

Moapa Valley Water District
ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

Moapa Valley Water District
TABLE OF CONTENTS
June 30, 2015

	<u>Beginning on page</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	9
Fund Financial Statements:	
Statement of Net Position - Proprietary Funds	11
Statement of Revenues, Expenses, and Changes in Net Position- Proprietary Funds	12
Statement of Cash Flows - Proprietary Funds	13
Notes to Financial Statements	15
REQUIRED SUPPLEMENTARY INFORMATION	27
Schedule of the Proportionate Share of the Net Pension Liability	29
Schedule of Contributions	30
SUPPLEMENTARY INFORMATION	31
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual	33
OTHER REPORTS	35
Report on Internal Control of Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37
Report on State Legal Compliance	39
Schedule of Findings and Recommendations	41

Independent Auditors' Report

Directors and Members of the Board
Moapa Valley Water District
Overton, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the major fund of Moapa Valley Water District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 *Government 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 and the major fund, of Moapa Valley Water District, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in fiscal year 2015, Moapa Valley Water District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contribution Made Subsequent to the Measurement Date*. Our opinion was not modified with respect to this matter.

Other Matters

Report on Summarized Comparative Information

We have previously audited Moapa Valley Water District's financial statements for the year ended June 30, 2014, and our report dated October 31, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Moapa Valley Water District's basic financial statements. The budgetary comparison information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison information is the responsibility of management and was derived from and related 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 budgetary comparison information is 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 our report dated November 17, 2015, on our consideration of Moapa Valley Water District'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 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 Moapa Valley Water District's internal control over financial reporting and compliance.



HintonBurdick, PLLC
Mesquite, Nevada
November 17, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

This page intentionally left blank.

Moapa Valley Water District
Management's Discussion and Analysis
June 30, 2015

As management of Moapa Valley Water District (the District), we offer readers of the District's financial statements this narrative overview and analysis of financial activities of the District for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

- *Total net position for the District decreased by \$227,994.
- *Unrestricted net position for the District decreased by \$3,050,719.
- *Operating revenues decreased by \$304,466.
- *Operating expenses increased by \$237,415.
- *Net operating income decreased by \$364,736.

BASIC FINANCIAL STATEMENTS

The District is a special-purpose government engaged in business-type activities. All transactions related to its activities are recorded in a single enterprise fund. Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services (including depreciation), on a continuing basis, be financed or recovered primarily through user charges.

The financial statements presented in this report are those required of an enterprise fund and consist of (1) the statement of net position, (2) the statement of revenues, expenses, and changes in net position, (3) the statement of cash flows, and (4) the notes to the financial statements.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. However, other non-financial factors need to be considered as well.

The statement of revenues, expenses, and changes in net position (the income statement) presents information about the amounts of revenues, expenses, and resulting net income for the year. Net income is the change in net position. All items of income and expense are reported as soon as the underlying event giving rise to those items occurs, regardless of the when cash is received or paid.

The statement of cash flows starts with the amounts of net income and removes the non-cash portion (the receivables and payables which did not provide or use cash), thus converting the amounts to a cash basis.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District.

Moapa Valley Water District
Management's Discussion and Analysis
June 30, 2015

FINANCIAL ANALYSIS

Moapa Valley Water District's Net Position

	Current Year	Previous Year	Change
Current and other assets	\$ 7,841,656	\$ 8,948,397	\$ (1,106,741)
Net capital assets	20,703,355	21,007,961	(304,606)
Deferred outflows of resources	280,253	-	280,253
Total assets and deferred outflows	<u>28,825,264</u>	<u>29,956,358</u>	<u>(1,131,094)</u>
Long-term debt	8,009,410	8,548,109	(538,698)
Other liabilities	2,192,540	430,692	1,761,848
Deferred inflows of resources	453,014	-	453,014
Total liabilities and deferred inflows	<u>10,654,965</u>	<u>8,978,801</u>	<u>1,676,164</u>
Net position:			
Net investment in capital assets	12,693,945	12,459,853	234,092
Restricted	236,133	226,765	9,368
Unrestricted	5,240,221	8,290,940	(3,050,719)
Total net position	<u>\$ 18,170,299</u>	<u>\$ 20,977,558</u>	<u>\$ (2,807,259)</u>

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the close of the year by \$18,170,299, a decrease of \$2,807,259 from the previous year. This change is equivalent to the net loss for the year, in private sector terms.

