

**WALKER RIVER
IRRIGATION DISTRICT
NEVADA**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

WALKER RIVER IRRIGATION DISTRICT, NEVADA

JUNE 30, 2017

DIRECTORS

Jim Snyder, President

David Giorgi, Vice President

Richard Nuti, Treasurer

Marcus Masini

Dennis Acciari

MANAGER

Robert C. Bryan

WALKER RIVER IRRIGATION DISTRICT, NEVADA
JUNE 30, 2017

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JUNE 30, 2017

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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 activities, each major fund of the Walker River Irrigation District, Nevada as of and for the year ended June 30, 2017, 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 activities, each major fund of the Walker River Irrigation District, Nevada, as of June 30, 2017, 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 32 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 individual fund financial statements and the 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 individual fund financial statements, 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 individual fund financial statements, 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 September 5, 2017 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.

Sciarani & Co.

Yerington, Nevada
September 5, 2017

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, 2017. 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 \$1,396,677 for fiscal year 2017 compared to \$1,296,069 in year 2016. This was an increase of \$100,608 over the prior year.

Operating expenses for the Walker River Irrigation District were \$1,693,716 for fiscal year 2017 compared to \$1,482,365 in year 2016. This was an increase of \$211,351 over the prior year.

Funding from two programs from the National Fish and Wildlife Foundation continued during the current year. The water leasing program incurred cost totaling \$171,735 consisting largely of legal fees and costs of a regulated reservoir study. The water gauging projects incurred costs totaling \$727,565 and included improvements to the Campbell Ditch and Merrell Ditch gauging systems. Internal labor charges totaled \$164,374.

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, non-capital financing,

capital financing, and investing 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 position of the District and the changes in them. One can think of the District's net position – 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 position 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 Position is presented in Table 1.

Table 1
Condensed Statements of Net Position

	FY 2017	FY 2016	Dollar Change	Percent Change
Current Assets	\$ 3,071,238	\$ 3,205,479	\$(134,241)	-4.2%
Capital assets	9,969,750	9,848,430	121,320	1.2%
Total Assets	13,040,988	13,053,909	(12,921)	-0.1%
Deferred Outflow of Resources	157,584	64,516	93,068	144.3%
Current Liabilities	128,802	85,123	43,679	51.3%
Noncurrent Liabilities	449,436	358,136	91,300	25.5%
Total Liabilities	578,238	443,259	134,979	30.5%
Deferred Inflow of Resources	80,397	106,030	(25,633)	-24.2%
Net Investment in Capital Assets	9,969,750	9,848,430	121,320	1.2%
Restricted for Improvement				
Districts	464,847	515,533	(50,686)	-9.8%
Unrestricted Net Position	2,105,340	2,205,173	(99,833)	-4.5%
Total Net Position	\$ 12,539,937	\$ 12,569,136	\$ (29,199)	-0.2%

Net position decreased \$29,199 to \$12,539,937 in 2017 from \$12,569,136 in 2016.

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

	FY 2017	FY 2016	Dollar Change	Percent Change
Revenues				
Operating revenues	\$ 1,396,677	\$ 1,296,069	\$ 100,608	7.8%
Non-operating revenues	893,093	1,005,227	(112,134)	-11.2%
Total Revenues	2,289,770	2,301,296	(11,526)	-0.5%
Expenses				
Depreciation expense	205,725	212,175	(6,450)	-3.0%
Other operating expenses	1,487,991	1,270,190	217,801	17.1%
Non-operating expenses	635,538	745,764	(110,226)	-14.8%
Total Expenses	2,329,254	2,228,129	101,125	4.5%
Income (Loss) before Capital Contributions	(39,484)	73,167	(112,651)	-154.0%
Capital contributions	10,285	45,521	(112,651)	-247.5%
Change in Net Position	(29,199)	118,688	(147,887)	-124.6%
Beginning Net Position	12,569,136	12,450,448	118,688	1.0%
Ending Net Position	<u>\$ 12,539,937</u>	<u>\$ 12,569,136</u>	<u>\$ (29,199)</u>	-0.2%

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 decrease in net position was \$29,199 in fiscal year 2017 while year 2016 had an increase \$118,688.

Capital Assets

During fiscal year ending June 30, 2017, the District increased its capital assets by \$327,044. The increase was comprised of the purchase of an excavator for \$279,526, a pickup truck for \$37,233 and a Son Tek-1 for \$10,285. Depreciation expense of \$205,725 was recognized for the fiscal year resulting in a net increase in capital assets of \$121,319 as disclosed in Table 3.

Table 3
Capital Assets

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
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	8,923,818	-	0.0%
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	1,329,047	1,002,003	327,044	32.6%
Furniture and office equipment	<u>142,289</u>	<u>142,289</u>	<u>-</u>	0.0%
 Total Capital Assets	 12,677,309	 12,350,265	 327,044	 2.6%
 Less: Accumulated depreciation	 <u>(2,707,560)</u>	 <u>(2,501,835)</u>	 <u>(205,725)</u>	 8.2%
 Net Capital Assets	 <u>\$ 9,969,749</u>	 <u>\$ 9,848,430</u>	 <u>\$ 121,319</u>	 1.2%

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.

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, using the modified accrual basis of accounting, at an April or May board meeting each year. The budget provides proposed expenses and the means for financing them. There is no legal mandate for the District to adopt a budget. The budget was not amended or revised during the year.

Economic Factors and Next Year's Budget

The Board of Directors and management of the District considered many factors when setting the fiscal year 2017/2018 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, 2017

(With Comparative Totals For The Year Ended June 30, 2016)

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	<u>General</u>	<u>Reservoirs</u>	<u>Federal Grants</u>	<u>Water Distribution</u>	<u>Equipment</u>
ASSETS					
Current Assets					
Cash - Note 2	\$ 1,059,575	\$ 652,333	\$ -	\$ 3,258	\$ 577,702
Delinquent assessments receivable	35,599	11,552	-	-	4,576
Accounts receivable	7,923	2,020	8,421	-	30
Grants receivable	-	-	203,755	-	-
Expense reimbursement receivable from the U.S. Water Commissioners, Walker River	2,261	-	-	-	-
Due from other funds - Note 6	<u>209,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Assets	<u>1,315,182</u>	<u>665,905</u>	<u>212,176</u>	<u>3,258</u>	<u>582,308</u>
Capital Assets - Note 3					
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	-	-	-	1,230,527
Furniture, fixtures, and office equipment	<u>142,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	806,568	9,877,010	-	156,870	1,230,527
Less: Accumulated depreciation	<u>(514,082)</u>	<u>(1,245,504)</u>	<u>-</u>	<u>(10,458)</u>	<u>(886,811)</u>
Total Capital Assets	<u>292,486</u>	<u>8,631,506</u>	<u>-</u>	<u>146,412</u>	<u>343,716</u>
Total Assets	<u>1,607,668</u>	<u>9,297,411</u>	<u>212,176</u>	<u>149,670</u>	<u>926,024</u>
Deferred Outflows of Resources					
Prepaid expenses	18,670	-	495	-	3,485
Post measurement date pension contributions - Note 5	43,541	-	-	-	25,050
Deferred pension outflows - Note 5	<u>43,284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,059</u>
Total Deferred Outflow of Resources	<u>105,495</u>	<u>-</u>	<u>495</u>	<u>-</u>	<u>51,594</u>

