

**GREENFIELDS IRRIGATION DISTRICT  
FAIRFIELD, MONTANA**

**FINANCIAL & COMPLIANCE  
REPORT**

**FOR THE YEAR ENDED  
December 31, 2014**

**DONALD NOLAN DAVIES**  
Certified Public Accountant

**GREENFIELDS IRRIGATION DISTRICT,  
FAIRFIELD, MONTANA**

**DECEMBER 31, 2014**

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**GREENFIELDS IRRIGATION DISTRICT  
FAIRFIELD, MONTANA**

ORGANIZATION

DECEMBER 31, 2014

BOARD OF COMMISSIONERS

President .....	Tim Brunner
Vice President .....	Bill Norris
Commissioner .....	Mark Coverdell
Commissioner .....	David Gulick
Commissioner .....	Chris Ostberg

OFFICERS/EMPLOYEES

Acting Manager .....	Charlie Clement
Secretary .....	Trudy Whitmore

GREENFIELDS IRRIGATION DISTRICT  
FAIRFIELD, MONTANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Greenfields Irrigation District (District), the District offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2014. Please read it along with the District's financial statements which begin on page 6. The District financial operations include the Greenfields Electric Inc as a blended component unit

FINANCIAL HIGHLIGHTS

The District's net position increased by \$944,000 in 2014 due to the District's water service contracts that were converted to full assessment acreage. The assessment was \$500 per acre resulting in \$858,000 of revenue (net of allowance for uncollectible accounts). The District has included the Greenfield Electric, Inc. as a component unit in 2014.

USING THIS ANNUAL REPORT

This annual report consists of the statements of net position, activities, and cashflows along with the notes to the financial statements. These statements include all assets and deferred inflows of resources and liabilities and deferred outflows or resources of the District the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

The information in this report answer the question of whether the financial condition of the District is better or worse as a result the year's activities? The change in net position (the difference between total assets and deferred inflows and total liabilities and deferred outflows) over time is one indicator of whether the District financial health is improving or deteriorating. However, you need to consider other nonfinancial factors in making an assessment of the District's health, such as changes in District's infrastructure.

THE DISTRICT AS A WHOLE

The District's statement of net position (condensed and rounded to the nearest \$1,000) is as follows:

Current assets .....	\$3,271,000
Other assets .....	1,118,000
Capital assets - net .....	1,170,000
Total assets .....	<u>\$5,559,000</u>
Current liabilities .....	<u>\$1,046,000</u>
Net position .....	<u>\$4,513,000</u>
Net position consist of:	
Net investment in capital assets .....	\$1,170,000
Unrestricted .....	3,343,000
Total net position .....	<u>\$4,513,000</u>

The net position increased from the prior year due to the conversion of the acreage under the water service contracts which resulted in an additional assets added in the current year. The other elements of the statement of net position were stable.

The District's statement of activities (condensed and rounded to nearest \$1,000) is as follows:

Operating revenues .....	\$1,622,000
Operating expenses .....	<u>(1,767,000)</u>
Operating income (loss) .....	(145,000)
Non-operating income (expense) .....	231,000
Special item - water service contract conversion charges .....	<u>858,000</u>
Change in net position .....	944,000
Beginning net position .....	<u>3,569,000</u>
Ending net position .....	<u><u>\$4,513,000</u></u>

The operating revenues and expenses were stable compared to the prior year. The non-operating items were stable except for the conversion of the acres previously under the water service contracts to full assessment acreage. This conversion resulted in \$858,000 of additional revenue (net of the allowance for uncollectible accounts) in 2014.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The District continues to repair and replace equipment as needed to maintain operations. The District had the D-7 dozer go through a major repair of \$92,000 and they purchased a pickup and a dump box and a mower. No debt was incurred for financing of these items. The compensated absences decreased due to payout of benefits to the retirement of long term employees. See Notes 6 and 7 on page 13 and 14 for more information on capital assets and long term debt.

**THE FUTURE OF THE DISTRICT**

In terms of the future, GID is presently in good financial condition. The current assessment rate is \$16.50/acre for the 2015 season and an increase to approximately \$22.00/acre is anticipated to be approved by the Board starting for the 2016 season.