Total unrestricted net position at the end of the year are \$5,240,221, which represents a decrease of \$3,050,719 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other liabilities due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

Moapa Valley Water District
Management's Discussion and Analysis
June 30, 2015

FINANCIAL ANALYSIS (continued)

Moapa Valley Water District's Change in Net Position

	<u>Current Year</u>	<u>Previous Year</u>	<u>Change</u>
Operating income:			
Service income	\$ 3,029,363	\$ 3,049,016	\$ (19,653)
SNWA contract	-	284,813	(284,813)
Total operating income	<u>3,029,363</u>	<u>3,333,829</u>	<u>(304,466)</u>
Operating expenses:			
Depreciation and amortization expense	715,397	723,569	(8,172)
Other operating expense	<u>2,536,182</u>	<u>2,290,595</u>	<u>245,587</u>
Total operating expense	<u>3,251,579</u>	<u>3,014,164</u>	<u>237,415</u>
Net operating income (loss)	<u>(222,216)</u>	<u>319,665</u>	<u>(541,881)</u>
Non-operating items:			
Revenues	421,563	730,535	(308,972)
Expenses	<u>427,340</u>	<u>371,577</u>	<u>55,763</u>
Total non-operating items	<u>(5,778)</u>	<u>358,958</u>	<u>(364,736)</u>
Net income (loss)	<u>\$ (227,994)</u>	<u>\$ 678,623</u>	<u>\$ (906,617)</u>

Service income decreased by \$19,653 from the previous year. SNWA contract income decreased by \$284,813.

Depreciation and amortization expense decreased from the amount of the previous year by \$8,172. Other operating expenses increased by \$245,587 compared to the previous year, resulting in a yearly net operating loss of \$222,216.

Non-operating items decreased by \$364,736 compared to the previous year.

BUDGETARY HIGHLIGHTS

The District operates as an enterprise fund and is required to comply with the operating budget on an entity-wide basis.

	<u>Original</u>	<u>Amended</u>	<u>Actual</u>
Revenues	\$ 3,453,994	\$ 3,453,994	\$ 3,450,926
Expenses	<u>3,452,150</u>	<u>3,452,150</u>	<u>3,678,920</u>
Net income	<u>\$ 1,844</u>	<u>\$ 1,844</u>	<u>\$ (227,994)</u>

Moapa Valley Water District
Management's Discussion and Analysis
June 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION

Moapa Valley Water District's Capital Assets (net of depreciation)

	Current Year	Previous Year	Change
Net Capital Assets:			
Land and land rights	\$ 218,296	\$ 218,296	\$ -
Water shares	1,997,355	1,997,355	-
Buildings and improvements	753,287	755,186	(1,899)
Equipment and distributions system	17,706,500	17,957,765	(251,265)
Furniture and fixtures	4,409	34,863	(30,454)
Vehicles	22,049	27,869	(5,820)
Construction in progress	1,460	16,627	(15,167)
Total	<u>\$ 20,703,355</u>	<u>\$ 21,007,961</u>	<u>\$ (304,606)</u>

Additional information regarding capital assets may be found in the notes to financial statements.

Moapa Valley Water District's Outstanding Debt

	Current Year	Previous Year	Change
Long-term debt:			
Capital Lease 340A Service Truck	\$ -	\$ 10,375	\$ (10,375)
2013A Refunding Bond	905,000	995,000	(90,000)
2005 GO Water Refunding Bonds	2,865,000	3,145,000	(280,000)
2008 GO Water Bonds	1,180,558	1,255,013	(74,456)
1995 USDA Water Revenue	1,092,780	1,124,305	(31,525)
2010 USDA Water Revenue	1,692,086	1,713,210	(21,124)
Less deferred bond issue costs	(6,604)	(7,338)	734
Plus deferred issuance premium	280,591	312,543	(31,952)
Total	<u>\$ 8,009,410</u>	<u>\$ 8,548,109</u>	<u>\$ (538,698)</u>

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No significant economic changes that would affect the District are expected for the next year. Budgets have been set using the same factors as the current year being reported.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Moapa Valley Water District's finances for all those with an interest in the District's finances. Questions concerning any information provided in this report or requests for additional financial information should contact the District's office at 601 N. Moapa Valley Boulevard, Overton, Nevada 89040.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

Moapa Valley Water District
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2015

