

**WALKER RIVER
IRRIGATION DISTRICT
NEVADA**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

WALKER RIVER IRRIGATION DISTRICT, NEVADA

JUNE 30, 2016

DIRECTORS

Jim Snyder, President

David Giorgi, Vice President

Richard Nuti, Treasurer

David Little

Dennis Acciari

MANAGER

Robert C. Bryan

WALKER RIVER IRRIGATION DISTRICT, NEVADA
JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Walker River Irrigation District, Nevada

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activity of Walker River Irrigation District, Nevada as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity of Walker River Irrigation District, Nevada, as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedule of the District's Proportionate Share of the Net Pension Liability on pages 4 through 8 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriated operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Walker River Irrigation District, Nevada's basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards 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

supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 2016, on our consideration of the Walker River Irrigation District, Nevada's internal control over financial reporting and on our tests of its compliance with certain provisions of laws regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Walker River Irrigation District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Sciarani & Co." followed by a period.

Yerington, Nevada
December 5, 2016

WALKER RIVER IRRIGATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the Walker River Irrigation District, Nevada (the "District"), we offer the readers of these financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented herein in conjunction with the financial statements as a whole.

Financial Highlights

Operating revenue for the Walker River Irrigation District was \$1,296,069 for fiscal year 2016 compared to \$1,278,224 in year 2015. This was an increase of \$17,845 over the prior year amount.

Operating expenses for the Walker River Irrigation District was \$1,482,365 for fiscal year 2016 compared to \$1,415,603 in year 2015. This was an increase of \$66,762 over the prior year amount.

Federal grant funds were used to pay for the cost of; improvements to the High ditch system, Topaz gate-house improvements, completion of the office addition, river sediment removal, as well as acquisition of communication equipment and payment for various professional services. The National Fish and Wildlife Foundation water leasing program incurred cost totaling \$245,403 consisting largely of the Walker River sediment removal project totaling \$181,000. The National Fish and Wildlife Foundation water gauging projects incurred costs totaling \$801,570 during the year. Gauging projects included improvements to the G&H Ditch, Fox Ditch and Mickey Ditch gauging systems. Internal labor charges to this grant totaled \$62,610.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements, which is comprised of the basic financial statements and the notes to the financial statements. The notes provide additional information that is essential to full understanding of the data provided in the basic financial statements.

Required Financial Statements

The financial statements of the District report information of the District using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Position includes all of the District's assets and liabilities and provides information about the nature and amounts of investment in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for 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, non-operating revenues and expense, and capital contributions are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all of its cost through its assessments and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financial activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balances during the reporting period.

Financial Analysis of the District

One of the most important questions asked about the District's finances is; "Is the District, as a whole, better off or worse off as a result of this year's activities?" The Statement of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net assets of the District and the changes in them. One can think of the District's net assets – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases and decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

Net Position

To begin our analysis, a summary of the District's Statement of Net Assets is presented in Table A-1.

Table A-1
Condensed Statements of Net Position

	FY 2016	FY 2015	Dollar Change	Percent Change
Current Assets	\$ 3,205,479	\$ 3,144,890	\$ 60,589	1.9%
Capital assets	9,848,430	9,809,723	38,707	0.4%
Total Assets	13,053,909	12,954,613	99,296	0.8%
Deferred Outflow of Resources	64,516	56,101	8,415	15.0%
Current Liabilities	85,123	91,237	(6,114)	-6.7%
Noncurrent Liabilities	358,136	375,728	(17,592)	-4.7%
Total Liabilities	443,259	466,965	(23,706)	-5.1%
Deferred Inflow of Resources	106,030	93,301	12,729	13.6%
Net Investment in Capital Assets	9,848,430	9,809,723	38,707	0.4%
Restricted for Improvement				
Districts	515,533	502,152	13,381	2.7%
Unrestricted Net Position	2,205,173	2,138,573	66,600	3.1%
Total Net Position	\$ 12,569,136	\$ 12,450,448	\$ 118,688	1.0%

Net position increased \$118,688 to \$12,569,136 in 2016 from \$12,450,488 in 2015.

Table A-2
Condensed Statements of Revenues,
Expenses and Changes in Net Position

	FY 2016	FY 2015	Dollar Change	Percent Change
Revenues				
Operating revenues	\$ 1,296,069	\$ 1,278,224	\$ 17,845	1.4%
Non-operating revenues	1,005,227	215,702	789,525	366.0%
Total Revenues	2,301,296	1,493,926	807,370	54.0%
Expenses				
Depreciation expense	212,175	197,229	14,946	7.6%
Other operating expenses	1,270,190	1,218,374	51,816	4.3%
Non-operating expenses	745,764	181,019	564,745	312.0%
Total Expenses	2,228,129	1,596,622	631,507	39.6%
Income (Loss) before Capital Contributions	73,167	(102,696)	175,863	-171.2%
Capital contributions	45,521	297,142	175,863	59.2%
Change in Net Position	118,688	194,446	(75,758)	-39.0%
Beginning Net Position	12,450,448	12,256,002	194,446	1.6%
Ending Net Position	\$ 12,569,136	\$ 12,450,448	\$ 118,688	1.0%

While the Statement of Net Position shows the change in net position, the Statement of Activities provides answers as to the nature and scope of these changes. As can be seen in Table 2 above, the increase in net position was \$118,688 in fiscal year 2016 while year 2015 has an increase \$194,446.

Capital Assets

At June 30, 2016, the District incurred \$205,018 in capital asset additions at the Topaz Reservoir. The improvements consisted of \$169,777 for gate improvements, communication enhancements of \$32,813 and fencing of \$2,428.

The District installed communication upgrades in Hoyo Canyon and Smith Valley totaling \$10,280.

The District also purchased a new Chevy Silverado pickup at a cost of \$35,583 during the year. Depreciation expense of \$212,175 was recognized for the fiscal year resulting in a net increase in capital assets of \$38,707 as disclosed in Table 3.

Table A-3
Capital Assets

	FY 2016	FY 2015	Dollar Change	Percent Change
Land and Improvements:				
Reservoirs, Bridgeport and Topaz	\$ 936,005	\$ 936,005	\$ -	0.0%
East drain return canal	8,381	8,381	-	0.0%
Local Improvement Districts	151,974	151,974	-	0.0%
Irrigation Facilities:				
Reservoirs, Bridgeport and Topaz	8,923,818	8,718,799	205,019	2.4%
Improvements	839,029	839,029	-	0.0%
Other Capital Assets:				
Central Facilities	220,739	220,739	-	0.0%
District well	126,027	126,027	-	0.0%
Vehicles and equipment	1,002,003	966,420	35,583	3.7%
Furniture and office equipment	142,289	132,009	10,280	7.8%
Total Capital Assets	12,350,265	12,099,383	250,882	2.1%
Less: Accumulated depreciation	(2,501,835)	(2,289,660)	(212,175)	9.3%
Net Capital Assets	<u>\$ 9,848,430</u>	<u>\$ 9,809,723</u>	<u>\$ 38,707</u>	0.4%

Grants and Programs

The District was awarded an ongoing federal grant through the National Fish and Wildlife Foundation to develop and implement a volumetric measurement system of irrigation water diversions from the Walker River by improving water gauges. In order to achieve this goal, remote monitoring and digital archiving capabilities to enhance the information management was required to be designed and eventually implemented by the use of wireless electronic gauging devices at the headworks of certain ditch diversions. Hardware and software purchases and installation of wireless devices to communicate with the District Office would improve better water flow rate and manageability of water diversions. The District incurred \$245,403 under the water leasing demonstration grant and \$801,570 on the water gauging program.

Debt Administration

No debt was incurred during the year nor is any debt outstanding at year end.

Budgetary Highlights

The District adopts an annual budget at an April or May board meeting each year. The budget provides proposed expenses and the means for financing them. The budget was not amended or revised during the year. Budgetary comparison information is not included in the annual report as it is not a formally adopted budget nor required by State law.

Economic Factors and Next Year's Budget

The Board of Directors and management of the District considered many factors when setting the fiscal year 2016/2017 budget, assessments and other charges. Some of those factors are the local economy and the impact that taxes, charges and rates have on the water users in conjunction with current and future objectives of the District. By maintaining low assessment rates, the District helps maintain these objectives without burdening the assessment base.

Requests for Information

This financial report is designed to provide the water users and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be directed to Walker River Irrigation District, 410 N. Main Street, Yerington, NV 89447.

