncash operating activities:				
Recognition of collective net pension liability	$ 3,405,878	$ 7,471,714	$ 1,041,735	$ 1,585,979
Deferred inflow of resources - pension plan	556,907	1,221,718	170,337	259,326
Prior period adjustment: change in accounting principle	(3,615,987)	(7,932,638)	(1,105,999)	(1,683,815)
Cash payments for collective net pension liability	$ 346,798	$ 760,794	$ 106,073	$ 161,490
Noncash investing, capital and financing activities:				
Change in financial hedging instruments	$ 3,090,672	$ -	$ -	$ -

Drainage Improvement District #1	Federal Energy Regulatory Commission Fund	General Operations	Twin Lakes	Eliminating Entries	Total
$ (248,889)	$ (308,462)	$ (65,127)	$ (134,057)	$ -	$ 16,076,573
49,260	-	66,276	64,480	-	5,807,344
(26,057)	-	-	-	-	-
(805)	-	1,791	(55,819)	-	998,541
1,983	-	-	-	-	(2,143,028)
-	-	-	74,636	-	150,063
77	-	27,721	(4,782)	-	334,976
-	-	-	-	-	483,722
-	8,532	17,334	(34,265)	-	1,493,428
15,500	(68,927)	34,076	(58,421)	-	1,100,281
(763)	-	-	137,670	-	(11,430)
(52,804)	2,811,480	12,457,186	220,658	-	-
-	-	(6,053)	(3,051)	-	75,610
-	-	-	-	-	34,443
-	-	21,662	(15,684)	-	140,267
-	-	-	-	-	134,881
-	-	(214,938)	-	-	(340,459)
$ (262,498)	$ 2,442,623	$ 12,339,928	$ 191,365	$ -	$ 24,335,212
$ -	$ -	$ 3,583,072	$ -	$ -	$ 17,088,378
-	-	585,882	-	-	2,794,170
		(3,804,114)			(18,142,553)
$ -	$ -	$ 364,840	$ -	$ -	$ 1,739,995
$ -	$ -	$ -	$ -	$ -	$ 3,090,672

MERCED IRRIGATION DISTRICT

DEBT SERVICE COVERAGE RELATED TO OUTSTANDING COP AND BOND - ENERGY RESOURCES

For the years ended March 31, 2016 and 2015

	2016 (As Restated)	2015
Revenues:		
Electricity sales and services	$ 54,167,965	$ 56,104,261
Interest income	316,761	216,731
Other revenues	202,682	293,076
Transfers in	-	-
Total revenues	54,687,408	56,614,068
Operations and maintenance expenses:		
Purchase of power	27,475,015	32,714,176
Electric transmission and distribution	5,584,669	5,631,282
Administrative and general	2,053,619	1,439,024
Transfers out	975,792	981,529
Total operations and maintenance expenses	36,089,095	40,766,011
Net energy systems revenue	$ 18,598,313	$ 15,848,057
Debt service:		
2005 Electric Revenue Bond	$ 2,214,067	$ 4,218,275
2005 Electric Revenue COP	377,503	457,230
2012 Electric Refunding Revenue Bond	463,580	459,130
2013 Electric Refunding Revenue Bond	547,576	768,394
2015 Electric System Refunding	1,870,989	-
Total debt service	$ 5,473,715	$ 5,903,029
Debt service coverage	340%	268%
Required debt service coverage	120%	120%

Note:

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, Depreciation, Amortization, and Bond Issuance Cost.

MERCED IRRIGATION DISTRICT

DEBT SERVICE COVERAGE RELATED TO OUTSTANDING BONDS - WATER RESOURCES AND HYDROELECTRIC PROJECT

For the years ended March 31, 2016 and 2015

	2016 (As Restated)	2015
Revenues:		
Sales of hydroelectric energy	$ 3,992,297	$ 5,276,573
Water sales	9,020,820	15,185,486
Water transfers [(A)]	5,615,875	7,768,887
1% Property tax revenue	2,486,236	2,285,578
Permission fees - water	911,268	919,520
Interest income	153,043	436,899
Grants	2,425,175	5,160,296
Other revenue	462,418	-
Transfer to rate stabilization	-	-
Total revenues	25,067,132	37,033,239
Operations and maintenance expenses:		
Hydroelectric transmission and distribution	2,283,541	5,101,302
Water distribution	11,246,542	13,453,712
Administrative and general	1,806,202	4,703,004
Total operations and maintenance expenses	15,336,285	23,258,018
Net revenue	$ 9,730,847	$ 13,775,221
Debt service:		
2014 Water, Hydroelectric, FERC Bond (Tax Exempt)	$ 2,494,333	$ -
2014 Water, Hydroelectric, FERC Bond (Taxable)	247,553	-
2014 Water, Hydroelectric, FERC Bond (LOC)	79,545	-
2008 Water Hydroelectric, Refunding COP	-	625,633
Total debt service	$ 2,821,431	$ 625,633
Debt service coverage	345%	2202%
Required debt service coverage	125%	125%

[(A)] Water Transfers includes $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. Without this deferred revenue, Net Revenue would have been $5.3 million resulting in a debt coverage calculation of 1.88.