Local Improvement Districts						Totals	
No. 1 (Smith Valley)	No. 2 (River West)	No. 3 (River East)	No. 4 (Saroni)	Ditch Companies	Internal Balances	2017	2016
\$ 69,106	\$ 78,754	\$ 268,166	\$ 49,118	\$ -	\$ -	\$ 2,758,012	\$ 2,929,439
44	177	618	-	-	-	52,566	99,458
-	25	-	-	36,225	-	54,644	65,562
-	-	-	-	-	-	203,755	105,757
-	-	-	-	-	-	2,261	5,263
-	-	-	-	-	(209,824)	-	-
69,150	78,956	268,784	49,118	36,225	(209,824)	3,071,238	3,205,479
-	-	-	-	-	-	936,005	936,005
-	-	-	-	-	-	8,381	8,381
16,212	14,563	121,199	-	-	-	151,974	151,974
-	-	-	-	-	-	8,923,818	8,923,818
-	-	-	452,861	-	-	839,029	839,029
-	-	-	-	-	-	220,739	220,739
-	-	-	-	-	-	126,027	126,027
-	-	-	1,500	-	-	1,329,048	1,002,003
-	-	-	-	-	-	142,289	142,289
16,212	14,563	121,199	454,361	-	-	12,677,310	12,350,265
-	-	-	(50,705)	-	-	(2,707,560)	(2,501,835)
16,212	14,563	121,199	403,656	-	-	9,969,750	9,848,430
85,362	93,519	389,983	452,774	36,225	(209,824)	13,040,988	13,053,909
-	-	-	-	-	-	22,650	6,914
-	-	-	-	-	-	68,591	52,347
-	-	-	-	-	-	66,343	5,255
-	-	-	-	-	-	157,584	64,516

WALKER RIVER IRRIGATION DISTRICT, NEVADA

STATEMENT OF NET POSITION

JUNE 30, 2017

(With Comparative Totals For The Year Ended June 30, 2016)

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	<u>General</u>	<u>Reservoirs</u>	<u>Federal Grants</u>	<u>Water Distribution</u>	<u>Equipment</u>
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 25,378	\$ 38,158	\$ 35,357	\$ 97	\$ 7,440
Other accrued expenses	1,696	343	-	62	2,757
Due to other funds - Note 6	-	-	177,314	-	-
Assessments payable, U.S. Water Commissioners, Walker River	9,539	-	-	-	-
Total Current Liabilities	<u>36,613</u>	<u>38,501</u>	<u>212,671</u>	<u>159</u>	<u>10,197</u>
Long-term Liabilities - Note 4					
Accrued compensated absences	21,727	-	-	-	12,814
Net pension liability - Note 5	270,677	-	-	-	144,218
Total Noncurrent Liabilities	<u>292,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,032</u>
Total Liabilities	<u>329,017</u>	<u>38,501</u>	<u>212,671</u>	<u>159</u>	<u>167,229</u>
DEFERRED INFLOW OF RESOURCES					
Advance lease payments	-	6,950	-	-	-
Deferred pension inflows - Note 5	47,890	-	-	-	25,557
Prepaid well water	-	-	-	-	-
Total Deferred Inflow of Resources	<u>47,890</u>	<u>6,950</u>	<u>-</u>	<u>-</u>	<u>25,557</u>
NET POSITION					
Invested in capital assets, net of related debt	292,486	8,631,506	-	146,412	343,716
Restricted	-	-	-	3,099	-
Unrestricted	1,043,770	620,454	-	-	441,116
Total Net Position	<u>\$ 1,336,256</u>	<u>\$ 9,251,960</u>	<u>\$ -</u>	<u>\$ 149,511</u>	<u>\$ 784,832</u>

Local Improvement Districts						Totals	
No. 1 (Smith Valley)	No. 2 (River West)	No. 3 (River East)	No. 4 (Saroni)	Ditch Companies	Internal Balances	2017	2016
\$ -	\$ 255	\$ 2,631	\$ 974	\$ 1,326	\$ -	\$ 111,616	\$ 64,201
-	-	-	400	2,389	-	7,647	-
-	-	-	-	32,510	(209,824)	-	-
-	-	-	-	-	-	9,539	20,922
-	255	2,631	1,374	36,225	(209,824)	128,802	85,123
-	-	-	-	-	-	34,541	26,049
-	-	-	-	-	-	414,895	332,087
-	-	-	-	-	-	449,436	358,136
-	255	2,631	1,374	36,225	(209,824)	578,238	443,259
-	-	-	-	-	-	6,950	6,950
-	-	-	-	-	-	73,447	98,667
-	-	-	-	-	-	-	413
-	-	-	-	-	-	80,397	106,030
16,212	14,563	121,199	403,656	-	-	9,969,750	9,848,430
69,150	78,701	266,153	47,744	-	-	464,847	515,533
-	-	-	-	-	-	2,105,340	2,205,173
<u>\$ 85,362</u>	<u>\$ 93,264</u>	<u>\$ 387,352</u>	<u>\$ 451,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,539,937</u>	<u>\$ 12,569,136</u>

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

WALKER RIVER IRRIGATION DISTRICT, NEVADA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals For The Year Ended June 30, 2016)
Page 1 of 2

	<u>General</u>	<u>Reservoirs</u>	<u>Federal Grants</u>	<u>Water Distribution</u>	<u>Equipment</u>
Operating Revenues					
Assessments levied	\$ 684,048	\$ 235,828	\$ -	\$ 8,869	\$ 120,642
Interfund charges - Note 6	-	-	-	-	311,353
Outside equipment rental	-	-	-	-	2,455
Outside labor sales	-	-	-	-	1,288
Material sales	-	-	-	-	461
Ditch company services	-	-	-	-	-
District well water sales	4,791	-	-	-	-
Assessment penalties and interest	7,024	-	-	-	-
Pasture and property leases	26,713	12,550	-	-	-
Reservoir concessions	-	34,350	-	-	-
Rent, U.S.W.C.	6,500	-	-	-	-
Miscellaneous revenue	2,193	-	-	-	160
Total Operating Revenues	<u>731,269</u>	<u>282,728</u>	<u>-</u>	<u>8,869</u>	<u>436,359</u>
Operating Expenses					
Salaries and wages	167,524	19,673	-	2,000	212,454
Payroll taxes	6,571	2,391	-	181	12,389
Group insurance	60,557	-	-	-	47,603
Industrial insurance	3,899	1,464	-	106	4,100
Pension expense	30,516	-	-	-	18,379
Retirees group insurance	9,712	-	-	-	-
Fuel, oil and grease	2,069	7,107	14,546	2,509	3,755
Vehicle expense	-	-	-	-	5,225
Repairs and maintenance	7,714	7,112	-	-	15,018
Supplies and small tools	-	-	188	-	7,599
Chemicals and spray	-	-	-	-	-
Propane	-	-	-	-	-
Telephone and internet	4,044	1,669	-	40	3,516
Utilities	3,194	443	-	-	3,196
Legal	257,415	24,524	63,973	-	-
Accounting and audit	20,000	-	5,000	-	-
Consulting and other professional fees	-	59,911	-	-	-
Office expense	21,354	-	3,598	-	-
Computer expense	6,109	-	1,798	165	-
Property taxes and assessments	11,111	35,120	-	-	-
Fees and permits	-	18,680	-	-	7
Insurance and bonding	14,604	-	-	-	-
Miscellaneous expenses	1,923	33	-	-	190
Travel	1,391	29	-	-	-
Advertising, dues and subscriptions	2,220	-	-	-	4