	2015	2014
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:		
Assets:		
Current assets:		
Cash and cash equivalents	\$ 5,406,447	\$ 6,030,354
Cash and cash equivalents - designated	937,463	792,197
Accounts receivable, net	359,492	972,853
Due from other governmental units	59,127	56,987
Inventory	750,482	819,367
Prepaid expense	51,541	-
Total current assets	7,564,552	8,671,758
Non-current assets:		
Restricted cash and cash equivalents	277,104	276,639
Capital assets:		
Not being depreciated	219,756	2,232,278
Net of accumulated depreciation	20,483,600	18,775,683
Total non-current assets	20,980,459	21,284,600
Total assets	28,545,011	29,956,358
Deferred outflows of resources - pensions	280,253	-
Total assets and deferred outflows of resources	\$ 28,825,264	\$ 29,956,358
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 82,842	\$ 93,282
Accrued payroll & payroll taxes	39,651	32,487
Customer security deposits	15,240	16,390
Prepaid installations	102,675	102,675
Accrued interest payable	56,294	62,204
Compensated absences	139,266	123,655
Capital lease - current portion	-	10,375
Bonds payable - current portion	526,759	497,105
Total current liabilities	962,726	938,172
Non-current liabilities:		
Bonds payable - long-term portion	7,482,652	8,040,629
Net pension liability	1,756,573	-
Total non-current liabilities	9,239,225	8,040,629
Total liabilities	10,201,951	(8,978,801)
Deferred inflows of resources - pensions	453,014	-
Total liabilities and deferred inflows of resources	10,654,965	8,978,801
NET POSITION:		
Net investment in capital assets	12,693,945	12,459,853
Restricted	236,133	226,765
Unrestricted - designated	937,463	792,197
Unrestricted - undesignated	4,302,758	7,498,743
Total net position	18,170,299	20,977,558
Total liabilities, deferred inflows of resources, and net position	\$ 28,825,264	\$ 29,956,358

The notes to the financial statements are an integral part of this statement.

Moapa Valley Water District
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUND
For the Year Ended June 30, 2015

	2015	2014
Operating income:		
Water user fees	\$ 3,029,363	\$ 3,064,980
SNWA contract revenue	-	284,813
Total operating revenue	3,029,363	2,780,167
Operating expenses:		
Salaries and wages	1,039,790	1,002,146
Employee benefits	408,901	434,560
Resource development & protection	165,155	41,559
Regulatory compliance	30,424	23,883
Distribution system operations	52,895	94,591
Distribution system maintenance	191,842	166,972
Treatment operations	127,720	158,453
Treatment maintenance	12,268	17,148
Customer account expense	42,661	47,988
General administrative	431,186	147,335
Depreciation and amortization expense	715,397	723,569
340A contract	33,343	155,960
Total operating expense	3,251,579	3,014,164
Net operating income (loss)	(222,216)	319,665
Non-operating income (expense):		
Interest income	22,974	7,447
Impact fees	1,253	32,570
Intergovernmental revenue	339,404	317,958
Miscellaneous income	35,685	34,354
Other non-operating income	20,896	319,963
Gain/(loss) on disposal of assets	1,351	-
Miscellaneous expense	(99,550)	(22,379)
Interest expense	(327,790)	(349,199)
Total non-operating income (expense)	(5,778)	356,677
Income (loss) before contributions	(227,994)	676,343
Contributions in aid of construction - customers	-	2,280
Change in net position	(227,994)	678,623
Net position - beginning	20,977,558	20,298,935
Prior period adjustment - SNWA receivable	(618,304)	-
Prior period adjustment - GASB 68	(1,960,961)	-
Net position - ending	\$ 18,170,299	\$ 20,977,558

The notes to the financial statements are an integral part of this statement.

Moapa Valley Water District
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015

	2015	2014
Cash flows from operating activities:		
Cash received from customers	\$ 3,023,270	\$ 3,108,486
Cash paid to suppliers	(1,056,229)	(695,884)
Cash paid to employees	(1,320,157)	(1,245,376)
Cash received for 340A O&M	-	284,813
Cash paid for 340A O&M	(161,743)	(315,388)
Net cash provided (used) in operating activities	485,141	1,136,651
Cash flows from noncapital financing activities:		
Net cash provided (used) in noncapital financing activities	-	-
Cash flows from capital and related financing activities:		
Cash payments for long-term debt	(538,698)	(515,893)
Cash payments for capital assets	(410,791)	-
Proceeds from the sale of capital assets	1,351	-
Cash from impact fees	1,253	32,570
Intergovernmental revenue	337,264	312,865
Miscellaneous expense	(99,550)	(22,379)
Miscellaneous income	35,685	34,354
Other non-operating income	20,896	335,927
Cash payments for long-term debt interest	(333,700)	(351,086)
Net cash provided (used) in capital and related financing activities	(986,291)	(422,697)
Cash flows from investing activities:		
Cash received from interest earned	22,974	7,447
Net cash provided (used) in investing activities	22,974	7,447
Net increase (decrease) in cash	(478,176)	721,401
Cash balance, beginning	7,099,190	6,377,789
Cash balance, ending	\$ 6,621,013	\$ 7,099,190
Cash reported on the statement of net position:		
Cash and cash equivalents	\$ 5,406,447	\$ 6,030,354
Cash and cash equivalents - designated	937,463	792,197
Restricted cash and cash equivalents	277,104	276,639
Total cash and cash equivalents	\$ 6,621,013	\$ 7,099,190

The notes to the financial statements are an integral part of this statement.