Note:

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 statements present this account in the Nonoperating revenues in the 'Transfer In' category.

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MERCED IRRIGATION DISTRICT

WATER & POWER

Original Bonds issued for Exchequre Dam, 1946

Statistical Section

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 91 - 93

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 94 - 104

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 105 - 108

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 109 - 110

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 111- 115

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

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

	2015/16	2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006
Primary government		(restated)								
Net Invested in Capital Assets	$ 75,221,153	$ 67,163,402	$ 65,801,230	$ 70,364,183	$ 56,940,683	$ 42,111,265	$ 39,111,893	$ 37,589,323	$ 37,895,293	$ 36,688,013
Restricted	1,069,529	1,997,701	1,444,100	1,544,100	1,744,100	13,458,090	13,831,119	15,563,378	14,334,426	14,800,793
Unrestricted	38,492,416	32,267,635	51,598,476	42,209,263	40,599,619	32,123,162	27,996,033	25,615,919	26,520,147	21,149,482
Total Governmental Activities Net Position	$ 114,783,098	$ 101,428,738	$ 118,843,806	$ 114,117,546	$ 99,284,402	$ 87,692,517	$ 80,939,045	$ 78,768,620	$ 78,749,866	$ 72,638,288
Percentage Increase/(Decrease)	13%	-15%	4%	15%	13%	8%	3%	0%	8%	13%

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

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

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

	2015/16	2014/15 (restated)	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006
Operating Revenue										
Electric Sales and Services	$ 54,167,965	$ 56,292,342	$ 52,655,884	$ 60,790,788	$ 49,902,766	$ 49,096,785	$ 53,177,365	$ 50,215,471	$ 46,034,044	$ 40,494,819
Water Sales and Services	9,020,820	15,623,423	11,998,771	10,312,735	9,613,418	9,063,731	8,891,757	8,919,508	9,658,878	8,192,876
Hydroelectric Sales and Services [A]	3,992,297	8,401,004	6,821,581	9,864,859	5,819,743	9,039,230	7,470,082	6,114,517	6,179,373	5,424,375
Water Transfers/Deferred Revenue	5,615,875	7,768,887	3,879,498	5,701,325	3,203,258	6,859,023	5,056,833	4,648,428	5,185,240	2,802,443
Recreation Fees	848,776	1,100,711	1,423,916	1,830,125	1,554,226	1,607,626	1,672,795	1,564,837	1,821,687	1,714,032
Administrative Services	-	38	-	-	-	-	-	-	-	-
Storm Drainage Fees	10,323	6,480	19,942	12,812	7,443	9,020	8,225	28,495	67,240	99,725
Concessionaire Revenue [B]	1,110,570	1,496,512	1,837,517	1,588,511	1,361,010	-	-	-	-	-
Total Operating Revenue	74,766,626	90,689,397	78,637,109	90,101,155	71,461,864	75,675,415	76,277,057	71,491,256	68,946,462	58,728,270
Non-operating Revenue										
Property Tax	2,750,480	2,548,023	3,214,982	2,059,195	2,242,166	2,162,640	2,363,313	2,565,214	2,524,649	2,037,205
Interest Income	511,139	299,997	313,773	207,286	160,899	148,476	189,486	1,201,133	2,087,083	2,225,363
Other Non-Operating Income	436,435	222,213	145,265	753,778	656,835	1,304,566	956,220	493,127	747,851	745,243
Gain on Disposal of Capital Assets	-	212,069	-	3,000	74,993	37,093	92,141	373,361	111,695	324,431
Total Non-operating Revenues	3,698,054	3,282,302	3,674,020	3,023,259	3,134,893	3,652,775	3,601,160	4,632,835	5,471,278	5,332,242
Combined Revenues	78,464,680	93,971,699	82,311,129	93,124,414	74,596,757	79,328,190	79,878,217	76,124,091	74,417,740	64,060,512
Operating Expenses										
Purchase of Power	26,724,997	30,586,822	28,583,744	29,989,929	27,061,112	28,049,376	34,783,043	33,327,494	30,914,133	21,510,455
Water Distribution	11,362,613	15,135,344	16,197,532	13,961,533	11,042,027	12,395,276	13,807,527	15,405,911	13,845,451	11,697,648
Electric Transmission and Distribution	9,063,873	14,405,851	12,744,986	17,537,977	11,959,843	16,640,427	14,982,256	13,907,862	13,287,593	14,502,197
Recreation	1,956,934	2,642,204	2,670,247	2,896,704	2,362,824	2,002,847	1,920,704	1,861,015	1,750,324	1,605,656
Concessionaire [B]	694,584	789,633	529,003	378,088	239,164	-	-	-	-	-
Storm Drainage	23,968	34,741	21,076	14,552	25,593	41,570	61,295	54,207	57,705	36,671
Administrative and General	4,861,516	5,210,885	6,189,318	7,882,331	4,477,355	3,080,480	2,047,216	2,190,498	1,980,938	1,780,271
Depreciation and Amortization	7,538,185	5,807,344	6,205,348	7,082,293	5,493,292	5,409,291	5,436,229	5,185,666	4,959,646	4,559,944
Total Operating Expenses	62,226,670	74,612,824	73,141,254	79,743,407	62,661,210	67,619,267	73,038,270	71,932,653	66,795,790	55,692,842
Non-Operating Expenses										
Interest	6,457,328	20,781,775	5,109,537	6,169,805	5,056,729	5,248,012	5,361,674	5,426,972	5,329,720	5,408,383
Other	60,474	-	10,200	-	-	-	-	-	-	-
Total Non-Operating Expenses	6,517,802	20,781,775	5,119,737	6,169,805	5,056,729	5,248,012	5,361,674	5,426,972	5,329,720	5,408,383
Combined Expense	68,744,472	95,394,599	78,260,991	85,913,212	67,717,939	72,867,279	78,399,944	77,359,625	72,125,510	61,101,225
Net Income (Loss) before Capital Contribution	9,720,208	(1,422,900)	4,050,138	7,211,202	6,878,818	6,460,911	1,478,273	(1,235,534)	2,292,230	2,959,287
Capital Contributions										
Total Capital Contributions	3,634,151	2,150,385	676,122	9,132,946	4,713,067	292,561	692,152	1,254,288	3,819,348	5,373,889
Change in Net Position	13,354,359	727,485	4,726,260	16,344,148	11,591,885	6,753,472	2,170,425	18,754	6,111,578	8,333,176
Net Position, Beginning of Year	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	64,305,112
Prior Period Adjustments		-	-	-	-	-	-	-	-	-
Net Position, End of Year	$ 114,783,097	$ 101,428,738	$ 118,843,806	$ 114,117,546	$ 99,284,402	$ 87,692,517	$ 80,939,045	$ 78,768,620	$ 78,749,866	$ 72,638,288

