BYRON BETHANY
IRRIGATION DISTRICT

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended December 31, 2016

ROBERT W. JOHNSON
Certified Public Accountant

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Robert W. Johnson
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Byron Bethany Irrigation District, as of and for the year ended December 31, 2016, 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, 2016, 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 Accountancy Corporation

Citrus Heights, California
August 3, 2017

BYRON BETHANY IRRIGATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2016

ASSETS AND DEFERRED OUTFLOWS

Current assets:		
Cash (Note 3)		$ 2,284,474
Receivables – water		157,612
– other		34,768
Construction trust account		287,191
Prepaid expenses		48,516
Total current assets		2,812,561
Capital assets, at cost (Notes 4, 5 and 6)	$40,666,299	
Less accumulated depreciation	12,165,616	
	28,500,683	
Work in progress	240,157	
		28,740,840
Other post employment benefits asset (Note 11)		733,631
Restricted assets (Note 3):		
Cash	7,579,775	
LAIF	1,570,795	
Cash with Trustee (Note 5)	319,539	
		9,470,109
Deferred outflows (Note 8)		58,339
		$41,815,480

See notes to financial statements

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current liabilities:		
Current portion of long-term debt (Note 5)		$ 195,000
Current portion of capital lease (Note 6)		36,801
Accounts payable and accrued liabilities		9,559
Compensated absences		54,114
Construction and customer deposits		45,000
Total current liabilities		340,474
Long-term debt, net of current portion (Note 5)	$5,752,604	
Capital lease payable (Note 6)	81,139	
Net pension liability (Note 8)	398,459	
Line of credit (Note 7)	-	6,232,202
Total liabilities		6,572,676
Deferred inflows (Note 8)		112,523
Net position (Note 9):		
Net investment in capital assets	$25,907,900	
Restricted	1,919,539	
Unrestricted	7,302,842	
		35,130,281
		$41,815,480

BYRON BETHANY IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
for the year ended December 31, 2016

Operating revenues:		
Water sales		$ 1,465,484
Stand-by charges		128,159
Water transfers		90,000
O & M charges		241,043
Customer finance charges		15,769
Other		(177,152)
Total operating revenues		1,763,303
Operating expenses:		
Source of supply	$ 879,600	
Pumping	264,916	
Transmission and distribution	1,696,723	
Administrative	2,883,795	
Depreciation	1,040,228	
Total operating expenses		6,765,262
Operating loss		(5,001,959)
Non-operating income (expense):		
Property tax revenue	4,170,270	
Investment income	54,119	
Farm income	-	
Reimbursements	470,808	
Bureau cost recovery	-	
Sale/disposal of fixed assets	4,600	
Interest expense	(130,449)	4,569,348
Loss before contributions		(432,611)
Capital contributions		-
Change in net position (carried forward)		(432,611)

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, 2016

Change in net position (brought forward)	$(432,611)
Total net position:	
Beginning	35,562,892
Ending	$35,130,281

BYRON BETHANY IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
for the year ended December 31, 2016

Cash flows from operating activities:		
Receipts from customers and others		$ 2,357,147
Payments to suppliers		(4,490,090)
Payments to employees		(1,203,772)
Net cash provided to operating activities		(3,336,715)
Cash flows from noncapital financing activities:		
Receipts from property taxes and other nonoperating income		4,641,078
Cash flows from capital and related financing activities:		
Purchase of capital assets	$(1,679,607)	
Bureau service contract	31,709	
Principal reduction on long-term debt	(199,307)	
Interest paid on capital debt	(130,449)	
Proceeds from capital lease	117,940	
Proceeds from sale of assets	4,600	(1,855,114)
Cash flows from investing activities:		
Investment income		54,119
Net decrease in cash and cash equivalents		(496,632)
Cash and cash equivalents:		
Beginning of year		12,251,215
End of year		$11,754,583

See notes to financial statements

BYRON BETHANY IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS, continued
for the year ended December 31, 2016

Reconciliation of operating income (loss) to net cash provided to operating activities:		
Operating loss		$(5,001,959)
Adjustments to reconcile operating loss to net cash provided to operating activities:		
Depreciation expense	$1,040,228	
Changes in operating assets, liabilities, deferred inflows and deferred outflows:		
Receivables	590,284	
Prepaids	14,655	
Accounts payable	(391,327)	
Other payables and deposits	18,670	
OPEB	(26,759)	
Trust account	129,106	
Net pension liability	231,521	
Deferred inflows	53,083	
Deferred outflows	5,783	
Total adjustments		1,665,244
Net cash provided to operating activities		$(3,336,715)

Supplementary information:	
Cash paid for interest	$ 130,449

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.

