

# Staff Report

**TO:** Board of Directors

**FROM:** Marvin Davis, MBA, CPA, Finance Manager/Treasurer  
Debbie Martin, CPA (inactive), Controller

**DATE:** September 22, 2021

**SUBJECT: Comprehensive Annual Financial Report - 2020**

---

---

***FINANCE***

## **RECOMMENDATION:**

Receive an informational presentation of the District's 2020 Comprehensive Annual Financial Report (CAFR) and authorize the Finance Manager to publish the report.

## **BACKGROUND:**

The California Government Code (GC 26909), Grant Contracts, Debt Continuing Disclosure, and Rating Agencies require audited financial statements of the District. The GC requires the District to file its' audited financial statements with the County within 12 months of the end of the fiscal year. The State Controller's Office (SCO) requires the filing of its financial report by January 31, 2022. The District's Debt Covenant agreements requires filing its' financial report no later than 270 days after its fiscal year.

The District contracted with the firm Richardson and Company, LLP, in October 2013 for this service. The contract covers a five-year engagement consistent with Board policy and industry standards. The contract was extended in October 2018 for an additional three years.

The 2020 CAFR continues to carry the final two remaining findings from FY 2013. Staff continues to improve internal controls to provide a final trial balance to the auditors within 120 days after close of fiscal year without a need for additional adjusting entries. Staff reduced the need for adjusting entries from 66 to 59. Also, improvement to Recreation's cash handling procedures are necessary to remove the other audit findings. These findings as well as a detailed response from the District are noted in the Schedule of Findings and Responses.

The 2019 CAFR received the distinguished Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) program, and staff feels confident this year's report will meet

these standards. To receive this award, a government must publish an easily readable and efficiently organized CAFR that satisfies both the Governmental Accounting Standards Board (GASB) and applicable legal requirements. There are a few significant changes from the prior year's report.

- Unrestricted cash position increased by \$10.3 million as the District is building reserves anticipating capital project spending.
- Restricted cash position decreased by \$9.1 million as the District spent the remaining 2016A bond proceeds for the Combie Phase 1 Project.
- GASB 68 (Net Pension Liability) liability increased by \$2.9 million. The \$52.4 million liability is funded in accordance with the CALPERS 30-year amortization schedule. Due to the volatility of this liability, staff does not recommend funding it through a separate trust.
- Long-term debt decreased by \$3 million due to refunding of its' 2011A series debt (\$1.5 million) as well as amortization of these remaining liabilities.
- GASB 75 (Other post-employment benefits) liability decreased by \$3.5 million. The District is funding this liability through its' CALPERS Trust and has roughly 6 more years. Upon completion of this funding, the District can use this trust to reduce its' current medical premiums.
- Net Deferred Outflows (Assets) are roughly unchanged while Deferred Inflows (Liabilities) increased by approximately \$2.6 million, resulting in a reduction to the net position. Depending on actuarial assumptions, these long-term balances may never have a cash impact.
- Prior to restatement, Net Position increased by \$18.2 million, net income from operations contributed \$1.9 million, non-operating income contributed \$13.8 million and other contributions (capacity fees, special assessment) \$2.4 million. The District increased operating revenue by \$3.8 million and reduced operating expenses by \$3.7 million from the prior year. The restatement of Net Position, a \$3 million reduction, is due to implementation of GASB Statement No. 84. Additional details are found in the notes.

The Finance department considers it a privilege to present this CAFR to the Board and offer sincere gratitude to all departments and our patient auditors. This item is in alignment with Goal No. 1 of the District's Strategic Plan, as it demonstrates timely management of the District's financial resources.

**BUDGETARY IMPACT:** N/A

MD, DM

Attachments:

- Audited Financial Report for the year ending December 31, 2020
- Management Letter, Compliance Report, Required Communication

# NEVADA IRRIGATION DISTRICT

---

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

---

FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2020

1036 West Main Street  
Grass Valley, California







# NEVADA IRRIGATION DISTRICT

## Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2020

Prepared by the Finance Department

Marvin V. Davis, MBA, CPA  
Finance Manager/Treasurer

1036 West Main Street  
Grass Valley, California  
Phone: (530) 273-6185  
[www.nidwater.com](http://www.nidwater.com)

(This page intentionally left blank.)

NEVADA IRRIGATION DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2020

Table of Contents

**INTRODUCTORY SECTION**

Letter of Transmittal .....	i
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	ix
Organizational Chart .....	x
List of Elected and Appointed Officials .....	xi

**FINANCIAL SECTION**

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	4

Basic Financial Statements

Balance Sheets .....	13
Statements of Revenues, Expenses and Changes in Net Position.....	15
Statements of Cash Flows .....	16
Statement of Fiduciary Net Position .....	18
Notes to the Basic Financial Statements .....	19

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios (Unaudited) .....	49
Schedule of Contributions to the Pension Plan (Unaudited).....	50
Schedule of Changes in the Net OPEB Liability and Related Ratios (Unaudited) .....	51
Schedule of Contributions to the OPEB Plan (Unaudited) .....	52

Supplementary Information

Capacity Fee Schedule .....	53
-----------------------------	----

**STATISTICAL SECTION**

Description of Statistical Section.....	54
---	----

Financial Trends

Table 1: Net Position by Component.....	55
Table 2: Changes in Net Position.....	56

Revenue Capacity

Table 3: Treated Water Rates and Connection Fees .....	57
Table 4: Hydroelectric Rates, Production and Sales.....	58
Table 5: Recreation Sales and Facilities .....	59
Table 6: Raw Water Rates and Connection Fees .....	60
Table 7: Water Sales and Production by Type.....	61
Table 8: Ten Largest Water Customers .....	62
Table 9: Principal Property Taxpayers.....	63

NEVADA IRRIGATION DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2020

Table of Contents (Continued)

Debt Capacity

Table 10: Ratios of Outstanding Debt by Type .....	64
Table 11: Computation of Direct and Overlapping Bonded Debt .....	65
Table 12: Ratio of Annual Debt Service Expenses for All Debt to Total General Expenses .....	66
Table 13: Debt Service Coverage .....	67

Demographic and Economic Information

Table 14: Labor Force and Employment for Counties Served (Nevada & Placer).....	68
Table 15: Demographic and Economic Statistics .....	69

Operating Information

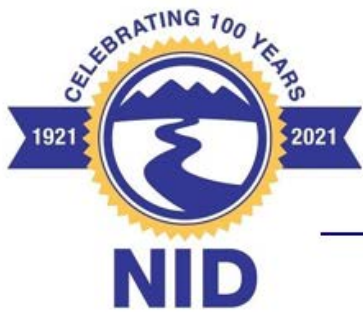
Table 16: Water System Capital Asset and Operating Indicators .....	70
Table 17: Full Time Equivalent.....	71



# INTRODUCTORY SECTION







# Nevada Irrigation District

---

September 8, 2021

To the Honorable Board of Directors of Nevada Irrigation District:

The Nevada Irrigation District (District) is required by State statute to publish, within twelve months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board (GASB) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we are pleased to present the initial Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2020. The information presented in this CAFR provides financial information with all the disclosures necessary to enable the District's customers, investment community, and public to assess the District's financial condition.

This report contains management's representations concerning the finances of the District. Management is responsible for completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework designed to protect the District's assets from loss, theft, or misuse while compiling sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the District's comprehensive framework of internal controls provides reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Richardson & Company LLP, a firm of licensed certified public accountants, contracted with the District and has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance to parties that the financial statements of the District for the fiscal year ended December 31, 2020, are free from material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended December 31, 2020, are in conformity with GAAP. The independent auditor's report is the first component located in the financial section of this report.

GASB requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter and MD&A complement the readers' understanding. The District's MD&A is located immediately following the independent auditor's report.

The CAFR contains Introductory, Financial, Required Supplementary Information, Supplementary Information, and Statistical sections. The Introductory section includes this transmittal letter, a list of principal officials and the District's organizational chart. The Financial section includes the Independent Auditor's Report on the District's financial statements, MD&A, December 31, 2020 basic financial statements, including the Balance Sheet, Statement



of Revenues and Expenses, Statement of Cash Flows, Statement of Fiduciary Net Position and Notes to the Basic Financial Statements. The Required Supplementary Information contains information on the District's pension and other postemployment benefit plan. Supplementary information consists of a Schedule of Changes in Assets and Liabilities for the Agency Funds and the Capacity Fee Report. The financial statements are prepared in accordance with GAAP. The Statistical section summarizes selected, unaudited, general financial and operational information of the District.

## **District Profile**

### History

On March 15, 1921 local organizers presented petitions carrying 800 signatures of irrigation district supporters to the Nevada County Board of Supervisors. During a public election on August 5, 1921, voters recommended formation of the district by a margin of 536-163. Nevada County Supervisors authorized the new district and 10 days following the election, on August 15, 1921, the District officially formed. The District's first board meeting occurred that day in Grass Valley's Bret Harte Hotel.

At its formation, the District included 202,000 acres in Nevada County. Five years later, in 1926, residents of Placer County chose to join the District adding another 66,500 acres. Today, the District includes more than 287,000 acres. Following its formation, the District achieved rapid progress in laying the groundwork for the new public irrigation system. During the 1920s, many important water rights were obtained, key water rights the district retains to this day. The acquisition of land to store and deliver water was a very important step in the district's development.

The District began to deliver irrigation water to local farms in 1927. At that time, irrigation water costs about 10 cents per day. By the late 1950s and early 1960s it had become apparent that the future would bring more demand for water in the District's service areas. Demand for District water was beginning to transition from canal water to piped and treated drinking water. At the same time, California was embracing development of hydroelectric power to meet the state's growing energy needs.

District leaders once again took their campaign to the electorate and in a 1962 election, 97 percent of District voters supported a \$65 million bond issue to construct the Yuba-Bear River Power Project. The major project completed from 1963-66, remains a very important milestone in District history. It brought not only power generation capability, but also new reservoirs and canal systems and, most importantly, created approximately 160,000 AF of additional water storage for District residents.

No longer would foothill reservoirs run dry in the long hot summers. Today, as the District has grown and matured into a multi-faceted water, power, and recreation agency, the District continues to take great pride in its Gold Rush roots and important place in California water history.

### Mission Statement

The District will provide a safe, dependable water supply, strive to be good stewards of the watersheds and conserve the available resources.

### Water Operation

From Mountain Division reservoirs, the District water flows through the Bowman-Spaulding Canal via Fuller Lake to PG&E's Lake Spaulding. It is then routed either down the South Yuba Canal to Upper Deer Creek, Scotts Flat and the Nevada City-Grass Valley area, or down the PG&E Drum System along the Bear River where the water is used to generate power for the District and PG&E before supplying District customers in southern Nevada County and Placer County.

The highest elevation on the District's mountain watershed is the peak of 8,373-foot English Mountain, which rises east of Bowman Reservoir. The District's highest reservoir is French Lake at 6,835 feet. The District's lowest elevation water service is located about 100 miles to the southwest, at 150 feet above sea level, south of Lincoln in Placer County.

The District's highest dam is the rock fill-earth core dam at Rollins Reservoir, built in 1965 and standing 242 feet tall. The Jackson Meadows dam (1965) is second highest at 195 feet, Scotts Flat dam (1965) is 175 feet and the Bowman South Arch dam (1925) is 171 feet high. French Dam, constructed in 1858-59, is the District's oldest dam still in use. Other dams that originated in the 1800s include the Bowman Rockfill Dam (1872), and Faucherie, Sawmill and Jackson, all constructed prior to 1880. In the lower division, Van Giesen Dam at Combie Reservoir is the oldest, built in 1928.

With precipitation data that dates to the 1800s, the District is a foremost source for regional weather information. The District has been keeping weather records for Bowman Reservoir (elev. 5,563 ft.) since 1929. The 69.56-inch annual average precipitation at Bowman compares to an annual average of 58 inches at 2,700 feet near Nevada City and 55 inches at 2,400 feet in Grass Valley. Annual precipitation measures for the 12-month period beginning July 1 and ending June 30. The District is a participant in the California Cooperative Snow Survey Project. District snow surveyors conduct snow surveys regularly during the winter and spring months. Data compiled in the snow surveys predicts water availability locally and statewide.

The District collects water on 70,000 acres of high mountain watershed. The District holds valuable water rights to these supplies and does not have to purchase water from other agencies. The water supplied to District customers originates on the upper reaches of the Middle Yuba River, South Yuba River, Bear River, Canyon Creek, Deer Creek and several tributaries. Water from the mountain snowpack flows into seven reservoirs in the District's mountain division and transports into three additional foothill reservoirs and District customers through an extensive water transmission system.

### Irrigation Water

The District operates a network of more than 475 miles of canals and pipelines to transport water to its agricultural customer base. These distribution facilities supply irrigation water to about 5,200 customers who receive water through individual metered service outlets. A large majority of agricultural purchases occur during the summer irrigation season of April 15, through October 14, and provide the supplies to sustain a large variety of agricultural crops including but not limited to irrigated pasture, vineyards, orchards, and family gardens. District water supplies are integral in sustaining a robust multi-million dollar agricultural industry in Nevada, Placer, and Yuba counties. The District's water distribution network is also pivotal in providing the water supply needs for the District's six domestic water treatment plants and the raw water supply to the City of Grass Valley, Nevada City, and a small portion of the City of Lincoln.

### Domestic Water

The District operates and maintains six domestic drinking water treatment facilities with a total treatment capacity of 41.4 million gallons per day (MGD). Last year the District produced over 2.7 billion gallons of water to more than 19,500 customers. All water supplied met or exceeded state and federal regulations for potable drinking water. These facilities include the following:

- Elizabeth George Water Treatment Plant with a capacity of 18 MGD to supply the unincorporated areas of Nevada City and Cascade Shores area
- Loma Rica Water Treatment Plant with a capacity of 8.3 MGD to supply the unincorporated areas of Grass Valley and the Alta Sierra area
- North Auburn Water Treatment Plant with a capacity of 6 MGD to serve the North Auburn area
- Lake of the Pines Water Treatment Plant with a capacity of 5 MGD to serve the Lake of the Pines and Dark

Horse subdivisions

- Lake Wildwood Water Treatment Plant with a capacity of 4 MGD to serve the Lake Wildwood and Penn Valley subdivisions
- Smartsville Water Treatment Plant with a capacity of 0.085 MGD to serve the town of Smartsville

### Water Efficiency

The District is committed to conservation and encourages wise use of water. Conservation and water use efficiency is important to preserving our precious water resources. Successful conservation activities have yielded a year over year conservative savings over 20% of 2013 levels. Water fulfills drinking, household, agricultural, safety, property preservation, and environmental purposes.

Master Gardeners and the District cooperate to demonstrate sustainable landscape techniques for the home gardening public. The District and the University of California signed an agreement to establish a demonstration garden in March 1991. The District installed water lines and electricity for irrigation timers. Master Gardeners designed and planted an herb garden, vegetable beds, and fruit trees. Master Gardeners plan, install and maintain the garden.

### Hydroelectric Operation

The District is a leader among Northern California water agencies in the production of clean, hydroelectric energy. Revenues from hydroelectricity are very important in the maintenance and operation of the District's extensive water distribution system. The District has six power plants that generate enough electricity to supply the equivalent of more than 60,000 homes and 1 solar array producing 80 kilowatt hours. The District has a hydroelectric generation capacity of 82.2 megawatts, produces an average 375 million kilowatt hours of energy each year, and sells its electrical output to the Pacific Gas & Electric Co. Power Plants and capacity of megawatts include Chicago Park 39.0, Dutch Flat 24.57, Rollins 12.15, Bowman 3.6, Combie South 1.5, Scotts Flat 0.875 and Combie North 0.5.