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

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

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

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

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

		Unrestricted						
	Restricted Total	Water Resources	Energy Resources	Drainage District	Internally Designated	Other	Total Unrestricted	Total Balance
2015/16	$ 3,581,888	$ 12,568,508	$ 48,167,435	$ 964,525	$ -	$ 3,722,462	65,422,930	69,004,818
2014/15	8,690,236	18,628,147	39,170,261	914,652	-	3,423,761	62,136,821	70,827,057
2013/14	13,701,945	14,581,879	33,056,695	872,363	-	2,107,188	50,618,125	64,320,070
2012/13*	17,123,136	15,466,788	24,649,352	827,014	-	1,413,667	42,356,821	59,479,957
2011	21,096,276	11,582,055	8,364,722	694,211	17,773,570	-	38,414,558	59,510,834
2010	25,822,173	12,145,683	2,983,788	613,218	17,741,385	-	33,484,074	59,306,247
2009	30,369,544	10,864,958	15,138	673,566	15,117,243	-	26,670,905	57,040,449
2008	34,317,527	12,179,578	367,998	955,824	11,114,500	-	24,617,900	58,935,427
2007	18,066,936	8,516,117	281,909	897,600	12,296,193	-	21,991,819	40,058,755
2006	26,933,965	7,039,423	107,518	690,949	9,825,998	-	17,663,888	44,597,853

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

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

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

Fiscal Year	(1) Secured	(2) Unsecured	(3) Unitary	(4) Exempt	Total Taxable Assessed Value	Total Direct Tax Rate
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%
2005/06	14,295,730,105	951,546,184	388,503,647	549,156,927	15,086,623,009	1.00%

Notes:

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

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

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

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

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

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

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

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
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
2005/06	1.00	0.4402	1.4402	16.00	6.88	13.06	60.22	3.84	100.00