GID expects to replace some larger equipment and its vehicle fleet as well as undertake some significant Operation and Maintenance (O&M) projects. The increased assessment rate will be utilized to facilitate those efforts. In an organization such as an irrigation district there is always the potential for significant extraordinary and unanticipated expenses due to emergencies. The District has set aside reserve funds for such an event. It is the Board's goal to continue to grow those emergency funds.

In summary, GID is pleased with the future overall financial condition of this District. GID's goal is to continue to provide an exceptional, cost effective service for our water users.

Respectfully,  
 Erling A. Juel, P.E,  
 District Manager  
 Greenfields Irrigation District

# **DONALD NOLAN DAVIES**

CERTIFIED PUBLIC ACCOUNTANT

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Greenfields Irrigation District  
Fairfield, Montana

### **REPORT ON THE FINANCIAL STATEMENTS**

I have audited the accompanying statement of net position as of December 31, 2014, of Greenfields Irrigation District, Fairfield, Montana (the "District") and the statement of changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic 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 U.S. generally accepted accounting principles; 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***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Audit Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Greenfields Irrigation District, Fairfield, Montana, as of December 31, 2014, and the respective changes in financial position and cash flows, for the year then ended in accordance with U.S. generally accepted accounting principles.

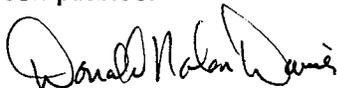
### ***Other Matters***

#### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 2 through 4 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 by placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplemental information in accordance with U.S. general accepted auditing standards, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquires, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements, I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, I have also issued my report dated September 25, 2015 on my consideration of Greenfields Irrigation District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Greenfields Irrigation District's internal control over financial reporting and compliance.



September 25, 2015

**GREENFIELDS IRRIGATION DISTRICT  
FAIRFIELD, MONTANA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2014**

	Total
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents .....	\$1,281,497
Certificates of Deposit .....	1,577,409
Accounts Receivable .....	34,710
Water Service Contract Conversion Receivable - current portion .....	174,521
Grants Receivable .....	20,971
Inventory .....	181,778
Total Current Assets .....	<u>3,270,886</u>
Non-Current Assets:	
Investment in Turnbull Hydro, LLC .....	646,520
Water Service Contract Conversion Receivable - non-current portion .....	462,848
MVC Patronage Stock and Other .....	8,707
Total Non-Current Assets .....	<u>1,118,075</u>
Capital Assets .....	4,079,540
Less Accumulated Depreciation .....	<u>(2,909,893)</u>
Capital Assets - Net .....	<u>1,169,647</u>
Total Assets .....	<u><u>\$5,558,608</u></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Payroll Payable .....	624
Irrigation Fees collected in advance .....	801,259
Grazing Fees collected in advance .....	89,765
Unearned Grant Revenue .....	46,016
Compensated Absences .....	107,994
Total Current Liabilities .....	<u>1,045,658</u>
Total Liabilities .....	<u><u>\$1,045,658</u></u>
<b>NET POSITION</b>	
Net Investment in Capital Assets .....	\$1,169,647
Unrestricted .....	<u>3,343,303</u>
Total Net Position .....	<u><u>\$4,512,950</u></u>

See Notes to Financial Statements

**GREENFIELDS IRRIGATION DISTRICT  
FAIRFIELD, MONTANA**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Total</u>
<b>OPERATING REVENUE:</b>	
Charges for Services- Irrigation .....	\$1,324,849
Sale of Materials and Services .....	166,880
Grazing Income .....	90,051
Excess Water Sales .....	20,465
Miscellaneous .....	<u>20,023</u>
Total Operating Revenue .....	<u>1,622,268</u>
<b>OPERATING EXPENSE:</b>	
Personal Services .....	1,136,664
General and Administrative .....	139,800
Equipment and Operations .....	186,170
Stores .....	112,195
Contracts and Services .....	91,600
Depreciation .....	<u>101,107</u>
Total Operating Expense .....	<u>1,767,536</u>
<b>OPERATING INCOME</b> .....	<u>(145,268)</u>
<b>NON-OPERATING REVENUE (EXPENSE):</b>	
Investment Earnings .....	38,751
Infrastructure Grants Revenue .....	151,285
Infrastructure Project Expense .....	(151,285)
Reimbursements .....	35,578
Distributions from Turnbull Hydro, LLC .....	<u>157,000</u>
Non-operating - Net .....	<u>231,329</u>
<b>SPECIAL ITEM:</b>	
Water Service Contract Conversion Charges .....	858,150
<b>CHANGE IN NET POSITION</b> .....	944,211
<b>NET POSITION:</b>	
Beginning of the Year (restated - see footnote 9) .....	<u>3,568,739</u>
End of the Year .....	<u><u>\$4,512,950</u></u>