The District began producing power in 1966 with the completion of the \$65 million Yuba-Bear Power Project. The project included the Chicago Park and Dutch Flat powerhouses. The Rollins powerhouse came onboard in 1980. To make use of existing water releases, small power plants came onboard during the 1980s at Bowman, Scotts Flat and Combie reservoirs. The District's North Auburn 80 kilowatt solar array came online in June 2005 to offset power cost at the North Auburn water treatment plant.

The District is completing requirements for a new Federal license that will govern the Yuba-Bear Project hydroelectric operations for years to come. The District has secured a new power sales agreement that markets the Project's energy production to the Pacific Gas & Electric Company.

### Recreation Operation

The District provides outstanding outdoor recreational opportunities at District reservoirs in the foothills and mountains of the Northern Sierra. Popular Sierra foothill recreation activities at both Rollins and Scotts Flat reservoirs include camping, fishing, swimming, sunning, boating, waterskiing, sailing and kayaking. Contracted private operators and District personnel operate campgrounds and beaches. The Board of Directors establishes user fees after approval by the State Departments of Water Resources and Fish & Game.

Scotts Flat is nestled among the tall pines at the 3100-foot elevation nine miles east of Nevada City via Highway 20 and Scotts Flat Road. It offers 190 campsites at two large campgrounds plus a group camp. Across the lake, accessible via Red Dog and Quaker Hill Roads from Nevada City, is the Cascade Shores Day Use Area.

Rollins, located at the 2100-foot elevation off Highway 174 between Grass Valley and Colfax, has four independently operated campgrounds. Long Ravine, Greenhorn, Orchard Springs and Peninsula offer a combined 273 campsites

and a complete range of services including stores, restaurants, fuel sales and rentals. For 2020, the District proudly served 132,188 campers and day use visitors among its campgrounds.

The District's mountain campgrounds reside at Faucherie, Bowman and Jackson Meadows reservoirs. Nature, solitude, scenery and good fishing are among the attractions. The mountain campgrounds are normally snowed in during the winter and opened for recreation from Memorial Day through Labor Day. The District operates certain campgrounds located on United States Forest Service under permit.

#### Summary of District Operations:

- Customers: Approx. 25,000 (municipal customers: Grass Valley, Nevada City, City of Lincoln)
- Number of Employees: Full-time 200, Temporary 16
- District Geographical Size: 287,000 acres
- Mountain Watershed: 70,000 acres
- Storage Capacity: 280,380 acre-feet
- Reservoirs: 9
- Water Treatment Plants: 6
- Storage Tanks: 44
- Hydroelectric Plants: 7
- Solar Array: 80 Kilowatt
- Recreation Sites: 12
- Canals: 475 miles
- Pipelines: 406 miles
- 2020 Combined Budget: \$67 million (excluding transfers)
  - Water Division: \$46.4 million
  - Hydroelectric Division: \$17.8 million
  - Recreation Division: \$2.8 million

#### Accounting System and Budgetary Controls

The District's accounting records use the accrual basis of accounting. Revenue recognition occurs when earned and expenses when incurred.

The District staff works with the Finance Department to develop the annual budget. The process begins in July and managers develop their budget requests needed to fulfill the District's mission, goals and objectives for the next fiscal year. The Finance Department prepares the proposed budget and reviews with the Administrative Practices Committee, making any necessary adjustments arising from that review. Then the Finance Manager/Treasurer provides a copy to the Board of Directors in advance of the meeting and presents the proposed budget to the Board of Directors in October for their review. The Board adopts the budget in public hearing no later than December 31. The document is a management tool for projecting, measuring and controlling, revenues and expenses.

The District accounts for the financial transactions of the three enterprise operations separately.

#### **Factors Affecting Financial Condition**

##### Economic Outlook

The District is located in Northern California and serves parts of Nevada, Placer, and Yuba Counties.

## Nevada County

The 2020 estimated population figure for Nevada County, as provided by the Demographic Research Unit of the Department of Finance released on May 7, 2021, is 97,466 with approximately 67% or 65,414 of the residents living in the unincorporated areas of Nevada County. This is a slight decrease from the 2019 estimate of 97,755. The town of Truckee is the largest of the three cities within the County with 16,213 residents. The City of Grass Valley is the second largest city with a population of 12,758. Nevada City serves as the County seat with a population of 3,081.

The County's monthly labor force data from the State of California Employment Development Department as of July 16, 2021, shows total labor force as of December 2020 was 46,600, which was a decrease of 1,650 from the 2019 figure for the same month. Nevada County's unemployment rate in December 2020 was 7.0% which was an increase from December 2019's unemployment rate of 3.1%. California's statewide rate was 9.3% for the same period. Statistics from the US Census Bureau as of July 16, 2021 shows the median household income within the County of Nevada is \$66,096 (in 2019 dollars). This is 18% lower than the California median household income of \$80,440.

The County has experienced a constant economic upcycle for 10 years. However, with advent of the COVID-19 pandemic and restrictions placed on the certain sectors within the County beginning in March of 2020, the unemployment rate substantially increased, and sales tax revenue dipped slightly. The 1% Local Sales and Use Tax revenue to the County decreased by 1.5% from year over year, this slowing in consumer spending is reflective of the constraints on businesses due in response to the COVID-19 Pandemic in March-May. Sales tax revenue is estimated to remain flat in the subsequent fiscal year while riding out the COVID-19 wave.

The real estate market appeared steady with some fluctuation in median housing prices over the past year. California Association of Realtors data showed the median residential property price in Nevada County for September 2020 was \$478,750 from \$399,000 in September of 2019 which is a 20% increase. The real estate market in the eastern portion of the county has increased with the median sales reported at \$759,000 in September 2020, which is a 9% increase from 2019 according to Zillow.com.

## Placer County

The 2020 estimated population figure for Placer County, as provided by the Demographic Research Unit of the Department of Finance released on May 7, 2021, is 404,994 with approximately 28% or 114,613 of the residents living in the unincorporated areas of Placer County. This is a 1.5% increase from the 2019 estimate of 398,329. The town of Roseville is the largest of the six cities within the County with 146,875 residents. The City of Rocklin is the second largest city with a population of 70,469. Lincoln is the third largest city with a population of 49,624.

The County's monthly labor force data from the State of California Employment Development Department as of July 16, 2021, shows total labor force as of December 2020 was 184,700, which was a decrease of 3,700 from the 2019 figure for the same month. Placer County's unemployment rate in December 2020 was 6.0% which was an increase from December 2019's unemployment rate of 2.9%. California's statewide rate was 9.3% for the same period. Statistics from the US Census Bureau as of July 16, 2021 shows the median household income within the County of Placer is \$89,691 (in 2019 dollars). This is 11.5% higher than the California median household income of \$80,440.

During fiscal year 2019-20, the County, for the ninth consecutive year, saw positive trends in certain economic segments led by real estate and household income. However, economic conditions are changing due to the COVID-19 pandemic, with the County's unemployment rate increasing and tourism revenue decreasing during the fiscal year. The fiscal year 2020 total secured tax roll shows a 5.6% increase in assessed values to \$81.2 billion. The County's median home value increased in 2019 to approximately \$490,000. Gross value of agricultural products rose 17% in 2019 to \$86,707,959. The top five crops for 2019 were rice, cattle, walnuts, nursery stock and timber. Transient occupancy taxes (TOT) decreased by 18.4% to \$17.7 million in fiscal year 2019-20 from the prior year.

Property and real property transfer taxes are projected to continue to grow at a moderate pace of about 2.5 to 4.5% for the next several years. Sales tax collections are estimated to increase \$1.5 million in fiscal year 2020-21, along



with an estimated increase in hotel taxes by \$1.3 million. Targeted revenue sources in some departments continue to improve, primarily Public Safety and Health and Human Services. With an uptick in building permit activity, several large residential developments are in progress, and coupled with recent job growth, the local economy is expected to improve in the near-term and position the County favorably for future growth.

## Yuba County

The 2020 estimated population figure for Yuba County, as provided by the Demographic Research Unit of the Department of Finance released on May 7, 2021, is 79,407 with approximately 80% or 63,596 of the residents living in the unincorporated areas of Yuba County. This is a slight increase from the 2019 estimate of 78,510. The town of Marysville is the County seat and one of California's most historic cities with 12,201 residents. The City of Wheatland has a population of 3,610.

The County's monthly labor force data from the State of California Employment Development Department as of July 16, 2021, shows total labor force as of December 2020 was 29,500, which was a decrease of 500 from the 2019 figure for the same month. Yuba County's unemployment rate in December 2020 was 9.8% which was an increase from December 2019's unemployment rate of 6.1%. California's statewide rate was 9.3% for the same period. Statistics from the US Census Bureau as of July 16, 2021 shows the median household income within the County of Yuba is \$58,054 (in 2019 dollars). This is 28% lower than the California median household income of \$80,440.

Fiscal year 19-20 was a year of growth for Yuba County. The County began experiencing an increase in housing construction and an accompanying increase in property values. This resulted in growth in property tax revenues. Coupled with that growth was an increase in sales tax revenues. The County collected approximately \$5.1 million in sales tax revenue specifically related to the 1% sales tax measure passed in November 2018.

During the last quarter of fiscal year 19-20 the County began its response to the COVID-19 pandemic. The initial response came under the FEMA umbrella but shifted to the Department of Health as efforts progressed. The county expended significant funds in response to the pandemic in an effort to comply with health directives, assist other agencies and organizations with their response efforts, and protect the public welfare. The county initially expected to see a decrease in sales tax revenues in the last quarter, however we noted that the revenue increased nominally. The county is in a position where the majority of discretionary revenue comes from property taxes which has currently not had a significant adverse effect on county financial operations.

## Long-term Financial Planning

In order to ensure funds are available to meet both operating and capital needs, the District established a financial planning process with development of a capital improvement program containing planned and contingent projects for a five-year period. The District estimates current and future operating needs in conjunction with a rate consultant to develop a water rate study and long-term financial plan.

NBS prepared a rate study in February 2019 recommending a five-year annual rate increases seeking public input and Board adoption. The District followed the Proposition 218 process for implementing rate increases. The Board of Directors and staff implemented a variety of financial efficiencies, which resulted in cost-savings that averted the need to evaluate a larger rate increase. The drought significantly reduced water revenues, the major source of funding for water operations, so the District continues to monitor the financial impact on future operations. In accordance with operating and capital spending plans, reserve requirements, and the adopted Fiscal Year 2020 Budget, the Board approved a 5.72% water rate increase effective July 1, 2020 under Resolution 2019-06. The District is under new General Management leadership as of June 2021 and in the process of adopting Fiscal Year 2021 budget.

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Nevada Irrigation District for its comprehensive annual

financial report for the fiscal year ended December 31, 2019. This represents four years of achieving the prestigious award. In order to be awarded a Certificate of Achievement, a government must go beyond the minimum requirements of generally accepted accounting principles (GAAP) and prepare and publish a comprehensive annual financial report that provides full disclosure in the spirit of transparency and demonstration of commitment to the highest accounting standards and compliance with legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Without the dedicated services of the entire Finance Department and other key Departmental staff, the preparation of this comprehensive annual financial report on a timely basis would be impossible. The continued support of the Board of Directors of the District in the planning and implementation of the financial systems is a critical component of the District's sustainability and resilience.

Sincerely,



Jennifer Hanson  
General Manager



Marvin V. Davis, MBA, CPA  
Finance Manager/Treasurer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Nevada Irrigation District  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

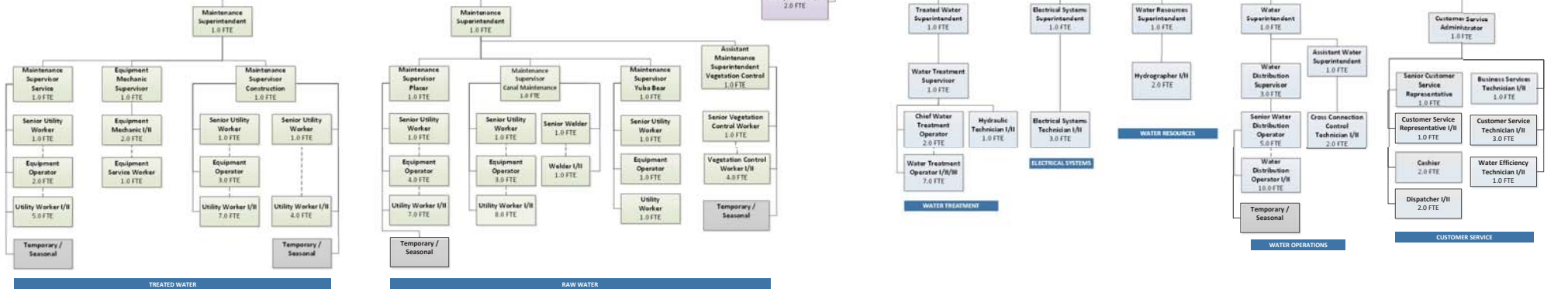
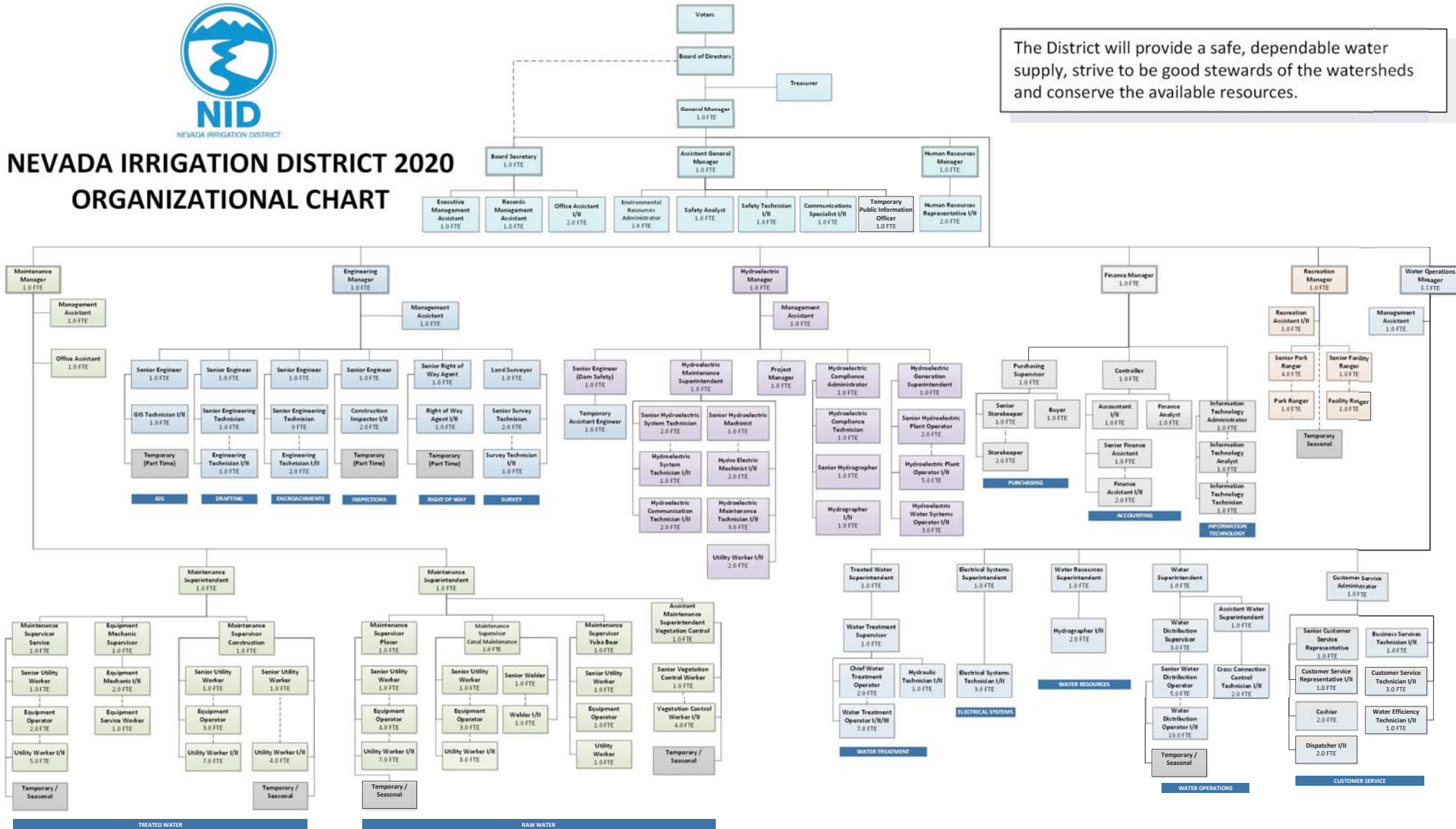
*Christopher P. Morrill*

Executive Director/CEO



# NEVADA IRRIGATION DISTRICT 2020 ORGANIZATIONAL CHART

The District will provide a safe, dependable water supply, strive to be good stewards of the watersheds and conserve the available resources.