WALKER RIVER IRRIGATION DISTRICT, NEVADA**STATEMENT OF NET POSITION**

JUNE 30, 2016

(With Comparative Totals For The Year Ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash	\$ 2,929,439	\$ 2,457,876
Delinquent assessments receivable	99,458	32,913
Accounts receivable	65,562	47,156
Grant receivable	105,757	577,986
Expense reimbursement receivable from the U.S. Water Commissioners, Walker River	5,263	7,724
Chemical inventory	-	21,235
	<u>3,205,479</u>	<u>3,144,890</u>
Total Current Assets		
Capital Assets		
Land and Improvements:		
Reservoirs, Bridgeport and Topaz Lake	936,005	936,005
East drain return canal	8,381	8,381
Local Improvement Districts	151,974	151,974
Irrigation Facilities:		
Reservoirs, Bridgeport and Topaz Lake	8,923,818	8,718,799
Improvements	839,029	839,029
Other Capital Assets		
Central facilities	220,739	220,739
District well	126,027	126,027
Vehicles and equipment	1,002,003	966,420
Furniture, fixtures and office equipment	142,289	132,009
	<u>12,350,265</u>	<u>12,099,383</u>
Less: Accumulated depreciation	<u>(2,501,835)</u>	<u>(2,289,660)</u>
Total Capital Assets	<u>9,848,430</u>	<u>9,809,723</u>
Total Assets	<u>13,053,909</u>	<u>12,954,613</u>
DEFERRED OUTFLOW OF RESOURCES		
Prepaid expenses	6,914	8,153
Post measurement date pension contributions	52,347	44,760
Deferred pension outflows	<u>5,255</u>	<u>3,188</u>
Total Deferred Outflow of Resources	<u>64,516</u>	<u>56,101</u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA**STATEMENT OF NET POSITION**

JUNE 30, 2016

(With Comparative Totals For The Year Ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 64,201	\$ 76,746
Assessments payable, U.S. Water Commissioners, Walker River	<u>20,922</u>	<u>14,491</u>
Total Current Liabilities	<u>85,123</u>	<u>91,237.00</u>
Noncurrent Liabilities		
Accrued compensated absences	26,049	21,446
Net pension liability	<u>332,087</u>	<u>354,282</u>
Total Noncurrent Liabilities	<u>358,136</u>	<u>375,728</u>
Total Liabilities	<u>443,259</u>	<u>466,965</u>
DEFERRED INFLOW OF RESOURCES		
Advance lease payments	6,950	1,933
Deferred pension inflows	98,667	91,368
Prepaid well water	<u>413</u>	<u>-</u>
Total Deferred Inflow of Resources	<u>106,030</u>	<u>93,301</u>
NET POSITION		
Invested in capital assets, net of related debt	9,848,430	9,809,723
Restricted for improvement districts	515,533	502,152
Unrestricted	<u>2,205,173</u>	<u>2,138,573</u>
Total Net Position	<u>\$ 12,569,136</u>	<u>\$ 12,450,448</u>

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

WALKER RIVER IRRIGATION DISTRICT, NEVADA
STATEMENT REVENUES, EXPENSES
AND CHANGES IN NET POSITON
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals For The Year Ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
Operating Revenues		
Assessments levied	\$ 1,066,761	\$ 1,067,429
Equipment rental	23,028	6,360
Labor charges	4,566	2,909
Material sales	3,553	-
Water distribution services	80,143	80,080
District well water sales	21,987	30,163
Assessment penalties and interest	6,585	14,487
Pasture and property leases	70,538	58,505
Reservoir concessions	4,610	9,200
Rent, U.S.W.C.	5,617	6,500
Miscellaneous revenue	8,681	2,591
	<u>1,296,069</u>	<u>1,278,224</u>
Total Operating Revenues		
Operating Expenses		
Salaries and wages	340,787	262,683
Payroll taxes	11,809	19,076
Group insurance	90,638	99,665
Industrial insurance	9,442	8,940
Pension expense	23,896	41,822
Retirees group insurance	9,512	9,616
Fuel, oil and grease	43,741	23,685
Repairs and maintenance	111,621	24,157
Supplies and small tools	9,542	13,537
Chemicals and spraying	24,918	16,818
Propane	1,876	5,378
Telephone and internet	14,180	21,762
Utilities	5,415	7,227
Legal	269,723	339,672
Accounting and audit	42,038	26,621
Consulting fees	78,110	76,290
Modernization plan	-	3,871
Office expense	21,608	35,692
Computer supplies, software and service	15,103	1,476
Property taxes and assessments	44,488	43,168
Fees and permits	18,193	17,395
Insurance and bonding	16,042	16,691
General expenses	4,431	6,619

WALKER RIVER IRRIGATION DISTRICT, NEVADA
STATEMENT REVENUES, EXPENSES
AND CHANGES IN NET POSITON
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals For The Year Ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
Operating Expenses (Continued)		
Travel	\$ 2,057	\$ 2,230
Advertising, dues and subscriptions	1,249	1,521
District well expense	18,010	22,967
Monitoring and gauging expense	32,536	3,446
Training and education	3,406	3,570
Cloud seeding	-	60,779
Public relations	5,819	51
Election expense	-	1,949
Depreciation	<u>212,175</u>	<u>197,229</u>
 Total Operating Expenses	 <u>1,482,365</u>	 <u>1,415,603</u>
 Operating Income (Loss)	 <u>(186,296)</u>	 <u>(137,379)</u>
 Nonoperating Revenues (Expenses)		
Interest income	3,775	3,205
Write off of ditch companies receivables	(24,554)	-
National Fish and Wildlife Federation Grant - Note 9	1,001,452	212,497
N.F.W.F. - leasing projects	(181,000)	(72,942)
N.F.W.F. - water gauging projects	<u>(540,210)</u>	<u>(108,077)</u>
 Nonoperating Revenues in excess of Nonoperating Expenses	 <u>259,463</u>	 <u>34,683</u>
 Income (Loss) Before Contributions	 73,167	 (102,696)
 Capital contributions from grants	 <u>45,521</u>	 <u>297,142</u>
 Change in Net Position	 118,688	 194,446
Net Position, July 1	<u>12,450,448</u>	<u>12,256,002</u>
 Net Position, June 30	 <u><u>\$ 12,569,136</u></u>	 <u><u>\$ 12,450,448</u></u>

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

WALKER RIVER IRRIGATION DISTRICT, NEVADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals For The Year Ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities:		
Assessments and water sales received	\$ 1,263,384	\$ 1,344,675
Rents and concession fees received	65,887	50,179
Other receipts	30,307	11,860
Receipts for contracted services to ditch companies	66,599	93,425
Assessments paid to U.S.B.W.C.	(227,752)	(225,806)
Cash payments for personnel costs	(506,031)	(436,632)
Reimbursements from U.S.B.W.C.	7,786	6,909
Cash payments for services and supplies	<u>(779,502)</u>	<u>(847,722)</u>
Net Cash Provided (Used) by Operations	<u>(79,322)</u>	<u>(3,112)</u>
Cash Flows from Noncapital Financing Activities:		
Grant receipts for non capital use	1,473,681	357,721
Non capital grant expenses	<u>(721,210)</u>	<u>(181,019)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>752,471</u>	<u>176,702</u>
Cash Flows from Capital and Related Financing Activities:		
Capital contributions, grants	45,521	87,859
Acquisition and construction of capital assets	<u>(250,882)</u>	<u>(328,068)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(205,361)</u>	<u>(240,209)</u>
Cash Flows from Investing Activities:		
Interest earnings	<u>3,775</u>	<u>3,205</u>
Net Increase (Decrease) in Cash and Cash equivalents	471,563	(63,414)
Cash and Cash Equivalents, July 1	<u>2,457,876</u>	<u>2,521,290</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 2,929,439</u></u>	<u><u>\$ 2,457,876</u></u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals For The Year Ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
Reconciliation of Operating Income		
To Net Cash Provided by Operations		
Operating income (loss)	<u>(186,296)</u>	<u>(137,379)</u>
Adjustments to reconcile operating income to net cash provided by operations:		
Depreciation	212,175	197,229
Write off of receivables from ditch companies	(24,554)	-
Change in assets, liabilities, and deferred outflows and inflows of resources:		
(Increase) decrease in:		
Assessments receivable	(66,545)	2,841
Accounts receivable	(15,945)	6,363
Inventory	21,235	(21,235)
Prepaid expenses	1,239	8,538
Pension related deferred outflow of resources	(9,654)	6,328
Increase (decrease) in:		
Accounts payable	(6,114)	(43,078)
Deferred revenues	5,430	(21,561)
Accrued compensated absences	(10,293)	1,462
Other accrued liabilities	<u>-</u>	<u>(2,620)</u>
Total Adjustments	<u>106,974</u>	<u>134,267</u>
Net Cash Provided by Operations	<u><u>(79,322)</u></u>	<u><u>(3,112)</u></u>

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

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 - Summary of Significant Accounting Policies:

Reporting Entity

The Walker River Irrigation District was organized and operates under Nevada Revised Statute 539 (NRS) to serve the agricultural communities of Smith Valley and Mason Valley. The District is a separate entity and is not included as a component unit of any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (GASB). The District levies district-wide assessments to operate and maintain two reservoirs, and water distribution to the heads of privately owned ditches. Assessments are also levied to users within five divisions of the District to operate water distribution and drainage systems benefiting specific water users.