See Notes to Financial Statements

**GREENFIELDS IRRIGATION DISTRICT  
FAIRFIELD, MONTANA**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Total</u>
<b>CASH FLOWS FROM OPERATIONS</b>	
Receipts from customers .....	\$1,642,171
Payments to employees .....	(1,157,396)
Payments to suppliers .....	<u>(592,811)</u>
Net Cash Provided by Operations .....	<u>(108,036)</u>
<b>CASH FLOWS FROM (TO) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Cash receipts for infrastructure grant projects .....	280,790
Cash receipts for water service conversion acreage .....	220,781
Cash payments for capital assets .....	(139,445)
Payment of infrastructure grant project costs .....	<u>(151,285)</u>
Cash Flows (to) Capital Assets and Related Financing Activities .....	<u>210,841</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Investment earning received and other .....	70,702
Proceeds from sale of investments .....	177,559
Distributions from Turnbull Hydro .....	<u>157,000</u>
Cash Flows (to) Investing Activities .....	<u>405,261</u>
<b>INCREASE IN CASH</b> .....	508,066
<b>CASH BALANCE - Beginning of the Year</b> .....	<u>773,431</u>
<b>CASH BALANCE - End of the Year</b> .....	<u><u>\$1,281,497</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATIONS</b>	
Operating Income .....	(\$145,268)
Adjustments to Reconcile to Cash Flow:	
Add-back Depreciation .....	101,107
Increase (Decrease) in Unearned Revenue .....	41,664
(Increase) Decrease in assessments receivable .....	(16,200)
(Increase) Decrease in stores inventory .....	(63,248)
(Increase) Decrease in MVP patronage stock .....	(5,561)
Other Changes in operating activities .....	1,463
Increase (Decrease) in Compensated Absences .....	<u>(21,993)</u>
Net Cash Provided by Operations .....	<u><u>(\$108,036)</u></u>

See Notes to Financial Statements

**GREENFIELDS IRRIGATION DISTRICT  
FAIRFIELD, MONTANA**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

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Greenfields Irrigation District - Notes to Financial Statements

**GREENFIELDS IRRIGATION DISTRICT  
FAIRFIELD, MONTANA**

**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2014

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Greenfields Irrigation District was established in the early 1900's to provide water for irrigation of cropland in the district, which irrigates approximately 80,000 acres located in Teton and Cascade Counties, Montana. It was formed under what is now Title 85, Chapter 7 of Montana Codes Annotated.

The District is governed by a Board of Commissioners, elected by the water users, and by a manager hired by and responsible to the Board. The Board is authorized by law to assess the users for funds needed to operate the irrigation district based on the budget as adopted. The assessment are levied and collected by the county in which the irrigated land is located. The first ½ of the assessment is due November 30 and the second ½ is due on May 31 of the following year.

The financial statements include all operations controlled by the District. A reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of the relationship are such that exclusion would cause the reporting entity's financial statements to be misleading. Based on this criteria, the District is considered to be a primary government and has one component unit. The District owns 100% of Greenfield Electric, Inc. (GEI). GEI meets the criteria of financial accountability and is included as a blended component unit of the District since the GEI governing body is substantially the same as the District and there is a financial benefit or burden relationship between GEI and the District. As required by generally accepted accounting principles the accompanying financial statements present Greenfields Irrigation District as a single enterprise fund.

