

**BYRON BETHANY  
IRRIGATION DISTRICT**

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**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
for the year ended December 31, 2012**

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**ROBERT  
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**An Accountancy Corporation  
Certified Public Accountant**

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Independent Auditor's Report

To the Board of Directors  
Byron Bethany Irrigation District  
Byron, California

We have audited the accompanying financial statements of Byron Bethany Irrigation District, as of and for the year ended December 31, 2012, as listed in the table of contents, and the related notes to the financial statements.

**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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. 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 the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Byron Bethany Irrigation District as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

### **Other Matters**

The Management's Discussion and Analysis is not a required part of the financial statements but is supplemental information required by the Government Auditing Standards Board. Management has elected to omit the Management's Discussion and Analysis.

The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Byron Bethany Irrigation District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Robert W. Johnson, An Accountant Corporation*

Citrus Heights, California  
March 14, 2013

**BYRON BETHANY IRRIGATION DISTRICT**  
**STATEMENT OF NET POSITION**  
**December 31, 2012**

ASSETS

Current assets:		
Cash (Note 3)		\$ 2,660,133
Receivables – water		84,034
– other		96,898
– interest		2,380
Prepaid expenses		<u>101,331</u>
Total current assets		2,944,776
Capital assets, at cost (Notes 4, 5 and 6)	\$34,553,622	
Less accumulated depreciation	<u>8,311,498</u>	
	26,242,124	
Work in progress	<u>607,831</u>	26,849,955
Debt issuance costs, net		248,650
Other post employment benefits asset (Note 12)		623,590
Restricted assets:		
Cash (Note 3)	4,479,313	
LAIF	1,550,687	
Cash with Trustee (Note 5)	<u>321,386</u>	
		<u>6,351,386</u>
		<u>\$37,018,357</u>

See notes to financial statements

## LIABILITIES AND NET POSITION

### Current liabilities:

Current portion of long-term debt (Note 5)	\$ 165,000
Current portion of capital lease (Note 6)	17,863
Accounts payable and accrued liabilities	125,964
Compensated absences	24,189
Construction and customer deposits	<u>54,056</u>

Total current liabilities	387,072
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Long-term debt, net of current portion (Note 5)	3,250,000
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Long-term portion of capital lease (Note 6)	38,111
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Line of credit (Note 7)	<u>-</u>
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Total liabilities	3,675,183
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### Contingencies (Note 9)

### Net position (Note 10):

Net investment in capital assets	\$23,378,981	
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Restricted	1,821,386	
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Unrestricted	<u>8,142,807</u>	
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	<u>33,343,174</u>
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	<u>\$37,018,357</u>
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**BYRON BETHANY IRRIGATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**for the year ended December 31, 2012**

Operating revenues:		
Water sales		\$ 1,522,805
Stand-by charges		122,377
Water transfers		1,409,128
O & M charges		150,500
Water option		-
Customer finance charges		12,739
Other		<u>181,404</u>
Total operating revenues		3,398,953
Operating expenses:		
Source of supply	\$1,001,906	
Pumping	374,317	
Transmission and distribution	1,650,630	
Administrative	1,116,461	
Depreciation and amortization	<u>784,183</u>	
Total operating expenses		<u>4,927,497</u>
Operating loss		(1,528,544)
Non-operating income (expense):		
Property tax revenue	2,325,286	
Investment income	38,137	
Farm income	21,209	
Reimbursements	380,152	
Sale/disposal of fixed assets	110,070	
Interest expense	<u>( 160,650)</u>	<u>2,714,204</u>
Income before contributions		1,185,660
Capital contributions (Note 14)		<u>4,789,961</u>
Change in net position (carried forward)		5,975,621

See notes to financial statements

**BYRON BETHANY IRRIGATION DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION,**  
**continued**  
**for the year ended December 31, 2012**

Change in net position (brought forward)	\$ 5,975,621
Total net position:	
Beginning	<u>27,367,553</u>
Ending	<u>\$33,343,174</u>

See notes to financial statements



**BYRON BETHANY IRRIGATION DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**for the year ended December 31, 2012**