Local Improvement Districts							
No. 1	No. 2	No. 3	No. 4	Ditch	Internal	Totals	
(Smith Valley)	(River West)	(River East)	(Saroni)	Companies	Charges	2017	2016
\$ 7,701	\$ 17,801	\$ 41,137	\$ 79,181	\$ -	\$ -	\$ 1,195,207	\$ 1,066,761
-	-	-	-	-	(311,353)	-	-
-	-	-	-	-	-	2,455	23,028
-	-	-	-	-	-	1,288	4,566
-	-	-	-	-	-	461	3,553
-	-	-	-	102,985	-	102,985	80,143
-	-	-	-	-	-	4,791	21,987
-	-	-	-	-	-	7,024	6,585
-	-	-	-	-	-	39,263	45,538
-	-	-	-	-	-	34,350	29,610
-	-	-	-	-	-	6,500	5,617
-	-	-	-	-	-	2,353	8,681
7,701	17,801	41,137	79,181	102,985	(311,353)	1,396,677	1,296,069
-	-	-	10,400	59,104	-	471,155	340,787
-	-	-	1,110	6,831	-	29,473	11,809
-	-	-	269	-	-	108,429	90,638
-	-	-	-	4,052	-	13,621	9,442
-	-	-	-	-	-	48,895	23,896
-	-	-	-	-	-	9,712	9,512
-	7,790	11,389	1,935	14,473	-	65,573	43,741
-	-	-	15	30	-	5,270	-
-	15,544	20,302	25,008	10,104	-	100,802	111,621
-	-	-	17	186	-	7,990	9,542
-	-	-	1,022	1,517	-	2,539	24,918
-	-	-	-	-	-	-	1,876
-	-	-	209	1,235	-	10,713	14,180
-	-	-	-	-	-	6,833	5,415
-	1,925	1,237	1,238	-	-	350,312	269,723
-	-	-	-	-	-	25,000	42,038
-	-	-	-	-	-	59,911	78,110
-	-	-	-	-	-	24,952	21,608
-	-	-	165	1,305	-	9,542	15,103
-	-	-	-	-	-	46,231	44,488
-	-	-	-	-	-	18,687	18,193
-	-	-	-	-	-	14,604	16,042
-	-	-	-	-	-	2,146	4,431
-	-	-	-	-	-	1,420	2,057
-	-	-	-	-	-	2,224	1,249

WALKER RIVER IRRIGATION DISTRICT, NEVADA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals For The Year Ended June 30, 2016)
Page 2 of 2

	<u>General</u>	<u>Reservoirs</u>	<u>Federal Grants</u>	<u>Water Distribution</u>	<u>Equipment</u>
Operating Expenses (Continued)					
District well expense	\$ 6,903	\$ -	\$ -	\$ -	\$ -
Monitoring and gauging expense	-	26,445	-	-	-
Training and education	1,496	645	-	-	-
Cloud seeding	-	13,662	-	-	-
Public relations	735	-	-	-	-
Election expense	371	-	-	-	-
River dredging and maintenance	-	1,700	-	-	-
Interfund charges - Note 6	-	42,581	-	1,708	-
Depreciation	<u>31,388</u>	<u>144,749</u>	<u>-</u>	<u>5,229</u>	<u>15,636</u>
Total Operating Expenses	<u>672,820</u>	<u>407,938</u>	<u>89,103</u>	<u>11,938</u>	<u>349,071</u>
Operating Income (Loss)	<u>58,449</u>	<u>(125,210)</u>	<u>(89,103)</u>	<u>(3,069)</u>	<u>87,288</u>
Nonoperating Revenues (Expenses)					
Interest income	4,078	-	-	-	-
Write off of amounts due from ditch companies	-	-	-	-	-
National Fish and Wildlife Federation grant:					
Grant revenue	-	-	889,015	-	-
Regulated reservoir study	-	-	(86,894)	-	-
Water gauging project expenses	-	-	(548,644)	-	-
Interfund charges - Note 6					
Leasing project	-	-	(17,388)	-	-
Water gauging project	<u>-</u>	<u>-</u>	<u>(146,986)</u>	<u>-</u>	<u>-</u>
Net Nonoperating Revenues	<u>4,078</u>	<u>-</u>	<u>89,103</u>	<u>-</u>	<u>-</u>
Income before Contributions	<u>62,527</u>	<u>(125,210)</u>	<u>-</u>	<u>(3,069)</u>	<u>87,288</u>
Capital Contributions					
Capital contributions from N.F.W.F grant	-	-	10,285	-	-
Capital improvements transferred to other funds	<u>-</u>	<u>-</u>	<u>(10,285)</u>	<u>-</u>	<u>10,285</u>
Total Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,285</u>
Change in Net Position	62,527	(125,210)	-	(3,069)	97,573
Net Position, July 1	<u>1,273,729</u>	<u>9,377,170</u>	<u>-</u>	<u>152,580</u>	<u>687,259</u>
Net Position, June 30	<u>\$ 1,336,256</u>	<u>\$ 9,251,960</u>	<u>\$ -</u>	<u>\$ 149,511</u>	<u>\$ 784,832</u>

Local Improvement Districts						Totals	
No. 1 (Smith Valley)	No. 2 (River West)	No. 3 (River East)	No. 4 (Saroni)	Ditch Companies	Internal Charges	2017	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,903	\$ 18,010
-	-	-	-	-	-	26,445	32,536
-	-	-	-	-	-	2,141	3,406
-	-	-	-	-	-	13,662	-
-	-	-	-	-	-	735	5,819
-	-	-	-	-	-	371	-
-	-	-	-	-	-	1,700	-
-	41,258	44,646	14,126	2,660	(146,979)	-	-
-	-	-	8,723	-	-	205,725	212,175
-	66,517	77,574	64,237	101,497	(146,979)	1,693,716	1,482,365
7,701	(48,716)	(36,437)	14,944	1,488	(164,374)	(297,039)	(186,296)
-	-	-	-	-	-	4,078	3,775
-	-	-	-	-	-	-	(24,554)
-	-	-	-	-	-	889,015	1,001,452
-	-	-	-	-	-	(86,894)	-
-	-	-	-	-	-	(548,644)	(540,210)
-	-	-	-	-	17,388	-	(181,000)
-	-	-	-	-	146,986	-	-
-	-	-	-	-	164,374	257,555	259,463
7,701	(48,716)	(36,437)	14,944	1,488	-	(39,484)	73,167
-	-	-	-	-	-	10,285	45,521
-	-	-	-	-	-	-	-
-	-	-	-	-	-	10,285	45,521
7,701	(48,716)	(36,437)	14,944	1,488	-	(29,199)	118,688
77,661	141,980	423,789	436,456	(1,488)	-	12,569,136	12,450,448
\$ 85,362	\$ 93,264	\$ 387,352	\$ 451,400	\$ -	\$ -	\$ 12,539,937	\$ 12,569,136

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, 2017
(With Comparative Totals For The Year Ended June 30, 2016)
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	<u>General</u>	<u>Reservoirs</u>	<u>Federal Grants</u>	<u>Water Distribution</u>	<u>Equipment</u>
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities:					
Assessments and water sales received	\$ 974,180	\$ 237,110	\$ -	\$ 8,869	\$ 124,726
Rents and concession fees received	62,640	44,900	-	-	-
Other receipts	2,193	-	-	-	11,029
Receipts for services to ditch companies	-	-	-	-	-
Assessments paid to U.S.B.W.C.	(252,707)	-	-	-	-
Cash payments for personnel costs	(282,254)	(23,185)	-	(2,225)	(299,206)
Reimbursements from U.S.B.W.C.	9,125	-	-	-	-
Cash payments for services and supplies	(404,930)	(158,937)	(75,545)	(2,617)	(34,345)
Interfund service charges - Note 6	-	(42,581)	-	(1,708)	311,353
Net Cash Provided (Used) by Operations	<u>108,247</u>	<u>57,307</u>	<u>(75,545)</u>	<u>2,319</u>	<u>113,557</u>
Cash Flows from Noncapital Financing Activities:					
Advances from General Fund	(94,159)	-	84,440	-	-
Grant receipts for non capital use	-	-	791,017	-	-
Non capital grant expenses	-	-	(799,912)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(94,159)</u>	<u>-</u>	<u>75,545</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:					
Capital contributions, grants	-	-	10,285	-	-
Acquisition and construction of capital assets	-	-	(10,285)	-	(316,760)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(316,760)</u>
Cash Flows from Investing Activities:					
Interest earnings	<u>4,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash equivalents	<u>18,166</u>	<u>57,307</u>	<u>-</u>	<u>2,319</u>	<u>(203,203)</u>
Cash and Cash Equivalents, July 1	<u>1,041,409</u>	<u>595,026</u>	<u>-</u>	<u>939</u>	<u>780,905</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 1,059,575</u></u>	<u><u>\$ 652,333</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,258</u></u>	<u><u>\$ 577,702</u></u>