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.

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.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.

3. Cash and Investments:

At year-end the carrying amount of the District's deposits was $10,183,788 and the bank balance was $8,677,893. The bank balance was covered by Federal depository insurance and was covered by collateral held in the pledging bank's trust department as mandated by state law.

	Balance, December 31, 2016
Checking accounts	$ 8,556,765
Petty cash	200
Certificate of deposit	1,307,284
Cash with Trustee	319,539
	$10,183,788

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, 2016 consist of:

	Carrying Amount	Market Value
LAIF	$1,570,795	$ 1,570,795

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.

3. Cash and Investments, continued:

Cash		$10,183,788
LAIF		1,570,795
		$11,754,583
Operations		$ 2,284,474
Restricted reserves	$1,919,539	
Board designated reserves	7,550,570	
		9,470,109
		$11,754,583

4. Capital Assets:

Changes in capital assets for the year ended December 31, 2016 are as follows:

	Balance 1/1/16	Additions/ Transfers	Disposals	Balance 12/31/16
Land	$ 1,837,509	$ -	$ -	$ 1,837,509
Canal system	16,408,018	847,262	-	17,255,280
Pumping plants	10,849,189	274,530	-	11,123,719
Office equipment	144,243	-	-	144,243
Autos	766,937	140,845	18,771	889,011
Tools	1,324,525	177,191	-	1,501,716
PL-984 project	2,166,723	-	-	2,166,723
CVPSA distribution system	745,245	30,279	-	775,524
Telemetry	224,202	32,218	-	256,420
Mariposa Energy Plant	4,716,154	-	-	4,716,154
	$39,182,745	$1,502,325	$ 18,771	$40,666,299

	Balance 1/1/16	Additions	Transfers	Balance 12/31/16
Work in progress	$ 62,875	$1,135,747	$ 958,465	$ 240,157

5. Long-term Debt:

Long-term debt activities for year ended December 31, 2016 are as follows:

	Balance 1/1/16	Increase	Debt Retired	Balance 12/31/16	Current Portion
Revenue Bonds	$2,900,000	$ -	$ 185,000	$2,715,000	$ 195,000
Bureau- Service Contract	3,215,202	31,709	14,307	3,232,604	-
	$6,115,202	$ 31,709	$ 199,307	$5,947,604	$ 195,000

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%.

Pursuant to two Board Resolutions, there were two sales of 2032 Term Bonds. On February 26, 2010 the District purchased $1,230,000 in Term Bonds and subsequently on April 29, 2011, the District purchased the $515,000 balance of the 2032 Term Bonds (a combined total of $1,745,000 comprising all of the 4.625% in 2032 Term Bonds).

5. Long-term Debt, continued:

Revenue Bonds, continued

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, 2016 cash held with a Trustee is as follows:

Bond reserve	$ 319,539

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.

Bureau of Reclamation

The total liability of $3,232,604 (District's share of constructing Central Valley Project plus share of construction of Delta-Mendota Canal/California Aqueduct Intertie). Payments are to be made through future deliveries (50 years) of water. No interest is being charged on this liability.

These loans mature as follows:

Payment Date	Principal	Interest	Total
4/1/17	$ -	$ 61,087	$ 61,087
10/1/17	195,000	61,087	256,087
4/1/18	-	56,700	56,700
10/1/18	205,000	56,700	261,700
4/1/19	-	52,087	52,087
10/1/19	215,000	52,087	267,087
4/1/20	-	47,250	47,250
10/1/20	225,000	47,250	272,250
4/1/21	-	42,188	42,188
10/1/21	235,000	42,188	277,188
2022-2026	1,335,000	36,900	1,371,900
Post 2027	3,537,604	230,849	3,768,453
	$5,947,604	$ 786,373	$6,733,977

6. Capital Leases:

In 2016 the District entered into two capital lease agreements to acquire operating equipment (excavator and track loader). Both leases expire September 28, 2020. The capitalized value of this equipment is $160,709 and amortization of this leased equipment is included in depreciation expense.