Private ditch companies own and operate most water distribution systems within the District. Walker River Irrigation District provides support to nine of these ditch companies by hiring seasonal employees and providing limited maintenance on a cost reimbursement basis.

Basis of Accounting

The District prepares its financial statements on an enterprise fund basis. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District’s financial statements are presented on the accrual basis of accounting, whereby revenues are recognized in the accounting period in which they are earned and become measurable and expenses are recognized in the period incurred, if measurable. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position comprises various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: invested in capital assets, net of related liabilities, restricted for ditch operations, and unrestricted net position. Invested in capital assets, net of related debt, consist of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

assets; debt related to unspent proceeds or other restricted cash and investments is excluded from that determination. Restricted net position consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, regulations and enabling legislation, including self-imposed legal mandates, less any related liabilities. Special assessments levied within improvement districts are restricted to providing service to the respective water users. Unrestricted consists of all other net assets not included in the above categories. The District applies restricted sources first when an expense is incurred for the purposes for which both restricted and unrestricted net assets are available.

Budgets

Pursuant to NRS Chapter 539, the District is not required to file a budget with the Nevada Department of Taxation if a statement of all liabilities and assets of the District is published in at least one issue of a newspaper published in Lyon County on or before the first Tuesday of September of each year; therefore, the District has not adopted formal budgets.

Operating Activities

The District accounts for numerous activities in separate self-balancing accounts, similar to fund accounting. Activities separately accounted for include three for grant projects and nine for operating agreements with individual private ditch companies. The District has not taken formal action to establish separate funds and reports all operations within a single fund in the basic financial statements.

Cash and Investments

Cash balances are invested as permitted by NRS 355.170. Investments are stated at cost, which approximate market value. Pursuant to NRS 355.170, the District may only invest in the following types of securities:

United States bonds and debentures maturing within ten (10) years from the date of purchase; Certain farm loan bond; Securities of the United States Treasury, United States Postal Service or the Federal National Mortgage Association maturing within the (10) years from the date of purchase; Negotiable certificates of deposit from commercial banks and insured savings and loan associations within the State of Nevada; Certain securities issued by local governments of the State of Nevada; Other securities expressly provided by other statutes, including repurchase agreements; Certain short-term commercial paper issued by U. S. Corporations; Certain "AAA" rated mutual funds that invest in Federal securities.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Cash and Cash Equivalents

The District has adopted GASB Statement 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." For purposes of reporting cash flows, the District considers all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents.

Assessments Receivable

Assessments receivable reflects only those taxes receivable from the delinquent roll years. No provision for uncollectible accounts has been established since management does not anticipate any material collection loss in respect to the remaining balances.

Inventory of Consumable Supplies

The District accounts for inventories using the "consumption method" which reclassifies inventories as expenditures when they are used. Inventories are valued at cost, on a first-in first-out basis as identified by a physical inventory count at year-end.

Capital Assets

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheet. Depreciation is provided in the enterprise funds in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line method. The assets of the District are being recorded at historical costs as they are acquired with estimated depreciable life ranging from 5 to 100 years. When applicable, interest expense is capitalized during construction period of related assets. No depreciation is provided for irrigation works not subject to material depreciation when properly maintained.

Compensated Absence Benefits

The Directors allow employees to accumulate unused sick leave and vacation time to a maximum of 90 days and 30 days, respectively. Costs involved in connection with the accumulation of sick leave and vacation time are recognized when the liability is incurred.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Nevada Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows and Outflows of Resources

Transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods are reported as either a deferred inflow of resources or deferred outflow of resources in the statement of net position.

Revenues

The major revenue source is assessments levied on water-righted acres within the District. Lyon County collects the majority of assessments on its secured property tax roll and remits collections to the District monthly.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the water proprietary fund. Operating expenses are necessary costs incurred to provide the goods and services for the primary activity. Revenues and expenses which do not meet the above criteria are considered non-operating and reported as such.

Capital Contributions

Contributions are recognized in the Statement of Revenues, Expenses and Changes in Net Position when earned. Contributions largely include capital grants from federal and state grants in support of system improvements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 – Cash:

The Walker River Irrigation District maintains all cash in bank accounts and time certificates of deposits. The District's cash balance is maintained at Wells Fargo Bank, which is fully covered by FDIC insurance and collateral pledged to the Walker River Irrigation District accounts. The collateral pledged consists of obligations insured or guaranteed by the State of Nevada and its Office of the State Treasurer through the state's Nevada Pool Collateral Program.

The District's operations are segregated into different operating activities. A summary schedule of cash for the Walker River Irrigation District by operating activity at June 30, 2016 is as follows:

Cash Balances by Operating Activity:

General Operations	\$ 1,041,409
Reservoirs	595,026
Federal Grants	-
Water Distribution	939
Equipment	780,905
Local Improvement Districts:	
No. 1 (Smith Valley)	61,409
No. 2 (River West)	126,462
No. 3 (River East)	298,987
No. 4 (Saroni)	<u>24,302</u>
Total Cash	<u>\$ 2,929,439</u>

Cash Balances Classified By Depository:

Cash on Hand	\$ 307
Commercial Accounts:	
Wells Fargo Checking	303,511
Wells Fargo Money Market	1,385,010
Time Certificates of Deposit:	
Wells Fargo Bank	<u>1,240,611</u>
Total Cash	<u>\$ 2,929,439</u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 – Cash: *(continued)*

The following is a list of cash and deposits indicating collateral or insurance on these deposits:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash on Hand	\$ 307	\$ -
Insured (FDIC)	250,000	250,000
Uninsured but collateralized by securities held in the name of the District by its agent	<u>2,679,132</u>	<u>2,858,826</u>
	<u>\$ 2,929,439</u>	<u>\$ 3,108,826</u>

Note 3 - Changes in Capital Assets:

The changes in capital assets are as follows:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Capital assets, not being depreciated:				
Land/Improvements	\$ 1,096,360	\$ -	\$ -	\$ 1,096,360
Total capital assets not being depreciated	<u>1,096,360</u>	<u>-</u>	<u>-</u>	<u>1,096,360</u>
Capital assets being depreciated:				
Irrigation facilities	9,557,828	205,019	-	9,762,847
Central facilities	220,739	-	-	220,739
District well	126,027	-	-	126,027
Vehicles and equipment	966,420	35,583	-	1,002,003
Furniture and fixtures	<u>132,009</u>	<u>10,280</u>	<u>-</u>	<u>142,289</u>
Total capital assets being depreciated	<u>11,003,023</u>	<u>250,882</u>	<u>-</u>	<u>11,253,905</u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 3 - Changes in Capital Assets: *(continued)*

	Balance July 1, <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2016</u>
Less accumulated depreciation:				
Irrigation facilities	\$ 1,027,494	\$ 168,095	\$ -	\$ 1,195,589
Central facilities	119,032	3,674	-	122,706
District well	105,740	6,158	-	111,898
Vehicles and equipment	919,708	32,818	-	952,526
Furniture and fixtures	<u>117,686</u>	<u>1,430</u>	<u>-</u>	<u>119,116</u>
 Total accumulated depreciation	 <u>2,289,660</u>	 <u>212,175</u>	 <u>-</u>	 <u>2,501,835</u>
 Total capital assets being depreciated, net	 <u>8,713,363</u>	 <u>38,707</u>	 <u>-</u>	 <u>8,752,070</u>
 Total capital assets, net of depreciation	 <u>\$ 9,809,723</u>	 <u>\$ 38,707</u>	 <u>\$ -</u>	 <u>\$ 9,848,430</u>

Note 4 – Long Term Obligations:

Compensated Absences:

The amount of accrued compensated absences liability at June 30, 2016 was \$26,049. This balance only includes the value of the business-type activities annual leave, which is earned at a rate based upon an employee's longevity with the District. An employee may carry over unused annual leave to the next year, not exceeding 30 days as of the employee's anniversary date.

Changes in Long-term Debt Obligations:

	Balance July 1, 2015	Obligations <u>Issued</u>	Obligations <u>Retired</u>	Balance June 30, 2016
Compensated absences	\$ 21,446	\$ 4,603	\$ -	\$ 26,049
Net pension liability	<u>354,282</u>	<u>-</u>	<u>22,195</u>	<u>332,087</u>
	<u>\$ 375,728</u>	<u>\$ 4,603</u>	<u>\$ 22,195</u>	<u>\$ 358,136</u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 5– Defined Benefits Pension Plan:

General Information about the Pension Plan

Plan description: All permanent full time employees are provided pensions through the Public Employees Retirement Plan (PERS). The plan is a multiple-employer defined benefit pension plan administered by the Public Employees Retirement System of Nevada. Chapter 286 of the Nevada Revised Statutes (NRS) establishes a governing board, appointed by the Governor that is responsible for managing the System, including arranging for a biennial actuarial valuation and adoption of actuarial tables and formulas prepared and recommended by the actuary.