Cash flows from operating activities:		
Receipts from customers		\$ 3,614,574
Payments to suppliers		( 2,500,458)
Payments to employees		( 1,010,940)
Net cash provided by operating activities		103,176
Cash flows from noncapital financing activities:		
Receipts from property taxes and other nonoperating income		2,726,647
Cash flows from capital and related financing activities:		
Purchase of capital assets	\$( 2,194,772)	
Payment on long-term debt	( 155,000)	
Developer advances	( 415,944)	
Deferred income	( 4,228,229)	
Capital contributions	4,789,961	
Interest paid on capital debt	( 160,650)	
Payment on capital debt	( 20,318)	
Proceeds from sale of assets	<u>121,691</u>	( 2,263,261)
Cash flows from investing activities:		
Investment income		<u>38,137</u>
Net increase in cash and cash equivalents		604,699
Cash and cash equivalents:		
Beginning of year		<u>8,406,820</u>
End of year		<u>\$ 9,011,519</u>
Allocated:		
Operating	\$ 2,660,133	
Restricted	<u>6,351,386</u>	
		<u>\$ 9,011,519</u>

See notes to financial statements

**BYRON BETHANY IRRIGATION DISTRICT**  
**STATEMENT OF CASH FLOWS, continued**  
**for the year ended December 31, 2012**

Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating loss		\$(1,528,544)
Adjustments to reconcile operating loss to net cash provided to operating activities:		
Depreciation expense	\$ 759,359	
Amortization on debt issuance costs	24,824	
Changes in operating assets and liabilities:		
Receivables	1,825,765	
Prepays	108,546	
Accounts payable	( 933,658)	
Other payables	10,760	
OPEB asset	( 163,876)	
Total adjustments		<u>1,631,720</u>
Net cash provided by operating activities		\$ <u>103,176</u>
Supplementary information:		
Cash paid for interest		\$ <u>160,650</u>

See notes to financial statements

**BYRON BETHANY IRRIGATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

1. Organization:

Byron Bethany Irrigation District (the "District") is a multi-county special district operating under and by virtue of Division 11 of the California Water Code and was organized in 1919.

2. Summary of Significant Accounting Policies:

Method of Accounting

The basic financial statements of Byron Bethany Irrigation District have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Basis of Accounting

District accounting is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses when incurred.

Property Taxes

The District receives property taxes from Alameda, Contra Costa and San Joaquin Counties. Property tax revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period.

**BYRON BETHANY IRRIGATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**

2. Summary of Significant Accounting Policies, continued:

Depreciation

Utility plant and equipment are recorded on the basis of purchase cost. Assets acquired by contributions are recorded at estimated cost or fair market value at the date of acquisition.

Depreciation is calculated by the straight-line method over the estimated useful lives of the respective assets as follows:

General properties	5 – 100 years
Pumping plant	5 – 50 years
Equipment	5 – 40 years
Autos	5 – 10 years
PL 984 project	30 – 100 years
CVPSA distribution system	5 – 50 years

Investments

Investments consist of LAIF (State of California pooled investment fund), Federal Government Obligation and an interest bearing checking account with a bank. Investments are stated at cost which approximates market. Such investments are within the State statutes and the District's investment policy.

Budget and Budgetary Accounting

The Board of Directors annually adopts an operating budget. The operating budget is prepared on the accrual basis to match the operating statements.

**BYRON BETHANY IRRIGATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**

2. Summary of Significant Accounting Policies, continued:

Statement of Cash Flows

All highly liquid investments with a maturity of three months or less when purchased, are considered to be cash equivalents.

Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as a current liability.

Capitalized Interest

Loan interest costs associated with the funding for construction of capital assets are capitalized during the construction period.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Lease Revenue Bond Issuance Costs

Issuance costs are deferred and amortized over the life of the Lease Revenue Bonds using the sum-of-the-years digit method.



**BYRON BETHANY IRRIGATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**

3. Cash and Investments:

At year-end the carrying amount of the District's deposits was \$7,460,832 and the bank balance was \$6,891,870. Of the bank balance, \$798,586 was covered by Federal depository insurance; the remaining \$6,093,284 was covered by collateral held in the pledging bank's trust department as mandated by state law.

	Balance, December 31, <u>2012</u>
Checking account (interest-bearing)	\$5,612,046
Petty cash	200
Money market	25,379
Certificate of deposit	1,300,000
Marketable securities	201,821
Cash with Trustee	<u>321,386</u>
	<u>\$7,460,832</u>

Investments:

California statutes authorize the District to invest in a variety of credit instruments as provided for in the California Government Code Section 53600, Chapter 4 – Financial Affairs. The Government Code allows investments in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, medium-term corporate notes, mutual funds and the State Treasurer's Local Agency Investment Fund (LAIF). The investments at December 31, 2012 consist of:

	<u>Carrying Amount</u>	<u>Market Value</u>
LAIF	<u>\$1,550,687</u>	<u>\$1,550,687</u>

Pursuant to Government Accounting Standards Board Statement 3, the investment in LAIF is not classified in categories of credit risk. The District's funds in LAIF are invested in a diversified portfolio (of underlying investment e.g. U.S. Treasury obligations) such that it considers the risk of material loss to be minimal. The funds held in LAIF can be withdrawn on demand.