**B. Measurement Focus, Basis of Presentation, and Basis of Accounting**

The financial statements of the District are prepared in accordance with U.S. generally accepted accounting principles (GAAP).

Enterprise funds (business activities) are reported using the economic resources measurement focus and the accrual basis of accounting. The operations are financed and operated in a manner similar to private business enterprises and where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services be financed or recovered primarily through user charges.

Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place. Charges for services are reported as operating revenues; contributions, investment earnings, and capital grants are reported as non-operating revenues. All assets and liabilities are recorded in the enterprise fund financial statements including capital assets and long-term liabilities.

Greenfields Irrigation District - Notes to Financial Statements

C. Cash and Cash Equivalents

The District's cash is invested as permitted by law. State law restricts investments to certificates of deposit, repurchase agreements, or direct obligations of the U.S. Government. Investments are reported at fair value which is based primarily on quoted market prices. The difference between cost and fair value is immaterial.

For the statement of cash flows purposes cash equivalents consist of cash and money market accounts. The District limits exposure to credit risk (the risk that an issuer or other counter party to an investment will not fulfill its obligation) by following state law and ensuring all deposits are covered by FDIC insurance or collateralized.

D. Special Assessments

The assessments are based on acreage to be irrigated. Assessments are collected by the County Treasurer who credits to the Irrigation District its respective share of the collections. The assessments are collectable in two installments, which become delinquent after November 30 and May 31. An allowance for uncollectible assessment receivable has not been made as there are no long term receivables and water can be denied to an irrigator that does not pay.

The November assessment is for the following year's irrigation season and so the collections in November and December are recorded as unearned revenue and the District recognizes the assessment revenue in the year the service is provided.

E. Inventories

Inventories consist of various materials and supplies used to maintain the irrigation system and are stated at cost. Cost is determined primarily by the first-in, first-out method. These items may be purchased by water users for use in maintaining their portion of the irrigation system not required to be maintained by the District.

F. Capital Assets

All capital assets are recorded at cost. Public domain (Infrastructure") assets such as canals, drainage system, dam repairs, bridges, etc., are immovable and are owned by the U.S. Department of Interior, Bureau of Reclamation. The District does not record these assets and Greenfields Irrigation receives use of these assets at no cost. Any repairs to the dams that come under Safety of Dams are split 85% to Safety of Dams and the remaining 15% is paid by the District and such repairs are expensed. Any repairs to the canals, drainage system, and bridges are costs to the District and are expensed.

Only assets with a cost of \$5,000 or more are capitalized, smaller purchases are expensed when purchased. Depreciation is computed using the straight line method and the estimated useful lives are as follows:

Canal linings .....	20 years
Buildings .....	25 years
Equipment .....	3 - 22 years

Greenfields Irrigation District - Notes to Financial Statements

G. Compensated Absences

All District employees are permitted to accumulate vacation and sick leave. On termination of employment, an employee is paid for accumulated vacation and for 25% of accumulated sick pay based on the current hourly rate of pay. The District records accrued vacation pay and 25% of accumulated sick pay. The District records all vacation liability and sick leave as due within one year.

H. Budgets

A legally adopted budget is not required for the District, therefore, a budget to actual statement is not included.

I. Use of Estimates

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

J. Net Position

Statement of Net Position include the following: Investment of capital assets net of related debt - The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvement of these capital assets. Restricted - The components of net position that is either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Unrestricted - the difference between the assets and liabilities that is not reported in other elements of net position. It is the District's policy to first apply restricted resource when an expense is incurred in which both unrestricted and restricted net positions are available.

2. **CASH AND INVESTMENTS**

All the District's cash and investments are insured in compliance with State law. Cash and investments held by the District (which are stated at fair value) are as follows:

Cash on hand and in banks .....	\$407,768
Cash held at the County .....	873,731
Certificates of deposit .....	1,577,409
Fannie Mae Bond (8% due 10/25/2021) .....	<u>2,731</u>
Cash reported in the District's financial statements .....	<u>\$2,861,639</u>

All cash and investments held at the bank are insured or collateralized with securities held by the financial institution's trust department or agent in the District's name.