2020 FTEs 219.00  
2020 Temps (est.) 67.00

---

# *Nevada Irrigation District*

---

## List of Elected and Appointed Officials December 31, 2020

### Board of Directors – Elected Officials



Ricki Heck – Division I  
12/2018 – 12/2022



Chris Bierwagen – Division II  
12/2018 – 12/2022



Karen Hull – Division III  
12/2020 – 12/2024



Laura Peters - Division IV  
12/2018 – 12/2022



Rich Johansen – Division V  
12/2020 – 12/2024

### Staff – Appointed Officials

General Manager .....	Jennifer Hanson
Assistant General Manager .....	Gregory Jones, MBA
Finance Manager/Treasurer .....	Marvin Davis, MBA, CPA
Interim Engineering Manager .....	Doug Roderick
Operations Manager .....	Armon “Chip” Close, T5
Interim Maintenance Manager .....	TBD
Hydroelectric Manager .....	Keane Sommers, P.E., MSC, QSP/QSD
Recreation Manager .....	Monica Reyes
Board Secretary .....	Kris Stepanian, MBA
Human Resources Manager .....	Jana Kolakowski

(This page intentionally left blank.)





# FINANCIAL SECTION









550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Nevada Irrigation District  
Grass Valley, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Water, Electric and Recreation Funds and the Fiduciary Fund of the Nevada Irrigation District (the District), as of and for the year ended December 31, 2020, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board of Directors  
Nevada Irrigation District

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Water, Electric and Recreation Funds and the Fiduciary Fund of the District as of December 31, 2020 and the respective changes in financial position and, where applicable, the cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

## **Emphasis of Matter**

As discussed in Note 15, during the year ended December 31, 2020 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension liability and related ratios, schedule of contributions to the pension plan, schedule of changes in the net OPEB liability and related ratios and schedule of contributions to the OPEB plan, as listed in the accompanying 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 District's basic financial statements. The introductory section, capacity fee schedule and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The capacity fee schedule is the responsibility of management and was derived from and relates 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

To the Board of Directors  
Nevada Irrigation District

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2021, on our consideration of the 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 the District's internal control over financial reporting and compliance.

*Richardson & Company, LLP*

August 31, 2021

## Management's Discussion and Analysis

This section presents management's discussion and analysis of the Nevada Irrigation District's (the District) financial condition from financial activities of the District for the fiscal year ended December 31, 2020. The analysis serves as an introduction to the District's audited financial statements and complements the readers understanding of those financial statements and accompanying notes.

The Nevada Irrigation District (District or NID) is an independent California special district formed in 1921 under the State's California Water Code for the purpose of providing a water supply and operating a distribution system for domestic, municipal, industrial and agricultural use. The District is a diversified water agency governed by a five-member Board of Directors elected by District voters. The Board is the District's policy-making body, while the District's General Manager, along with approximately 216 full-time, part-time and temporary employees implement policy. The District also generates renewable hydroelectric energy and provides outdoor recreation. Electric power is produced at various hydroelectric facilities and is sold to Pacific Gas and Electric Utility Company (PG&E) and Northern California Power Agency (NCPA) under various purchase agreements. Unique in many respects, NID collects water from its own high mountain watershed, operates a network of six water treatment plants, generates renewable hydroelectric energy, maintains in its water system 475 miles of canals and 411 miles of pipeline and provides outdoor recreation at the District's reservoirs to customers in Nevada, Placer and Yuba counties.

Today, the District serves 19,667 treated water connections and 5,215 irrigation water customers located within its 287,000 acreage boundary. The six water treatment plants have a peak capacity of 41.4 mgd (million gallons per day). About ninety percent of the District's average 120,000 acre-feet of raw water supplied per year is used for local irrigation. NID also generates electricity from seven power plants, which have a combined generation capacity of 82.2 megawatts. Finally, NID's mountain and foothill reservoirs provide recreational experiences, which are important economic attractions for the local tourism industry.

### Financial Highlights

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$443,040,882 (*net position*). The District has \$392,225,818 investment in capital assets, \$8,402,601 restricted by statute and debt service, and \$42,412,463 unrestricted. (see Note 6)
- The District increased its total net position in 2020 by \$15.2 million, a 3.6% increase over 2019, before restatement. While the impacts of the COVID-19 pandemic and dry weather conditions impacted revenue, operating revenues (Water, Electric, and Recreation) still contributed with an increase of \$3.8 million. The District's other non-operating revenues decreased overall by \$4.4 million with intergovernmental revenue decreasing \$3.0 million, investment income decreasing \$1.8 million, with taxes and assessments posting a slight increase of \$.4 million. Facility capacity

charges posted a \$.6 million increase with special assessment capital charges contributing an additional \$.4 million. The District included two blended component units in its water fund financial statement, Cement Hill and Rodeo Flat that were formerly presented as agency funds in the 2019 financial statements. (See Notes 3 and 15 for additional information regarding the implementation of GASB 84 and the resulting restatement for the Community Facilities District and Assessment District.)

- The District's working capital, current assets of \$87,960,086 minus current liabilities of \$9,251,974 is a positive \$78,708,112, significantly higher than 2019 by \$48.4 million. The working capital of \$78.7 million demonstrates a strong financial position, undoubtedly contributing to an excellent bond rating. The increase in working capital is due in part to increased revenue gains as previously discussed and decreased operating expenses of \$3.7 million. The significant driver, however, is the increase of \$45.5 million from the conversion of long-term investments to short term cash and the collection of the final reimbursement from the 2016A bond proceeds as well as collections of other long-term receivables of \$2.3 million.
- Investments of the District decreased \$45.5 million, as bond issuance proceeds, formerly invested, were used to pay for the final construction phase of the Combie Phase 1 canal and Bear River siphon replacement project, a major construction project commencing in 2007. Included in the decrease is the conversion of long-term investments to short term cash as previously discussed.
- The decrease in District operating expenses of \$3.7 million are driven from decreases in administration and general expenses and salaries from employee attrition of \$5.2 million and water treatment of \$.1 million offset by increases of \$1.6 million in transmission and distribution, pumping and depreciation.
- The District's Other Post-Employment Benefits (OPEB) liability was actuarially determined in 2020 and is sufficient for 2020 and 2021 estimates. The reporting period's Annual OPEB Service Cost amounts to \$.7 million. The District continues to fund this obligation with an estimated amortization period of approximately 8 years. Accounting standards required recording of the OPEB liability in the financial statements starting December 31, 2018. This year the liability decreased \$3.5 million with \$4.8 million recorded for the current year. (see Note 8)
- During 2020, the Nevada Irrigation District's total liabilities and deferred inflows decreased by \$5.1 million driven by the decreases in current liabilities of \$3.7 million, other post-employment benefits of \$3.5 million, long-term debt reduction of \$3.1 million and a slight decrease of \$.3 million for compensated absences and HRA liabilities. These decreases were offset by increases in the net pension liability of \$2.9 million and deferred inflows of \$2.6 million.
- As more fully described in Note 11, the District has significant outstanding capital commitments as of December 31, 2020 of \$15.4 million.

## Overview of the District's Financial Statements

This discussion and analysis serves as an introduction to the Nevada Irrigation District's basic financial statements. The District's basic financial statements report information about the District using accounting methods similar to those used by companies in the private sector. The financial statements provide separate information for the water, electric, and recreation operations. These financial statements include the following:

- 1) Fund financial statements and blended component units
- 2) Notes to the financial statements and
- 3) Fiduciary financial statements

In addition to the basic financial statements, the report contains required supplementary information as well as a statistical section providing historical trends, demographic and selected operating indicators.

There are several different types of financial statements within the first components identified above:

The **Balance Sheet** discloses the financial position of the District at a specific point in time, December 31, 2020. It reflects the assets of the District, its liabilities, and net position (equity). Assets and liabilities are listed in order of their estimated liquidity. Cash and other unrestricted assets readily convertible to cash are listed first. Capital assets consisting primarily of property, plant and equipment appear at the bottom of the list because of the distinctive nature of those items. The District's fiscal year is the calendar year of January 1<sup>st</sup> through December 31<sup>st</sup>.

Capital assets are presented on the balance sheet net of accumulated depreciation. Accumulated depreciation is the estimated reduction of value attributable to the wear and tear of assets caused by usage and the passage of time.

The **Statement of Revenues, Expenses and Changes in Net Position** disclose the results of operations over time, the year ended December 31, 2020. This statement reflects revenues earned (whether collected or not), and expenses incurred (whether paid or not) during the year.

This statement differs significantly from the balance sheet in that it discloses the activities of the District over the course of a year, and reconciles the net income of the District to its beginning and ending net position. The net earnings of the District flows into the net position of the District as reflected on the Statement of Revenues, Expenses and Changes in Net Position.

The **Statement of Cash Flows** combines aspects of both the balance sheet and the income statement detailing the sources of District receipts and uses of District disbursements.



The **Fiduciary Fund Statement** reflects the net position and changes in net position of fiduciary activities.

## **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 provide a narrative description of certain items contained in the financial statements to enhance the understanding of those items. The notes to the financial statements commence on page 19 and conclude on page 48 of this report.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's progress in funding its pension and other post-employment benefit obligations. Required supplementary information is located on pages 49-52 of this report. In addition, the District has elected to present Government Code 66013 Capacity Fee Report on restricted fees as additional information on page 53.

## **Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$443,040,882 at the close of the most recent fiscal year. (See Table 1)

By far the largest portion of the Nevada Irrigation District's net position (88.5% percent), consists of its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The District maintains these capital assets to provide excellent services to the citizens of its community and consequently are unavailable to cover liabilities.

**Table 1**  
**Statements of Net Position**

	2020	2019 (1)	Change
<b>Assets</b>			
Current and other assets	\$ 114,738,149	\$ 116,885,127	\$ (2,146,978)
Capital assets (net of accumulated depreciation)	435,120,809	423,090,534	12,030,275
<b>Total assets</b>	<u>549,858,958</u>	<u>539,975,661</u>	<u>9,883,297</u>
<b>Deferred outflows of resources</b>			
Deferred outflows	6,614,930	6,380,199	234,731
<b>Total deferred outflows</b>	<u>6,614,930</u>	<u>6,380,199</u>	<u>234,731</u>
<b>Total assets and deferred outflows</b>	<u>\$ 556,473,888</u>	<u>\$ 546,355,860</u>	<u>\$ 10,118,028</u>
<b>Liabilities</b>			
Current Liabilities	\$ 9,251,974	\$ 12,947,526	\$ (3,695,552)
Long-Term Liabilities	100,422,887	104,390,523	(3,967,636)
<b>Total liabilities</b>	<u>109,674,861</u>	<u>117,338,049</u>	<u>(7,663,188)</u>
<b>Deferred inflows of resources</b>			
Deferred inflows of resources	3,758,145	1,189,103	2,569,042
<b>Total deferred inflows</b>	<u>3,758,145</u>	<u>1,189,103</u>	<u>2,569,042</u>
<b>Total liabilities and deferred inflows</b>	<u>113,433,006</u>	<u>118,527,152</u>	<u>(5,094,146)</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 392,225,818	\$ 387,397,101	\$ 4,828,717
Restricted by for capacity expansion	7,472,041	6,229,224	1,242,817
Restricted for improvements	319,380		319,380
Restricted for debt service	611,180	611,180	-
Unrestricted	42,412,463	33,591,203	8,821,260
<b>Net Position</b>	<u>\$ 443,040,882</u>	<u>\$ 427,828,708</u>	<u>\$ 15,212,174</u>

(1) The restatement to implement GASB Statement 84 was not reflected in the 2019 column due to time constraints and to ease year over year comparison analysis.

The District's restricted net position of \$8,402,601 represents resources that are subject to statutory restrictions and debt service requirements. The remaining balance of its' net position, \$42,412,643 serves to meet all short and long-term annual liabilities. Unrestricted liquid cash (short-term cash and cash equivalents) is at \$70.4 million and is sufficient to meet the District's ongoing obligations to citizens and creditors consistent with prudent investment policy. At the end of the current fiscal year, the District was able to report positive balances in its net position. The same situation held true for the prior fiscal year.