Benefits provided: Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575–.579.

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with thirty years of service.

Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 5 – Defined Benefits Pension Plan: *(continued)*

The normal ceiling limitation on monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

Contributions: The authority for establishing and amending the obligation to make contributions, and member contribution rates, is set by statute. The contribution rates are based on biennial actuarial valuations and expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983 have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan.

Walker River Irrigation District has elected the EPC plan for all employees. The District's contributions to the plan totaled \$52,347 for the year ended June 30, 2016, based on a rate of 28.00% of covered compensation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported a liability of \$332,087 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the plan's net pension liability was based on the District's combined employer and member contributions to the pension plan relative to the contributions of all participating entities for the year ended June 30, 2015. At June 30, 2015, the District's proportion was .00290% while fiscal year 2014 the proportionate rate was .0034%.

For the year ended June 30, 2016, the District recognized pension expense of \$23,896. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 5 – Defined Benefits Pension Plan: *(continued)*

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual Experience	\$ -	\$ 24,979
Net difference between projected and actual earnings on pension plan investments	-	17,988
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>5,255</u>	<u>55,700</u>
	<u>\$ 5,255</u>	<u>\$ 98,667</u>

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

Year Ended June 30:	
2017	\$ 23,108
2018	23,108
2019	23,106
2020	4,504
2021	13,236
Thereafter	<u>6,350</u>
	<u>\$ 93,412</u>

In addition, \$52,347 is reported as a deferred outflow of resources related to pensions and represents District contributions subsequent to the measurement date. The amount will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Actuarial assumptions: The actuarial assumptions were based on the results of an experience study for the period from July 1, 2006 through June 30, 2012. When measuring the total pension liability, GASB uses the same actuarial cost method, all actuarial assumptions, and the same type of discount rate as PERS uses for funding.

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 5 – Defined Benefits Pension Plan: *(continued)*

Inflation	3.5%
Payroll growth assumption for future years	5.0% per year including inflation
Investment rate of return	8.0%
Productivity pay increases:	0.75% Plus
Salary increases	
Regular:	4.60% to 9.75%, depending on service
Police/Fire:	5.25% to 14.5%, depending on service
	Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other assumptions	Same as those used in the June 30, 2014 funding actuarial valuation

Investments: The Board evaluates and establishes expected real rates of return (expected returns, net of investment expenses and inflation) for each asset class. The Board reviews these capital market expectations annually. The PERS's current long-term geometric expected real rates of return for each asset class included in the plan's investment portfolio as of June 30, 2014, are included in the following table:

<u>Asset Class</u>	<u>Long-Term Geometric Expected Real Rate of Return*</u>
Domestic Equity	5.50%
International Equity	5.75%
Domestic Fixed Income	0.25%
Private Markets	6.80%

*As of June 30, 2014, PERS' long-term inflation assumption was 3.5%.

Discount Rate: The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 5 – Defined Benefits Pension Plan: *(continued)*

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	Current	
1% Decrease	Discount Rate	1% Increase
<u>(7.00%)</u>	<u>(8.00%)</u>	<u>(9.00%)</u>
\$506,033	\$332,087	\$187,438

Additional Information: Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Comprehensive Annual Financial Report (CAFR) available on the PER's website at www.nvpers.org under Quick Links – Publications.

Note 6 – Related Parties:

The District has an arrangement with the United States Board of Water Commissioners – Walker River (U.S.B.) whereby the District collects assessment revenue from its users on behalf of the U.S.B. certain expenses are also shared by both entities.

The following are related party transactions for the year ended June 30, 2016:

	<u>TOTAL</u>	<u>DISTRICT</u>	<u>U.S.B</u>
Delinquent assessments receivable	<u>\$ 99,436</u>	<u>\$ 78,393</u>	<u>\$ 21,042</u>
Rent paid or accrued by U.S.B.	<u>\$ 6,500</u>	<u>\$ -</u>	<u>\$ 6,500</u>

Note 7 – Risk Management:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries of employees; and natural disasters as are all entities.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

The District has joined together with similar public agencies (cities, counties and special districts) throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (Pool) is a public entity risk pool currently operating as a common risk management and insurance program for its 106 members.

The District pays an annual premium and a \$500 deductible, as necessary, to the Pool for its general insurance coverage. The Pool is considered a self-sustaining risk pool that will provide coverage for insured events in excess of the \$350,000 per insured event. The Pool obtains independent coverage for insured events in excess of the \$350,000 limit. There have not been any changes of insurance coverage from the prior year.

The District continues to carry commercial insurance for other risks of loss, including specific risks of loss not covered by the Pool (bonding) and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8 - Compliance with Nevada Revised Statutes:

The District complied with all the financial reporting, posting and publication requirements of NRS 539.483 through 539.487.

Note 9- Federal Grants:

Water Gauge Improvement Weed Control Projects

The District was awarded a Bureau of Reclamation (BOR) grant for Water Gauge Improvement and Weed Control Projects. The initial grant of \$150,000 was awarded in the 2010 fiscal year to design and recommend a volumetric measurement of irrigation water diversions from the Walker River by improving water gauges. In order to achieve this goal, remote monitoring and digital archiving capabilities to enhance the information management was required to be designed and eventually implemented by the use of wireless electronic gauging devices at the headworks of certain ditch diversions. Proposed hardware and software purchases and installation of wireless devices to communicate with the District Office would improve better flow rate and manageability of water diversions. Weed control projects are also part of the ditch maintenance required to increase the rate of flow.

During the 2011 fiscal year, BOR modified the grant award and increased the award by an additional \$580,000, bringing the total project award to \$730,000.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note 9- Federal Grants: *(continued)*

The District chose to request reimbursements from BOR as the project proceeds and has incurred costs of \$730,000 as of June 30, 2015, and received full reimbursement.

Water Leasing Demonstration Program in the Walker River Basin

Through the National Fish and Wildlife Foundation (NFWF), the District was chosen to administer and manage a \$25,000,000 water leasing demonstration program to increase Walker Lake inflows and for use in obtaining information regarding the establishment, budget, and scope of a longer-term leasing program. The actual funds for this project will come from the U.S. Bureau of Reclamation and pass through the NFWF. An initial award of \$2,051,328 was granted April 2011. In November 2012, an amendment was signed in which the remaining funds were allocated to the project with a project performance period ending December 15, 2017.

Note 10 - Contingencies:

Federal and State Grants

The District received grants from the Federal government which may be subject to compliance audits by the grantor agencies and ultimate retention of these monies is contingent upon satisfying the grantors that proper procedures were followed and that the resources were spent in accordance with grant requirements.

Claims and Lawsuits

The District is actively involved in two lawsuits involving water right issues. The financial impact of these actions, or any other that may be filed against the District, is not determinable at June 30, 2016. However, the District believes it has adequate insurance to cover any potential monetary judgments.

Note 11– Subsequent Events:

Management has evaluated subsequent events through December 6, 2016, which is the date the financial statements were available to be issued.

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WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
NEVADA PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST THREE FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Schedule of District's Proportionate Share</u> <u>of the Net Pension Liability</u>			
District's proportion of the net pension liability	0.00340%	0.00340%	0.00290%
District's proportionate share of the net pension liability	\$ 447,011	\$ 354,282	\$ 332,087
District's covered-employee payroll	\$ 209,667	\$ 195,433	\$ 173,714
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	213.2%	181.3%	191.2%
Plan fiduciary net position as a percentage of the total pension liability	68.7%	76.3%	75.1%

The above amounts presented for each fiscal year have a measurement date of June 30 of the preceding year.