The District participates in the Teton County Treasurer's investment program. Funds deposited with the County Treasurer are pooled and invested in accordance with State law. Funds are withdrawn from the investment program as needed to pay warrants. Earnings are allocated to the District on average month-end balances and are distributed monthly. It is not practical to determine

**Greenfields Irrigation District - Notes to Financial Statements**

the investment risk, collateral, or insurance coverage for the District's share of these pooled investments. Information about the pooled investments is included in the County's annual financial statements.

**3. GRANT RECEIVABLE**

The District has \$20,971 due from other governments for work done on the infrastructure projects.

**4. WATER SERVICE CONTRACT CONVERSION CHARGES**

The Bureau of Reclamation provided the District with notice that they would no longer be able to provide water to acreage that was serviced under the water service contracts. In 2014, the District allowed for conversion of acres under the water service contracts to full service acreage in order to comply with the notice. The District billed \$500 per acre for a total of \$1,009,150. The balance of the charges are allowed to be paid over 7 years at 0% interest. The District received \$233,315 in 2014. The District set up an allowance for doubtful accounts of \$151,000.

**5. INVESTMENT - TURNBULL HYDRO, LLC.**

The Greenfields Electric, Inc (GEI) was formed as a for profit corporation to invest funds in the Turnbull Hydro, LLC. GEI owns 8 ½% of capital in the Turnbull power plant facility and receives 10% of the profit and loss of the facility. The District owns 100% of GEI. The remaining 91 ½% is owned by the developer and other investors.

GEI borrowed \$646,520 from the District in 2011 to purchase the shares of Turnbull Hydro, LLC at an annual interest rate of 8% to be paid back over 20 years. The first payment was due on June 12, 2013 and the remaining payments are due on January 1 of each year. The note is to be paid back from the electricity proceeds. Annual payments of \$65,850 are required. Principal payment on the note for 2014 was \$36,131. The amount due on the demand note receivable at December 31, 2014 was \$607,314. As noted in footnote 1, GEI has been blended with the District for financial reporting purposes.

**6. CAPITAL ASSETS**

The changes in capital assets during 2014 were as follows:

	Balance December 31, 2013	Additions	Deletions	Other Changes	Balance December 31, 2014
<b>Cost of Assets:</b>					
Land .....	\$135,725				\$135,725
Canal Linings .....	209,617				209,617
Buildings .....	267,130				267,130
Equipment .....	2,812,786	\$139,445	(\$19,348)	\$42,870	2,975,753
Construction in Progress - Gibson Hydropower project ...	491,315				491,315
<b>Total</b>	<b>3,916,573</b>	<b>139,445</b>	<b>(19,348)</b>	<b>42,870</b>	<b>4,079,540</b>

Greenfields Irrigation District - Notes to Financial Statements

	Balance December 31, 2013	Additions	Deletions	Other Changes	Balance December 31, 2014
<b>Accumulated Depreciation:</b>					
Canal Linings .....	(52,404)	(10,481)			(62,885)
Buildings .....	(267,130)				(267,130)
Equipment .....	(2,341,837)	(90,626)	19,348	(166,763)	(2,579,878)
<b>Total .....</b>	<b>(2,661,371)</b>	<b>(101,107)</b>	<b>19,348</b>	<b>(166,763)</b>	<b>(2,909,893)</b>
<b>Net Book Value .....</b>	<b>\$1,255,202</b>	<b>\$38,338</b>	<b>\$0</b>	<b>(\$123,893)</b>	<b>\$1,169,647</b>

Gibson Dam Hydropower Project

The District is participating in a joint venture to install and operate electric generators in the Gibson Dam. The Bureau of Reclamation permits the installation of the generators. The generators are 50% owned by the District and 50% owned by companies in the electricity production business. Each partner owns 50% of the Gibson Dam Hydro Electric Company, LLC which applied for permits for the installation and is obtaining a hydro-electricity license to permit the facility. Each partner, to date, has invested \$491,315 in the process to obtain the permits. Each partner invested \$0 for the year ended December 31, 2014. The District expects to depreciate its 50% investment when the generators start producing electricity.