Local Improvement Districts							
No. 1 (Smith Valley)	No. 2 (River West)	No. 3 (River East)	No. 4 (Saroni)	Ditch Companies	Internal Balances	2017	2016
\$ 7,697	\$ 18,554	\$ 44,287	\$ 79,181	\$ -	\$ -	\$ 1,494,604	\$ 1,263,384
-	-	-	-	-	-	107,540	65,887
-	-	-	-	-	-	13,222	30,307
-	-	-	-	88,326	-	88,326	66,599
-	-	-	-	-	-	(252,707)	(227,752)
-	-	-	(11,379)	(67,598)	-	(685,847)	(506,031)
-	-	-	-	-	-	9,125	7,786
-	(25,004)	(30,462)	(28,860)	(27,787)	-	(788,487)	(779,502)
-	(41,258)	(44,646)	(14,126)	(2,660)	(164,374)	-	-
7,697	(47,708)	(30,821)	24,816	(9,719)	(164,374)	(14,224)	(79,322)
-	-	-	-	9,719	-	-	-
-	-	-	-	-	-	791,017	1,473,681
-	-	-	-	-	164,374	(635,538)	(721,210)
-	-	-	-	9,719	164,374	155,479	752,471
-	-	-	-	-	-	10,285	45,521
-	-	-	-	-	-	(327,045)	(250,882)
-	-	-	-	-	-	(316,760)	(205,361)
-	-	-	-	-	-	4,078	3,775
7,697	(47,708)	(30,821)	24,816	-	-	(171,427)	471,563
61,409	126,462	298,987	24,302	-	-	2,929,439	2,457,876
\$ 69,106	\$ 78,754	\$ 268,166	\$ 49,118	\$ -	\$ -	\$ 2,758,012	\$ 2,929,439

WALKER RIVER IRRIGATION DISTRICT, NEVADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals For The Year Ended June 30, 2016)
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	<u>General</u>	<u>Reservoirs</u>	<u>Federal Grants</u>	<u>Water Distribution</u>	<u>Equipment</u>
Reconciliation of Operating Income					
To Net Cash Provided by Operations					
Operating income (loss)	<u>\$ 58,449</u>	<u>\$ (125,210)</u>	<u>\$ (89,103)</u>	<u>\$ (3,069)</u>	<u>\$ 87,288</u>
Adjustments to reconcile operating income to net cash provided by operations:					
Depreciation	31,388	144,749	-	5,229	15,636
Write off of receivables from ditch companies	-	-	-	-	-
Change in assets, liabilities, and deferred outflows and inflows of resources:					
(Increase) decrease in:					
Assessments receivable	26,311	1,167	-	-	4,114
Accounts receivable	32,268	(1,885)	(8,421)	-	6,635
Inventory	-	-	-	-	-
Prepaid expenses	(15,032)	346	(495)	-	(969)
Post measurement pension contributions	(9,390)	-	-	-	(6,854)
Increase (decrease) in:					
Accounts payable	(22,206)	37,797	22,474	97	5,134
Deferred revenues	(413)	-	-	-	-
Accrued compensated absences	7,319	-	-	-	1,173
Net pension liability	(2,143)	-	-	-	(1,357)
Other accrued liabilities	<u>1,696</u>	<u>343</u>	<u>-</u>	<u>62</u>	<u>2,757</u>
Total Adjustments	<u>49,798</u>	<u>182,517</u>	<u>13,558</u>	<u>5,388</u>	<u>26,269</u>
Net Cash Provided (Used) by Operations	<u>\$ 108,247</u>	<u>\$ 57,307</u>	<u>\$ (75,545)</u>	<u>\$ 2,319</u>	<u>\$ 113,557</u>

Local Improvement Districts				Ditch Companies	Internal Balances	2017	2016
No. 1 (Smith Valley)	No. 2 (River West)	No. 3 (River East)	No. 4 (Saroni)				
\$ 7,701	\$ (48,716)	\$ (36,437)	\$ 14,944	\$ 1,488	\$ (164,374)	\$ (297,039)	(186,296)
-	-	-	8,723	-	-	205,725	212,175
-	-	-	-	-	-	-	(24,554)
(4)	778	3,143	-	-	-	35,509	(66,545)
-	(25)	7	-	(14,659)	-	13,920	(15,945)
-	-	-	-	-	-	-	21,235
-	-	-	-	414	-	(15,736)	1,239
-	-	-	-	-	-	(16,244)	(7,587)
-	255	2,466	749	649	-	47,415	(6,114)
-	-	-	-	-	-	(413)	5,430
-	-	-	-	-	-	8,492	4,603
-	-	-	-	-	-	(3,500)	(16,963)
-	-	-	400	2,389	-	7,647	-
(4)	1,008	5,616	9,872	(11,207)	-	282,815	106,974
\$ 7,697	\$ (47,708)	\$ (30,821)	\$ 24,816	\$ (9,719)	\$ (164,374)	\$ (14,224)	\$ (79,322)

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

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1 - Summary of Significant Accounting Policies:

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 financial statements of the Walker River Irrigation District have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units in addition to other authoritative sources issued by the American Institute of Certified Public Accountants.

GASB Statement No. 34 established a financial reporting model for state and local governments that included the addition of a management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups.

The GASB determined that fund accounting has and will continue to be essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow the users of the financial reports to assess a government's operational accountability. The GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

Reporting Entity

The District, for financial purposes, includes all of the funds relevant to the operations of the Walker River Irrigation District. The District is under the jurisdiction of a five member board, which is a separately governing body elected by the owners of water-rights within the District. The District is legally separate and fiscally independent from other governing bodies, with decision-making authority, authority to levy assessments, the power to designate management, the ability to significantly influence operations and is accountable for fiscal matters. Therefore, the District is a primary government and is not reported as a component unit by any other entity; nor is the District accountable for any other entity required to be included in the District's annual financial report.

The District levies district-wide assessments to operate and maintain two reservoirs and distribution of water to the heads of privately owned ditches. Assessments are also levied to

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

users within four improvement districts within the District to operate three drainage systems and one canal system.

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

Basic Financial Statements

The basic financial statements include the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. The basic financial statements report entity-wide financial information. The focus of fund financial information in the basic financial statements is on major funds. Because the District has elected to report all ten funds as major, each is reported within the basic financial statements.

Basis of Accounting

The District accounts for and reports all funds as enterprise funds. 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.

Major Funds

General – The General Fund is the primary operating fund of the District. It is used to account for all financial transactions not specifically applicable to another fund.

Reservoirs – The Reservoirs Fund accounts for all the cost of operating and maintaining the Bridgeport and Topaz Reservoirs.

Federal Grants – The Federal Grants Fund accounts for the costs associated with a federal grant passed through the National Fish and Wildlife Federation.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Water Distribution – The Water Distribution Fund accounts for the receipt and expenditure of assessment revenue to manage the High ditch owned by the District for the purpose of delivering water to water users with ditch access.

Equipment – The Equipment Fund accounts for the cost of maintenance equipment and employees that provide service throughout the District. The service is provided to other funds as well as private ditch companies at rates established by the governing board.

Local Improvement Districts

Local Improvement Districts – Each of the four local improvement district funds accounts for the assessments paid by those water users connected to the respective drainage system and cost of maintaining such system.

Ditch Companies – The Ditch Companies Fund accounts for the cost of employing seasonal personnel to monitor water distribution. The private ditch companies are billed for the service at cost.

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, 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 assets. 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 and water distribution division are restricted to providing service to the respective water users within the respective service area. 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 and Budgetary Accounting

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

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

September of each year. However, the District does adopt annual budgets, based on the modified accrual basis of accounting, for all funds except the Federal Grants Fund and Ditch Companies Fund.

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.

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 assessments 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.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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.

Interest Rate Risk:

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk:

State law limits types of allowable investments under Nevada Revised Statutes 355.170 as listed in the accompanying Note 1.