The estimated future minimum lease payments, including interest, under these leases are as follows:

	Total
Year ending December 31, 2017	$ 42,769
2018	42,769
2019	42,769
Total minimum lease payments	128,307
Less, amount representing interest	(10,367)
Present value of minimum lease payments	117,940
Less, current portion	(36,801)
Long-term portion	$ 81,139

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, 2016. The line of credit matures on November 17, 2018 and carries an interest rate of 3.05%. 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 capital improvements projects.

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.

8. Defined Benefit Retirement Plan, continued:

Funding Policy

The Plan's provisions in effect at December 31, 2016 are summarized as follows:

Benefit formula	2.0% at 60
Benefit vesting schedule	5 years of service
Benefit payments	monthly for life
Retirement age	60
Required employee contribution rates	3.5%
Required employer contribution rates	3.5%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended December 31, 2016, the contributions recognized as part of pension expense were as follows:

	Miscellaneous
Contributions – employer	$ 13,078

8. Defined Benefit Retirement Plan, continued:

A. ***Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***:

As of December 31, 2016, the District reported net pension liability as follows:

Net pension liability	$ 398,459

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

For the year ended December 31, 2016, the District recognized pension expense of $290,387. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumption	$ -	$ 8,336
Differences between expected and actual experiences	881	202
Net differences between projected and actual earnings on pension plan investment	43,386	33,612
Pension contributions subsequent to measurement date	13,078	-
Difference between actual and proportionate share	-	70,373
Difference between actual and projected contributions	994	-
	$ 58,339	$ 112,523

8. Defined Benefit Retirement Plan, continued:

$13,078 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31	
2017	$(27,672)
2018	(27,782)
2019	(22,653)
2020	10,845
2021	-
Thereafter	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation date	June 30, 2015
Measurement date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3%-14.2%
Investment Rate of Return	7.5%

8. Defined Benefit Retirement Plan, continued:

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

8. Defined Benefit Retirement Plan, continued:

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

8. Defined Benefit Retirement Plan, continued:

Sensitivity of the 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 for each Plan, calculated using the discount rate for each Plan, 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 or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.65%
Net Pension Liability	$620,788
Current Discount Rate	7.65%
Net Pension Liability	$398,459
1% Increase	8.65%
Net Pension Liability	$214,714

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

9. Net Position:

Components of net position as of December 31, 2016 are analyzed as follows:

Net investment in capital assets		$25,907,900
Restricted:		
Bond reserve	$ 319,539	
2007 Series Debt Payment	1,600,000	1,919,539
Unrestricted:		
Board designated:		
Capital improvement project plan	1,000,000	
Insurance/SIR	105,000	
Rolling stock repl't.	100,000	
Construction eq. repl't.	100,000	
Groundwater mgt.	200,000	
RWSA infrastructure repl.	1,500,000	
SLDMWA-DHCCP reserve	1,000,000	
CVP Service Area Cap. Imp.	50,000	
PERS contribution	200,000	
OME & GA reserve	2,295,570	
Legal reserve	1,000,000	
	7,550,570	
Undesignated	(247,728)	7,302,842
		$35,130,281

10. 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 2016 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

11. 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, 2015, 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 overfunded actuarially accrued liability (AAL) at June 30, 2015 was $278,316.

Funding Policy

The District's current funding policy is to fund 100% of the annual required contribution as determined under GASB Statement No. 45 through California Employers' Retiree Benefit Trust (CERBT). The market value of assets in CERBT as of June 30, 2015 was $939,175.

An actuarial valuation was done as of June 30, 2015. A contribution of $36,684 was made to the CERBT in 2016.

The District's ARC was $21,615 for the year ended June 30, 2016. This includes the normal cost of $38,665, and $(17,050) 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 7.36 percent.