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

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

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

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

		2014/15			2005/06		
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	$ 5,496,264	1	2.41%	$ 2,585,180	1	1.50%
Gallo Winery E & J	Agricultural	5,315,420	2	2.33%	1,130,547	3	0.66%
Liberty Packing Co., LLC	Agricultural	1,919,066	3	0.84%	918,139	4	0.53%
Foster Poultry Farms	Agricultural	1,449,733	4	0.64%	608,448	6	0.35%
Fresno Farming LLC	Agricultural	1,445,012	5	0.63%			
World Color LLC	Industrial	1,170,733	6	0.51%	1,595,182	2	0.93%
Dole Packaging Foods LLC	Agricultural	946,888	7	0.42%			
Ingomar Packing Company A Partnership	Agricultural	926,226	8	0.41%	484,638	9	0.28%
HCC Properties LTD A Partnership	Commercial	898,395	9	0.39%			
Gallo Vineyards, Inc	Agricultural	872,651	10	0.38%			
Trans-Elect NTD Path 15, LLC	Utility				430,365	10	0.25%
Bellevue Ranch-Merced LP	Commercial				588,282	7	0.34%
Hostetler Investments, LLC	Commercial				708,834	5	0.41%
Unilever Supply Chain, Inc	Industrial				507,186	8	0.29%
		$ 20,440,388		8.96%	$ 9,556,801		5.54%

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

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

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	
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
2005/06	172,392,643	166,251,349	96.44%	6,141,294

Notes:

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

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

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

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
2016	$ 24.00	$ 66.00	$ 225.00
2015	24.00	$ 100.00 (A)	225.00
2014	24.00	75.00 (D)	110.00
2013	24.00	23.25	73.25 (B)
2012	24.00	18.25-23.25 (C)	
2011	24.00	18.25	
2010	24.00	18.25	
2009	24.00	15.25	
2008	24.00	15.25	
2007	24.00	15.25	

Notes:

(A) Surface Water will be 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/AFt.

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

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

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

Source: Merced Irrigation District, Finance Department

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

Descriptions	2015/16	2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006
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	90.00	90.00	85.00	85.00
Medium Demand General Service	325.00	325.00	325.00	325.00	325.00	325.00	300.00	300.00	(A)	(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	90.00	90.00	(A)	(A)
Commercial & Industrial										
Small Demand General Service	95.00	95.00	95.00	95.00	95.00	95.00	90.00	90.00	85.00	85.00
Medium Demand General Service	325.00	325.00	325.00	325.00	325.00	325.00	300.00	300.00	200.00	200.00
Large Demand Primary Service	800.00	800.00	800.00	800.00	800.00	800.00	800.00	800.00	400.00	400.00
Large Demand General Service	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	400.00	400.00
Agricultural										
Demand General Service	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	12.00	12.00

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

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

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

		2015/16	2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006
ED-2 - Demand Charge											
	Winter A)	$ 7.00	$ 7.00	$ 7.00	$ 7.00	$ 7.00	$ 7.00	$ 6.00	$ 6.00	$ 7.00	$ 7.00
	Summer B)	17.00	17.00	17.00	17.00	17.00	17.00	18.00	18.00	10.00	10.00
ED-2 - Energy Charge											
	Winter A)	0.0725	0.0725	0.0725	0.0725	0.0725	0.0725	0.0650	0.0650	0.0650	0.0650
	Summer B)	0.0875	0.0875	0.0875	0.0875	0.0875	0.0875	0.0825	0.0825	0.0900	0.0900
AG-2 - Demand Charge											
	Winter A)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.50	3.50
	Summer B)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00
AG-2 - Energy Charge											
	Winter A)	0.0880	0.0880	0.0880	0.0880	0.0880	0.0880	0.0800	0.0800	0.0950	0.0950
	Summer B)	0.1180	0.1180	0.1180	0.1180	0.1180	0.1180	0.1100	0.1100	0.0950	0.0950
ED-2P - Demand Charge											
	Winter A)	5.00	5.00	5.00	5.00	5.00	5.00	4.50	4.50	4.50	4.50
	Summer B)	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	7.00	7.00
ED-2P - Energy Charge											
	Winter A)	0.0700	0.0700	0.0700	0.0700	0.0700	0.0700	0.0625	0.0625	0.0625	0.0625
	Summer B)	0.0850	0.0850	0.0850	0.0850	0.0850	0.0850	0.0800	0.0800	0.0900	0.0900