**BYRON BETHANY IRRIGATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**

4. Capital Assets:

Changes in capital assets for the year ended December 31, 2012 are as follows:

	Balance <u>1/1/12</u>	Additions/ <u>Transfers</u>	<u>Disposals</u>	Balance <u>12/31/12</u>
Land	\$ 1,356,990	\$ 478,060	\$ -	\$ 1,835,050
General properties	14,621,498	365,917	77,646	14,909,769
Pumping plant	8,500,274	157,924	-	8,658,198
Office equipment	252,633	1,099	109,489	144,243
Autos	695,785	-	-	695,785
Tools	460,324	317,859	66,809	711,374
PL-984 project	2,166,723	-	-	2,166,723
CVPSA distribution system	695,957	-	25,053	670,904
Radio equipment	46,757	-	1,335	45,422
Mariposa Energy Plant	<u>-</u>	<u>4,716,154</u>	<u>-</u>	<u>4,716,154</u>
	<u>\$28,796,941</u>	<u>\$6,037,013</u>	<u>\$ 280,332</u>	<u>\$34,553,622</u>

	Balance <u>1/1/12</u>	<u>Additions</u>	<u>Transfers</u>	Balance <u>12/31/12</u>
Work in progress	\$ <u>4,365,782</u>	\$ <u>958,203</u>	\$ <u>4,716,154</u>	\$ <u>607,831</u>

5. Long-term Debt:

**Revenue Bonds**

On October 11, 2007, the District (through the entity known as the "Byron Bethany Joint Powers Authority") issued \$5,750,000 in series 2007A Lease Revenue Bonds. The bonds were issued to provide financing for acquisition and construction of the District's administration building. The bonds bear interest at rates from 4.5% to 4.625%, and principal on the bonds is due each October 1.

The bonds consisted of two components – Term bonds maturing through 2027 at 4.5% and Term bonds maturing through 2032 at 4.625%.



**BYRON BETHANY IRRIGATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**

5. Long-term Debt, continued:

**Revenue Bonds, continued**

Pursuant to Resolution 2010-12, the Board of Directors authorized the purchase and cancellation of \$515,000 principal on the Series 2007A Lease Revenue 4.625% 2032 Term Bonds.

The bond indenture requires amounts to be on deposit with a Trustee. This cash held with trustee consists of FDRT Treasury Obligation Instruments. Market value for these mutual funds approximates purchase cost. At December 31, 2012 cash held with a Trustee is as follows:

Bond reserve	\$ <u>321,386</u>
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The bonds are secured by and payable solely from revenues of the District. The Term Bonds are subject to redemption prior to maturity as specified in the bond resolution. Future debt service on the Lease Revenue bonds is as follows:

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
4/1/13	\$ -	\$ 76,838	\$ 76,838
10/1/13	165,000	76,838	241,838
4/1/14	-	73,125	73,125
10/1/14	170,000	73,125	243,125
4/1/15	-	69,300	69,300
10/1/15	180,000	69,300	249,300
4/1/16	-	65,250	65,250
10/1/16	185,000	65,250	250,250
4/1/17	-	61,087	61,087
10/1/17	195,000	61,087	256,087
2018-2022	1,125,000	470,250	1,595,250
2023-2027	<u>1,395,000</u>	<u>193,950</u>	<u>1,588,950</u>
	<u>\$3,415,000</u>	<u>\$1,355,400</u>	<u>\$4,770,400</u>

**BYRON BETHANY IRRIGATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**

5. Long-term Debt, continued:

**Changes in long-term liabilities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Revenue bonds	\$ <u>3,570,000</u>	\$ <u>-</u>	\$ <u>155,000</u>	\$ <u>3,415,000</u>

6. Capital Lease:

In March 2012, the District entered into a capital lease for a backhoe loader. The balance at December 31, 2012 of \$55,975 is payable in annual installments of \$20,318 including 4.30% interest, with a purchase option agreement of \$1 at the end of the lease.