Moapa Valley Water District
STATEMENT OF CASH FLOWS (continued)
For the Year Ended June 30, 2015

**Reconciliation of Operating Income to Net
Cash Provided (Used) In Operating Activities:**

	2015	2014
Net operating income (loss)	\$ (222,216)	\$ 319,665
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:		
Depreciation and amortization	715,397	723,569
Changes in assets and liabilities:		
(Increase) decrease in receivables	(4,943)	59,320
(Increase) decrease in inventory	68,885	(22,964)
(Increase) decrease in prepaid insurance	(51,541)	53,789
(Increase) decrease in deferred outflows	(24,875)	-
Increase (decrease) in accounts payable	(470,206)	(22,467)
Increase (decrease) in accrued payroll and taxes	7,164	4,109
Increase (decrease) in compensated absences	15,612	21,479
Increase (decrease) in security deposits	(1,150)	150
Increase (decrease) in deferred inflows	453,014	-
Net cash provided (used) in operating activities	<u>\$ 485,141</u>	<u>\$ 1,136,651</u>

The notes to the financial statements are an integral part of this statement.

Moapa Valley Water District
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Moapa Valley Water District (the District) is a political subdivision of the State of Nevada governed by a five-member board of directors elected in conjunction with the general election of Clark County. The District provides water services to the unincorporated townships of Glendale, Logandale, Moapa and Overton. Effective July 22, 1983 the assets and liabilities of the Moapa Valley Water Company and the Overton Water District were merged into a single entity to create the District.

1-B. Government-wide financial statements

Government-wide financial statements display information about the District as a whole. The financial statements presented are those required of an enterprise fund and consist of the statement of net position, the statement of revenues, expenses, and changes in net position and the statement of cash flows. The District is considered a special-purpose government engaged in business-type activities and records all of the transactions related to its activities in a single enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods and services (including depreciation), on a continuing basis, be financed or recovered primarily through user charges. No fiduciary funds or components that are fiduciary in nature are included.

1-C. Measurement focus, basis of accounting, and financial statement presentation

Measurement focus is commonly used to describe the types of transactions and events that are reported in a fund's operating statement. The operating statement of an enterprise fund focuses on changes in, or the flow of, *economic* resources. With this measurement focus, all assets and liabilities associated with the operation of the fund, both current and non-current, are included on the statement of net position. Thus, net position (total assets and deferred outflows less total liabilities and deferred inflows) are used as a practical measure of economic resources.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. As a practical matter, a fund's basis of accounting is inseparably tied to its measurement focus. Funds that focus on total economic resources employ the accrual basis of accounting, which recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs. Under accrual accounting, revenues are recognized as soon as they are earned and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. The District also recognizes the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Moapa Valley Water District
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1-C. Measurement focus, basis of accounting, and financial statement presentation (continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

1-D. Assets, liabilities, and net position or equity

1. Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Cash and investments

Cash balances are invested as permitted by law. Investments are recorded at lower of cost or market.

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 bonds.
- Securities of the United States Treasury, United States Postal Service, or the Federal National Mortgage Association maturing within ten (10) years from the date of purchase.
- Negotiable certificates of deposits 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.

3. Receivables and payables

Accounts receivable represent water usage billings for which payment has not yet been received. Due to the nature of such receivables and the District's ability to collect them, an allowance for doubtful accounts has not been provided.

4. Inventories and prepaid items

Inventories are valued at cost using the weighted average method. The inventory consists of water parts.

At various times, certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

5. Restricted assets & net position

The difference between total assets and total liabilities represents equity or net position. Net position presented in the statement of net position is subdivided into four categories: net investment in capital assets; restricted net position; unrestricted-designated net position; and unrestricted net position.

Certain proceeds of the District's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted net position on the statement of net position because their use is limited by applicable bond covenants. Unrestricted-designated net position represents resources set aside at the direction of the board for special purposes.

Moapa Valley Water District
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1-D. Assets, liabilities, and net position or equity (continued)

6. Capital assets

All purchased capital assets, which include property, plant, and equipment, are carried at cost or estimated historical cost. Contributed capital assets are valued at estimated fair market value on the date received. Capital assets are defined as items with an initial, individual cost of more than \$1,500 and an expected life of more than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Interest incurred during the construction phase of capital assets, if directly related to the construction, is included as part of the capitalized amount of the assets constructed. There was no interest capitalized during the current year.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	15-40
Distribution system	7-40
Wells	10-40
Equipment	5-15
Trucks and autos	5
Office equipment	3-7

7. Long-term obligations

Long-term debt and other long-term obligations are reported as liabilities.