11. Post Employment Benefits, continued:

Funding Policy, continued

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, 2016:

	2016
Annual required contribution (ARC)	$ 21,615
Interest on net OPEB obligation	(52,026)
Adjustment to annual required contribution	40,336
Annual OPEB cost (expense)	9,925
CERBT contribution	(36,684)
(Increase) decrease in net asset	(26,759)
Net OPEB obligation (asset) – beginning of year	(706,872)
Net OPEB obligation (asset) – end of year	$(733,631)

Funded Status and Funding Progress of the Plan

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	UAAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
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%
6/30/13	$707,387	$620,178	$(87,209)	114%	$625,000	(14.0)%
6/30/15	$939,175	$660,859	$(278,316)	142%	$909,540	(30.6)%

11. Post Employment Benefits, continued:

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.

12. Subsequent Events:

Management has evaluated subsequent events through August 3, 2017, the date these December 31, 2016 financial statements were available to be issued.

13. Litigation:

Certain claims, suits and complaints arising in the ordinary course of operations have been filed or are pending against the District. The District's management estimate that any potential claims against the District from such litigation would not materially affect the operations or financial condition of the District.

14. Consolidation:

On November 9, 2016 the Board of Directors approved an agreement to provide maintenance and operational services, beginning December 1, 2016, during the consolidation phase with West Side Irrigation District.

15. Subsequent Event:

On December 20, 2016 the Board of Directors approved Resolution No. 2016-13 to provide financing for the prepayment and refunding of Series 2007A Lease Revenue Bonds. The new issue is called "Byron Bethany Irrigation District, Series 2017 Revenue Refunding Loan Obligation, Bank Qualified" and was dated February 1, 2017.

The new issue amounts to $2,606,000 total principal and is payable in various annual amounts through October 1, 2027; interest rate is 2.35%.

SUPPLEMENTAL DATA

BYRON BETHANY IRRIGATION DISTRICT
PRINCIPAL OFFICIALS
December 31, 2016

BOARD OF DIRECTORS

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

OPERATIONS

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

BYRON BETHANY IRRIGATION DISTRICT
SCHEDULE OF FUNDING PROGRESS –
Other Post-Employment Benefits (OPEB)
For the year ended December 31, 2016

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:

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) – (1)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (4) / (5)
1/1/09	$ -	$ 479,986	0.00%	$ 479,986	$ 611,596	78.48%
7/1/11	$519,266	$ 651,156	79.75%	$ 131,890	$ 608,368	21.68%
7/1/13	$707,387	$ 620,178	114%	$(87,209)	$ 625,000	(14.0)%
7/1/15	$939,175	$ 660,859	142%	$(278,316)	$ 909,540	(30.6)%

BYRON BETHANY IRRIGATION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
As of December 31, 2016
Last 10 years (1)

	2015	2016
Proportion of the net pension liability	.00608%	.01147%
Proportionate share of the net pension liability	$ 166,938	$ 398,459
Covered – employee payroll	$ 275,182	$ 670,080
Proportionate Share of the net pension liability as percentage of covered-employee payroll	60.664%	59.464%
Plan's fiduciary net position	$3,277,310	$3,226,795
Plan fiduciary net position as a percentage of the total pension liability	95.15%	89.01%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes in assumptions: None

(1) GASB Statement No. 68 was implemented during the year ended December 31, 2015. No information was available prior to this date.

BYRON BETHANY IRRIGATION DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR PENSIONS
As of December 31, 2015
Last 10 years (1)

	2015
Contractually required contribution (actuarially determined)	$ 56,967
Contributions in relation to the actuarially determined contributions	69,986
Contribution deficiency (excess)	$ 13,019
Covered – employee payroll	$275,182
Contributions as a percentage of covered employee payroll	25.43%

Notes to Schedule:	
Valuation date:	6/30/2014

Methods and assumptions used to determine contribution rates:

Amortization method	Entry Age Normal Cost Method
Remaining amortization period	15 years
Asset valuation method	Market Value
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.5% Net of Pension Plan Investment and Admin. Expenses

(1) GASB Statement No. 68 was implemented during the year ended December 31, 2015. No information was available prior to this date.