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

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

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

C) Per Lamp Per Month Charge

D) Per Service Connection Per Month

Source: Merced Irrigation District, Finance Department

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

		2015/16	2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006
ED-3 - Demand Charge											
	Winter A)	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00	7.00	7.00
	Summer B)	17.00	17.00	17.00	17.00	17.00	17.00	18.00	18.00	10.00	10.00
ED-3 - Energy Charge											
	Winter A)	0.0750	0.0750	0.0750	0.0750	0.0750	0.0750	0.0700	0.0700	0.0825	0.0825
	Summer B)	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0875	0.0875	0.1075	0.1075
ED-3V - Demand Charge											
	Winter A)	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	18.00	18.00	-	-
ED-3V - Energy Charge											
	Winter A)	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	0.0875	0.0875	-	-
ED-4 - Demand Charge											
	Winter A)	4.50	4.50	4.50	4.50	4.50	4.50	4.00	4.00	5.00	5.00
	Summer B)	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.00	7.00
ED-4 - Energy Charge											
	Winter A)	0.0925	0.0925	0.0925	0.0925	0.0925	0.0925	0.0900	0.0900	0.0850	0.0850
	Summer B)	0.1175	0.1175	0.1175	0.1175	0.1175	0.1175	0.1150	0.1150	0.1100	0.1100

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

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

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

C) Per Lamp Per Month Charge

D) Per Service Connection Per Month

Source: Merced Irrigation District, Finance Department

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

		2015/16	2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006
ED-4A - Demand Charge											
	Winter A)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Summer B)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ED-4A - Energy Charge											
	Winter A)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Summer B)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EGS-2 - Energy Charge											
	Winter A)	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1200	0.1200	0.1075	0.1075
	Summer B)	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1700	0.1500	0.1500
MD-3 - Demand Charge											
	Winter A)	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	17.0000	17.0000	-	-
MD-3 - Energy Charge											
	Winter A)	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	0.0850	0.0850	-	-
MD-4 - Demand Charge											
	Winter A)	4.0000	4.0000	4.0000	4.0000	4.0000	4.0000	3.5000	3.5000	4.5000	4.5000
	Summer B)	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000	7.0000
MD-4 - Energy Charge											
	Winter A)	0.0900	0.0900	0.0900	0.0900	0.0900	0.0900	0.0875	0.0875	0.0800	0.0800
	Summer B)	0.1150	0.1150	0.1150	0.1150	0.1150	0.1150	0.1125	0.1125	0.1000	0.1000

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

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

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

C) Per Lamp Per Month Charge

D) Per Service Connection Per Month

Source: Merced Irrigation District, Finance Department

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

		2015/16	2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006
RES-2 - Energy Charge											
Tier 1 (0-100% of BaselinC)											
Winter (374 kWh)	A)	0.1100	0.1100	0.1100	0.1100	0.1100	0.1100	0.1050	0.1050	0.1000	0.1000
Summer (551 kWh)	B)	0.1100	0.1100	0.1100	0.1100	0.1100	0.1100	0.1050	0.1050	0.1000	0.1000
Tier 2 (101-130% of BaselinC)											
Winter (112 kWh)	A)	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1200	0.1200	0.1150	0.1150
Summer (165 kWh)	B)	0.1250	0.1250	0.1250	0.1250	0.1250	0.1250	0.1200	0.1200	0.1150	0.1150
Tier 3 (131-200% of BaselinC)											
Winter (262 kWh)	A)	0.2250	0.2250	0.2250	0.2250	0.2250	0.2250	0.2100	0.2100	0.1800	0.1800
Summer (386 kWh)	B)	0.2250	0.2250	0.2250	0.2250	0.2250	0.2250	0.2100	0.2100	0.1800	0.1800
Tier 4 (201-300% of BaselinC)											
Winter (374 kWh)	A)	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.2700	0.2700	0.2300	0.2300
Summer (551 kWh)	B)	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.2700	0.2700	0.2300	0.2300
RES-2 - Energy Charge (cont.)											
Tier 5 (301+ % of BaselinC)											
Winter (all other kWh)	A)	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3100	0.3100	0.2700	0.2700
Summer (all other kWh)	B)	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3100	0.3100	0.2700	0.2700
LSC - Monthly Rates											
Watts 0-50; Type - Lamp; kWh 17	C)	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	3.70	3.70	3.41	3.41
Watts 71-100; Type - Lamp; kWh 41	C)	5.59	5.59	5.59	5.59	5.59	5.59	5.26	5.26	4.85	4.85