Schedule of District Contributions

Statutorily required employer contribution	\$ 50,324	\$ 44,484	\$ 52,347
Contributions in relation to the statutorily required contribution	<u>50,324</u>	<u>44,484</u>	<u>52,347</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 195,433	\$ 173,714	\$ 186,919
Contributions as a percentage of covered payroll	25.8%	25.6%	28.0%

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF NET POSITION BY OPERATING ACTIVITY
JUNE 30, 2016
(With Comparative Totals For The Year Ended June 30, 2015)

	<u>General District</u>	<u>Reservoirs</u>	<u>Federal Grants</u>	<u>Water Distribution</u>	<u>Equipment</u>
ASSETS					
Current Assets					
Cash	\$ 1,041,409	\$ 595,026	\$ -	\$ 939	\$ 780,905
Delinquent assessments receivable	73,293	12,719	-	-	8,690
Accounts receivable	37,189	135	-	-	6,665
Grants receivable	-	-	105,757	-	-
Expense reimbursement receivable from the U.S. Water Commissioners, Walker River	5,263	-	-	-	-
Chemical inventory	-	-	-	-	-
Due from other activities	<u>115,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Assets	<u>1,272,819</u>	<u>607,880</u>	<u>105,757</u>	<u>939</u>	<u>796,260</u>
Capital Assets					
Land and Improvements:					
Reservoirs, Bridgeport and Topaz Lake	-	936,005	-	-	-
East drain return canal	8,381	-	-	-	-
Local Improvement Districts	-	-	-	-	-
Irrigation Facilities:					
Reservoirs, Bridgeport and Topaz Lake	-	8,923,818	-	-	-
Improvements	212,111	17,187	-	156,870	-
Other Capital Assets					
Central facilities	220,739	-	-	-	-
District well	126,027	-	-	-	-
Vehicles and equipment	97,021	-	-	-	903,482
Furniture, fixtures, and office equipment	<u>142,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	806,568	9,877,010	-	156,870	903,482
Less: Accumulated depreciation	<u>(482,694)</u>	<u>(1,100,755)</u>	<u>-</u>	<u>(5,229)</u>	<u>(871,175)</u>
Total Capital Assets	<u>323,874</u>	<u>8,776,255</u>	<u>-</u>	<u>151,641</u>	<u>32,307</u>
Total Assets	<u>1,596,693</u>	<u>9,384,135</u>	<u>105,757</u>	<u>152,580</u>	<u>828,567</u>
Deferred Outflows of Resources					
Prepaid expenses	3,638	346	-	-	2,516
Post measurement date pension contributions	34,151	-	-	-	18,196
Deferred pension outflows	<u>3,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,829</u>
Total Deferred Outflow of Resources	<u>41,215</u>	<u>346</u>	<u>-</u>	<u>-</u>	<u>22,541</u>

Local Improvement Districts						Totals	
No. 1 (Smith Valley)	No. 2 (River West)	No. 3 (River East)	No. 4 (Saroni)	Ditch Companies	Internal Balances	2016	2015
\$ 61,409	\$ 126,462	\$ 298,987	\$ 24,302	\$ -	\$ -	\$ 2,929,439	\$ 2,457,876
40	955	3,761	-	-	-	99,458	32,913
-	-	7	-	21,566	-	65,562	47,156
-	-	-	-	-	-	105,757	577,986
-	-	-	-	-	-	5,263	7,724
-	-	-	-	-	-	-	21,235
-	-	-	-	-	(115,665)	-	-
<u>61,449</u>	<u>127,417</u>	<u>302,755</u>	<u>24,302</u>	<u>21,566</u>	<u>(115,665)</u>	<u>3,205,479</u>	<u>3,144,890</u>
-	-	-	-	-	-	936,005	936,005
-	-	-	-	-	-	8,381	8,381
16,212	14,563	121,199	-	-	-	151,974	151,974
-	-	-	-	-	-	8,923,818	8,718,799
-	-	-	452,861	-	-	839,029	839,029
-	-	-	-	-	-	220,739	220,739
-	-	-	-	-	-	126,027	126,027
-	-	-	1,500	-	-	1,002,003	966,420
-	-	-	-	-	-	142,289	132,009
16,212	14,563	121,199	454,361	-	-	12,350,265	12,099,383
-	-	-	(41,982)	-	-	(2,501,835)	(2,289,660)
<u>16,212</u>	<u>14,563</u>	<u>121,199</u>	<u>412,379</u>	<u>-</u>	<u>-</u>	<u>9,848,430</u>	<u>9,809,723</u>
<u>77,661</u>	<u>141,980</u>	<u>423,954</u>	<u>436,681</u>	<u>21,566</u>	<u>(115,665)</u>	<u>13,053,909</u>	<u>12,954,613</u>
-	-	-	-	414	-	6,914	8,153
-	-	-	-	-	-	52,347	44,760
-	-	-	-	-	-	5,255	3,188
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>414</u>	<u>-</u>	<u>64,516</u>	<u>56,101</u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF NET POSITION BY OPERATING ACTIVITY
JUNE 30, 2016
(With Comparative Totals For The Year Ended June 30, 2015)

	<u>General District</u>	<u>Reservoirs</u>	<u>Federal Grants</u>	<u>Water Distribution</u>	<u>Equipment</u>
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 47,584	\$ 361	\$ 12,883	\$ -	\$ 2,306
Due to other activities	-	-	92,874	-	-
Assessments payable, U.S. Water Commissioners, Walker River	<u>20,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>68,506</u>	<u>361</u>	<u>105,757</u>	<u>-</u>	<u>2,306</u>
Noncurrent Liabilities					
Accrued compensated absences	14,408	-	-	-	11,641
Net pension liability	<u>216,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,566</u>
Total Noncurrent Liabilities	<u>230,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,207</u>
Total Liabilities	<u>299,435</u>	<u>361</u>	<u>105,757</u>	<u>-</u>	<u>129,513</u>
DEFERRED INFLOW OF RESOURCES					
Advance lease payments	-	6,950	-	-	-
Deferred pension inflows	64,331	-	-	-	34,336
Prepaid well water	<u>413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflow of Resources	<u>64,744</u>	<u>6,950</u>	<u>-</u>	<u>-</u>	<u>34,336</u>
NET POSITION					
Invested in capital assets, net of related debt	323,874	8,776,255	-	151,641	32,307
Restricted	-	-	-	-	-
Unrestricted	<u>949,855</u>	<u>600,915</u>	<u>-</u>	<u>939</u>	<u>654,952</u>
Total Net Position	<u>\$ 1,273,729</u>	<u>\$ 9,377,170</u>	<u>\$ -</u>	<u>\$ 152,580</u>	<u>\$ 687,259</u>

Local Improvement Districts						Totals	
No. 1 (Smith Valley)	No. 2 (River West)	No. 3 (River East)	No. 4 (Saroni)	Ditch Companies	Internal Balances	2016	2015
\$ -	\$ -	\$ 165	\$ 225	\$ 677	\$ -	\$ 64,201	\$ 76,746
-	-	-	-	22,791	(115,665)	-	-
-	-	-	-	-	-	20,922	14,491
-	-	165	225	23,468	(115,665)	85,123	91,237
-	-	-	-	-	-	26,049	21,446
-	-	-	-	-	-	332,087	354,282
-	-	-	-	-	-	358,136	375,728
-	-	165	225	23,468	(115,665)	443,259	466,965
-	-	-	-	-	-	6,950	1,933
-	-	-	-	-	-	98,667	91,368
-	-	-	-	-	-	413	-
-	-	-	-	-	-	106,030	93,301
16,212	14,563	121,199	412,379	-	-	9,848,430	9,809,723
61,449	127,417	302,590	24,077	-	-	515,533	502,152
-	-	-	-	(1,488)	-	2,205,173	2,138,573
<u>\$ 77,661</u>	<u>\$ 141,980</u>	<u>\$ 423,789</u>	<u>\$ 436,456</u>	<u>\$ (1,488)</u>	<u>\$ -</u>	<u>\$ 12,569,136</u>	<u>\$ 12,450,448</u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION BY OPERATING ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals For The Year Ended June 30, 2015)
Page 1 of 2

	General District	Reservoirs	Federal Grants	Water Distribution	Equipment
Operating Revenues					
Assessments levied	\$ 605,961	\$ 231,467	\$ -	\$ 8,719	\$ 96,736
Equipment rental	-	-	-	-	23,872
Labor income	-	-	-	-	4,566
Material sales	-	-	-	-	3,553
Ditch company services	-	-	-	-	-
District well water sales	21,987	-	-	-	-
Assessment penalties and interest	6,585	-	-	-	-
Pasture and property leases	26,713	43,825	-	-	-
Reservoir concessions	-	4,610	-	-	-
Rent, U.S.W.C.	5,617	-	-	-	-
Miscellaneous revenue	4,501	-	-	-	4,180
Total Operating Revenues	671,364	279,902	-	8,719	132,907
Operating Expenses					
Salaries and wages	137,088	23,755	59,592	1,333	52,285
Payroll taxes	4,403	1,712	1,152	87	517
Group insurance	57,893	-	-	-	32,745
Industrial insurance	3,409	1,824	-	42	1,720
Pension expense	6,278	538	7,101	-	8,336
Retirees group insurance	9,512	-	-	-	-
Fuel, oil and grease	2,059	2,186	12,031	1,954	6,379
Repairs and maintenance	14,905	15,014	2,436	-	25,055
Supplies and small tools	401	108	3,463	13	5,252
Chemicals and spray	-	-	-	645	13,068
Propane	-	-	388	271	-
Telephone and internet	7,986	1,402	-	71	2,631
Utilities	2,158	405	-	-	2,852
Legal	193,844	7,936	59,850	-	-
Accounting and audit	36,413	-	5,625	-	-
Consulting and other professional fees	6,620	1,137	62,005	-	217
Modernization plan	-	-	-	-	-
Office expense	21,608	-	-	-	-
Computer expense	9,967	-	3,989	99	58
Property taxes and assessments	9,699	34,789	-	-	-
Fees and permits	170	18,003	-	-	20
Insurance and bonding	16,042	-	-	-	-
Miscellaneous expenses	1,774	-	-	-	2,559
Travel	2,022	-	-	-	35
Advertising, dues and subscriptions	1,235	-	-	-	14