**Table 2**  
**Statement of Revenues, Expenses and Changes in Net Position**

	2020	2019	Change
Operating revenues			
Water sales	\$ 27,876,917	\$ 23,380,147	\$ 4,496,770
Electrical power sales	24,022,283	24,193,843	(171,560)
Recreation fees	1,437,822	2,375,139	(937,317)
Other revenue	2,000,604	1,635,067	365,537
Total Operating revenues	<u>55,337,626</u>	<u>51,584,196</u>	<u>3,753,430</u>
Non-operating revenues			
Taxes and assessments	13,452,475	13,092,532	359,943
Investment income	1,271,584	3,038,195	(1,766,611)
Intergovernmental revenue	654,276	3,629,278	(2,975,002)
Rents and leases	170,889	172,684	(1,795)
Total Non-operating revenues	<u>15,549,224</u>	<u>19,932,689</u>	<u>(4,383,465)</u>
Total Revenues	<u>70,886,850</u>	<u>71,516,885</u>	<u>(630,036)</u>
Operating expenses			
Water	40,567,795	44,163,149	(3,595,354)
Electric	10,337,060	10,840,330	(503,270)
Recreation	2,482,649	2,127,036	355,613
Total Operating expenses	<u>53,387,504</u>	<u>57,130,515</u>	<u>(3,743,011)</u>
Non-operating expenses			
Interest expense	1,341,559	1,372,612	(31,053)
Debt issuance costs	184,194	-	184,194
Loss on asset disposal	165,523	71,159	94,364
Total Non-operating expenses	<u>1,691,276</u>	<u>1,443,771</u>	<u>247,505</u>
Total expenses	<u>55,078,780</u>	<u>58,574,286</u>	<u>(3,495,506)</u>
Income (Loss) before capital contributions	15,808,070	12,942,599	2,865,471
Capital contributions and transfers			
Facility capacity charges	1,384,151	789,537	594,614
Special assessments - capital	371,034	-	371,034
Other capital contributions and transfers	676,998	702,549	(25,551)
Total Capital contributions and transfers	<u>2,432,183</u>	<u>1,492,086</u>	<u>940,097</u>
Change in net position	18,240,253	14,434,685	3,805,568
Net Position - Beginning of year	427,828,708	413,394,023	14,434,685
Restatement	<u>(3,028,079)</u>	-	<u>(3,028,079)</u>
Net Position - Beginning of year - restated	<u>424,800,629</u>	<u>413,394,023</u>	<u>11,406,606</u>
Net Position - End of year	<u>\$ 443,040,882</u>	<u>\$ 427,828,708</u>	<u>\$ 15,212,174</u>

The District's total net position increased by \$18.2 million in 2020 before the restatement discussed above as compared with \$14.4 million in the prior year. Total revenues of \$70.9 million outpaced total expenses of \$55.1 million by \$15.8 million being driven by increased operating revenue and decreased operating expenses. The District saw increased water sales and other revenue of \$4.9 million, along with increased taxes and assessments of \$.4 million. The District also managed notable decreases in operating expenses (water and electric) of \$4.1 million over the prior year. Non-operating expenses resulting from the loss on disposal of capital assets, debt issuance costs

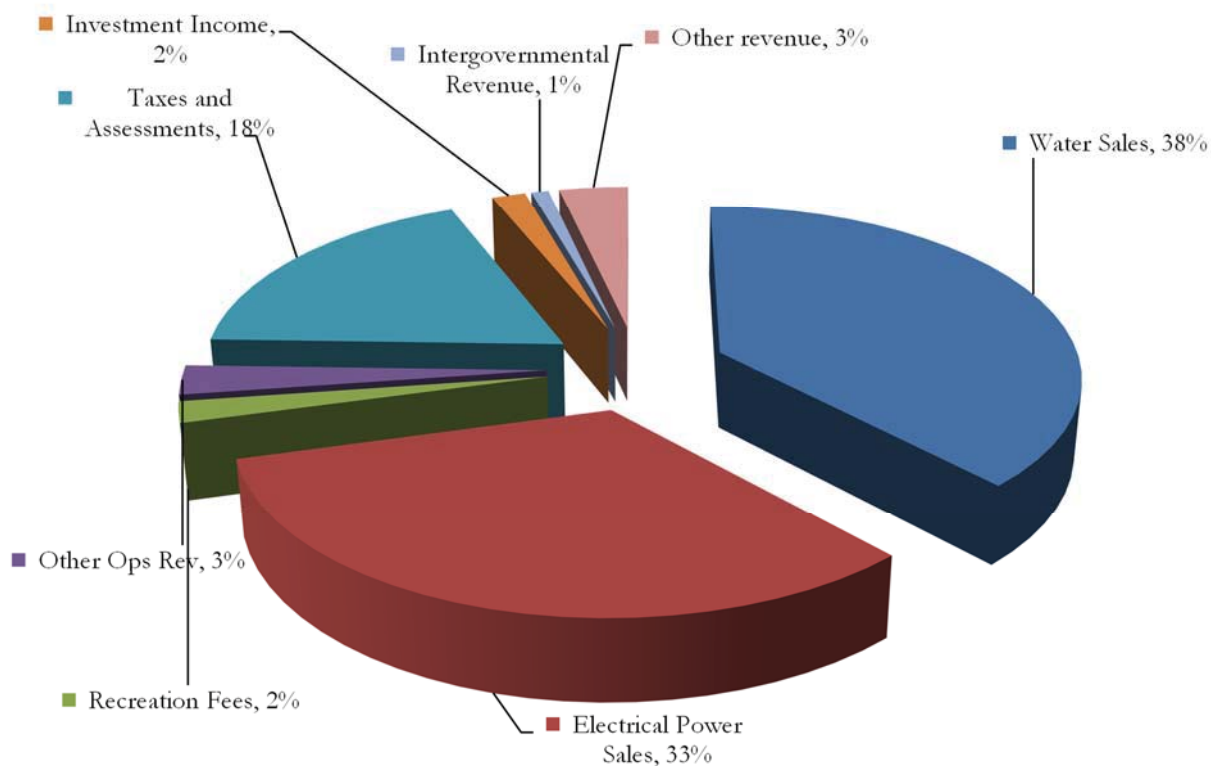
and interest expense on debt consumed an additional \$1.7 million driving the income before capital contributions down to \$15.8 million.

This year's capacity fees and capital contributions were healthy, contributing \$2.4 million, an increase over prior year's \$1.5 million, to arrive at the change in net position of \$18.2 million, approximately \$3.8 million greater than the prior period.

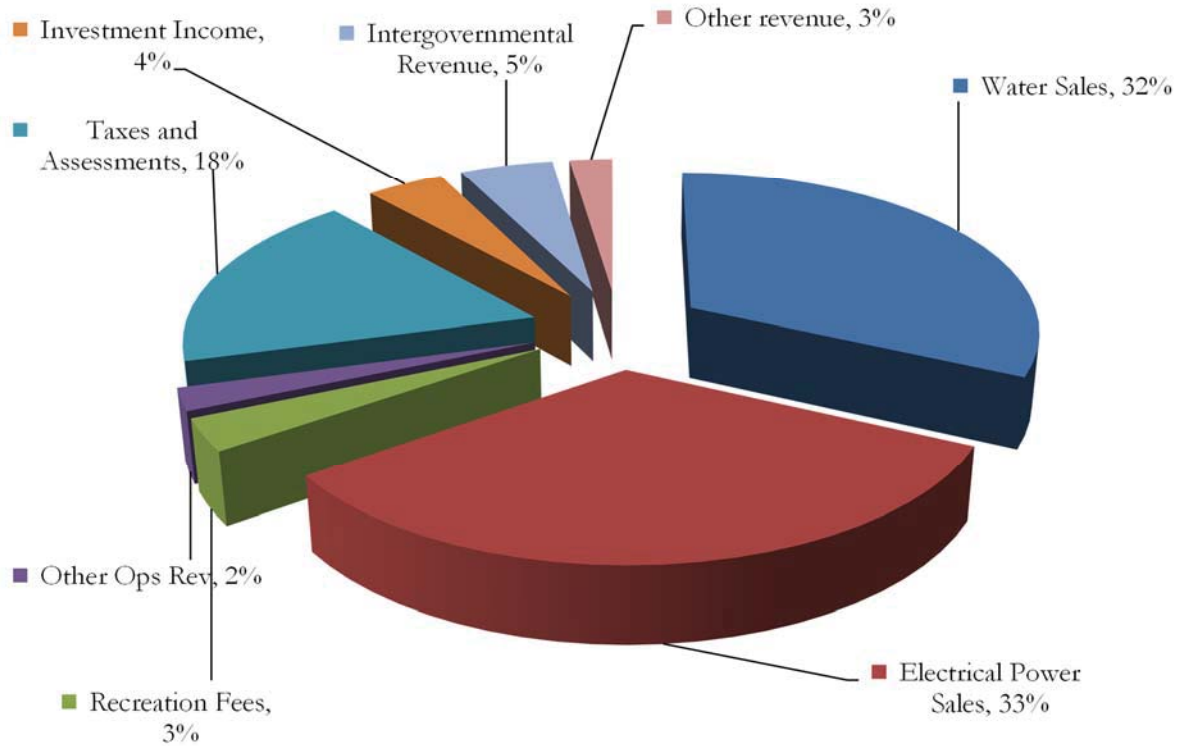
Operating expenses decreased in 2020 by \$3.7 million due to a \$5.2 million decrease in administration and general expenses (salaries, consultants and overhead), which contain Hydro and Recreation activities and treatment facilities (Water Operations). The District received \$1.4 million in capacity fee charges as reflected in the Government Code 66013 report, which is \$.6 million more than the prior year. The District has extended financing options for these fees.

The chart displays revenues (including capital contributions) for 2020 and 2019 as follows:

### 2020 Revenues \$73,319,033



## 2019 Revenues \$73,008,971



**Capital Assets.** The District’s capital assets as of December 31, 2020 was \$435,120,809 as compared to \$423,090,534 (net of accumulated depreciation) for 2019. This investment in capital assets includes land, utility plants in service, recreation facilities, machinery and equipment and construction in progress. The net increase in the District’s capital assets for 2020 is \$12.0 million, primarily due to new construction projects. Additional information on the District’s capital assets is located under Note 4 to the basic financial statements.

Major capital asset categories include the following:

### Major Capital Assets

	2020	2019
Nondepreciable capital assets	\$ 166,527,210	\$ 154,872,506
Depreciable capital assets	461,000,942	450,825,204
Less: Accumulated depreciation	<u>(192,407,343)</u>	<u>(182,607,176)</u>
Net depreciable capital assets	<u>268,593,599</u>	<u>268,218,028</u>
Net capital assets	<u><u>\$ 435,120,809</u></u>	<u><u>\$ 423,090,534</u></u>

**Long-Term Liabilities.** At the end of the current fiscal year, the District had long-term liabilities outstanding, including the current portion, of \$104,116,932 comprised of net OPEB liability,

compensated absences, HRA liability, net pension liability, revenue bonds and state loans, a decrease of \$3.4 million from the prior period. Recording of the District's net OPEB liability of \$4,789,462 and net pension liability of \$52,441,738 is an actuarial determined balance and a requirement of GAAP. The District is currently funding its' OPEB liability through a CALPERS Trust.

#### Long-Term Liabilities and Total Debt

	2020	2019
Other postemployment benefits	\$ 4,789,462	\$ 8,278,944
Compensated absences	2,865,701	2,794,492
Health reimbursement arrangement (HRA)	709,116	640,221
Net pension liability	52,441,738	49,509,681
2011A Revenue Bonds	-	19,104,348
2016A Revenue Bonds	20,936,938	21,872,369
2020A Revenue Bonds	17,589,454	-
State of California Loans	4,784,523	5,288,889
Total Outstanding	\$ 104,116,932	\$ 107,488,944

Additional information on the Nevada Irrigation District's long-term liabilities is located in Note 5 of the basic financial statements.

#### Economic Factors and Next Year's Rates

The District increased its water rates for fiscal year 2020 and 2019 by an average of six percent (6%) for both raw water and treated water customers. The District has an approved three-year rate increase strategy through 2021 and will be required to prepare a new Proposition 218 rate increase notice for any proposed rate increase subsequent to 2021.

The District continues to make an investment in its relicensing efforts with the Federal Energy Regulatory Commission (FERC). The license allows the District to operate its Yuba-Bear hydroelectric facilities located primarily on the South Yuba and Bear rivers in Nevada and Placer counties. The permanent license expired on April 30, 2013. Currently, the District operates on annual licenses from FERC until issuance of the full license by the Commission. The District has expended approximately \$16.2 million through December 31, 2020 in relicensing efforts.

The District's 2020 budget considered the above results. The District adopts its budget in accordance with California Government Codes Section 53900 – 53901, Water Code Division 11 Section 20500 – 29978 and District policy and prudent practice.

#### Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information in this report or requests for additional financial information can be directed to Finance Manager/Treasurer at 1036 West Main Street, Grass Valley, CA, 95945.

## NEVADA IRRIGATION DISTRICT

## BALANCE SHEETS

As of December 31, 2020

	Water	Electric	Recreation	Total
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 30,031,658	\$ 39,487,904	\$ 872,202	\$ 70,391,764
Accounts receivable, net	2,972,562	2,398,063	38,949	5,409,574
Interest receivable	134,499			134,499
Assessments receivable	7,650,997			7,650,997
Grants receivable	727,841			727,841
Other receivables		5,008	739	5,747
Inventory	1,949,051	6,327	6,103	1,961,481
Prepaid expenses and other current assets	1,272,584	365,181	28,360	1,666,125
Deposits	12,058			12,058
Total Current Assets	<u>44,751,250</u>	<u>42,262,483</u>	<u>946,353</u>	<u>87,960,086</u>
Noncurrent Assets				
Restricted cash and cash equivalents	8,488,077			8,488,077
Investments		16,243,407		16,243,407
Loans receivable	2,046,579			2,046,579
Total noncurrent assets	<u>10,534,656</u>	<u>16,243,407</u>		<u>26,778,063</u>
Capital Assets				
Non-depreciable	87,204,553	51,404,494	27,918,163	166,527,210
Depreciable, net	222,377,465	39,907,218	6,308,916	268,593,599
Total capital assets, net	<u>309,582,018</u>	<u>91,311,712</u>	<u>34,227,079</u>	<u>435,120,809</u>
TOTAL ASSETS	<u>364,867,924</u>	<u>149,817,602</u>	<u>35,173,432</u>	<u>549,858,958</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plan	4,328,098	984,836	201,269	5,514,203
Other postemployment benefits (OPEB) plan	956,270	130,242	14,215	1,100,727
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,284,368</u>	<u>1,115,078</u>	<u>215,484</u>	<u>6,614,930</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 370,152,292</u>	<u>\$ 150,932,680</u>	<u>\$ 35,388,916</u>	<u>\$ 556,473,888</u>

(Continued)

## NEVADA IRRIGATION DISTRICT

## BALANCE SHEETS (Continued)

As of December 31, 2020

	Water	Electric	Recreation	Total
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 2,015,289	\$ 230,591	\$ 40,303	\$ 2,286,183
Accrued payroll and benefits payable	778,360	212,850	46,940	1,038,150
Refundable deposits	585,558		1,120	586,678
Retention payable	945,798	30,251		976,049
Unearned revenue	342,424		2,028	344,452
Accrued interest payable	326,417			326,417
Compensated absences and HRA liability, due within one year	833,638	201,594	54,013	1,089,245
Long-term debt, due within one year	2,604,800			2,604,800
Total current liabilities	<u>8,432,284</u>	<u>675,286</u>	<u>144,404</u>	<u>9,251,974</u>
Noncurrent Liabilities				
Compensated absences and HRA liability, due after one year	1,824,918	513,762	146,892	2,485,572
Long-term debt	40,706,115			40,706,115
Net pension liability	41,161,520	9,366,094	1,914,124	52,441,738
Net OPEB liability	4,158,545	537,466	93,451	4,789,462
Total noncurrent liabilities	<u>87,851,098</u>	<u>10,417,322</u>	<u>2,154,467</u>	<u>100,422,887</u>
TOTAL LIABILITIES	<u>96,283,382</u>	<u>11,092,608</u>	<u>2,298,871</u>	<u>109,674,861</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred amount on refunding of debt	376,670			376,670
Pension plan	365,451	83,157	16,995	465,603
OPEB plan	2,523,087	380,211	12,574	2,915,872
TOTAL DEFERRED INFLOWS	<u>3,265,208</u>	<u>463,368</u>	<u>29,569</u>	<u>3,758,145</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>99,548,590</u>	<u>11,555,976</u>	<u>2,328,440</u>	<u>113,433,006</u>
<b>NET POSITION</b>				
Net investment in capital assets	266,687,027	91,311,712	34,227,079	392,225,818
Restricted for capacity expansion	7,472,041			7,472,041
Restricted for improvements	319,380			319,380
Restricted for debt service	611,180			611,180
Unrestricted	(4,485,926)	48,064,992	(1,166,603)	42,412,463
Total Net Position	<u>270,603,702</u>	<u>139,376,704</u>	<u>33,060,476</u>	<u>443,040,882</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 370,152,292</u>	<u>\$ 150,932,680</u>	<u>\$ 35,388,916</u>	<u>\$ 556,473,888</u>