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

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

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

C) Per Lamp Per Month Charge

D) Per Service Connection Per Month

Source: Merced Irrigation District, Finance Department

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

		2015/16	2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006
LSC - Monthly Rates (continued)											
Watts 101-150; Type - Lamp; kWh 60	C)	7.75	7.75	7.75	7.75	7.75	7.75	7.27	7.27	6.67	6.67
Watts 151-200; Type - Lamp; kWh 81	C)	10.10	10.10	10.10	10.10	10.10	10.10	9.45	9.45	8.64	8.64
Watts 201-250; Type - Lamp; kWh 100	C)	12.74	12.74	12.74	12.74	12.74	12.74	11.94	11.94	10.94	10.94
Watts 251-310; Type - Lamp; kWh 121	C)	14.91	14.91	14.91	14.91	14.91	14.91	13.94	13.94	12.73	12.73
Watts 311-; Type - Lamp; kWh 159	C)	19.29	19.29	19.29	19.29	19.29	19.29	18.02	18.02	16.43	16.43
MEF - Monthly Rates											
000-200 watts: 26 kWh	D)	9.96	9.96	9.96	9.96	9.96	9.96	9.96	9.96	9.70	9.70
201-300 watts: 64 kWh	D)	14.84	14.84	14.84	14.84	14.84	14.84	14.84	14.84	14.20	14.20
301-500 watts: 102 kWh	D)	19.72	19.72	19.72	19.72	19.72	19.72	19.72	19.72	18.70	18.70
501-800 watts: 166 kWh	D)	27.91	27.91	27.91	27.91	27.91	27.91	27.91	27.91	26.25	26.25
801-1200 watts: 256 kWh	D)	39.46	39.46	39.46	39.46	39.46	39.46	39.46	39.46	36.90	36.90
1201-1600 watts: 523 kWh	D)	79.03	79.03	79.03	79.03	79.03	79.03	79.03	79.03	73.80	73.80

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

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

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

C) **Per Lamp Per Month Charge**

D) **Per Service Connection Per Month**

Source: Merced Irrigation District, Finance Department

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

	2015/16	2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006
Capital Lease	$ -	$ -	$ -	$ -	$ 220,610	$ 323,793	$ 424,432	$ 543,079	$ 673,825	$ 833,658
Line of Credit	4,310,000	4,342,000	-	533,156	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	-	-	329,806	684,076
Development Bonds	-	-	395,000	1,945,000	4,170,000	5,585,000	6,950,000	8,265,000	9,535,000	10,755,000
Certificates of Participation	-	2,735,000	29,498,863	43,193,863	54,393,863	55,513,863	56,613,863	57,693,863	34,625,000	35,595,000
Refunding Revenue Bonds	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	63,050,000
Bond Premiums	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	1,962,145
Warrants	-	-	-	-	-	-	-	-	5,000,000	5,000,000
Total Outstanding Debt	$ 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	$ 117,879,879
Percentage of Personal Income (A)	1.2%	1.4%	1.3%	1.4%	1.7%	1.7%	1.8%	1.8%	1.6%	1.7%
Personal Income, Per Capita (1)	33,865	31,935	31,935	30,630	27,329	27,517	27,871	27,871	27,871	27,981
Debt per Capita (B)	416,644	451,856	414,663	438,372	461,516	480,549	494,499	512,689	452,776	471,555
Population (2)	266,134	264,922	264,922	262,478	258,736	256,688	257,196	255,374	254,056	249,981

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

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

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

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

(2) Population is disclosed on page 100.

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

Source: Merced Irrigation District, Finance Department

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

				Debt Service Related to Outstanding COP's				
	Net Income	Adjustments	Reconciled Net Revenue	Principal	Interest	Total	Debt Service Coverage	Required Debt Service Coverage
2015/16 [B]	$ 6,538,819	$ 4,075,275	$ 10,614,094	$ 1,070,000	$ 2,241,465	$ 3,311,465	321%	125%
2014/15 [A]	9,293,864	1,633,109	10,926,973	465,001	160,633	625,633	1747%	125%
2013/14	105,692	1,947,082	2,052,774	436,719	201,164	637,883	322%	125%
2012/13 *	3,105,054	(1,705,819)	1,399,235	508,675	278,853	787,528	178%	120%
2011	3,301,095	(540,452)	2,760,643	537,864	248,931	786,795	351%	120%
2010	3,600,506	1,726,820	5,327,326	533,103	270,942	804,045	663%	120%
2009	553,141	1,783,614	2,336,755	540,162	326,971	867,133	269%	120%
2008	565,564	(396,256)	169,308	68,568	49,022	117,590	144%	120%
2007	4,911,224	(1,503,531)	3,407,693	702,889	315,804	1,018,693	335%	120%
2006	5,559,178	(3,465,392)	2,093,786	666,816	351,983	1,018,799	206%	120%

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

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

[B] Water Transfers includes $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. Without this deferred revenue Net Revenue would have been $6.2 million resulting in a debt coverage calculation of 2.20.