8. Compensated absences

The District has a policy allowing compensated benefits to permanent employees for both sick and vacation leave. At year-end, the compensated absence liability is \$139,266.

9. Use of estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

10. Prior year summarized comparative information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Moapa Valley Water District
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1-D. Assets, liabilities, and net position or equity (continued)

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows relating to pension as required by GASB 68.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District reports deferred inflows relating to pensions as required by GASB 68.

12. 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 Public Employees' Retirement System of Nevada (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.

1-E. New Pronouncements

For the year ended June 30, 2015, the District implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. Implementation of these new Statements resulted in a restatement of beginning net position in the District's Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund (see Note 4-F).

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A. Budgetary information

The District adheres to the Local Government Budget Act incorporated within state statutes, which include the following major procedures to establish the budgetary data which is reflected in these financial statements.

1. On or before April 15, the District's Board of Directors files a tentative budget with the Nevada Department of Taxation.
2. Public hearings on the tentative budget are held on the third Thursday in May.
3. Prior to June 1, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board and by adopting a resolution. The final budget must then be forwarded to the Nevada State Tax Commission for final hearings and approval.

Moapa Valley Water District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

2-A. Budgetary information (continued)

4. Formal budgetary integration in the financial records is employed to enhance management control during the year.
5. The budget is adopted on a basis consistent with General Accepted Account Principles (GAAP). Appropriations lapse at year end.
6. Budget amounts may be transferred if amounts do not exceed the original budget. Such transfers are to be approved with a resolution by the Board of Directors. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the Moapa Valley Water District Board of Directors, following a properly scheduled public hearing.

In accordance with State Statute and the Nevada Administrative Code, actual expenses may not exceed the sum of budgeted operating and non-operating expenses.

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2015 consist of the following:

	<u>Fair Value</u>
Cash on hand	\$ 10,557
Demand deposits	6,610,457
Total cash	\$ 6,621,013

Cash and investments listed above are classified in the accompanying government-wide statement of net position as follows:

Cash and cash equivalents	\$ 5,406,447
Cash and cash equivalents - designated	937,463
Restricted cash and cash equivalents (non-current)	277,104
Total cash and cash equivalents	\$ 6,621,013

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 31.

Deposits and investments of the District are governed by the Nevada Revised Statutes (NRS). The following are discussions of the District's exposure to various risks related to its cash management activities:

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk. As of June 30, 2015 none of the District's bank balance of \$7,080,522 was exposed to custodial credit risk because it was all insured or collateralized. Deposits not insured by FDIC or NCUA are collateralized because the District belongs to the Nevada Pooled Collateral program.

Investments

The provisions of State law (NRS 355.170) govern the investment of public funds. As of June 30, 2015 the District had no investments.

Moapa Valley Water District
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

3-B. Receivables

The allowance policy is described in Note 1-D-3. Receivables as of year-end for the District's funds are shown below:

Customers	\$ 359,492
Total accounts receivable	<u>\$ 359,492</u>

3-C. Capital assets

A summary of capital asset activity is listed below:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 218,296	\$ -	\$ -	\$ 218,296
Water shares	1,997,355	-	-	1,997,355
Construction in progress	16,627	376,663	(391,830)	1,460
Total capital assets, not being depreciated	<u>2,232,278</u>	<u>376,663</u>	<u>(391,830)</u>	<u>2,217,111</u>
Capital assets, being depreciated:				
Buildings and improvements	1,400,233	73,763	-	1,473,996
Equipment and distributions system	26,418,010	330,534	-	26,748,544
Furniture and fixtures	169,174	2,072	-	171,246
Vehicles	473,993	19,590	(19,036)	474,547
Intangible assets	12,495	-	-	12,495
Total capital assets, being depreciated	<u>28,473,906</u>	<u>425,959</u>	<u>(19,036)</u>	<u>28,880,828</u>
Less accumulated depreciation for:				
Buildings and improvements	645,047	75,662	-	720,709
Equipment and distributions system	8,460,245	581,799	-	9,042,044
Furniture and fixtures	134,311	32,526	-	166,837
Vehicles	446,124	25,410	(19,036)	452,498
Intangible assets	12,495	-	-	12,495
Total accumulated depreciation	<u>9,698,222</u>	<u>715,397</u>	<u>(19,036)</u>	<u>10,394,584</u>
Total capital assets being depreciated, net	<u>18,775,684</u>	<u>(289,440)</u>	<u>-</u>	<u>18,486,244</u>
Capital assets, net	<u>\$ 21,007,961</u>	<u>\$ 87,223</u>	<u>\$ (391,830)</u>	<u>\$ 20,703,355</u>