Concentration of Credit Risk:

The District places no limit on the amount that may invest in any one issuer.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017 is as follows:

Cash Balances by Operating Activity:

General Operations	\$ 1,059,575
Reservoirs	652,333
Water Distribution	3,258
Equipment	577,702
Local Improvement Districts:	
No. 1 (Smith Valley)	69,106
No. 2 (River West)	78,754
No. 3 (River East)	268,166
No. 4 (Saroni)	<u>49,118</u>
 Total Cash	 <u>\$ 2,758,012</u>

Cash Balances Classified By Depository:

Cash on Hand	\$ 307
Commercial Accounts:	
Wells Fargo Checking	324,774
Wells Fargo Money Market	1,191,336
Time Certificates of Deposit:	
Wells Fargo Bank	<u>1,241,595</u>
 Total Cash	 <u>\$ 2,758,012</u>

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>2,507,705</u>	<u>2,883,905</u>
	<u>\$ 2,758,012</u>	<u>\$ 3,133,905</u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 3 - Changes in Capital Assets:

The changes in capital assets are as follows:

	Balance July 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2017</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	9,762,847	-	-	9,762,847
Central facilities	220,739	-	-	220,739
District well	126,027	-	-	126,027
Vehicles and equipment	1,002,003	327,045	-	1,329,048
Furniture and fixtures	<u>142,289</u>	<u>-</u>	<u>-</u>	<u>142,289</u>
Total capital assets being depreciated	<u>11,253,905</u>	<u>327,045</u>	<u>-</u>	<u>11,580,950</u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 3 - Changes in Capital Assets: (continued)

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Less accumulated depreciation:				
Irrigation facilities	\$ 1,195,589	\$ 172,896	\$ -	\$ 1,368,485
Central facilities	122,706	3,675	-	126,381
District well	111,898	6,159	-	118,057
Vehicles and equipment	952,526	21,466	-	973,992
Furniture and fixtures	<u>119,116</u>	<u>1,529</u>	<u>-</u>	<u>120,645</u>
 Total accumulated depreciation	 <u>2,501,835</u>	 <u>205,725</u>	 <u>-</u>	 <u>2,707,560</u>
 Total capital assets being depreciated, net	 <u>8,752,070</u>	 <u>121,320</u>	 <u>-</u>	 <u>8,873,390</u>
 Total capital assets, net of depreciation	 <u>\$ 9,848,430</u>	 <u>\$ 121,320</u>	 <u>\$ -</u>	 <u>\$ 9,969,750</u>

Note 4 – Long Term Obligations:

Compensated Absences:

The amount of accrued compensated absences liability at June 30, 2017 was \$34,541. 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, 2016	Obligations Issued	Obligations Retired	Balance June 30, 2017
Compensated absences	\$ 26,049	\$ 8,492	\$ -	\$ 34,541
Net pension liability	<u>332,087</u>	<u>82,808</u>	<u>-</u>	<u>414,895</u>
	<u>\$ 358,136</u>	<u>\$ 91,300</u>	<u>\$ -</u>	<u>\$ 449,436</u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

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 \$68,639 for the year ended June 30, 2017 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, 2017 the District reported a liability of \$414,895 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2016. At June 30, 2016, the District's proportion was .00308% while fiscal year 2015 the proportionate rate was .00290%.

For the year ended June 30, 2017, the District recognized pension expense of \$48,895. At June 30, 2017, 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, 2017

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	\$ -	\$ 27,782
Net difference between projected and actual earnings on pension plan investments	38,570	-
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>27,773</u>	<u>45,665</u>
	<u>\$ 66,343</u>	<u>\$ 73,447</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:	
2018	\$ 8,374
2019	8,373
2020	(10,230)
2021	(1,498)
2022	(8,384)
Thereafter	<u>10,469</u>
	<u>\$ 7,104</u>

In addition, \$68,591 of District contributions subsequent to the measurement date is reported as a deferred outflow of resources. This amount will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

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, 2016 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, 2017

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, 2016 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, 2016, 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, 2016. 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, 2017

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>
\$608,155	\$414,895	\$254,105

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 – Interfund Transactions and Balances:

Due From/To Other Funds

The federal grant and services provided under the ditch company service agreements are on the cost reimbursement basis. Therefore, the General Fund must advance cash to the funds until reimbursements are received.

Interfund Charges

The District provides both labor and equipment to maintain and improve reservoirs and water distribution and drainage systems. The service is billed to the respective fund benefiting from the service so that the appropriate rate payers bare the financial burden.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 7 – 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, 2017:

	<u>TOTAL</u>	<u>DISTRICT</u>	<u>U.S.B.</u>
Delinquent assessments receivable	<u>\$ 52,566</u>	<u>\$ 43,027</u>	<u>\$ 9,539</u>
Rent paid or accrued by U.S.B.	<u>\$ 6,500</u>	<u>\$ -</u>	<u>\$ 6,500</u>

Note 8 – 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.

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.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 9 - 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 10- Federal Grants:

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 11 - 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.

Expenses totaling \$119,949 were incurred to minimize the risk of flood damage along the Walker River for which the District intends to submit a claim for financial assistance to the State of Nevada. The maximum possible assistance is 12.5% of total costs or \$14,994. It is not determinable how much, if any, assistance will be ultimately provided.

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, 2017. However, the District believes it has adequate insurance to cover any potential monetary judgments.

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 12– Subsequent Events:

Management has evaluated subsequent events through September 5, 2017, which is the date the financial statements were available to be issued.

Note 13– Excess Expenses Over Budget Appropriations:

Pursuant to NRS Chapter 539, the District is not required to file a budget with the Nevada Department of Taxation; however, the District does adopt annual budgets, based on the modified accrual basis of accounting, for all funds except the Federal Grants Fund and Ditch Companies Fund. The District's Equipment Fund, Local Improvement District No.2 – River West, Local Improvement District No. 3 – River East had expenses in excess of budgeted appropriations.

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>2015</u>	<u>2016</u>	<u>2017</u>
<u>Schedule of District's Proportionate Share of the Net Pension Liability</u>			
District's proportion of the net pension liability	0.00340%	0.00290%	0.30800%
District's proportionate share of the net pension liability	\$ 354,282	\$ 332,087	\$ 414,895
District's covered-employee payroll	\$ 195,433	\$ 173,714	\$ 186,919
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	181.3%	191.2%	222.0%
Plan fiduciary net position as a percentage of the total pension liability	76.3%	75.1%	72.2%

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	\$ 44,484	\$ 52,347	\$ 68,639
Contributions in relation to the statutorily required contribution	<u>44,484</u>	<u>52,347</u>	<u>68,639</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 173,174	\$ 186,919	\$ 245,612
Contributions as a percentage of covered payroll	25.7%	28.0%	27.9%