The above calculation schedule was compiled using the debt service calculation schedule required by the bond document. The above schedule excludes non cash expenditures such as Pension Expense - GASB 68, Depreciation, Amortization, and Bond Issuance Cost. The above schedule differs from the audited financial statement presentation in the following areas. 1) Total Revenues (Debt Service Calculation) includes Permission Fees earned by Water Resources. Audited financial statement present this account in the Nonoperating revenues in the 'Transfer In' category

2) Total Operating and Maintenance Expense (Debt Service Calculation) excludes Permission Fees, as it was moved to revenue.

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

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

				Debt Service Related to Outstanding COP's				
	Net Income	Adjustments	Reconciled Net Revenue	Principal	Interest	Total	Debt Service Coverage	Required Debt Service Coverage
2015/16 [(A)]	$ 8,723,227	$ 5,715,356	$ 14,438,583	$ 1,190,000	$ 2,268,937	$ 3,458,937	417%	125%
2014/15	9,142,093	6,654,064	15,796,157	3,988,062	1,914,967	5,903,029	268%	125%
2013/14	5,780,326	7,564,796	13,345,122	3,414,572	2,079,326	5,493,898	243%	125%
2012/13 *	9,857,086	9,285,822	19,142,908	2,110,333	5,701,531	7,811,864	245%	125%
2011	6,504,500	7,336,174	13,840,674	1,612,860	4,647,909	6,260,769	221%	125%
2010	1,463,983	7,305,237	8,769,220	1,520,994	4,740,255	6,261,249	140%	125%
2009	942,326	6,913,235	7,855,561	1,487,987	4,769,482	6,257,469	126%	125%
2008	(1,006,121)	7,889,056	6,882,935	685,561	4,760,008	5,445,569	126%	125%
2007	107,890	6,147,233	6,255,123	342,518	4,542,501	4,885,019	128%	125%
2006	2,331,222	5,520,967	7,852,189	375,637	3,763,878	4,139,515	190%	125%

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

[(A)] The above calculation schedule was compiled using the debt service calculation schedule required by the bond document. The above schedule excludes non cash expenditures such as Pension Expense - GASB 68, Depreciation, Amortization, and Bond Issuance Cost. The above schedule differs from the audited financial statement presentation in the following areas. 1) Total Revenues (Debt Service Calculation) includes "Other Nonoperating income. 2) Total Operating and Maintenance Expense (Debt Service Calculation) excludes Contract Service Expense.

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
2015/16	$ 8,295,146	$ 152,746,880	$ 5,473,715	$ 18,743,016	$ 2,821,431	$ 10,641,263
2014/15 [(A)]	6,528,662	115,740,190	5,903,029	15,796,157	625,633	10,926,973
2013/14	6,131,781	108,837,823	5,493,898	13,345,122	637,883	2,052,774
2012/13 *	8,599,392	113,952,019	7,811,864	19,142,908	787,528	1,399,235
2011	7,047,564	118,069,473	6,260,769	13,840,674	786,795	2,760,643
2010	7,065,294	121,902,656	6,261,249	9,116,770	804,045	5,327,326
2009	7,124,602	125,623,295	6,257,469	7,855,561	867,133	2,336,755
2008	5,563,159	129,251,942	5,445,569	6,882,922	117,590	2,496,553
2007	5,903,712	113,213,631	4,885,019	6,255,123	1,018,693	3,407,693
2006	5,751,016	115,917,734	4,139,516	7,852,189	1,018,799	2,093,786

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

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

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

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

	County Population	Personal Income [1] in Thousands of Dollars	County Per Capita Personal Income	County Unemployment Rate
2014/15	266,134	$ 9,012,628	$ 33,865	10.4%
2013/14	264,922	8,460,284	31,935	12.2%
2012/13	262,478	8,039,701	30,630	14.1%
2011/12	258,736	7,070,996	27,329	17.7%
2010/11	256,688	7,063,284	27,517	18.6%
2009/10	257,196	7,168,310	27,871	18.1%
2008/09	255,374	7,117,529	27,871	17.4%
2007/08	254,056	7,080,795	27,871	11.8%
2006/07	249,981	6,994,718	27,981	9.4%
2005/06	245,446	6,186,466	25,205	8.9%

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

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

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

Table XVI
COUNTY OF MERCED
Principal Employers
Current Year and Nine Years Ago
as of June 30, 2015

	2014/15			2006		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Foster Farms Inc.	3,834	1	3.68%	3,500	1	3.83%
County of Merced	1,882	2	1.81%	2,108	2	2.30%
UC Merced	1,875	3	1.80%			
Mercy Medical Center	1,258	4	1.21%	1,200	4	1.31%
Merced County Office of Education	1,257	5	1.21%			
Merced City School District	1,104	6	1.06%	1,300	3	1.42%
Dole Packaged Foods	1,000	7	0.98%	891	7	97.00%
Merced Union High School District	1,015	8	0.96%			
Merced College	803	9	0.77%	800	8	87.00%
Liberty Packing Company LLC	650	10	0.62%			
Cingular				1,200	5	1.31%
Quebecor				900	6	98.00%
Wal-Mart (2 stores)				600	9	66.00%
Maclaine-Pacific				520	10	57.00%
	14,678		14.10%	13,019		14.22%