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

NEVADA IRRIGATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2020

	Water	Electric	Recreation	Total
Operating Revenues				
Water sales	\$ 27,876,917			\$ 27,876,917
Electric power sales		\$ 24,022,283		24,022,283
Standby charges	78,055			78,055
Reimbursements	29,285	127,705		156,990
New connections and installations	1,354,008			1,354,008
Recreation fees			\$ 1,437,822	1,437,822
Other revenue	408,192	68	3,291	411,551
Total Operating Revenues	<u>29,746,457</u>	<u>24,150,056</u>	<u>1,441,113</u>	<u>55,337,626</u>
Operating Expenses				
Administration and general	13,193,188	8,310,724	2,207,748	23,711,660
Water treatment	7,736,964			7,736,964
Transmission and distribution	10,429,784			10,429,784
Pumping	1,177,979			1,177,979
Depreciation and amortization	8,029,880	2,026,336	274,901	10,331,117
Total Operating Expenses	<u>40,567,795</u>	<u>10,337,060</u>	<u>2,482,649</u>	<u>53,387,504</u>
Net Income/(Loss) from Operations	<u>(10,821,338)</u>	<u>13,812,996</u>	<u>(1,041,536)</u>	<u>1,950,122</u>
Nonoperating Revenue (Expenses)				
Taxes and assessments	13,452,475			13,452,475
Investment income	1,132,741	138,843		1,271,584
Intergovernmental revenue	654,276			654,276
Rents and leases	93,626	416	76,847	170,889
Loss on disposal of capital assets	(26,235)	(139,288)		(165,523)
Debt issuance costs	(184,194)			(184,194)
Interest expense	(1,341,530)	(29)		(1,341,559)
Total Nonoperating Revenue (Expenses)	<u>13,781,159</u>	<u>(58)</u>	<u>76,847</u>	<u>13,857,948</u>
Net Income/(Loss) Before Capital Contributions and Transfers	2,959,821	13,812,938	(964,689)	15,808,070
Capital Contributions and Transfers				
Facility capacity charges	1,384,151			1,384,151
Special assessments - capital	371,034			371,034
Other capital contributions	676,998			676,998
Transfers in	13,829,500	661,901	325,723	14,817,124
Transfers out	(672,624)	(14,144,500)		(14,817,124)
Total Capital Contributions and Transfers	<u>15,589,059</u>	<u>(13,482,599)</u>	<u>325,723</u>	<u>2,432,183</u>
Change in Net Position	18,548,880	330,339	(638,966)	18,240,253
Net Position, Beginning of Year - As Previously Reported	255,082,901	139,046,365	33,699,442	427,828,708
Restatement	(3,028,079)			(3,028,079)
Net Position, Beginning of Year - As Restated	<u>252,054,822</u>	<u>139,046,365</u>	<u>33,699,442</u>	<u>424,800,629</u>
Net Position, End of Year	<u>\$ 270,603,702</u>	<u>\$ 139,376,704</u>	<u>\$ 33,060,476</u>	<u>\$ 443,040,882</u>

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



NEVADA IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2020

	Water	Electric	Recreation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 28,025,349	\$ 24,174,766	\$ 1,401,598	\$ 53,601,713
Payments to suppliers	(21,804,664)	(5,924,331)	(1,370,457)	(29,099,452)
Payments to employees	(13,757,165)	(2,581,067)	(580,327)	(16,918,559)
Rent and lease receipts	93,626	416	76,847	170,889
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(7,442,854)</u>	<u>15,669,784</u>	<u>(472,339)</u>	<u>7,754,591</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Assessments received	13,202,680			13,202,680
Amounts received/(paid) from/(to) other funds	(23,011,532)	22,696,532	315,000	
Intergovernmental revenue received	2,901,139			2,901,139
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(6,907,713)</u>	<u>22,696,532</u>	<u>315,000</u>	<u>16,103,819</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from issuance of long-term debt	17,596,176			17,596,176
Acquisition and construction of capital assets	(18,487,206)	(3,226,888)	(308,873)	(22,022,967)
Interest payments on long-term debt	(1,988,125)	(29)		(1,988,154)
Principal payments on long-term debt	(19,614,366)			(19,614,366)
Facility capacity charges received in cash	1,384,151			1,384,151
Debt issuance costs paid	(184,194)			(184,194)
Reimbursements for capital projects	371,034			371,034
NET CASH (USED) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(20,922,530)</u>	<u>(3,226,917)</u>	<u>(308,873)</u>	<u>(24,458,320)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income received	1,384,434	3,347		1,387,781
Investment purchases		(20,300,000)		(20,300,000)
Investment sales/maturities	49,071,032	16,871,903		65,942,935
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>50,455,466</u>	<u>(3,424,750)</u>		<u>47,030,716</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,182,369	31,714,649	(466,212)	46,430,806
Cash and cash equivalents - beginning of year, as previously reported	23,139,356	7,773,255	1,338,414	32,251,025
Restatement	198,010			198,010
Cash and cash equivalents - beginning of year, as restated	<u>23,337,366</u>	<u>7,773,255</u>	<u>1,338,414</u>	<u>32,449,035</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 38,519,735</u>	<u>\$ 39,487,904</u>	<u>\$ 872,202</u>	<u>\$ 78,879,841</u>

(Continued)



NEVADA IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Year Ended December 31, 2020

	Water	Electric	Recreation	Total
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS</b>				
Cash and cash equivalents	\$ 30,031,658	\$ 39,487,904	\$ 872,202	\$ 70,391,764
Restricted cash and cash equivalents	8,488,077			8,488,077
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 38,519,735</u></b>	<b><u>\$ 39,487,904</u></b>	<b><u>\$ 872,202</u></b>	<b><u>\$ 78,879,841</u></b>
<b>RECONCILIATION OF NET (LOSS) INCOME FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Net income/(loss) from operations	\$ (10,821,338)	\$ 13,812,996	\$ (1,041,536)	\$ 1,950,122
Adjustments to reconcile net income/(loss) from operations to net cash provided (used) by operating activities:				
Depreciation and amortization	8,029,880	2,026,336	274,901	10,331,117
Abandoned projects written off	415,412	38,606		454,018
Rent and lease receipts	93,626	416	76,847	170,889
Changes in operating assets and liabilities:				
Accounts receivable, net	(478,634)	26,401	(34,265)	(486,498)
Grants and other receivables	680	(1,691)		(1,011)
Inventory	(145,408)	1,329	(2,893)	(146,972)
Prepaid expenses and other current assets	(362,234)	(104,855)	8,232	(458,857)
Deposits	3,988		1,120	5,108
Loans receivable	(1,110,003)			(1,110,003)
Accounts payable	(3,416,968)	(770,726)	15,795	(4,171,899)
Accrued payroll and benefits payable	(112,246)	9,898	14,247	(88,101)
Refundable deposits	152,822			152,822
Grants payable	(96,114)			(96,114)
Unearned revenue	(137,139)		(5,250)	(142,389)
Compensated absences and HRA liability	(39,898)	115,048	64,954	140,104
Net pension liability	1,916,720	802,719	212,618	2,932,057
Net OPEB liability	(3,002,027)	(463,269)	(24,186)	(3,489,482)
Deferred outflows/inflows of resources - pension and OPEB	1,666,027	176,576	(32,923)	1,809,680
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<b><u>\$ (7,442,854)</u></b>	<b><u>\$ 15,669,784</u></b>	<b><u>\$ (472,339)</u></b>	<b><u>\$ 7,754,591</u></b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Change in fair value of investments	\$ (10,793)	\$ (135,496)	\$ -	\$ (146,289)
Abandoned construction in progress	(415,412)	(38,606)		(454,018)
Donated infrastructure	676,998			676,998
Amortization of bond premiums and discounts	(388,639)			(388,639)
Deferred amount on refunding	378,289			
Amortization of deferred amount on refunding	(1,619)			(1,619)
Retirement of debt principal from refunding proceeds	15,745,000			15,745,000

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

NEVADA IRRIGATION DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION

As of December 31, 2020

	<u>Custodial Fund</u>
<b>ASSETS</b>	
Restricted cash and cash equivalents	<u>\$ 565,671</u>
TOTAL ASSETS	<u><u>\$ 565,671</u></u>
<b>NET POSITION</b>	
Restricted for improvements	<u>\$ 565,671</u>
TOTAL NET POSITION	<u><u>\$ 565,671</u></u>

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

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Nevada Irrigation District (the District) was formed in 1921 under the Irrigation District Law, Division 11 of the State Water Code for the purpose of collecting, sorting and delivering irrigation water to farmers and ranchers within the District. The District is governed by a five-member Board of Directors elected by District voters to four-year terms. The District's northerly boundary follows the South Fork of the Yuba river, the District's easterly boundary runs through the Scotts Flat, Rollins and Combie Reservoirs and the Auburn area in Placer County, the District's southerly boundary runs between the Auburn and Lincoln areas in Placer County and the westerly boundary runs north out of the Lincoln area in Placer County; and then follows the Nevada-Yuba county line. The District is currently headquartered in Grass Valley, California, which is approximately 60 miles northeast of Sacramento, California, and approximately 150 miles northeast of San Francisco, California.

Water supplied by the District originates in the snowpack at the upper reaches of the Middle and South Yuba River and in the natural flows of the Bear River, Deer Creek and several tributary systems. The District's rights to such water are varied, consisting of a combination of pre- and post-1914 State water rights. While originally created to provide raw water for irrigation purposes, the District has expanded its operations to include treatment and delivery of water for residential, municipal and industrial purposes and the generation of hydroelectricity. The District has the option to purchase additional water from the Pacific Gas and Electric Company ("PG&E"), subject to availability, under certain arrangements with PG&E.

The District currently encompasses approximately 287,000 acres and provides raw and treated water to approximately 25,000 customers in Nevada and Placer Counties (the "Counties") and in a small portion of Yuba County. The District's Water System includes 10 storage reservoirs containing a capacity of approximately 280,380 acre-feet and approximately 475 miles of canal. Treated water facilities include six treatment plants, 43 storage tanks and reservoirs and approximately 400 miles of pipeline.

The District owns and operates seven hydroelectric powerhouses through several hydroelectric facilities that include (i) the Yuba-Bear Hydroelectric Project (FERC Project No. 2266) (the "Yuba-Bear FERC Project"), which includes the Rollins Development and the Bowman Development, (ii) the Combie Project, which consists of the Combie North Power Project and the Combie South Power Project, and (iii) the Scotts Flat Project.

The financial statements include the financial activities of the Nevada Irrigation District Joint Powers Authority (Authority), which was formed under a joint exercise of powers agreement (Agreement) between the District and the Independent Cities Finance Authority (ICFA). The Authority was established on November 1, 2011, to provide for the financing and refinancing of capital improvement projects of the District. The Authority is a component unit of the District because the District's Board of Directors serves as the Board of Directors of the Authority and the District is financially accountable for the Authority. The Agreement provides that the liabilities of the Authority do not constitute liabilities of the District or ICFA but requires the District and Authority to indemnify the ICFA for any and all costs and liabilities arising directly or indirectly from the Authority's activities. The District has a residual interest with any property held by the Authority upon its dissolution. The Activity of the Authority is reported on a blended basis with the Water Fund. The Authority does not issue separate financial statements.

The District's financial statements also include Community Facilities District (CFD) No. 2007-1 (Cement Hill) and Assessment District (AD) 2008-1 (Rodeo Flat), which are separate special districts formed under the California Government Code. CFD No. 2007-1 and AD 2008-1 are considered blended

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

component units of the District because the District's board of Directors acts as the board of directors of, can impose its will on and has a financial benefit relationship with CFD No. 2007-1 and AD 2008-1. The special assessments collected from property owners within the CFD No. 2007-1 and AD 2008-1 are to repay the District for capital improvements financed by the District.

**A. Basis of Presentation**

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District applies all applicable GASB pronouncements in its accounting and reporting.

The accounts of the District are organized and operated as three enterprise funds and a custodial fund. The operation of a fund is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses.

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 costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Custodial funds are used to account for assets held by the District in a fiduciary capacity for improvement districts, which were established to allow certain property owners to finance improvements incurred by the District. No resources have been collected by the Improvement Districts for several years and it is anticipated the assets will be refunded to the property owners. The financial activities of these funds are excluded from the District-wide financial statements but are presented in separate Fiduciary Fund financial statements.

**B. Basis of Accounting**

The financial statements of enterprise funds and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The District may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The District's policy is to first apply restricted grant resources to such programs, followed by unrestricted resources if necessary. Restricted amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services, connection and installation fees, electric power sales and recreation fees. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

**C. Measurement Focus**

Enterprise funds and fiduciary funds are accounted for using the economic resources measurement focus, which means that all assets, deferred outflows, liabilities, and deferred inflows associated with the activity are included on the balance sheet of enterprise funds or statement of fiduciary net position. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

**D. Cash and Cash Equivalents**

For purposes of the statement of cash flows the District defines cash and cash equivalents to include all cash and temporary investments with original maturities of three months or less from the date of acquisition, including restricted assets, and all pooled deposits.

**E. Restricted Assets**

Certain capital expansion fees as well as certain resources set aside for debt repayment, improvements financed with special assessments, contract retentions and unspent bond proceeds, are classified as restricted cash and investments because their use is legally restricted. Restricted cash and investments are not available for general operational expenses.

**F. Investments**

Investments are stated at fair value. Included in investment income (loss) is the net change in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) of those investments. Measurement of the fair value of investments is based upon quoted market prices.

**G. Receivables**

Accounts receivable arise from billings to customers for water usage and certain improvements made to customers' property and billings to PG&E and other entities for electric power sales. The District determined that as of December 31, 2020, an allowance for doubtful accounts was not needed, as all amounts are considered collectible. The District also has loans receivable related to connection fees that are paid over a period of time by property owners.

**H. Inventory**

Inventories of materials and supplies are stated at the lower of average cost or net realizable value. Physical inventories are taken on a cycle basis each month throughout the year.

**I. Prepaid Expenses**

Prepaid expenses are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year and mainly consisted of prepaid insurance at December 31, 2020.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Deposits**

The District collects money from new *outside district* and *inside district* commercial customers to insure payment of utility bills.

**K. Capital Assets**

Capital assets are stated at historical cost if purchased or constructed. The District capitalizes all assets with a historical cost of at least \$5,000 for machinery and equipment and \$75,000 for other projects. The cost of additions to utility plant and major replacements of property are capitalized. Capitalized costs include material, direct labor, transportation and such indirect items as engineering, supervision, employee fringe benefits and interest on net borrowed funds related to plant under construction, if material. Contributed property is recorded at acquisition value at the date of donation. Repairs, maintenance and minor replacements of capital assets are expensed.