Local Improvement Districts							
No. 1	No. 2	No. 3	No. 4	Ditch	Internal	Totals	
(Smith Valley)	(River West)	(River East)	(Saroni)	Companies	Charges	2016	2015
\$ 5,777	\$ 16,456	\$ 38,500	\$ 63,145	\$ -	\$ -	\$ 1,066,761	\$ 1,067,429
-	-	-	-	-	(844)	23,028	6,360
-	-	-	-	-	-	4,566	2,909
-	-	-	-	-	-	3,553	-
-	-	-	-	80,143	-	80,143	80,080
-	-	-	-	-	-	21,987	30,163
-	-	-	-	-	-	6,585	14,487
-	-	-	-	-	-	70,538	58,505
-	-	-	-	-	-	4,610	9,200
-	-	-	-	-	-	5,617	6,500
-	-	-	-	-	-	8,681	2,591
<u>5,777</u>	<u>16,456</u>	<u>38,500</u>	<u>63,145</u>	<u>80,143</u>	<u>(844)</u>	<u>1,296,069</u>	<u>1,278,224</u>
-	603	5,242	12,122	48,767	-	340,787	262,683
-	19	186	320	3,413	-	11,809	19,076
-	-	-	-	-	-	90,638	99,665
-	-	42	42	2,363	-	9,442	8,940
-	122	902	619	-	-	23,896	41,822
-	-	-	-	-	-	9,512	9,616
-	975	2,823	2,617	12,717	-	43,741	23,685
-	7,322	17,568	28,197	1,124	-	111,621	24,157
-	-	-	199	106	-	9,542	13,537
-	-	-	10,305	900	-	24,918	16,818
-	-	-	798	419	-	1,876	5,378
-	-	-	232	1,858	-	14,180	21,762
-	-	-	-	-	-	5,415	7,227
540	3,744	-	3,809	-	-	269,723	339,672
-	-	-	-	-	-	42,038	26,621
-	-	-	-	8,131	-	78,110	76,290
-	-	-	-	-	-	-	3,871
-	-	-	-	-	-	21,608	35,692
-	-	-	99	891	-	15,103	1,476
-	-	-	-	-	-	44,488	43,168
-	-	-	-	-	-	18,193	17,395
-	-	-	-	-	-	16,042	16,691
-	-	-	-	98	-	4,431	6,619
-	-	-	-	-	-	2,057	2,230
-	-	-	-	-	-	1,249	1,521

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION BY OPERATING ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals For The Year Ended June 30, 2015)
Page 2 of 2

	General District	Reservoirs	Federal Grants	Water Distribution	Equipment
Operating Expenses (Continued)					
District well expense	\$ 17,968	\$ 42	\$ -	\$ -	\$ -
Monitoring and gauging expense	-	21,486	-	-	-
Training and education	3,355	-	-	-	51
Cloud seeding	-	-	-	-	-
Public relations	5,819	-	-	-	-
Election expense	-	-	-	-	-
Interfund charges	-	-	-	-	-
Depreciation	31,291	139,945	-	5,229	26,934
Total Operating Expenses	603,919	270,282	217,632	9,744	180,728
Operating Income (Loss)	67,445	9,620	(217,632)	(1,025)	(47,821)
Nonoperating Revenues (Expenses)					
Interest income	3,775	-	-	-	-
Transfer to ditch companies	(36,462)	-	-	-	-
Transfers from general district	-	-	-	-	-
Write off of amounts due from ditch companies	-	-	-	-	-
National Fish and Wildlife Federation grant:					
Grant revenue	929	-	938,842	-	61,681
Leasing project expenses	-	-	(181,000)	-	-
Water gauging project expenses	-	-	(540,210)	-	-
Net Nonoperating Revenues	(31,758)	-	217,632	-	61,681
Income before Contributions	35,687	9,620	-	(1,025)	13,860
Capital Contributions					
Capital contributions from N.F.W.F grant	-	-	45,521	-	-
Capital contributions from B.O.R. grant	-	-	-	-	-
Capital improvements transferred to District activities	10,280	35,241	(45,521)	-	-
Total Contributions	10,280	35,241	-	-	-
Change in Net Position	45,967	44,861	-	(1,025)	13,860
Net Position, July 1	1,227,762	9,332,309	-	153,605	673,399
Net Position, June 30	\$ 1,273,729	\$ 9,377,170	\$ -	\$ 152,580	\$ 687,259

Local Improvement Districts						Totals	
No. 1 (Smith Valley)	No. 2 (River West)	No. 3 (River East)	No. 4 (Saroni)	Ditch Companies	Internal Charges	2016	2015
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,010	\$ 22,967
-	3,550	-	7,500	-	-	32,536	3,446
-	-	-	-	-	-	3,406	3,570
-	-	-	-	-	-	-	60,779
-	-	-	-	-	-	5,819	51
-	-	-	-	-	-	-	1,949
-	-	-	-	844	(844)	-	-
-	-	-	8,776	-	-	212,175	197,229
540	16,335	26,763	75,635	81,631	(844)	1,482,365	1,415,603
5,237	121	11,737	(12,490)	(1,488)	-	(186,296)	(137,379)
-	-	-	-	-	-	3,775	3,205
-	-	-	-	-	36,462	-	-
-	-	-	-	36,462	(36,462)	-	-
-	-	-	-	(24,554)	-	(24,554)	-
-	-	-	-	-	-	1,001,452	212,497
-	-	-	-	-	-	(181,000)	(72,942)
-	-	-	-	-	-	(540,210)	(108,077)
-	-	-	-	11,908	-	259,463	34,683
5,237	121	11,737	(12,490)	10,420	-	73,167	(102,696)
-	-	-	-	-	-	45,521	215,451
-	-	-	-	-	-	-	81,691
-	-	-	-	-	-	-	-
-	-	-	-	-	-	45,521	297,142
5,237	121	11,737	(12,490)	10,420	-	118,688	194,446
72,424	141,859	412,052	448,946	(11,908)	-	12,450,448	12,256,002
\$ 77,661	\$ 141,980	\$ 423,789	\$ 436,456	\$ (1,488)	\$ -	\$ 12,569,136	\$ 12,450,448

WALKER RIVER IRRIGATION DISTRICT, NEVADA
DITCH COMPANIES
SCHEDULE OF NET POSITION BY DITCH COMPANY
JUNE 30, 2016
(With Comparative Totals For The Year Ended June 30, 2015)

	<u>Campbell</u>	<u>W. Highland</u>	<u>Plymouth</u>	<u>Greenwood</u>
Assets				
Cash	\$ -	\$ -	-	\$ -
Accounts receivable	2,023	948	11,609	1,929
Prepaid expenses	46	46	46	46
	<u>\$ 2,069</u>	<u>\$ 994</u>	<u>\$ 11,655</u>	<u>\$ 1,975</u>
Liabilities				
Accounts payable	\$ 125	125	\$ 218	\$ -
Due to General Fund	2,575	2,112	12,080	1,402
	<u>2,700</u>	<u>2,237</u>	<u>12,298</u>	<u>1,402</u>
Net Position	<u>\$ (631)</u>	<u>\$ (1,243)</u>	<u>\$ (643)</u>	<u>\$ 573</u>

<u>Mickey</u>	<u>Simpson</u>	<u>Joggles</u>	<u>SAB</u>	<u>Hall</u>	<u>Totals</u>	
					<u>2016</u>	<u>2015</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	728
1,929	414	815	815	1,084	21,566	32,576
46	46	46	46	46	414	339
<u>\$ 1,975</u>	<u>\$ 460</u>	<u>\$ 861</u>	<u>\$ 861</u>	<u>\$ 1,130</u>	<u>\$ 21,980</u>	<u>33,643</u>
\$ -	\$ 209	\$ -	\$ -	\$ -	\$ 677	124
1,289	382	921	921	1,109	22,791	45,427
1,289	591	921	921	1,109	23,468	45,551
<u>\$ 686</u>	<u>\$ (131)</u>	<u>\$ (60)</u>	<u>\$ (60)</u>	<u>\$ 21</u>	<u>\$ (1,488)</u>	<u>(11,908)</u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
DITCH COMPANIES
SCHEDULE REVENUES, EXPENSES
AND CHANGES IN NET POSITION BY DITCH COMPANY
FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals For The Year Ended June 30, 2015)