**7. LONG-TERM DEBT - Changes in long-term debt during 2014 are as follows:**

	Balance December 31, 2013	Additions	Payments and Other Changes	Balance December 31, 2014	Amount Due in One Year
Compensated Absences .....	\$129,987		(\$21,993)	\$107,994	\$107,994

**8. RESTRICTED NET POSITION**

The District had no restricted net position at December 31, 2014.

**9. RESTATEMENT OF BEGINNING NET POSITION**

The District has included GEI in the current year financial statements as a blended component unit. The restatement of beginning net position is as follows:

Prior year ending net position - GID .....	\$3,409,237
Prior period adjustment - accumulated depreciation .....	(123,893)
Plus prior year ending net position - GEI .....	283,395
<b>Restated beginning net position .....</b>	<b>\$3,568,739</b>

Greenfields Irrigation District - Notes to Financial Statements

**10. SUMMARY OF LAND AREA AND ASSESSMENT LEVIED**

Amount of assessed land in the District at December 31, 2014 was approximately 80,175 acres. The amount of assessment levied per acre was \$16.50.

**11. CONDENSED FINANCIAL STATEMENTS**

Additional information about the District and its component unit, Greenfields Electric, LLC is presented below:

	GID	GEI	total	Consolidation entries	Consolidated amounts
Current assets .....	\$2,918,572	\$400,564	\$3,319,136	(\$48,250)	\$3,270,886
Other assets .....	1,078,869	646,520	1,725,389	(607,314)	1,118,075
Capital assets .....	1,169,647		1,169,647		1,169,647
<b>Total assets .....</b>	<b>\$5,167,088</b>	<b>\$1,047,084</b>	<b>\$6,214,172</b>	<b>(\$655,564)</b>	<b>\$5,558,608</b>
Current liabilities .....	\$1,045,658	\$48,250	\$1,093,908	(\$48,250)	\$1,045,658
Non-current liabilities .....		607,314	607,314	(607,314)	0
<b>Total liabilities .....</b>	<b>1,045,658</b>	<b>655,564</b>	<b>1,701,222</b>	<b>(655,564)</b>	<b>1,045,658</b>
Net Investment in Capital Assets ..	1,169,647		1,169,647		1,169,647
Unrestricted .....	2,951,783	391,520	3,343,303		3,343,303
<b>Total Net Position .....</b>	<b>\$4,121,430</b>	<b>\$391,520</b>	<b>\$4,512,950</b>	<b>\$0</b>	<b>\$4,512,950</b>
Operating revenues:					
Charges for services .....	\$1,324,648		\$1,324,648		\$1,324,648
Other .....	297,620		297,620		297,620
Operating Expenses .....	(1,665,501)	(\$928)	(1,666,429)		(1,666,429)
Depreciation Expense .....	(101,107)		(101,107)		(101,107)
Operating Income (Loss) .....	(144,340)	(928)	(145,268)	0	(145,268)
Non-operating revenues (Expenses):					
Infrastructure grants .....	151,285		151,285		151,285
Investment earnings .....	86,698	303	87,001	(48,250)	38,751
Reimbursement .....	35,578		35,578		35,578
Distributions from Turnbull Hydro, LLC .....		157,000	157,000		157,000
Infrastructure expenses .....	(151,285)		(151,285)		(151,285)
Interest payments .....		(48,250)	(48,250)	48,250	0
Special item - Water service contract acreage charges .....	858,150		858,150		858,150
Change in net position .....	836,086	108,125	944,211	0	944,211
Beginning Net Assets (as restated)	3,285,344	283,395	3,568,739		3,568,739
<b>Ending Net Assets .....</b>	<b>\$4,121,430</b>	<b>\$391,520</b>	<b>\$4,512,950</b>	<b>\$0</b>	<b>\$4,512,950</b>

Greenfields Irrigation District - Notes to Financial Statements

	GID	GEI	total
Cash provided by operations . . . . .	(\$107,108)	(\$928)	(\$108,036)
Capital and related financing . . . . .	279,691	(68,850)	210,841
Investing activities . . . . .	247,958	157,303	405,261
Increase (decrease) in cash . . . . .	420,541	87,525	508,066
Beginning Cash . . . . .	460,392	313,039	773,431
Ending Cash . . . . .	<u>\$880,933</u>	<u>\$400,564</u>	<u>\$1,281,497</u>

**12. RETIREMENT AND PENSION PLANS**

The District participates in the Montana Public Employees' Retirement Administration (MPERA) which is a multiple employer, cost-sharing, defined benefit, retirement plan covering all full-time employees. The plan provides retirement, disability and death benefits. The plan is established by State law and is administered by the State of Montana.