Future payments for the capital lease are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 17,863	\$ 2,455	\$ 20,318
2014	18,646	1,672	20,318
2015	19,464	854	20,318
2016	<u>1</u>	<u>-</u>	<u>1</u>
	\$ <u>55,974</u>	\$ <u>4,981</u>	\$ <u>60,955</u>

7. Line of Credit:

On November 14, 2012, the District obtained a \$1,300,000 line of credit, all of which was unused at December 31, 2012. The line of credit matures on November 17, 2015 and carries an interest rate of 3.2%. The credit line is secured by a certificate of deposit with a balance of \$1,300,000 as collateral. The District opened the line of credit to obtain financing for construction of the Green Line Phase IV Capital Improvement Project.

**BYRON BETHANY IRRIGATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**

8. Defined Benefit Retirement Plan:

Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer defined benefit pension plan. The District participates in the miscellaneous 2% at 60 pool. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS require agencies with less than 100 active members in the plan to participate in the risk pool. All District full-time employees are eligible to participate in the System. Benefits vest after five years of service. District employees who retire at age 50 to 63 and with over 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.426 to 2.418 percent of their average salary during their last 36 months of employment. A menu of benefits provision as well as other requirements is established by State Statutes within the Public Employees Retirement Law. The plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through District resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS executive Office, 400 P Street, Sacramento, California, 95814.

Funding Policy

Covered employees are required by statute to contribute 7 percent of their salary to the plan after a formula to coordinate with Social Security. The District is required by the same statute to contribute the remaining amounts necessary to pay benefits when due; however, the District also pays the employees' share. The District is required to contribute at an actuarially determined rate. The required employer contribution rate for 2010/11 was 2.959%, for 2011/12 was 4.303% and for 2012/13 was 4.971%. The contribution requirements of the plan members and the District are established and may be amended by CalPERS. The District's contributions for the years ended December 31, 2012, 2011 and 2010 were \$80,298, \$91,855 and \$55,277 respectively, which were equal to the required contributions each year.

**BYRON BETHANY IRRIGATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**

9. Contingencies and Commitments:

The District's Central Valley Project Service Area receives its water supply under a twenty-five year contract with the United States Bureau of Reclamation (Reclamation) served from the Central Valley Project's (CVP) Delta-Mendota Canal.

As of December 18, 2012, the District estimated a liability in the amount of \$3,600,000 for the District's Central Valley Project Service Areas share of capital costs expended by the U.S. Government for the construction of the Delta-Mendota Canal. The District's share of capital cost has not been recorded in the financial statements because the District's total obligation has not been exactly determined.



**BYRON BETHANY IRRIGATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**

10. Net Position:

Components of net position as of December 31, 2012 are analyzed as follows:

Net investment in capital assets		\$23,378,981
Restricted:		
Bond reserve	\$ 321,386	
OHE & GA reserve	<u>1,500,000</u>	1,821,386
Unrestricted:		
Board designated:		
Ten year CIP	\$ 1,000,000	
Insurance/SIR	105,000	
Capital improvements	100,000	
Rolling stock repl't.	60,000	
Construction eq. repl't.	100,000	
Groundwater mgt.	35,000	
RWSA infrastructure repl.	300,000	
SLDMWA-DHCCP reserve	500,000	
CVP Service Area Cap. Imp.	50,000	
PERS contribution	100,000	
Retiree healthcare	105,000	
Canal 45/Marsh Ck.	75,000	
2007 Series Debt Payment	<u>2,000,000</u>	
	4,530,000	
Undesignated	<u>3,612,807</u>	<u>8,142,807</u>
		<u>\$33,343,174</u>

11. Risk of Loss:

Byron Bethany Irrigation District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2012 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

**BYRON BETHANY IRRIGATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**

12. Post Employment Benefits:

**Plan Description**

During the fiscal year ended December 31, 2009, the District implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB 45), which changed the accounting and financial reporting used by local government employers for post employment benefits. Previously, the costs of such benefits were generally recognized as expenses of the District on a pay-as-you-go basis. The new reporting requirements for these benefit programs as they pertain to the District are set forth below.

In addition to pension benefits, the District provides certain healthcare benefits through ACWA Health Benefits Authority for retired employees and their survivor dependents, subject to certain conditions. Substantially all of the District's full-time employees may become eligible for those benefits after age sixty, and after working for the District for fifteen years. Retirement from the District is also a condition of eligibility (the District must be the last employer prior to retirement). At June 30, 2011, 4 retired employees/survivor dependents met those eligibility requirements. Covered employees are not required to make contributions to receive the benefits. The contribution requirements of Plan members and the District are established and may be amended by the Board of Directors. The actuarially accrued liability (AAL) was \$131,890 unfunded at June 30, 2011.

**Funding Policy**

The District is required to contribute the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 8.5 percent of the annual covered payroll.