Moapa Valley Water District
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

3-D. Long-term debt

Long-term debt activity for the year was as follows:

Business-type activities:	Original Principal	% Rate	6/30/2014	Additions	Reductions	6/30/2015	Due Within One Year
Capital Lease 340A Service Truck Matures 1/5/2015	79,640	5.20	10,375	-	10,375	-	-
2013 GO Water Refunding Bond Matures 6/30/2023	1,075,000	5.00	995,000	-	90,000	905,000	95,000
2005 GO Water Refunding Bonds Matures 12/1/2025	4,315,000	5.00	3,145,000	-	280,000	2,865,000	300,000
2008 GO Water Bonds Matures 1/1/2028	1,500,000	2.78	1,255,013	-	74,456	1,180,557	76,540
1995 USDA Water Revenue Matures 2/5/2035	1,500,000	5.25	1,124,305	-	31,525	1,092,780	33,180
2010 USDA Water Revenue Matures 1/4/2050	1,798,760	4.25	1,713,211	-	21,124	1,692,087	22,039
Less deferred bond issue costs			(7,337)	-	(733)	(6,604)	-
Plus deferred issuance premium			312,542	-	31,952	280,590	-
Total business-type activity long-term liabilities			<u>\$8,548,109</u>	<u>-</u>	<u>538,699</u>	<u>8,009,410</u>	<u>526,759</u>

All bonds are revenue bonds secured by the revenue of the water system.

Debt service requirements to maturity are as follows:

	Principal	Interest	Total
2016	526,759	337,761	864,520
2017	551,597	312,673	864,270
2018	571,629	286,516	858,145
2019	611,861	258,909	870,770
2020	632,303	229,842	862,145
2021 - 2025	2,251,140	784,836	3,035,976
2026 - 2030	987,108	439,330	1,426,438
2031 - 2035	590,429	286,728	877,157
2036 - 2040	280,735	187,685	468,420
2041 - 2045	347,073	121,347	468,420
2046 - 2050	384,789	39,633	424,422
	<u>\$7,735,423</u>	<u>3,285,260</u>	<u>11,020,683</u>

Moapa Valley Water District
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - OTHER INFORMATION

4-A. 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; and natural disasters. The District's insurance protection is provided by Willis. The coverage limit is \$10 million and the deductible is \$500.

4-B. Rounding convention

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum of displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

4-C. Deferred compensation plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all regular employees, permits them to defer a portion of their salary until future years. The District is not required to contribute or match any amounts withheld from employees' compensation. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

None of the amounts of compensation deferred under the plan, none of the property and rights purchased with those amounts, and none of the income attributable to those amounts, property or rights are the property of the District, or subject to the claims of the District's general creditors.

4-D. Other Post Employment Benefits

Management has reviewed the outstanding liability for Other Post Employment Benefits (OPEB) as of June 30, 2015 and has determined that the amount is not material to the financial statements.

4-E. General Information about the Pension Plan

Plan description:

PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

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.

Moapa Valley Water District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-E. General Information about the Pension Plan (continued)

Monthly benefit allowances for Regular members are computed as 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 Regular 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.

Vesting:

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 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 10 years of service, or any age with thirty years of service.

The normal ceiling limitation on monthly benefits 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. 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. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2014 and June 30, 2015 the Statutory Employer/employee matching rate was 13.25% for Regular. The Employer-pay contribution (EPC) rate was 25.75% for Regular. The District's contribution amounts were as follows:

Year Ended June 30,	Regular Fund
2013	\$ 234,564
2014	255,289
2015	264,453

Moapa Valley Water District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-E. General Information about the Pension Plan (continued)

Investment Policy:

The System's policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System. The following was the Board adopted policy target asset allocation as of June 30, 2014:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

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

Pension Liability:

Net Pension Liability

At June 30, 2015, the District reported a liability of \$1,756,573 for its proportionate share of the PERS' net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2014. The District's Net Pension Liability allocation was as follows:

	Proportionate Share
2013	0.016644%
2014	0.016850%
Increase(Decrease)	0.000206%

Pension Liability Discount Rate Sensitivity

The following presents the proportionate share of the net pension liability calculated using the discount rate of 8.00 percent, as well as what the 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 percent) or 1-percentage-point higher (9.00 percent) than the current rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Proportionate share of			
Net pension liability	\$ 2,731,663	\$ 1,756,573	\$ 946,025

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

Moapa Valley Water District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-E. General Information about the Pension Plan (continued)

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	3.50%
Payroll Growth	5.00% including inflation
Investment Rate of Return	8.00%
Productivity pay increase	0.75%
Projected 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 June 30, 2014 funding Actuarial valuation

Actuarial assumptions used in the June 30, 2014 valuation were based on the results of the experience review completed in 2013.