Contribution rates for the MPERA plan are required and determined by State Law. The contribution rates for MPERS were increased in 2014 by 1% for employers from 7.07 to 8.07% and for employees hired before July 1, 2011 from 6.9% to 7.9%. There were no changes in the contribution rates for the State and employees hired after July 1, 2011.

Contribution rates, expressed as a percentage of covered payroll, were as follows:

	<u>Employer</u>	<u>Employee</u>	<u>State</u>	<u>Total</u>
MPERS . . . . .	8.07%	7.90%	0.1%	16.07%

The amounts contributed to MPERA during the year ended December 31, 2014 were equal to the required contribution for each year. The amounts contributed by the District and employees were as follows:

	<u>Employer</u>	<u>Employee</u>
2014 . . . . .	\$60,797	\$59,178

The State's contribution to MPERA in 2014 was approximately \$749, which is not recorded in the financial statements.

The plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. The report may be obtained from the following:

Montana Public Employees Retirement Administration  
 100 North Park Avenue, Suite 200  
 Helena, Montana 59620-0131  
 Telephone: (406) 444-3154

**13. OTHER POST EMPLOYMENT BENEFITS (RETIREE HEALTH CARE COSTS)**

The District's employees are provided health insurance through Montana Teamsters Employee Trust, which is part of the union contract. When an employee retires he/she may continue the health insurance through the Montana Teamsters Employee Trust but must pay his or her own premium. The District pays a flat rate for active employees to the trust for health insurance. Management is of the opinion that any liability as discussed in the Government Accounting Standards Board No. 45 is non-existent and that any expense to do an actuarial study is unnecessary costs.

**14. SERVICES PROVIDED BY COUNTY**

The District is provided various financial services by Teton County. The County also serves as cashier and treasurer for the District for special assessment collections received by the County. The collections made by the County on behalf of the District are accounted for in an agency fund in the District's name and are periodically remitted to the District by the County Treasurer. No service charges have been recorded by the District or the County.

**15. RISK MANAGEMENT**

The District faces a number of risks of loss including damage to and loss of property and contents, professional liability, errors and omissions, employee torts, environmental damage, and worker compensation. Several methods are used to provide insurance for these risks.

Commercial policies, transferring all risk of loss except for relatively small deductible amounts are purchases for property and contents damage, employee torts and medical and professional liability insurance coverage. Workers compensation is provided by the Montana State Fund and unemployment insurance is provided through the State of Montana. The District has no coverage for potential losses from environmental damages.

Levels of insurance have not changed materially from the prior year and settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**16. CONTINGENCIES AND COMMITMENTS**

The District is subject to possible examinations by State and Federal governments for compliance with the requirements of grants received in current and prior years.

**17. SUBSEQUENT EVENTS**

Due to changes by the Governmental Accounting Standards Board (GASB), the District will be required to record their proportionate share of the unfunded liability for the Montana Public Employees Retirement System (MTPERS) in 2015. The estimated liability, as reported by the MTPERS is \$804,000.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS**

Board of Commissioners  
Greenfields Irrigation District  
Fairfield, Montana

I have audited, in accordance with U.S. generally accepted auditing standards 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 Greenfields Irrigation District (District), Fairfield, Montana, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated September 25, 2015.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I 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 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.

My 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. Given these limitations during the audit I did not identify any deficiencies in internal control that I consider to be a material weakness. However material deficiencies may exist that have not been identified.

**COMPLIANCE AND OTHER MATTERS**

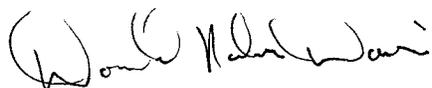
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

#### **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result 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.



September 25, 2015