Capital assets are depreciated using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The District’s water rights and FERC license are intangible assets. The District has assigned the useful lives listed below to capital assets and intangible assets:

Description	Estimated Life
Land	N/A
Intangibles (rights, easements, licenses)	N/A
Buildings and structures	40 years
Equipment, tools, furniture	5 – 7 years
Vehicles	5 years
Infrastructure	50 – 100 years

**L. Budgets and Budgetary Accounting**

The District adopts an annual budget in December each year. The budget is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions. In accordance with Budget Amendment Policy 3100, the General Manager has authority up to \$600,000 to perform transfers, increases or decreases for a fiscal year (Level I). The Administrative Practices Committee has authority up to \$1,000,000 to perform transfers, increases or decreases for a fiscal year (Level II). The Board has authority to perform all amendments over these lower levels (Level III). All budget amendments authorizing additional full-time equivalents (FTE’s) shall go before the full Board

**M. Tax Assessments**

Nevada and Placer counties assess, bill, collect and apportion all property taxes for the District and remit “Teeter Plan” collections periodically. Taxes are assessed for each July 1 to June 30 fiscal year, payable in two equal installments due by November 1 and February 1 and become delinquent December 10 and April 10, each year. Taxes collected by the counties prior to January 1 and apportioned during January have been accrued by the District at year-end, as applicable.



## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*****N. Bond Discounts, Premiums, Issuance Costs and Deferred Amounts on Refunding***

Bond discounts, premiums, and deferred amounts on refunding are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond discounts and premiums. Deferred amounts on refunding are reported as deferred outflows of resources on the balance sheet. Issuance costs are expensed when paid.

***O. Compensated Absences***

The liability for employee accrued vacation, sick leave and compensatory time off (CTO) is computed annually at year-end, and the change in the liability is charged to expense in the Water and Electric Utility Funds for that year. Based on the memorandum of understanding, employees earn eight hours of sick leave per month. Upon retirement, voluntary termination, or death, the District pays one-half of the number of days earned.

Employees accumulate vacation at varying rates depending on longevity. They are entitled to carry forward a maximum of 52 days accrued vacation depending on their individual annual accrual rate.

Based on the memorandum of understanding, at the sole discretion of the District, employees may convert annually, overtime hours equivalent to 160 hours of CTO. CTO accrual balances per employee may not exceed 80 hours.

***P. Health Reimbursement Arrangement***

The District provides a health reimbursement arrangement (HRA). Eligible participants are regular employees enrolled in a District offered health care plan, eligible dependents, and others as defined by the Nevada Irrigation District Health Reimbursement Arrangement. The District provides a certain medical benefit dollar amount per type of health insurance enrollment: employee only, employee plus one, or family. Employees choose their medical plan and the monthly benefit amount is applied to the medical plan premium. The difference between the benefit and the medical premium is either 1) deducted from pay if the premium is more than the benefit, or 2) contributed to the HRA if the benefit is greater than the premium. HRA benefits are extended to retirees. Eligible participants are allowed to submit qualifying medical care expenses (as defined by Internal Revenue Code 213(d)) for reimbursement. The District does not have a trust where the HRA assets are set aside for the benefit of employees. Consequently, the HRA assets are available to the District's creditors.

***Q. Pension Plan***

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to the pension plan, and pension expense, information about the fiduciary net position of the District's California Public Employee's Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**R. Other Postemployment Benefits (OPEB) Plan**

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources and OPEB expense, information about the fiduciary net position of the plan held by CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments, if applicable, are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at purchase of one year or less, which are reported at cost.

**S. Deferred Inflows and Outflows of Resources**

The statement of net position includes a separate section for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expenditures/expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the District's pension plan as described in Note 7 and OPEB Plan as described in Note 8.

**T. Use of Estimates**

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

**U. New Pronouncements**

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying and disclosing fiduciary activities of state and local governments. The focus of the criteria is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements of the government. Four fiduciary funds should be reported under this statement: Pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. This Statement is effective for the year ended December 31, 2020.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows or resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for the year ended December 31, 2022.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances disclosures about capital assets and the cost of borrowing for a reporting period and simplifies the accounting for interest cost incurred before the end of a construction period. Interest cost incurred before the end of a construction period will be recognized as an expense rather than being recorded as part of the cost of capital assets. The requirements of this Statement are effective for the year ended December 31, 2021.

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provides temporary relief to governments due to the COVID-19 pandemic by postponing the effective dates of Statements and Implementation Guides that first become effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. Effective dates of the following Statements and Implementation Guides were postponed by one year: Statements No. 83, 84 and 88 to 93, as well as Implementation Guide No. 2018-1, 2019-1 and 2019-2. Effective dates for Statement No. 87 and Implementation Guide No. 2019-3 were postponed by 18 months. The requirements of this Statement are effective immediately.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs to a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan* to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plan, defined contribution other postemployment benefit (OPEB) plan, and employee benefit plan other than pension plan or OPEB plan (other employee benefit plan) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plan (Section 457 plan) that meet the definition of a pension plan and for benefits provided through those plan. This Statement is effective for the year ended December 31, 2022.

The District will fully analyze the impact of these new Statements prior to the effective dates listed above.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 2 - CASH AND INVESTMENTS**

The District's cash and investments consisted of the following at December 31, 2020:

Water Fund:	
Cash and cash equivalents	\$ 30,031,658
Restricted cash and cash equivalents	8,488,077
	<u>38,519,735</u>
Electric Fund:	
Cash and cash equivalents	39,487,904
Investments	16,243,407
	<u>55,731,311</u>
Recreation Fund:	
Cash and cash equivalents	872,202
	<u>872,202</u>
Fiduciary Fund:	
Restricted cash and cash equivalents	565,671
	<u>565,671</u>
	Total <u>565,671</u>
Total cash, cash equivalents and investments	<u>\$ 95,688,919</u>

Cash and investments were classified under GASB Statement No. 40 as follows at December 31, 2020:

Cash on hand	\$ 5,300
Deposits with financial institutions	6,864,652
Total Cash	<u>6,869,952</u>
Investment in the Local Agency Investment Fund (LAIF)	72,501,560
Money market mutual funds	74,000
Negotiable certificates of deposit	757,037
U.S. Agency securities	15,486,370
Total Investments	<u>88,818,967</u>
Total Cash and Investments	<u>\$ 95,688,919</u>

Investments Authorized by the California Government Code and the District's Investment Policy: The District's Investment Policy and the California Government Code allow the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the District's Investment Policy where the District's Investment Policy is more restrictive. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of the debt agreement and not the provisions of the California Government Code or the District's Investment Policy.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 years	N/A	None	None
U.S. Agency securities	5 years	N/A	None	None
Collateralized mortgage obligations	5 years	N/A	None	None
Bankers' acceptances	180 days	N/A	40%	30%
Commercial paper	270 days	A-1	25%	10%
Negotiable certificates of deposit	5 years	A	30%	30%
California Local Agency Investment Fund (LAIF)	N/A	N/A	None	\$75,000,000
Municipal bonds	5 years	A	30%	30%
Medium term corporate notes	5 years	A	30%	30%
Money market mutual funds	N/A	AAA	15%	15%
Mortgage pass-through security	5 years	A	20%	20%

Investments Authorized by Debt Agreements: Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The debt agreements contain certain provisions that address interest risk, credit risk and concentration of credit risk. The permitted investments, maximum percentage of the portfolio and maximum investment in one issuer specified in debt agreements are identical to the table above with the exception of debt agreements not allowing investments in repurchase agreements. In addition, the debt agreements require obligations of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and money market mutual funds to be rated AAA by the applicable national statistical rating agency.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity or earliest call date as of December 31, 2020:

Investment Type	Total	Remaining Maturity	
		12 Months or Less	13 to 60 Months
Local Agency Investment Fund	\$ 72,501,560	\$ 72,501,560	
Money market mutual funds	74,000	74,000	
Negotiable certificates of deposit	757,037	757,037	
U.S. Agency securities	15,486,370		\$ 15,486,370
Total	\$ 88,818,967	\$ 73,332,597	\$ 15,486,370

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of December 31, 2020 for each investment type.

Investment Type	Amount	Ratings as of fiscal year-end		
		AAA	AA+	Not rated
Local Agency Investment Fund	\$ 72,501,560			\$ 72,501,560
Money market mutual funds	74,000	\$ 74,000		
Negotiable certificates of deposit	757,037			757,037
U.S. Agency securities	15,486,370		\$ 15,486,370	
<b>Total</b>	<b>\$ 88,818,967</b>	<b>\$ 74,000</b>	<b>\$ 15,486,370</b>	<b>\$ 73,258,597</b>

Concentration of Credit Risk: The investment policy of the District limited the amount that can be invested in any one issuer to the amount stipulated by the California Government Code. As of December 31, 2020, the District invested in the following investments which each represent more than 5% of its total investment in any one issuer (other than U.S. Treasury obligations, mutual funds and external investment pools):

Issuer	Investment Type	Amount	%
Federal Farm Credit Bank	U.S. Agency security	\$ 8,989,050	10%
Federal Home Loan Mortgage Corporation	U.S. Agency security	6,497,320	7%

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.



NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

At December 31, 2020, the carrying amount of the District's deposits were \$6,864,652 and the balance in financial institutions was \$11,310,596. Of the balance in financial institutions, \$760,076 was covered by federal depository insurance and \$10,550,520 was collateralized by securities pledged by the financial institution.

As of December 31, 2020, following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

Investment Type	Reported Amount
Negotiable certificates of deposit	\$ 757,037
U.S. Agency securities	15,486,370

Investment in LAIF: LAIF is stated at net asset value. LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The total fair value amount invested by all public agencies in LAIF is \$107,761,448,802, which is managed by the State Treasurer. Of that amount, 3.28% is invested in structured notes and asset backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

The fair value of the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The weighted average maturity of investments held by LAIF was 165 days at December 31, 2020.

Fair Value Measurement: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

The District has the following recurring fair value measurements as of December 31, 2020:

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Money market mutual funds	\$ 74,000		\$ 74,000	
Negotiable certificates of deposit	757,037		757,037	
U.S. Agency securities	15,486,370		15,486,370	
<b>Total Investments by Fair Value Level</b>	<b>16,317,407</b>	<b>\$ -</b>	<b>\$ 16,317,407</b>	<b>\$ -</b>
Investments Measured at Net Asset Value:				
LAIF	72,501,560			
<b>Total</b>	<b>\$ 88,818,967</b>			

All securities and certificates of deposits classified in Level 2 are valued using pricing models based in market data, such as matrix or model pricing from outside pricing services. These valuation techniques include matrix pricing, market corroborated pricing, inputs such as yield curves and indices and reference data including market research publications.

**NOTE 3 – AMOUNTS DUE FROM CFD 2007-1 AND AD 2008-1**

At December 31, 2020 the District had the following amounts due from Community Facility District (CFD) 2007-1 (Cement Hill) and Assessment District (AD) 2008-1 (Rodeo Flat):

CFD 2007-1 (Cement Hill)	\$ 2,677,425
AD 2008-1 (Rodeo Flat)	406,700
	<u>\$ 3,084,125</u>

The \$2,667,425 due from CFD 2007-1 represents the CFD's share of the State loan used to finance the construction of the Cement Hill pump zone extension. The CFD is responsible for approximately half of the repayment of this loan. The full amount of the State loan is reflected as a liability in the Water Fund. The \$406,700 due from the AD 2008-1 represents the AD's share of the 2008 Rodeo Flat Improvement Bonds used to finance certain water system improvements made by the District in the Rodeo Flat area. Because the CFD and AD are considered blended component units of the District, the amounts due to the District and the liabilities in CFD 2007-1 and AD 2008-1 are eliminated with a consolidating entry and the amounts are not reported in the Water Fund. However, the amounts represent long-term liabilities from the property owners within CFD 2007-1 and AD 2008-1 to the District financed with special tax assessments.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 4 – CAPITAL ASSETS**

**A. Capital assets activity**

The activity in the capital assets for the year ended December 31, 2020 is summarized below:

	Balance at January 1, 2020	Additions	Deletions	Adjustments and Transfers	Balance at December 31, 2020
<u>Water Fund</u>					
Capital Assets not Being Depreciated:					
Land	\$ 18,541,941			\$ 82,211	\$ 18,624,152
Bear River water rights	681,644				681,644
Construction in progress	55,161,428	\$ 17,599,569	\$ (415,412)	(4,446,828)	67,898,757
Total Capital Assets not Being Depreciated	<u>74,385,013</u>	<u>17,599,569</u>	<u>(415,412)</u>	<u>(4,364,617)</u>	<u>87,204,553</u>
Capital Assets Being Depreciated:					
Water plant in service	272,705,776	690,185	(83,696)	4,353,040	277,665,305
Electric plant in service	222,672				222,672
Structures and improvements	13,163,033			(10,217)	13,152,816
Dams and reservoirs	42,604,586		(5,848)	(701,697)	41,897,041
General equipment	10,161,683	462,564	(5,503)	11,577	10,630,321
Transportation equipment	6,100,963	692,175		(45,930)	6,747,208
Total Capital Assets Being Depreciated	<u>344,958,713</u>	<u>1,844,924</u>	<u>(95,047)</u>	<u>3,606,773</u>	<u>350,315,363</u>
Less Accumulated Depreciation and Amortization for:					
Water plant in service	(100,584,326)	(6,030,692)	58,268		(106,556,750)
Electric plant in service	(22,268)	(4,453)			(26,721)
Structures and improvements	(3,138,991)	(230,902)		894	(3,368,999)
Dams and reservoirs	(8,908,721)	(433,852)	5,041	49,119	(9,288,413)
General equipment	(4,568,394)	(733,314)	5,503		(5,296,205)
Transportation equipment	(2,839,350)	(596,667)		35,207	(3,400,810)
Total Accumulated Depreciation	<u>(120,062,050)</u>	<u>(8,029,880)</u>	<u>68,812</u>	<u>85,220</u>	<u>(127,937,898)</u>
Total Capital Assets Being Depreciated, Net	<u>224,896,663</u>	<u>(6,184,956)</u>	<u>(26,235)</u>	<u>3,691,993</u>	<u>222,377,465</u>
Total Capital Assets, Net - Water Fund	<u>\$ 299,281,676</u>	<u>\$ 11,414,613</u>	<u>\$ (441,647)</u>	<u>\$ (672,624)</u>	<u>\$ 309,582,018</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 4 – CAPITAL ASSETS (Continued)**