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WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Totals For The Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Prior Year</u>
Revenues				
Assessments levied	\$ 680,349	\$ 684,048	\$ 3,699	\$ 605,961
District well water sales	50,000	4,791	(45,209)	21,987
Assessment penalties and interest	2,000	7,024	5,024	6,585
Pasture and property leases	25,000	26,713	1,713	26,713
Rent, U.S.W.C.	6,500	6,500	-	5,617
Miscellaneous revenue	<u>10,150</u>	<u>2,193</u>	<u>(7,957)</u>	<u>4,501</u>
 Total Revenues	 <u>773,999</u>	 <u>731,269</u>	 <u>(42,730)</u>	 <u>671,364</u>
 Expenditures				
Salaries and wages	200,000	160,205	39,795	133,822
Payroll taxes	4,000	6,571	(2,571)	4,403
Group insurance	60,000	60,557	(557)	57,893
Industrial insurance	3,000	3,899	(899)	3,409
Pension expense	45,000	42,049	2,951	22,304
Retirees group insurance	10,000	9,712	288	9,512
Fuel, oil and grease	5,000	2,069	2,931	2,059
Repairs and maintenance	12,000	7,714	4,286	14,905
Supplies and small tools	-	-	-	401
Telephone and internet	8,500	4,044	4,456	7,986
Utilities	4,500	3,194	1,306	2,158
Legal	300,000	257,415	42,585	193,844
Accounting and audit	30,000	20,000	10,000	36,413
Consulting and other professional fees	8,450	-	8,450	6,620
Office expense	20,000	21,354	(1,354)	21,608
Computer expense	10,000	6,109	3,891	9,967
Property taxes and assessments	10,000	11,111	(1,111)	9,699
Fees and permits	-	-	-	170
Insurance and bonding	20,000	14,604	5,396	16,042
Miscellaneous expenses	<u>3,000</u>	<u>1,923</u>	<u>1,077</u>	<u>1,774</u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Totals For The Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Prior Year</u>
Travel	\$ 7,000	\$ 1,391	\$ 5,609	\$ 2,022
Advertising, dues and subscriptions	1,000	2,220	(1,220)	1,235
District well expense	-	6,903	(6,903)	17,968
S.C.A.D.A.	1,500	-	1,500	-
Training and education	5,000	1,496	3,504	3,355
Public relations	7,500	735	6,765	5,819
Election expense	<u>3,500</u>	<u>371</u>	<u>3,129</u>	<u>-</u>
 Total Expenditures	 <u>778,950</u>	 <u>645,646</u>	 <u>133,304</u>	 <u>585,388</u>
 Excess (Deficiency) of Revenues over Expenditures	 <u>(4,951)</u>	 <u>85,623</u>	 <u>90,574</u>	 <u>85,976</u>
 Other Sources (Uses)				
Interest income	5,000	4,078	(922)	3,775
Transfer to Ditch Companies Fund	-	-	-	(36,462)
National Fish and Wildlife Federation grant revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>929</u>
 Total Other Sources (Uses)	 <u>5,000</u>	 <u>4,078</u>	 <u>(922)</u>	 <u>(31,758)</u>
 Excess of Revenues and Other Sources over Expenditures and Other Uses	 <u>\$ 49</u>	 89,701	 <u>\$ 89,652</u>	 54,218
 Fund Balance, July 1		 <u>1,207,538</u>		 <u>1,153,320</u>
 Fund Balance, June 30		 <u><u>\$ 1,297,239</u></u>		 <u><u>\$ 1,207,538</u></u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
RESERVOIR FUND

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Totals For The Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Prior Year</u>
Revenues				
Assessments levied	\$ 237,090	\$ 235,828	\$ (1,262)	\$ 231,467
Pasture and property leases	46,750	46,900	150	43,825
Reservoir concessions	-	-	-	4,610
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>283,840</u>	<u>282,728</u>	<u>(1,112)</u>	<u>279,902</u>
Expenditures				
Salaries and wages	40,000	19,673	20,327	23,755
Payroll taxes	1,600	2,391	(791)	1,712
Industrial insurance	2,000	1,464	536	1,824
Pension expense	-	-	-	538
Fuel, oil and grease	2,500	7,107	(4,607)	2,186
Repairs and maintenance	49,500	7,112	42,388	15,014
Supplies and small tools	150	-	150	108
Telephone and internet	1,200	1,669	(469)	1,402
Utilities	700	443	257	405
Legal	25,000	24,524	476	7,936
Consulting and other professional fees	12,500	59,911	(47,411)	1,137
Computer expense	3,000	-	3,000	-
Property taxes and assessments	45,000	35,120	9,880	34,789
Fees and permits	20,000	18,680	1,320	18,003
Miscellaneous expenses	2,000	33	1,967	-
Travel	-	29	(29)	-
District well expense	200	-	200	42
Monitoring and gauging expense	31,500	26,445	5,055	21,486
Training and education	-	645	(645)	-
Cloud seeding	31,000	13,662	17,338	-
River dredging and maintenance	7,500	1,700	5,800	-
Interfund charges	-	42,581	(42,581)	-

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
RESERVOIR FUND
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals For The Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Prior Year</u>
Capital Outlay	\$ -	\$ -	\$ -	\$ 169,778
Contingency	<u>7,113</u>	<u>-</u>	<u>7,113</u>	<u>-</u>
Total Expenditures	<u>282,463</u>	<u>263,189</u>	<u>19,274</u>	<u>300,115</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,377</u>	19,539	<u>18,162</u>	(20,213)
Fund Balance, July 1		<u>600,915</u>		<u>621,128</u>
Fund Balance, June 30		<u><u>\$ 620,454</u></u>		<u><u>\$ 600,915</u></u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
WATER DISTRIBUTION FUND - HIGH DITCH
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals For The Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Prior Year</u>
Revenues				
Assessments levied	\$ 9,480	\$ 8,869	\$ (611)	\$ 8,719
Expenditures				
Salaries and wages	2,000	2,000	-	1,333
Payroll taxes	600	181	419	87
Industrial insurance	300	106	194	42
Fuel, oil and grease	-	2,509	(2,509)	1,954
Repairs and maintenance	5,500	-	5,500	-
Supplies and small tools	65	-	65	13
Chemicals and spray	-	-	-	645
Propane	-	-	-	271
Telephone and internet	65	40	25	71
Legal	500	-	500	-
Computer expense	350	165	185	99
Miscellaneous expenses	100	-	100	-
Interfund charges	-	1,708	(1,708)	-
Total Expenditures	<u>9,480</u>	<u>6,709</u>	<u>2,771</u>	<u>4,515</u>
 Excess (Deficiency) of Revenues over Expenditures	<u>\$ -</u>	2,160	<u>\$ 2,160</u>	4,204
 Fund Balance, July 1		<u>939</u>		<u>(3,265)</u>
 Fund Balance, June 30		<u>\$ 3,099</u>		<u>\$ 939</u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
EQUIPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals For The Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Prior Year</u>
Revenues				
Assessments levied	\$ 120,062	\$ 120,642	\$ 580	\$ 96,736
Outside equipment rental/labor sales	50,000	3,743	(46,257)	28,438
Internal labor sales	-	311,353	311,353	-
Internal equipment rental	30,000	-	(30,000)	-
Material sales	3,000	461	(2,539)	3,553
Miscellaneous revenue	-	160	160	4,180
	<u>203,062</u>	<u>436,359</u>	<u>233,297</u>	<u>132,907</u>
Total Revenues				
Expenditures				
Salaries and wages	80,000	211,281	(131,281)	50,948
Payroll taxes	1,800	12,389	(10,589)	517
Group insurance	30,000	47,603	(17,603)	32,745
Industrial insurance	3,500	4,100	(600)	1,720
Pension expense	18,000	26,590	(8,590)	16,860
Fuel, oil and grease	20,000	3,755	16,245	6,379
Vehicle expense	2,000	5,225	(3,225)	-
Repairs and maintenance	10,000	15,018	(5,018)	25,055
Supplies and small tools	4,000	7,599	(3,599)	5,252
Chemicals and spray	-	-	-	13,068
Propane	200	-	200	-
Telephone and internet	2,000	3,516	(1,516)	2,631
Utilities	2,250	3,196	(946)	2,852
Consulting and other professional fees	-	-	-	217
Computer expense	-	-	-	58
Fees and permits	-	7	(7)	20
Miscellaneous expenses	8,000	190	7,810	2,559
Travel	-	-	-	35