Note: State Employement Development Department

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

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

	Full-time Equivalent Employees									
Function	**Mar-16**	**Mar-15**	**Mar-14**	**Mar-13**	**Dec-11**	**Dec-10**	**Dec-09**	**Dec-08**	**Dec-07**	**Dec-06**
Directors	5	5	5	5	5	5	5	5	5	5
Energy	27	27	26	23	23	23	24	25	24	27
Water	80	80	79	78	78	84	98	98	98	98
Drainage	0	0	0	0	0	0	1	1	1	2
Hydroelectric	7	7	7	7	16	16	15	15	16	12
Parks & Recreations	19	19	19	23	22	20	25	20	20	17
Concessionaire [(A)]	8	11	14	24	25	0	0	0	0	0
Human Resources & Administration	30	30	30	30	29	29	29	27	27	25
Total	176	179	180	190	198	177	197	191	191	186

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)
2015/16		50,177	30,197	38,486	68,860
2014/15		264,068	132,500	87,989	90,161
2013/14	(A)	440,047	265,613	101,802	258,425
2012/13 *	(B)	502,908	315,295	104,480	384,794
2011		610,679	288,865	97,415	687,449
2010		543,442	277,789	98,471	649,066
2009		473,567	251,775	99,092	412,233
2008		409,266	222,194	90,184	257,900
2007		501,316	303,794	95,642	300,672
2006		494,040	263,464	88,860	655,083

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

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

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

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

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

	2015/16	2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006
MWh sold										
Residential	55,127	56,775	55,031	65,981	50,971	48,054	48,853	45,975	42,259	35,871
Commercial	170,606	171,106	170,952	199,495	162,376	154,545	151,078	153,536	149,500	136,389
Industrial	172,066	175,482	169,564	210,699	180,227	162,381	173,487	180,359	186,532	158,244
Agricultural	3,847	3,763	3,640	3,254	3,895	3,710	4,117	4,989	4,607	3,756
Municipal	57,884	58,180	57,795	63,381	50,277	47,824	46,788	45,111	43,785	41,803
Public Street & Highway Lighting	1,263	1,259	1,332	2,065	1,647	1,620	1,607	1,571	1,462	1,106
Total MWh Sold	460,793	466,565	458,314	544,875	449,393	418,135	425,930	431,541	422,674	377,169

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

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

TABLE XX
MERCED IRRIGATION DISTRICT
OPERATING INDICATORS

	2015/16	2014/15	2013/14
Water Users	908	2,260	*
Water Facilities			
Number of Turnouts	2,547	2,544	*
Total Miles of Canals	728	723	*
Miles of Concrete Lined Canals	107	101	*
Miles of Pipelined Canals	181	248	*
Miles of Drains	32	44	*
Groundwater Extraction Wells	215	221	*
Boosters	38	46	*
Electric Customers	8,702	8,130	8,060
Electric Facilities			
Sub-Station	3	3	3
Transformers	1,493	1,473	1,453
in Miles:			
Transmission Lines	34	34	34
Dist. Lines - Overhead	70	70	*
Dist. Lines - Underground	382	382	*
Total Distribution Lines	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

	2015/16	2014/15	2013/14	2012/13 *	2011	2010	2009	2008	2007	2006
Distribution System, Net	$ 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	$ 69,992,658
Land	13,098,089	13,098,088	13,098,088	13,144,380	13,144,380	13,144,380	13,144,380	13,144,380	13,144,380	13,138,738
Goodwill	10,100	10,100	10,100	10,100	-	-	-	-	-	-
Landscaping	4,344,305	4,686,329	4,961,161	779,563	-	-	-	-	-	-
Structures and improvements, Net	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	29,240,415
Equipment, Net	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	4,619,405
Vehicles	754,044	488,611	640,012	619,916	-	-	-	-	-	-
Intangible Assets, Net	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	2,181,074
Construction in Progress	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	13,279,181
Total	$ 157,298,580	$ 152,400,613	$ 147,701,559	$ 151,856,544	$ 140,510,355	$ 137,943,007	$ 138,239,644	$ 139,341,900	$ 139,614,345	$ 132,451,471

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

Figures above are net of Accumulated Depreciation.

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

MERCED IRRIGATION DISTRICT
WATER & POWER

Original Exchequer Dam seen below the New Exchequer Dam on December 30, 2014

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