	Balance at January 1, 2020	Additions	Deletions	Adjustments and Transfers	Balance at December 31, 2020
<b>Electric Fund</b>					
Capital Assets not Being Depreciated:					
Land	\$ 45,395,375				\$ 45,395,375
Power rights	1,568,942				1,568,942
Construction in progress	5,008,282	\$ 2,689,171	\$ (38,606)	\$ (3,218,670)	4,440,177
Total Capital Assets not Being Depreciated	<u>51,972,599</u>	<u>2,689,171</u>	<u>(38,606)</u>	<u>(3,218,670)</u>	<u>51,404,494</u>
Capital Assets Being Depreciated:					
Electric plant in service	50,825,383	42,009	(590,654)	2,330,389	52,607,127
Bowman Power Project	2,887,922				2,887,922
Structures and improvements	4,452,278			10,217	4,462,495
Dams and reservoirs	29,620,450			845,125	30,465,575
General equipment	3,222,179	330,956	(10,773)	744,853	4,287,215
Transportation equipment	1,746,261	165,431			1,911,692
Total Capital Assets Being Depreciated	<u>92,754,473</u>	<u>538,396</u>	<u>(601,427)</u>	<u>3,930,584</u>	<u>96,622,026</u>
Less Accumulated Depreciation and Amortization for:					
Electric plant in service	(35,047,453)	(884,148)	458,742		(35,472,859)
Bowman Power Project	(2,037,215)	(70,293)			(2,107,508)
Structures and improvements	(2,324,289)	(117,594)		(894)	(2,442,777)
Dams and reservoirs	(13,898,802)	(343,885)		(49,119)	(14,291,806)
General equipment	(1,087,782)	(426,069)	3,397		(1,510,454)
Transportation equipment	(705,057)	(184,347)			(889,404)
Total Accumulated Depreciation	<u>(55,100,598)</u>	<u>(2,026,336)</u>	<u>462,139</u>	<u>(50,013)</u>	<u>(56,714,808)</u>
Total Capital Assets Being Depreciated, Net	<u>37,653,875</u>	<u>(1,487,940)</u>	<u>(139,288)</u>	<u>3,880,571</u>	<u>39,907,218</u>
Total Capital Assets, Net - Electric Fund	<u>\$ 89,626,474</u>	<u>\$ 1,201,231</u>	<u>\$ (177,894)</u>	<u>\$ 661,901</u>	<u>\$ 91,311,712</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 4 – CAPITAL ASSETS (Continued)**

	Balance at January 1, 2020	Additions	Deletions	Adjustments and Transfers	Balance at December 31, 2020
<b>Recreation Fund</b>					
Capital Assets not Being Depreciated:					
Land	\$ 27,900,659				\$ 27,900,659
Construction in progress	614,235	\$ 308,873		\$ (905,604)	17,504
Total Capital Assets not Being Depreciated	<u>28,514,894</u>	<u>308,873</u>		<u>(905,604)</u>	<u>27,918,163</u>
Capital Assets Being Depreciated:					
General plant	17,843				17,843
Structures and improvements	12,430,611			708,657	13,139,268
General equipment	550,880			196,947	747,827
Transportation equipment	112,684			45,930	158,614
Total Capital Assets Being Depreciated	<u>13,112,018</u>			<u>951,534</u>	<u>14,063,552</u>
Less Accumulated Depreciation and Amortization for:					
General plant	(714)	(357)			(1,071)
Structures and improvements	(7,263,663)	(221,009)			(7,484,672)
General equipment	(81,666)	(45,053)			(126,719)
Transportation equipment	(98,485)	(8,482)		(35,207)	(142,174)
Total Accumulated Depreciation	<u>(7,444,528)</u>	<u>(274,901)</u>		<u>(35,207)</u>	<u>(7,754,636)</u>
Total Capital Assets Being Depreciated, Net	<u>5,667,490</u>	<u>(274,901)</u>		<u>916,327</u>	<u>6,308,916</u>
Total Capital Assets, Net - Recreation Fund	<u>\$ 34,182,384</u>	<u>\$ 33,972</u>	<u>\$ -</u>	<u>\$ 10,723</u>	<u>\$ 34,227,079</u>

**B. Depreciation Allocation**

Depreciation expense is charged to the water and electric funds based on their usage of related assets. The amounts allocated were as follows:

Water	\$ 8,029,880
Electric	2,026,336
Recreation	<u>274,901</u>
Total Depreciation Expense	<u>\$ 10,331,117</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 5 – LONG-TERM LIABILITIES**

The District’s debt issues and transactions are summarized below and discussed in detail thereafter.

	Balance at January 1, 2020	Additions	Reductions	Balance at December 31, 2020	Due within One Year
Revenue Bonds, Series 2011A	\$ 18,475,000		\$ (18,475,000)		
Revenue Bonds, Series 2016A	18,480,000		(635,000)	\$ 17,845,000	\$ 670,000
Revenue Bonds, Series 2020A		\$ 15,015,000		15,015,000	1,430,000
State of California loan-Cement Hill	5,288,889		(504,366)	4,784,523	504,800
Total	42,243,889	15,015,000	(19,614,366)	37,644,523	2,604,800
Unamortized premiums	4,021,717	2,581,176	(936,501)	5,666,392	
Total Debt and Loans	46,265,606	17,596,176	(20,550,867)	43,310,915	2,604,800
Health reimbursement arrangement (HRA) liability	741,878	1,600	(34,362)	709,116	354,559
Compensated absences	2,692,837	2,123,757	(1,950,893)	2,865,701	734,686
Net pension liability	49,509,681	13,649,850	(10,717,793)	52,441,738	
Net OPEB liability	8,278,944	2,388,065	(5,877,547)	4,789,462	
Grand Total	107,488,946	\$ 35,759,448	\$ (39,131,462)	104,116,932	\$ 3,694,045
Less: due within one year	(3,098,423)			(3,694,045)	
Total Noncurrent	\$ 104,390,523			\$ 100,422,887	

The District’s long-term debt consisted of the following at December 31, 2020:

Revenue Bonds (Direct Placements):

In December 2011, the Nevada Irrigation District Joint Powers Authority sold \$25,970,000 of Revenue Bonds, Series 2011A, with interest rates ranging from 4% to 5%. The proceeds were used to advance refund a portion of the 2002 Certificate of Participation, finance a portion of the Lower Cascade Canal/Banner Cascade pipeline project, and pay the costs of the 2011A bond issuance. The Bonds were refunded with the proceeds of the Revenue Bonds, Series 2020A in December 2020 as described below.

In April 2016, the Nevada Irrigation District Joint Powers Authority sold \$20,210,000 of Revenue Bonds, Series 2016A, with interest rates ranging from 4% to 5%. The proceeds were used to finance the acquisition of the Combie Phase 1 Canal and Bear River Siphon Replacement Project; preliminary engineering and environmental studies related to the Centennial Reservoir, and to acquire certain land and interest in land for mitigation of various District projects. Principal payments ranging \$550,000 to \$2,190,000 are due on March 1 through 2031. Interest payments ranging from \$43,800 to \$483,800 are due on March 1 and September 1 through March 1, 2031.

In December 2020, the Nevada Irrigation District Joint Powers Authority issued \$15,015,000 of Revenue Bonds, Series 2020A, with interest rates ranging from 2% to 5%. The proceeds were used to refund the outstanding Series 2011A Revenue Bonds. Principal payments ranging \$640,000 to \$1,430,000 are due on March 1 through 2036. Interest payments ranging from \$16,575 to \$282,725 are due on March 1 and September 1 through March 1, 2036.

Default provisions on all Revenue Bonds include acceleration of all principal and interest payments upon default, making them immediately due and payable, and assessing a default interest rate of 8% per annum on the overdue principal.



NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 5 – LONG-TERM LIABILITIES (Continued)**

State of California Loan – Cement Hill (Direct Borrowing)

In October 2007, the District signed a \$9,768,858 agreement with the State of California Department of Public Health to finance construction of the Cement Hill pump zone extension to meet the California safe drinking water standards. Interest is at 2.2836%. Principal payments ranging from \$72,320 to \$301,324 and interest payments ranging from \$826 to \$86,323 are due semi-annually on January 1 and July 1 through 2030.

Debt Refunding: On December 7, 2020, the Nevada Irrigation District Joint Powers Authority issued Revenue Bonds, Series 2020A, at interest rates ranging from 3% to 5% to advance refund the remaining \$17,145,000 of Revenue Bonds, Series 2011A carrying interest rates ranging from 4% to 5%. Net proceeds of \$17,396,890 from the 2020A Bonds were placed into an irrevocable trust with an escrow agent on December 7, 2020 to provide for all future principal and interest payments that were used to defease the Series 2011A Bonds on January 8, 2021. As a result, the 2011A Bonds were considered defeased at December 31, 2020 and the liability for the 2011A Bonds was removed from the District's balance sheet. The advance refunding resulted in a reduction of total future debt service payments by \$3,629,843 and an economic gain (difference between the present values of the old and new debt service payments) of \$3,230,350.

Annual debt service requirements are shown below for the above debt issues:

For the Year Ended December 31	Revenue Bonds, Series 2016A		Revenue Bonds, Series 2020A		State Loans		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 670,000	\$ 832,600	\$ 1,430,000	\$ 415,423	\$ 504,800	\$ 106,650	\$ 2,604,800	\$ 1,354,673
2022	705,000	798,225	1,320,000	532,450	516,117	95,063	2,541,117	1,425,738
2023	1,490,000	743,350	640,000	483,450	527,971	83,210	2,657,971	1,310,010
2024	1,565,000	666,975	670,000	450,700	540,096	71,084	2,775,096	1,188,759
2025	1,650,000	586,600	700,000	416,450	552,500	58,680	2,902,500	1,061,730
2026-2030	9,575,000	1,586,875	4,105,000	1,501,625	2,143,039	104,883	15,823,039	3,193,383
2031-2035	2,190,000	43,800	5,045,000	547,375			7,235,000	591,175
2036			1,105,000	16,575			1,105,000	16,575
Total	<u>\$ 17,845,000</u>	<u>\$ 5,258,425</u>	<u>\$ 15,015,000</u>	<u>\$ 4,364,048</u>	<u>\$ 4,784,523</u>	<u>\$ 519,570</u>	<u>\$ 37,644,523</u>	<u>\$ 10,142,043</u>

Pledged Revenues: The District has pledged all water system revenues, all hydroelectric revenues, all property taxes, and any other amounts not restricted by statute or otherwise, net of specified operating expenses to repay its Revenue Bonds, Series 2020A and 2016A in the original amounts of \$15,015,000 and \$20,210,000, respectively. Net revenues of the District, as defined, are required to equal 125% of the debt service payable in each fiscal year. Proceeds of the Bonds were used to refund certain debt issuances as described above and to fund acquisition improvements to the District's water systems. Annual principal and interest payments on the Bonds are expected to require approximately 125% of net revenues. Total principal and interest remaining to be paid on the Bonds was \$42,482,473, at December 31, 2020. Cash basis principal and interest paid on the Bonds was \$4,199,587 and total District net revenues calculated in accordance with the covenants for the Bonds was \$26,172,743 during the year ending December 31, 2020.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 6 – NET POSITION**

Net Position is the excess of all the District’s assets and deferred outflows of resources over all its liabilities and deferred inflows of resources. Net Position is divided into three categories as follows:

*Net investment in capital assets* describes the portion of net position which is represented by the current net book value of the District’s capital assets, less the outstanding balance of any debt issued to finance these assets, excluding unspent proceeds.

*Restricted* describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter. These principally include facility capacity fees received for use on capital projects, fees charged for the provision of future water resources and debt service reserve funds.

*Unrestricted* describes the portion of net position which is not restricted as to use.

Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action. They are reported as part of the District’s unrestricted net position.

Although the Water Fund does not have sufficient unrestricted net position to cover all of the designated balances, the Water Fund has sufficient cash balances.

The District’s unrestricted net position consists of the following at December 31, 2020:

	Water	Electric	Recreation	Total
Designated:				
Accrued leave	\$ 1,329,377	\$ 357,676	\$ 100,452	\$ 1,787,505
Operating reserve	7,480,551	7,879,829	268,635	15,629,015
Capital improvement replacement reserve	18,603,008			18,603,008
Community investment stabilization reserve	1,500,000			1,500,000
Watershed stewardship reserve	500,000			500,000
Hydroelectric relicense		30,000,000		30,000,000
Capital improvement reserve		15,000,000	500,000	15,500,000
Insurance and catastrophic reserve		2,500,000		2,500,000
Total Designated	<u>29,412,936</u>	<u>55,737,505</u>	<u>869,087</u>	<u>86,019,528</u>
Undesignated	<u>(33,898,862)</u>	<u>(7,672,513)</u>	<u>(2,035,690)</u>	<u>(43,607,065)</u>
Total Unrestricted Net Position	<u>\$ (4,485,926)</u>	<u>\$ 48,064,992</u>	<u>\$ (1,166,603)</u>	<u>\$ 42,412,463</u>

The Board has made designations of net position; however, the unrestricted net position balance is not sufficient to cover the designations in any individual fund. The District’s reserve policy 3040 does not require the consideration of accruals or the liquidation of long-term liabilities. When considering these amounts, a negative net position occurs within the funds. The District has sufficient cash and investment balances for these designations.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 7 – PENSION PLAN**

Plan Description: All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS) which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues a publicly available report that includes a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. One agent plan is used for all three of the District’s rate plans. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect for the year ended December 31, 2020 are summarized as follows for each rate plan:

	Miscellaneous Plan (Prior to May 1, 2010)	Miscellaneous Plan (After May 1, Prior to January 1, 2013)	Miscellaneous Plan (On or after January 1, 2013)
Hire date			
Benefit formula (at full retirement)	2.5% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates:			
January 1 to December 30	8.000%	7.000%	6.750%
Required employer contribution rates:			
January 1 to June 30	34.662%	34.662%	34.662%
July 1 to December 31	35.025%	35.025%	35.025%

The required employer contribution rates above include contributions for the District’s unfunded accrued liability (UAL). The Public Employees’ Pension Reform Act of 2013 (PEPRA) requires the 2.0% at 62 PEPRA benefit tier to be used by any new participants that were not members of CalPERS on January 1, 2013.

Employees Covered: At the June 30, 2019 valuation date (the most recent valuation available), the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	218
Inactive employees entitled to but not yet receiving benefits	86
Active employees	<u>203</u>
Total	<u><u>507</u></u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 7 – PENSION PLAN (Continued)**

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

For the year ended December 31, 2020, employer contributions of \$5,430,803 were made to the Plan.

Net Pension Liability: The District’s net pension liability for the Plan was measured as the total pension liability, less the plan’s fiduciary net position. The net pension liability of the Plan was measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions: The total pension liability at the June 30, 2020 measurement date was determined using the following actuarial assumptions:

Valuation date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial cost method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount rate	7.15%
Investment rate of return	7.25%
Inflation	2.625%
Payroll growth	2.875%
Salary increases	Varies by entry age and service
Mortality rate table	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report that can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 7.15% in the June 30, 2019 valuation. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 7 – PENSION PLAN (Continued)**

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

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

The table below reflects the long-term expected real rate of return by asset class for the Plan as of the measurement date of June 30, 2020. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92)%
Total	100.0%		

(a) An expected inflation of 2.0% used for this period.