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
EQUIPMENT FUND

FOR THE YEAR ENDED JUNE 30, 2017

(With Comparative Totals For The Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Prior Year</u>
Advertising, dues and subscriptions	\$ -	\$ 4	\$ (4)	\$ 14
Training and education	-	-	-	51
Capital Outlay	<u>45,000</u>	<u>316,760</u>	<u>(271,760)</u>	<u>35,583</u>
 Total Expenditures	 <u>226,750</u>	 <u>657,233</u>	 <u>(430,483)</u>	 <u>196,564</u>
 Excess (Deficiency) of Revenues over Expenditures	 <u>(23,688)</u>	 <u>(220,874)</u>	 <u>(197,186)</u>	 <u>(63,657)</u>
Other Sources				
Gain on sale of vehicles	5,000	-	5,000	-
National Fish and Wildlife Federation grant reveue	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,681</u>
 Total Other Sources	 <u>5,000</u>	 <u>-</u>	 <u>5,000</u>	 <u>61,681</u>
 Excess (Deficiency) of Revenues and Other Sources over Expenditures	 <u>(18,688)</u>	 <u>(220,874)</u>	 <u>(192,186)</u>	 <u>(1,976)</u>
 Fund Balance, July 1		 <u>796,470</u>		 <u>798,446</u>
 Fund Balance, June 30		 <u><u>\$ 575,596</u></u>		 <u><u>\$ 796,470</u></u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LOCAL IMPROVEMENT DISTRICT NO. 1 - SMITH VALLEY
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals For The Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Prior Year</u>
Revenues				
Assessments levied	<u>\$ 7,570</u>	<u>\$ 7,701</u>	<u>\$ 131</u>	<u>\$ 5,777</u>
Expenditures				
Salaries and wages	500	-	500	-
Payroll taxes	100	-	100	-
Industrial insurance	120	-	120	-
Fuel, oil and grease	550	-	550	-
Repairs and maintenance	5,000	-	5,000	-
Supplies and small tools	200	-	200	-
Legal	1,000	-	1,000	540
Miscellaneous expenses	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
Total Expenditures	<u>7,570</u>	<u>-</u>	<u>7,570</u>	<u>540</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ -</u>	7,701	<u>\$ 7,701</u>	5,237
Fund Balance, July 1		<u>61,449</u>		<u>56,212</u>
Fund Balance, June 30		<u><u>\$ 69,150</u></u>		<u><u>\$ 61,449</u></u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LOCAL IMPROVEMENT DISTRICT NO. 2 - RIVER WEST
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals For The Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Prior Year</u>
Revenues				
Assessments levied	\$ 16,358	\$ 17,801	\$ 1,443	\$ 16,456
Expenditures				
Salaries and wages	3,000	-	3,000	603
Payroll taxes	100	-	100	19
Industrial insurance	120	-	120	-
Pension expense	-	-	-	122
Fuel, oil and grease	1,500	7,790	(6,290)	975
Repairs and maintenance	10,200	15,544	(5,344)	7,322
Supplies and small tools	238	-	238	-
Legal	1,000	1,925	(925)	3,744
Miscellaneous expenses	200	-	200	-
Monitoring and gauging expense	-	-	-	3,550
Interfund charges	-	41,258	(41,258)	-
Total Expenditures	<u>16,358</u>	<u>66,517</u>	<u>(50,159)</u>	<u>16,335</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ -</u>	(48,716)	<u>\$ (48,716)</u>	121
Fund Balance, July 1		<u>127,417</u>		<u>127,296</u>
Fund Balance, June 30		<u>\$ 78,701</u>		<u>\$ 127,417</u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LOCAL IMPROVEMENT DISTRICT NO. 3- RIVER EAST
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals For The Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Prior Year</u>
Revenues				
Assessments levied	\$ 41,194	\$ 41,137	\$ (57)	\$ 38,500
Expenditures				
Salaries and wages	4,500	-	4,500	5,242
Payroll taxes	100	-	100	186
Group insurance	-	-	-	-
Industrial insurance	120	-	120	42
Pension expense	-	-	-	902
Fuel, oil and grease	1,500	11,389	(9,889)	2,823
Repairs and maintenance	30,400	20,302	10,098	17,568
Supplies and small tools	300	-	300	-
Legal	4,000	1,237	2,763	-
Miscellaneous expenses	274	-	274	-
Interfund charges	-	44,646	(44,646)	-
Total Expenditures	<u>41,194</u>	<u>77,574</u>	<u>(36,380)</u>	<u>26,763</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ -</u>	(36,437)	<u>\$ (36,437)</u>	11,737
Fund Balance, July 1		<u>302,590</u>		<u>290,853</u>
Fund Balance, June 30		<u>\$ 266,153</u>		<u>\$ 302,590</u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LOCAL IMPROVEMENT DISTRICT NO. 4 - SARONI
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals For The Year Ended June 30, 2016)

	<u>Budget</u>	<u>Actual</u>	<u>Budget Variance</u>	<u>Prior Year</u>
Revenues				
Assessments levied	\$ 78,740	\$ 79,181	\$ 441	\$ 63,145
Expenditures				
Salaries and wages	9,000	10,400	(1,400)	12,122
Payroll taxes	1,000	1,110	(110)	320
Industrial insurance	750	269	481	42
Pension expense	-	-	-	619
Fuel, oil and grease	2,500	1,935	565	2,617
Vehicle expense	1,000	15	985	-
Repairs and maintenance	20,670	25,008	(4,338)	28,197
Supplies and small tools	200	17	183	199
Chemicals and spray	-	1,022	(1,022)	10,305
Propane	-	-	-	798
Telephone and internet	750	209	541	232
Legal	2,000	1,238	762	3,809
Computer expense	1,000	165	835	99
Miscellaneous expenses	500	-	500	-
Monitoring and gauging expense	-	-	-	7,500
Projects	39,370	-	39,370	-
Interfund charges	-	14,126	(14,126)	-
Total Expenditures	<u>78,740</u>	<u>55,514</u>	<u>23,226</u>	<u>66,859</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ -</u>	23,667	<u>\$ 23,667</u>	(3,714)
Fund Balance, July 1		<u>24,077</u>		<u>27,791</u>
Fund Balance, June 30		<u><u>\$ 47,744</u></u>		<u><u>\$ 24,077</u></u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
RECONCILIATION OF SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET BASIS -
TO STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals For The Year Ended June 30, 2016)

	<u>General</u>	<u>Reservoirs</u>	<u>Water Distribution</u>	<u>Equipment</u>
Excess of Revenues and Other Sources over Expenditures - Budget Basis	\$ 89,701	\$ 19,539	\$ 2,160	\$ (220,874)
Depreciation included in GAAP basis	(31,388)	(144,749)	(5,229)	(15,636)
Capital outlay included for budget basis but capitalized under GAAP basis	-	-	-	316,760
Capital contributions not included for budget basis	-	-	-	10,285
Difference in retirement expense due to changes in net pension liability not included for budget basis	11,533	-	-	8,211
Difference in salaries and wages due to change in compensated absences not included for budget basis	<u>(7,319)</u>	<u>-</u>	<u>-</u>	<u>(1,173)</u>
Change in Net Position, funds with adopted budgets	<u>\$ 62,527</u>	<u>\$ (125,210)</u>	<u>\$ (3,069)</u>	<u>\$ 97,573</u>

Local Improvement Districts				Totals For	
No. 1	No. 2	No. 3	No. 4	Budgeted Funds	
(Smith Valley)	(River West)	(River East)	(Saroni)	2017	2016
\$ 7,701	\$ (48,716)	\$ (36,437)	\$ 23,667	\$ (163,259)	\$ 49,614
-	-	-	(8,723)	(205,725)	(212,175)
-	-	-	-	316,760	205,361
-	-	-	-	10,285	45,521
-	-	-	-	19,744	24,550
-	-	-	-	(8,492)	(4,603)
<u>\$ 7,701</u>	<u>\$ (48,716)</u>	<u>\$ (36,437)</u>	<u>\$ 14,944</u>	(30,687)	108,268
Funds for which budgets are not adopted					
Federal Grants				-	-
Ditch Companies				<u>1,488</u>	<u>10,420</u>
Change in Net Position, all funds				<u>\$ (29,199)</u>	<u>\$ 118,688</u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
DITCH COMPANIES
SCHEDULE OF NET POSITION BY DITCH COMPANY
JUNE 30, 2017
(With Comparative Totals For The Year Ended June 30, 2016)