During 2010, the District adopted a new policy to fully fund the actuarially calculated "Other Post-Employment Benefits" (OPEB) liability through December 31, 2010 into the "California Employers' Retiree Benefit Trust" (CERBT), which is an agent-multiple employer plan as defined in GASB Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" (GASB 43) and meets the requirements to qualify as a prefunding Trust as defined by Section 115 of the Internal Revenue Code. CERBT is run by PERS for investment purposes.

**BYRON BETHANY IRRIGATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**

12. Post Employment Benefits, continued:

**Funding Policy, continued**

An actuarial valuation was done as of June 30, 2011. A contribution of \$528,769 was made to the CERBT in April 2011 to fully fund the actuarially calculated OPEB liability through December 31, 2010. A contribution of \$123,999 was made to the CERBT for the year ended December 31, 2012.

The District's ARC was \$31,623 for the year ended June 30, 2012. This includes the normal cost of \$23,804, and \$7,819 to amortize the Unfunded Actuarial Accrued Liability (UAAL).

The liability was determined using the Entry Age Normal Cost method. The actuarial assumptions included a discount rate of 7.61 percent.

The following table shows the components of the District's annual OPEB cost for the year, the amounts actually contributed to the plan, and changes in the District's Net OPEB obligation for the year ended December 31, 2012:

	<u>2012</u>
Annual required contribution (ARC)	\$ 31,623
Interest on net OPEB obligation	4,532
Adjustment to annual required contribution	( 3,489)
Annual OPEB cost (expense)	32,666
Contributions made – retiree health insurance premiums	( 27,963)
CERBT contribution	(123,999)
Investment earnings	( 44,580)
(Increase) decrease in net asset	(163,876)
Net OPEB obligation (asset) – beginning of year	(459,714)
Net OPEB obligation (asset) – end of year	\$(623,590)



**BYRON BETHANY IRRIGATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**

12. Post Employment Benefits, continued:

**Funded Status and Funding Progress of the Plan**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability</u>	<u>UAAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
1/1/09	\$0	\$479,986	\$479,986	0.00%	\$611,596	78.48%
6/30/11	\$519,266	\$651,156	\$131,890	79.75%	\$608,368	21.68%

**Actuarial Methods and Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

13. Subsequent Events:

Management has evaluated subsequent events through March 14, 2013, the date these December 31, 2012 financial statements were available to be issued.

**BYRON BETHANY IRRIGATION DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**

14. Mariposa Energy Project:

Mariposa Energy LLC has constructed and intends to operate a natural gas-fired simple-cycle generating facility (MEP). The District entered into an Agreement for the supply of water for a term of 25 years to deliver up to 275 acre-feet of raw untreated water annually to MEP. The District also entered into a Reimbursement Agreement with Mariposa requiring reimbursement of all costs and expenses related to the permitting, design and construction of facilities associated with providing water service to MEP. On October 17, 2012, the Mariposa Energy Project was completed. The facilities were contributed to the District at the end of construction. The expended costs of \$4,716,154 were capitalized.

Status of MEP Project:

	Reimbursed Expenses <u>12-31-12</u>
Mariposa Energy Project	<u>\$4,789,961</u>

## **SUPPLEMENTAL DATA**

**BYRON BETHANY IRRIGATION DISTRICT  
PRINCIPAL OFFICIALS  
December 31, 2012**

**BOARD OF DIRECTORS**

Russell Kagehiro	President
Tim Maggiore	Vice President
Jeff Brown	
Charles Tuso	
Mark Maggiore	
Felix Musco	
Larry Enos, Jr.	

**OPERATIONS**

Rick Gilmore	General Manager
Kelley Geyer	Director of Business Administration – Information Technology

**BYRON BETHANY IRRIGATION DISTRICT**  
**SCHEDULE OF FUNDING PROGRESS –**  
**Other Post-Employment Benefits (OPEB)**  
**For the year ended December 31, 2012**

The table below shows an analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

<u>Actuarial Valuation Date</u>	<u>(1) Actuarial Value of Plan Assets</u>	<u>(2) Actuarial Accrued Liability (AAL)</u>	<u>(3) Funded Ratio</u>	<u>(4) Unfunded Actuarial Accrued Liability (UAAL) (2) – (1)</u>	<u>(5) Annual Covered Payroll</u>	<u>(6) UAAL as a % of Covered Payroll (4) / (5)</u>
1/1/09	\$ -	\$ 479,986	0.00%	\$ 479,986	\$ 611,596	78.48%
6/30/11	\$519,266	\$ 651,156	79.75%	\$ 131,890	\$ 608,368	21.68%