	<u>Campbell</u>	<u>W. Highland</u>	<u>Plymouth</u>	<u>Greenwood</u>
Operating Revenues				
Ditch company services	\$ 16,109	\$ 5,769	\$ 22,388	\$ 7,580
Operating Expenses				
Salaries and wages	12,707	5,000	9,000	4,000
Payroll taxes	903	413	731	116
Industrial insurance	291	292	484	208
Gas, oil and grease	921	700	2,348	2,400
Repairs and maintenance	1,047	17	54	-
Supplies and small tools	64	-	8	13
Chemicals and spraying	-	-	900	-
Propane	-	-	419	-
Telephone & internet	441	442	231	171
Consulting	-	-	8,131	-
Computer expense	99	99	99	99
Advertising and publication	-	-	-	-
Interfund charges	218	-	626	-
Other miscellaneous	49	49	-	-
Total Operating Expenses	<u>16,740</u>	<u>7,012</u>	<u>23,031</u>	<u>7,007</u>
Operating Revenues over (under) Operating Expenses	(631)	(1,243)	(643)	573
Non-operating Receipts and (Disbursements)				
Transfers from general district:	19,267	(1,832)	10,543	(1,287)
Write off of amounts due from ditch companies	<u>(2,741)</u>	<u>(2,719)</u>	<u>(6,779)</u>	<u>(2,544)</u>
Change in Net Position	15,895	(5,794)	3,121	(3,258)
Net Position, July 1	<u>(16,526)</u>	<u>4,551</u>	<u>(3,764)</u>	<u>3,831</u>
Net Position, June 30	<u>\$ (631)</u>	<u>\$ (1,243)</u>	<u>\$ (643)</u>	<u>\$ 573</u>

<u>Mickey</u>	<u>Simpson</u>	<u>Joggles</u>	<u>SAB</u>	<u>Hall</u>	<u>Totals</u>	
					<u>2016</u>	<u>2015</u>
<u>\$ 7,923</u>	<u>\$ 3,380</u>	<u>\$ 6,276</u>	<u>\$ 6,276</u>	<u>\$ 4,442</u>	<u>\$ 80,143</u>	<u>\$ 80,080</u>
4,000	1,660	5,600	5,600	1,200	48,767	44,514
345	152	327	327	99	3,413	3,627
208	208	250	250	172	2,363	2,000
2,400	1,148	-	-	2,800	12,717	10,953
-	6	-	-	-	1,124	468
13	8	-	-	-	106	126
-	-	-	-	-	900	10,595
-	-	-	-	-	419	2,978
172	230	60	60	51	1,858	1,684
-	-	-	-	-	8,131	260
99	99	99	99	99	891	808
-	-	-	-	-	-	341
-	-	-	-	-	844	-
-	-	-	-	-	98	1,195
<u>7,237</u>	<u>3,511</u>	<u>6,336</u>	<u>6,336</u>	<u>4,421</u>	<u>81,631</u>	<u>79,549</u>
686	(131)	(60)	(60)	21	(1,488)	531
4,399	888	26	26	4,432	36,462	-
<u>(4,399)</u>	<u>(888)</u>	<u>(26)</u>	<u>(26)</u>	<u>(4,432)</u>	<u>(24,554)</u>	<u>-</u>
686	(131)	(60)	(60)	21	10,420	531
-	-	-	-	-	(11,908)	(12,439)
<u>\$ 686</u>	<u>\$ (131)</u>	<u>\$ (60)</u>	<u>\$ (60)</u>	<u>\$ 21</u>	<u>\$ (1,488)</u>	<u>\$ (11,908)</u>

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Walker River Irrigation District, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activity of Walker River Irrigation District, Nevada, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Walker River Irrigation District's basic financial statements and have issued our report thereon dated December 5, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Walker River Irrigation District, Nevada's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Walker River Irrigation District, Nevada's internal control. Accordingly, we do not express an opinion on the effectiveness of the Walker River Irrigation District, Nevada's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs, listed as findings 2016-001, to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs, listed as findings 2016-002 and 2016-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Walker River Irrigation District, Nevada's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Walker River Irrigation District's Responses to Findings

Walker River Irrigation District, Nevada's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Walker River Irrigation District, Nevada's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standard in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Yerington, Nevada
December 5, 2016



A Professional Corporation

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE

To the Honorable Board of Trustees
Walker River Irrigation District, Nevada

Report on Compliance for Each Major Federal Program

We have audited Walker River Irrigation District, Nevada's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Walker River Irrigation District, Nevada's major federal program for the year ended June 30, 2016. Walker River Irrigation District, Nevada's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Walker River Irrigation District, Nevada's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Walker River Irrigation District, Nevada's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Walker River Irrigation District, Nevada's compliance.

Opinion on the Major Federal Program

In our opinion, Walker River Irrigation District, Nevada complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-004. Our opinion on the major federal program is not modified with respect to these matters.

Walker River Irrigation District, Nevada's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Walker River Irrigation District, Nevada's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Walker River Irrigation District, Nevada, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Walker River Irrigation District, Nevada's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Walker River Irrigation District, Nevada's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over

compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-005, that we consider to be a significant deficiency.

Walker River Irrigation District, Nevada's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Walker River Irrigation District, Nevada's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Sciarani & Co." followed by a period.

Yerington, Nevada
December 5, 2016

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Award Amount	Federal Expenditures
U.S. Department of the Interior:				
Bureau of Reclamation:				
Pass-through program from the National Fish and Wildlife Foundation:				
Providing Water to At-Risk Natural Desert Terminal Lakes				
<i>(Water Leasing Demonstration Program In the Walker River Basin)</i>	15.508	2010-0059-101	\$ 25,000,000	\$ <u>1,046,973</u>
Total Expenditures of Federal Awards				\$ <u><u>1,046,973</u></u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Note A- Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Walker River Irrigation District under programs of the federal government for the year ending June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule present only a selected portion of the operations of the Walker River Irrigation District it is not intended to and does not present the financial position, changes in net position, or cash flows of the Walker River Irrigation District.

Note B- Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for Audits of State, Local, and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowed or are limited as reimbursement. When applicable, negative amount shown on the Schedule represent adjustments or credits made in the normal course of business as expenditures in prior years.

Indirect Costs

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note C – Subrecipients

The District did not pass any federal awards received to any other government or not-for profit agencies.

Note D – Matching Requirements

The sole Federal program passed-through the National Fish and Wildlife Foundation does not require the District to contribute non-Federal funds (matching funds) to support the Federally Funded program.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONS COSTS
FOR THE YEAR ENDED JUNE 30, 2016

A. Summary of Auditor's Results:

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major federal programs:

CFDA# Name of Federal Program or Cluster

15.508 Providing Water to At-Risk Natural Desert
Terminal Lakes

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONS COSTS
FOR THE YEAR ENDED JUNE 30, 2016

B. Findings – Financial Statement Audit

Material Weakness

2016-001 Internal Control - Bank Account Reconciliations *(repeat finding)*

Criteria: To assure accurate reporting and timely detection of fraud and irregularities, the balance in all accounts with financial institutions must be timely and completely reconciled to the financial records and reconciling items timely addressed.

Condition: The bank reconciliation at June 30, 2016 contained numerous unreconciled items from past accounting periods that were financially significant and not addressed in a timely manner.

Effect of Condition: Without timely and accurate reconciliations, errors and irregularities may go undetected. Payroll, grantor, management and other reports produced from unreconciled financial records are susceptible to errors and may mislead users of the information

Cause of Condition: The District experienced staff turnover in key positions during the past two years and the correction of past unreconciled items were not identified and corrected.

Recommendation: We recommend staff the district manager review and approve the monthly bank reconciliations for content and agreeance to the general ledger balances.

Auditee View: Many of the reconciling items occurred before the change in staff assigned to prepare the reconciliation. Management concurs with the finding and believes reconciliations will be performed and variances addressed on a timely manner in the future.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONS COSTS
FOR THE YEAR ENDED JUNE 30, 2016

Significant Deficiencies

**2016-002 Internal Control – Reconciling Reports and Documents
to Financial Records** *(repeat finding)*

Criteria: The general ledger and subsidiary records are the basis for most financial reports, including billings to external parties under cost reimbursement agreements. The general ledger is the record of all transactions and, assuming maintained in a reasonable manner, should provide an accurate accounting of billable costs. Reconciling billings to the general ledger provides assurance billings are prepared accurately.

Condition: The District maintains separate set of accounts within its general ledger for each cost reimbursement and grant agreement. The District did reconcile reports to current transactions in the general ledger for the latter part of the year. However, it did not investigate reconciling transactions from prior periods and modify reports when appropriate.

Effect of Condition: Cost reimbursement requests continue to be submitted to the grantor agency without being reduced by the \$30,831 net accumulated errors from previous years' claim requests. Also, the variance between billings to ditch companies and respective charges has increased over the years. The governing board authorized outstanding balances to be written off this year which had a \$36,462 negative impact to the operating activity.

Cause of Condition: The District does not feel comfortable relying on the financial information recorded in its financial accounting and reporting system and therefore uses financial information maintained outside the general ledger to prepare billings.

Recommendation: We recommend staff continue to reconcile all transactions posted to billable general ledger accounts to reimbursement/claim requests, and incorporate verification that prior balances have been reimbursed or accounted for.