	<u>Campbell</u>	<u>W. Highland</u>	<u>Plymouth</u>	<u>Greenwood</u>	<u>Mickey</u>
Assets					
Cash	\$ -	\$ -	-	\$ -	\$ -
Accounts receivable	5,562	1,783	10,365	1,955	2,106
Prepaid expenses	-	-	-	-	-
	<u>\$ 5,562</u>	<u>\$ 1,783</u>	<u>\$ 10,365</u>	<u>\$ 1,955</u>	<u>\$ 2,106</u>
Liabilities					
Accounts payable	\$ 118	55	\$ 320	\$ 42	\$ 41
Employee payroll withholdings	419	195	306	125	125
Due to General Fund	<u>5,025</u>	<u>1,533</u>	<u>9,739</u>	<u>1,788</u>	<u>1,940</u>
	<u>5,562</u>	<u>1,783</u>	<u>10,365</u>	<u>1,955</u>	<u>2,106</u>
Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Simpson</u>	<u>Joggles</u>	<u>SAB</u>	<u>Hall</u>	<u>Nichol-Merritt</u>	<u>Colony</u>	<u>Totals</u>	
						<u>2017</u>	<u>2016</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
-	1,766	1,766	2,175	4,669	4,078	36,225	21,566
-	-	-	-	-	-	-	414
<u>\$ -</u>	<u>\$ 1,766</u>	<u>\$ 1,766</u>	<u>\$ 2,175</u>	<u>\$ 4,669</u>	<u>\$ 4,078</u>	<u>\$ 36,225</u>	<u>21,980</u>
\$ -	\$ 59	\$ 59	\$ 25	\$ 253	\$ 354	\$ 1,326	677
-	134	134	75	455	421	2,389	-
-	1,573	1,573	2,075	3,961	3,303	32,510	22,791
-	1,766	1,766	2,175	4,669	4,078	36,225	23,468
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,488)</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, 2017
(With Comparative Totals For The Year Ended June 30, 2016)

	<u>Campbell</u>	<u>W. Highland</u>	<u>Plymouth</u>	<u>Greenwood</u>	<u>Mickey</u>
Operating Revenues					
Ditch company services	\$ 19,351	\$ 8,006	\$ 21,687	\$ 7,364	\$ 7,250
Operating Expenses					
Salaries and wages	11,494	5,200	8,400	4,000	4,000
Payroll taxes	1,183	618	919	509	508
Industrial insurance	545	377	489	343	343
Gas, oil and grease	671	287	1,199	2,800	2,800
Vehicle expense	-	-	15	-	-
Repairs and maintenance	1,826	-	8,131	-	-
Supplies and small tools	-	-	-	-	-
Chemicals and spraying	-	-	1,517	-	-
Propane	-	-	-	-	-
Telephone & internet	176	176	209	120	120
Consulting	-	-	-	-	-
Computer expense	165	105	165	165	165
Interfund charges	2,660	-	-	-	-
Other miscellaneous	-	-	-	-	-
Total Operating Expenses	<u>18,720</u>	<u>6,763</u>	<u>21,044</u>	<u>7,937</u>	<u>7,936</u>
Operating Revenues over (under) Operating Expenses	631	1,243	643	(573)	(686)
Non-operating Receipts and (Disbursements)					
Transfer from General Fund	-	-	-	-	-
Write off of amounts due from ditch companies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	631	1,243	643	(573)	(686)
Net Position, July 1	<u>(631)</u>	<u>(1,243)</u>	<u>(643)</u>	<u>573</u>	<u>686</u>
Net Position, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Simpson</u>	<u>Joggles</u>	<u>SAB</u>	<u>Hall</u>	<u>Nichol-Merritt</u>	<u>Colony</u>	<u>Totals</u>	
						<u>2017</u>	<u>2016</u>
<u>\$ 2,132</u>	<u>\$ 6,807</u>	<u>\$ 6,807</u>	<u>\$ 8,806</u>	<u>\$ 8,935</u>	<u>\$ 5,840</u>	<u>\$ 102,985</u>	<u>\$ 80,143</u>
800	5,600	5,600	2,400	6,960	4,650	59,104	48,767
208	654	654	364	728	486	6,831	3,413
231	388	388	298	390	260	4,052	2,363
516	-	-	5,600	500	100	14,473	12,717
15	-	-	-	-	-	30	-
60	-	-	-	7	80	10,104	1,124
-	-	-	-	-	186	186	106
-	-	-	-	-	-	1,517	900
-	-	-	-	-	-	-	419
111	-	-	-	245	78	1,235	1,858
-	-	-	-	-	-	-	8,131
60	105	105	165	105	-	1,305	891
-	-	-	-	-	-	2,660	844
-	-	-	-	-	-	-	98
<u>2,001</u>	<u>6,747</u>	<u>6,747</u>	<u>8,827</u>	<u>8,935</u>	<u>5,840</u>	<u>101,497</u>	<u>81,631</u>
131	60	60	(21)	-	-	1,488	(1,488)
-	-	-	-	-	-	-	36,462
-	-	-	-	-	-	-	(24,554)
131	60	60	(21)	-	-	1,488	10,420
(131)	(60)	(60)	21	-	-	(1,488)	(11,908)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,488)</u>

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Sciarani & Co.

Certified Public Accountants

A Professional Corporation

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 activities, each major fund of the Walker River Irrigation District, Nevada, as of and for the year ended June 30, 2017, 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 September 5, 2017.

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.

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. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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.

Securam & Co.

Yerington, Nevada
September 5, 2017

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, 2017. 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, 2017.

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 2017-001. 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Sciarani & Co.

Yerington, Nevada
September 5, 2017

WALKER RIVER IRRIGATION DISTRICT, NEVADA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

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>\$ 899,300</u>
Total Expenditures of Federal Awards				<u><u>\$ 899,300</u></u>

WALKER RIVER IRRIGATION DISTRICT, NEVADA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017. 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.

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? No
- Significant deficiency(ies) identified? No

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

B. Findings – Financial Statement Audit

Significant Deficiency

2017-001 Internal Control – Procurement Suspension and Debarment

Criteria: The Uniform Guidance prohibits non-Federal entities from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred.

Condition: The District's procurement policy requires obtaining a suspension or debarment certification from the entity or by checking the System for Award Management (SAM) Exclusions to verify that the contracted vendors are not suspended or debarred. One vendor was awarded a contract prior to that vendor's registration with SAM. The grant expenditures of \$27,461 were recorded in the District's NFWF grant general ledger account; however, the District did not request a claim for reimbursement on said expenditure until the vendor was registered with SAM.

Effect of Condition: Contracts awarded to suspended or debarred parties could result in a liability to the District as unallowable costs.

Cause of Condition: The District was awaiting the vendor's certification and the vendor's certification was not timely obtained.

Questioned Costs: \$27,461

Recommendation: We recommend District enhance procedures to verify the suspension and debarment status of vendors to ensure a vendor is certified prior to a procurement award.

Auditee View: The District acknowledges the finding and has modified policy. The District worked with the vendor to complete registration, unfortunately it was not completed in a timely manner and before the conclusion of the fiscal year.



Walker River Irrigation District

Established in 1919

STATUS OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2017

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 well be performed and variances addressed on a timely manner in the future.

Current Status: Bank reconciliations were prepared in a timely manner and were accurately prepared with no unreconciled items.

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.

Current Status: During the year, cost reimbursement requests were reduced to account for the \$30,831 in accumulated errors.

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.

Current Status: The District is cognitive of the inherent weakness of being a small entity with limited personnel assigned the duties of authorization, recording, and reconciliation over transactions. Procedures have been implemented designed to overcome this weakness.

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

Questioned
Costs

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

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.

Current Status: During the year, cost reimbursement requests were reduced to account for the \$30,831 in accumulated errors.

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.

Current Status: District Manager was assigned the duty for monitoring compliance with the David-Bacon Act. During fiscal year 2017, the District's construction projects were performed internally with in-house labor and no external labor was provided by contractors working on said projects.



Walker River Irrigation District

Established in 1919

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2017

2017-001 Internal Control- Procurement Suspension and Debarment

Management acknowledges the finding and has modified policy to include checking for disbarment and/or suspension via SAM.gov prior to utilizing a vendor.

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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, 2017 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, 2017 (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, 2017.

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.

Sciaroni & Co.

Yerington, Nevada
September 5, 2017

WALKER RIVER IRRIGATION DISTRICT, NEVADA
INDEPENDENT AUDITOR'S COMMENTS
JUNE 30, 2017

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, 2016, 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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