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014 and June 30, 2013. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2014, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014 and June 30, 2013.

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

For the year ended June 30, 2015 the District recognized pension expense for PERS of \$232,826. At June 30, 2015, 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
Differences between expected and actual experience	\$ -	\$ 84,062
Net difference between projected and actual earnings on pension plan investments	-	368,952
Changes in proportion and differences between contributions and proportionate share of contributions	15,800	-
Subtotal	15,800	453,014
Contributions subsequent to the measurement date	264,453	-
Total	\$ 280,253	\$ 453,014

Moapa Valley Water District
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-E. General Information about the Pension Plan (continued)

The \$264,453 reported as deferred outflows of resources related to PERS pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows (inflows) of Resources</u>
2016	\$ (103,254)
2017	(103,254)
2018	(103,254)
2019	(103,254)
2020	(14,233)
Thereafter	(9,963)
	\$ (437,212)

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.

4-F. Prior period adjustments

The requirement to apply GASB 68 this fiscal year resulted in adjustments to the prior period net position. This is due to the required disclosure of a Net Pension Liability, Deferred Outflows and Inflows of Resources, and if applicable, a Net Pension Asset.

In addition, a prior period adjustment was recorded to eliminate the outstanding receivable due from Southern Nevada Water Authority (SNWA) regarding contract billings for fiscal year 2012. A new agreement has been established between the District and SNWA.

The changes to beginning net position are as follows:

Net position - beginning	\$ 20,977,558
Net pension liability - GASB 68 adjustment	(2,216,339)
Deferred outflows - contributions made during fiscal year 2014 - GASB 68 adjustment	255,378
SNWA receivable adjustment	(618,304)
Net position - beginning, restated	\$ 18,398,293

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank.

Moapa Valley Water District
Schedule of the Proportionate Share of the Net Pension Liability
 For the Fiscal Year Ended June 30, 2015
 Last 10 Fiscal Years*

	Reporting Fiscal Year (Measurement Date)
	2015 (2014)
Proportion of the net pension liability	0.01685 %
Proportionate share of the net pension liability	\$ 1,756,537
Covered employee payroll	\$ 1,027,002
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	171.04 %
Plan fiduciary net position as a percentage of the total pension liability	76.30 %

* The District implemented GASB 68 in fiscal year 2015. Prior year information is not available.

Moapa Valley Water District
Schedule of Contributions
 For the Fiscal Year Ended June 30, 2015
 Last 10 Fiscal Years*

	Reporting Fiscal Year (Measurement Date)
	2015 (2014)
Contractually required contribution	\$ 255,289
Contributions in relation to the contractually required contribution	\$ (255,289)
Contribution deficiency (excess)	-
Covered employee payroll	\$ 1,027,002
Contributions as a percentage of covered-employee payroll **	24.86 %

* The District implemented GASB 68 in fiscal year 2015. Prior year information is not available.

** Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

SUPPLEMENTARY INFORMATION

This page intentionally left blank.

Moapa Valley Water District
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended June 30, 2015

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Operating income:				
Water user fees	\$ 3,051,500	\$ 3,051,500	\$ 3,029,363	\$ (22,137)
Total operating income	<u>3,051,500</u>	<u>3,051,500</u>	<u>3,029,363</u>	<u>(22,137)</u>
Operating expenses:				
Salaries and wages	1,015,300	1,015,300	1,039,790	(24,490)
Employee benefits	399,150	399,150	408,901	(9,751)
Resource development & protection	34,000	34,000	165,155	(131,155)
Regulatory compliance	21,700	21,700	30,424	(8,724)
Distribution system operations	133,000	133,000	52,895	80,105
Distribution system maintenance	147,500	147,500	191,842	(44,342)
Treatment operations	219,000	219,000	127,720	91,280
Treatment maintenance	11,500	11,500	12,268	(768)
Customer account expense	58,500	58,500	42,661	15,839
General administrative	207,500	207,500	431,186	(223,686)
Depreciation and amortization expense	715,000	715,000	715,397	(397)
340A contract	52,994	52,994	33,343	19,651
Total operating expense	<u>3,015,144</u>	<u>3,015,144</u>	<u>3,251,579</u>	<u>(236,435)</u>
Net operating income (loss)	<u>36,356</u>	<u>36,356</u>	<u>(222,216)</u>	<u>(258,572)</u>
Net-operating income (expense):				
Interest income	5,000	5,000	22,974	17,974
Impact fees	3,000	3,000	1,253	(1,747)
Intergovernmental revenue	280,000	280,000	339,404	59,404
Miscellaneous income	-	-	35,685	35,685
Other non-operating income	166,488	166,488	20,896	(145,592)
Gain/(loss) on disposal of assets	-	-	1,351	1,351
Miscellaneous expense	(120,000)	(120,000)	(99,550)	20,450
Interest expense	(370,000)	(370,000)	(327,790)	42,210
Total non-operating income (expense)	<u>(35,512)</u>	<u>(35,512)</u>	<u>(5,778)</u>	<u>29,734</u>
Income (loss) before contributions	844	844	(227,994)	(228,838)
Contributions in aid of construction - customers	1,000	1,000	-	(1,000)
Change in net position	1,844	1,844	(227,994)	(229,838)
Net position - beginning, restated	18,398,293	18,398,293	18,398,293	-
Net position - ending	<u>\$ 18,400,137</u>	<u>\$ 18,400,137</u>	<u>\$ 18,170,299</u>	<u>(229,838)</u>