Auditee View: Management concurs with the finding.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONS COSTS
FOR THE YEAR ENDED JUNE 30, 2016

2016-003 Internal Control - Segregation of Duties *(repeat finding)*

Condition: Walker River Irrigation District, Nevada is a very small entity. Controls are weakened when the functions of billing, collecting, reconciling, and depositing cash receipts are performed by one or two people. Likewise the disbursement cycle also has limited segregation of duties as the same employees prepare checks for payment, record expenditures, and reconciling bank accounts. The entity's ability to design internal controls to achieve complete segregation of duties is limited due to fiscal restraints common to a small entity.\

Auditee View: Accounting functions have been segregated to the greatest extent possible with the limited number of personnel. Additionally, various control procedures have been implemented to help overcome this inherent weakness. However, the entity's ability to design internal controls to achieve complete segregation of duties is limited due to fiscal restraints common of a small entity.

C. Findings and Questioned Costs – Major Federal Award Program Audit

	<u>Questioned Costs</u>
2016-004 Providing Water to At-Risk Natural Desert Terminal Lakes (passed through N.F.W.F.) – 15.508 <i>(repeat finding)</i>	

Grant Reporting, Requests for Reimbursement	\$30,831
--	-----------------

Criteria: Claims for reimbursement should be supported by financial records, include only eligible costs and free of clerical errors.

Condition: Errors netting \$30,831 from prior claim requests were not been deducted from current year claim requests.

Effect of Condition: Walker River Irrigation District has received more grant revenue than entitled.

Cause of Condition: The District had a change in staff and management did not exercise appropriate oversight to assure errors were accounted for on current reports.

Recommendation: We recommended the District account for the retroactive errors on its next claim for reimbursement report.

Auditee View: Management concurs with the finding.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF FINDINGS AND QUESTIONS COSTS
FOR THE YEAR ENDED JUNE 30, 2016

Questioned
Costs

**2016-005 Providing Water to At-Risk Natural Desert
Terminal Lakes (passed through N.F.W.F.) – 15.508**

Internal Control – Davis-Bacon Act

None

Criteria: Contracts for construction projects financed by federal assistance must pay prevailing wages not less than those established by the U.S. Department of Labor.

Condition: The District has been constructing irrigation structures with wireless electronic measuring devices with in-house internal labor force. On one larger short-lived project, the District was billed by a contractor for heavy equipment operators and concrete finishers.

Effect of Condition: A total of 164.25 hours were billed by the contractor for heavy equipment operators and concrete finishers at the company's hourly equipment rate and concrete finishers rate. It is possible, that the grantor may require the grantee to calculate prevailing wages on this project.

Cause of Condition: Staff apparently was not aware of the Davis-Bacon Act requirements since the majority of the construction projected was performed with in-house internal labor.

Recommendation: We recommend staff become familiar with the requirements of the Davis-Bacon Act and how it may apply to any future projects.

Auditee View: Management has assigned the District Manager the responsibility for monitoring compliance and developing appropriate written policies and procedures over Davis-Bacon Act provisions.

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Walker River Irrigation District

Established in 1919

STATUS OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2016

Material Deficiencies

2015-001 Internal Control – Cash Receipts

Condition: Cash receipt transactions were entered by individual bank deposit rather than individual receipt and prenumbered receipts were not prepared for all payments received. Payments for which receipts were written could not easily be traced to bank deposits and entries frequently were posted to incorrect general ledger accounts (i.e. assessments not apportioned to respective assessment districts).

Status: Staff has reverted back to recording individual receipts and is reconciling written receipts to bank deposits.

2015-002 Internal Control – Monitoring Financial Reports and Records

Condition: The financial reports produced by the financial accounting system contained errors that were not corrected in a timely manner.

Status: The accounting staff received training and has become familiar with the accounting system and the ability to produce computer generated reports.

Significant Deficiencies

2015-003 Internal Control – Reconciling Reports and Documents to Financial Records

Condition: The District maintains separate set of accounts within its general ledger for each cost reimbursement and grant agreement. However, it does not reconcile billings to grantor agencies or ditch companies to the respective accounts.

Status: The District's accounting staff recorded amounts billed into a separate account receivable accounts which was a positive step toward accountability of amounts billed. We did note some small excess expenses over amounts billed in the various Ditch Companies.



Walker River Irrigation District

Established in 1919

STATUS OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2016

2015-004 Internal Control - Segregation of Duties

Condition: Walker River Irrigation District, Nevada is a very small entity. Controls are weakened when the functions of billing, collecting, reconciling, and depositing cash receipts are performed by one or two people. Likewise the disbursement cycle also has limited segregation of duties as the same employees prepare checks for payment, record expenditures, and reconciling bank accounts. The entity's ability to design internal controls to achieve complete segregation of duties is limited due to fiscal restraints common to a small entity.

Status: During the year, the District Board of Trustees and management reviewed the job descriptions and job responsibilities assigned to office personnel. A third office employee was recently hired. Due to the limited number of office personnel, the District segregated job responsibilities between employees and is willing to except the inherent risks associated with a limited number of employees.

C. Findings and Questioned Costs – Major Federal Award Program Audit

2015-005 Providing Water to At-Risk Natural Desert Terminal Lakes (passed through N.F.W.F.) – 15.508

Grant Reporting, Requests for Reimbursement

Condition: The claims for reimbursement dated June 10, 2015 and September 2, 2015 included duplicate claims totaling \$30,047 in expenses. Also, a claim for reimbursement was reduced by \$14,671 that represented excess claims requested previously on Bureau of Reclamation grant R08AP20035.

Status: Beginning in January 2016, the District began preparing monthly cost reimbursements requests from the previous month's expense activity. This process appears to be functioning adequately with a few minor errors that were corrected by office personnel on a subsequent reimbursement claims.



Walker River Irrigation District

Established in 1919

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2016

2016-001 Internal Control - Bank Account Reconciliations

Management recognizes the issue and has provided and will continue to provide staff training and necessary resources to ensure that bank reconciliations are accurately prepared and reflective of cash balances maintained in the general ledger.

2016-002 Internal Control – Reconciling Reports and Documents to Financial Records

Management will include in the reconciliation process, a determination that prior account balances have been reimbursed or properly adjusted in the financial records.

2016-003 Internal Control - Segregation of Duties

Accounting functions have been segregated to the greatest extent possible with the limited number of personnel. Additionally, various control procedures have been implemented to help overcome this inherent weakness. However, the entity's ability to design internal controls to achieve complete segregation of duties is limited due to fiscal restraints common of a small entity.

2016-004 Providing Water to At-Risk Natural Desert Terminal Lakes (passed through N.F.W.F.) – 15.508

Management will reduce the amount claimed when preparing its next Payment Request Form.

2016-005 Providing Water to At-Risk Natural Desert Terminal Lakes (passed through N.F.W.F.) – 15.508

Internal Control – Davis-Bacon Act

Management has assigned the District Manager the responsibility for monitoring compliance and developing appropriate written policies and procedures over Davis-Bacon Act provisions.



INDEPENDENT ACCOUNTANT'S REPORT ON
NEVADA REVISED STATUTES 354.6241

To the Honorable Board of Trustees
Walker River Irrigation District, Nevada

We have reviewed management's assertion made in accordance with Nevada Revised Statute 354-624(5)(a) with respect to the funds of the Walker River Irrigation District, Nevada as of and for the year ended June 30, 2016 that:

- The identified fund is being used expressly for the purposes for which it was created.
- The Fund is administered in accordance with accounting principles generally accepted in the United States of America.
- The unrestricted net position in the fund was reasonable and necessary to carry out the purposes of the funds at June 30, 2016 (based on the interpretation of reasonable and necessary provided by the Legislative Counsel Bureau).
- The sources of revenues, including transfers, available for the fund are as noted in the financial statements.
- The fund conforms to significant statutory and regulatory constraints on their financial statements administration during the year ended June 30, 2016 except for it did not comply with all the financial reporting, posting and publication requirements of NRS 539.483 through 539.487.

This assertion is the responsibility of the management of the Walker River Irrigation District, Nevada.

Our review was conducted in accordance with attestation standard established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that management's assertion referred to above is not fairly stated in all material respects.

Yerington, Nevada
December 5, 2016

WALKER RIVER IRRIGATION DISTRICT, NEVADA
INDEPENDENT AUDITOR'S COMMENTS
JUNE 30, 2016

The following are our recommendations in accordance with NRS 354.624:

STATUTE COMPLIANCE

The required disclosure on compliance with Nevada Revised Statutes and Administrative Code is contained in Note 8 to the financial statements.

STATUS OF PRIOR YEAR RECOMMENDATIONS

Any recommendations made for fiscal year ended June 30, 2015, along with the status of those recommendations, are presented in the Status of Prior Year Findings and Questioned Costs found within this financial report.

CURRENT YEAR AUDIT RECOMMENDATIONS

Any weaknesses in accounting controls would be identified in the Schedule of Findings and Questioned Costs found within this financial report.

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