This page intentionally left blank.

OTHER REPORTS

This page intentionally left blank.

**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***

Directors and Members of the Board
Moapa Valley Water District
Overton, 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 and the major fund of Moapa Valley Water District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Moapa Valley Water District's basic financial statements and have issued our report thereon dated November 17, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



HintonBurdick, PLLC
Mesquite, Nevada
November 17, 2015

Independent Auditor's Report on State Legal Compliance

Directors and Members of the Board
Moapa Valley Water District
Overton, Nevada

We have audited the basic financial statements of Moapa Valley Water District, for the year ended June 30, 2015, and have issued our report thereon dated November 17, 2015. Our audit also included test work on Moapa Valley Water District's compliance with selected requirements identified in the State of Nevada Revised Statutes (NRS) including, but not limited to, NRS section 354.624 and section 354.6241.

The management of Moapa Valley Water District is responsible for the District's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit and make specific statements regarding funds established and the status of prior year findings and recommendations; accordingly, we make the following statements:

The District has established one Enterprise Fund in accordance with NRS 354.625. The District appears to be using the funds expressly for the purposes for which it was created and in accordance with NRS 354.624. The fund is being administered in accordance with Generally Accepted Accounting Principles and the reserves, as applicable, appear reasonable and necessary to carry out the purposes of the fund. Sources of revenues available and retained earnings or net position are reflected in the fund financial statement.

The statutory and regulatory requirements of the funds are as follows:

Enterprise Fund: Board of director's intended purpose and County resolution

The District had no prior year audit findings. We noted one new instance of noncompliance during the fiscal year. See schedule of findings and recommendations.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government 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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, Moapa Valley Water District complied, in all material respects, with the requirements identified above for the year ended June 30, 2015.

The District has no funds to be reported pursuant to NRS 354.6107 through NRS 354.6113 and NRS 354.589155.

This report is intended solely for the use of Moapa Valley Water District, the State of Nevada, and other audit agencies and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Hinton Burdick, PLLC".

HintonBurdick, PLLC
Mesquite, Nevada
November 17, 2015



**Schedule of Findings and Recommendations
For the Fiscal Year Ended June 30, 2015**

Directors and Members of the Board
Moapa Valley Water District
Logandale, Nevada

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. We noted a few areas needing corrective action in order for the District to be in compliance with laws and regulations and we found circumstances that, if improved, would strengthen the District’s accounting system and control over its assets. These items are discussed below for your consideration.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

No issues noted

COMPLIANCE AND OTHER MATTERS:

Compliance:

2015-001 Expenditures in Excess of Budget Appropriations

We noted that the District’s expenditures exceeded the approved budget appropriations for the fiscal year 2015 in violation of NRS 354.626. However, the District’s over expenditure of the budget appears to be related to the flooding that occurred in September 2014. Various repairs to the water system were needed in response to the flooding that occurred. Nevertheless, the District’s budget was not appropriately augmented to adjust for these unanticipated expenditures.

Recommendation

The District should follow State guidelines and appropriately augment the budget when expenditures are expected to exceed previous budget appropriations.

Other Matters:

None noted.

Please respond to the above findings and recommendations in letter form.

This letter is intended solely for the use of the Board, management and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the District this past year. We would like to express special thanks to each of you who assisted us so efficiently in this year's audit. We invite you to ask questions of us throughout the year as you feel it necessary and we look forward to a continued pleasant professional relationship.

Sincerely,

A handwritten signature in cursive script that reads "Hinton Burdick, PLLC".

HintonBurdick, PLLC

November 17, 2015