(b) An expected inflation of 2.92% used for this period.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 7 – PENSION PLAN (Continued)**

Changes in the Net Pension Liability: The changes in Net Pension Liability for the Plan for the year ended December 31, 2020 are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at December 31, 2019	\$ 137,903,321	\$ 88,393,640	\$ 49,509,681
Changes during the year:			
Service cost	2,686,216		2,686,216
Interest on the total pension liability	9,749,205		9,749,205
Differences between actual and expected experience	1,089,816		1,089,816
Contribution - employer		5,173,543	(5,173,543)
Contribution - employee		1,203,756	(1,203,756)
Net investment income		4,340,494	(4,340,494)
Benefit payments, including refunds of employee contributions	(7,967,447)	(7,967,447)	
Administrative expenses		(124,613)	124,613
Net changes	5,557,790	2,625,733	2,932,057
Balance at December 31, 2020	\$ 143,461,111	\$ 91,019,373	\$ 52,441,738

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the District for the Plan, calculated using the discount rate for the Plan, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous Plan
1% decrease	6.15%
Net pension liability	\$ 71,075,172
Current discount rate	7.15%
Net pension liability	\$ 52,441,738
1% increase	8.15%
Net pension liability	\$ 37,024,543

Fiduciary Net Position: Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources: For the year ended December 31, 2020, the District recognized pension expense of \$7,768,420. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 7 – PENSION PLAN (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,828,766	
Differences between actual and expected experience	1,565,726	\$ (250,976)
Changes in assumptions	337,287	(214,627)
Net differences between projected and actual earnings on plan investments	<u>782,424</u>	
Total	<u>\$ 5,514,203</u>	<u>\$ (465,603)</u>

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as net deferred inflows of resources will be recognized as pension expense over the 4.7 year expected average remaining service lives of participants as follows:

Year Ended December 31	
2021	\$ 201,070
2022	569,179
2023	904,536
2024	<u>545,049</u>
	<u>\$ 2,219,834</u>

Payable to the Pension Plan: At December 31, 2020, the District reported payables of \$63,267 for the outstanding amount of required contributions to the Plan.

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS PLAN**

Plan Description: The District’s other postemployment benefits (OPEB) healthcare plan (the Plan) provides medical, life insurance and health reimbursement arrangement (HRA) benefits to employees that directly retire from the District and their eligible dependents, subject to a monthly limitation pursuant to Government Code Section 22892, as amended by AB 2544, under an agent multiple-employer defined benefit plan. Eligibility rules include retirement from the District at age 50 or later with five years of service. The District’s Board of Directors has the authority to establish and amend benefit provisions. The District participates in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established by CalPERS to fund OPEB. CERBT is administrated by CalPERS and is managed by an appointed board not under the control of the District’s Board of Directors. This Trust is not considered a component unit by the District and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

Medical benefits for employees hired after May 10, 2012 are subject to vesting requirements of 25% to 50% at 10 to 20 years of service, respectively. Life insurance coverage is available at retirement after



NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)**

attaining age 55 and 10 years of district service and begins at \$50,000 face value that declines to \$12,500 at 75 years of age. HRA benefits include \$1,000 at retirement and \$300 per month for non-Medicare eligible retirees and \$200 per month for Medicare eligible retirees with a maximum account balance of \$8,000.

**Funding Policy:** The District pays a percentage of the post-employment health care benefits for retirees, their spouses, and their dependents based on the retiree’s tier. Surviving spouses and eligible dependents of retirees may elect to continue health care benefits with the same District contribution towards the expense. Substantially all of the District’s employees may become eligible for these benefits if they reach normal retirement age while working for the District. The contribution requirements of the District are established and may be amended by the District’s Board of Directors. No contributions are required for plan members or the District. Pre-funding contributions made by the District are at the discretion of the Board of Directors.

**Employees Covered by Benefit Terms:** As of the June 30, 2020 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

Inactive employees or beneficiaries currently receiving benefit payments	166
Inactive employees entitled to but not yet receiving benefit payments	18
Active employees	<u>203</u>
Total	<u>387</u>

**Contributions:** The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2020, the District contributed \$460,000 to the Trust, paid \$1,087,620 of current retiree premiums and contributed \$228,000 in the form of an implied subsidy of retirement premiums, for total contributions of \$1,775,620.

**Net OPEB Liability:** The District’s net OPEB liabilities were measured as of June 30, 2020, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of June 30, 2019.

**Actuarial Assumptions:** The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	3.00%
Discount rate	6.75%
Mortality rate	CalPERS 1997-2015 Experience Study
Mortality improvement	Mortality Improvement Scale MP-2020
Healthcare trend rate	Non-medicare 7% for 2022, decreasing to an ultimate rate of 4.0% in 2076
	Medicare (Non-Kaiser) 6.1% for 2022, decreasing to an ultimate rate of 4.0% in 2076
	Medicare (Kaiser) 5% for 2022, decrease to an ultimate rate of 4% in 2076

Retirement mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017. The Experience Study Report may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class at the June 30, 2020 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Global Equity	59.0%	4.82%
Global Fixed Income	25.0%	1.47%
Treasury Inflation Protected Securities (TIPS)	5.0%	1.29%
Real Estate Investment Trusts	8.0%	3.76%
Commodities	3.0%	0.84%
Total	100.0%	

Discount Rate: The discount rates used to measure the net OPEB liabilities was 6.75%, which was the same discount rate used in the previous valuations. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net positions were projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments were applied to all periods of projected benefit payments to determine the net OPEB liabilities.

Changes in the Net OPEB Liability: Changes in the net OPEB liability were as follows during the year ended December 31, 2020:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2019	\$ 25,988,159	\$ 17,709,215	\$ 8,278,944
Changes in the year:			
Service cost	614,568		614,568
Interest	1,750,233		1,750,233
Differences between expected and actual experience	(2,746,191)		(2,746,191)
	(681,237)		(681,237)
Contributions - employer		1,821,296	(1,821,296)
Investment income		628,823	(628,823)
Benefit payments	(1,346,684)	(1,346,684)	-
Administrative expenses		(23,264)	23,264
Net changes	(2,409,311)	1,080,171	(3,489,482)
Balance at December 31, 2020	\$ 23,578,848	\$ 18,789,386	\$ 4,789,462

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)**

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	\$ 7,771,469	\$ 4,789,462	\$ 2,314,424

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	\$ 2,040,383	\$ 4,789,462	\$ 8,190,902

OPEB Plan Fiduciary Net Position: Detailed information about the District Plan's fiduciary net position is available in the separately issued CERBT financial report at [www.calpers.ca.gov](http://www.calpers.ca.gov).

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended December 31, 2020, the District recognized OPEB expense of \$739,806. At December 31, 2020, the District had deferred inflows related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ (2,336,312)
Changes in assumptions		(579,560)
Employer contributions made subsequent to the measurement date	\$ 667,853	
Difference between projected & actual earnings	432,874	
Total	<u>\$ 1,100,727</u>	<u>\$ (2,915,872)</u>

The amount reported as deferred outflows of resources related to contributions after 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 OPEB will be recognized in OPEB expense as follows:

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)**

Year Ended December 31,	
2021	\$ (417,349)
2022	(415,349)
2023	(382,349)
2024	(398,303)
2025	(511,556)
Thereafter	<u>(358,092)</u>
	<u>\$ (2,482,998)</u>

Payable to the OPEB Plan: At December 31, 2020, there was no payable for required contributions to the Plan for the year ended December 31, 2020.

**NOTE 9 - INSURANCE**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District obtains commercial insurance. The District’s insurance policies include worker’s compensation, property (including flood damage and loss of income), crime, inland marine, auto, general liability, public officials (including cyber and management liability) and excess liability coverage. Deductibles generally range from \$1,000 to \$50,000. Buildings, hydroelectric generating equipment, and personal property are insured for their full replacement cost of approximately \$220 million. The maximum property coverage limit was reduced from \$1 billion during 2020. Settled claims have not exceeded insurance coverage in any of the past three years.

**NOTE 10 – INTERFUND TRANSACTIONS**

Interfund transactions between funds are reflected as loans, services provided, reimbursements or transfers. Loans are reported as receivables or payables as appropriate and are subject to elimination upon consolidation. The District transfers resources among funds in the course of normal operations. Services provided, deemed to be at market or near market rates are accounted for as revenues and expenditures/expenses. Transactions to reimburse a fund for expenditures/expenses initially made from it that are applicable to another fund are recorded as expenditures/expenses in the correct fund and as reductions of expenditures/expenses in the original fund. All other interfund transactions are reported as transfers.

Transfers Between Funds

Interfund transfers as of December 31, 2020 were as follows:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Total</u>
Water Fund	Electric Fund	\$ 13,829,500
Electric Fund	Water Fund	661,901
Recreation Fund	Electric Fund	315,000
	Water Fund	<u>10,723</u>
		<u>\$ 14,817,124</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 10 – INTERFUND TRANSACTIONS (Continued)**

Transfers totaling \$13,300,000, \$129,500, \$250,000 and \$150,000 were made from the Electric Fund to the Water Fund for operations, enterprise resources planning system, COVID-19 expenses and miscellaneous services, respectively. A \$661,901 transfer of capital assets was made from the Water Fund to the Electric Fund. A transfer from the Electric Fund to the Recreation Fund of \$315,000 was for reserves for future capital improvements. A \$10,723 transfer of capital assets was made from the Water Fund to the Recreation Fund.

**NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES**

Capital and Other Project Commitments: The District had the following significant capital and other project commitments outstanding as of December 31, 2020:

Alta Sierra Tank Replacement	\$ 6,080,390
Combie Phase 1 Bypass	4,163,817
Financial Systems Implementation	1,084,547
Combie Reservoir Mercury Removal	1,022,125
Centennial Water Supply	551,993
Doty North Canal Siphon #1 Replacement	514,506
Scotts Flat Spillway Repair	434,343
Loma Rica Hydroelectric	245,621
South Yuba Canal Repair	203,891
Hemphill Diversion/Fish	142,043
Reservoirs Sediment Study	125,150
Rollins Power House OCB Replacement	122,716
Chicago Park Power House Fire Suppression Upgrade	95,083
Lidster/Country Club	93,015
Hydro Office Radio Tower	76,676
Combie South Scour Counter Measures	70,496
Dutch Flat Sediment Removal	61,866
Deer Creek Power House Upgrades	52,648
Loma Rica Reservoir Sediment Removal	51,546
Rollins Power House Balance of Plant	39,900
Rollins Low Level Outlet Howell Bunger Valve	29,472
Hydro Office Design/Construction	27,950
Dutch Flat Power House Fire Suppression Upgrade	27,894
Scotts Flat Power House CAISO Meter	26,436
Rollins Power House Relay Protection Upgrade	25,000
Ghorn Creek Sediment Removal	22,661
North Auburn Water Treatment Plant HL Pumps	21,865
Total	<u>\$ 15,413,651</u>

Litigation: The District is a defendant in a number of lawsuits, which have arisen, in the normal course of business including challenges over certain rates and changes. The ultimate outcome of these matters is

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 11 - COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**

not presently determinable. In the opinion of the District, these actions when finally adjudicated will not have a material adverse effect on the financial position of the District.

Concentration: During 2020, the District received 98.5% of its total Electric Fund revenue from PG&E for power generated from the District's power plants. A significant portion of the power revenue is provided to the Water Fund to subsidize operations.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on customers, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.

**NOTE 12 – HYDROELECTRIC POWER AGREEMENTS**

The output from Yuba-Bear FERC Project powerhouses and the Combie North Project powerhouse is sold to Pacific Gas & Electric Company (PG&E) under certain contractual arrangements. The output of the Combie South Project powerhouse is sold to the City of Lodi via a contractual arrangement with the Northern California Power Agency. Output from the Scotts Flat Project powerhouse is used to offset District power utility expenses under the Renewable Energy Self Generation Bill Credit Transfer Program. The District has a rated aggregate generation capacity of 82.2 megawatts for its seven hydroelectric powerhouses.

**NOTE 13 – RELICENCING**

The District has been preparing for the relicensing of its Yuba-Bear Hydroelectric Project as required by the Federal Energy Regulatory Commission (FERC). The FERC license on this project expired April 30, 2013. In connection with the relicensing, the District has incurred expenses, entered into service contracts, and established cash reserves to pay for anticipated costs. Costs incurred for the relicensing are being capitalized and will be amortized over the life of the new license once it has been issued by FERC. Total cost capitalized as of December 31, 2020 amounted to \$16,202,559. Until the relicensing process is completed, operations continue under the current FERC license conditions.

**NOTE 14 – SUBSEQUENT EVENTS**

In July 2021, the District's Board of Directors approved a Stage 2 drought declaration due to severely stressed hydrologic conditions. The declaration resulted in the District requiring a mandatory reduction of treated water use by customers of 20%, prohibiting new sales of raw water and implementing Stage 2 drought pricing designed to make the reduction in water use revenue neutral.

In July 2021, the District's Board of Directors approved Budget Amendment 2021-174 authorizing staff to purchase up to 15,862 acre-feet of water from PG&E for \$44.08 per acre-foot. The maximum approved purchase is \$699,197.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2020

**NOTE 14 – SUBSEQUENT EVENTS (Continued)**

In July 2014, the District's Board of Directors approved Loma Rica Drive District Financed Waterline Extension Funding Agreements that would allow the District to fund the extension of a water line and installation of water meters that would be reimbursed by the related property owners. On August 25, 2021, the Board of Directors approved a contract for District financed expenses under the project of \$620,640. The agreement results in potential reimbursements, including deposits by the property owner and financed expenses, of approximately \$665,200 as well as connection charges of approximately \$235,157.

On August 25, 2021, the District's Board of Directors adopted Resolution 2021-30 declaring the existence of an emergency due to the River Fire and authorizing management to enter into contracts necessary to protect, access, inspect, and repair District property and facilities as well as to protect District water supplies. The River Fire scorched over 2,600 acres, inclusive of over 4 river miles of the Bear River watershed, including approximately 320 acres of District property. The potential impacts of the fire include hillside stability, downstream water quality issues and near and long-term implications to District operations and maintenance of downstream facilities. Possible impact could be log-jams due to burned trees, sediment erosion and landslides. The District is assessing the budgetary impact of the fire, which could be as much as \$3.5 million. The District intends to pursue any potential external funding for fire damage and will engage with local, state and federal agencies to pool resources to address fire impacts.

**NOTE 15 – RESTATEMENTS TO IMPLEMENT GASB STATEMENT NO. 84**

During the year ended December 31, 2020, the District implemented GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this Statement, the District reevaluated whether its fiduciary funds met the revised definition of fiduciary activities. The District determined that the CFD No. 2007-1 (Cement Hill) and AD 2008-1 (Rodeo Flat) former Agency Funds met the criteria to be reported as part of the District's operations and reclassified them to the Water Fund. Due to this change, the January 1, 2020 CFD and AD total assets, total liabilities and total net position deficit of \$411,869, \$3,439,948 and (\$3,028,079) were combined with the District's Water Fund. After this transaction, interfund receivables and payables of \$3,432,807 between the Water Fund and CFD/AD at January 1, 2020 were eliminated in a consolidating entry for financial reporting purposes.

The transaction above to implement GASB Statement No. 84 also resulted in a restatement of \$198,010 as of January 1, 2020 in the statement of cash flows of the Water Fund to include the cash and cash equivalents held by the CFD and AD.



REQUIRED SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

NEVADA IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2020  
Last 10 Years

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:							
Service Cost	\$ 2,686,216	\$ 2,637,751	\$ 2,364,428	\$ 2,298,162	\$ 1,926,560	\$ 1,691,635	\$ 1,765,326
Interest on the Total Pension Liability	9,749,205	9,364,883	8,986,105	8,801,321	8,570,812	8,255,944	7,905,821
Changes in Assumptions			(617,049)	7,082,987		(1,922,782)	
Differences Between Actual and Expected Experience	1,089,816	1,189,611	(721,555)	290,763	782,741	1,142,319	
Benefit Payments, Including Refunds of Employee Contributions	(7,967,447)	(7,515,658)	(7,242,753)	(7,176,467)	(6,820,099)	(6,643,641)	(6,044,270)
Net Change in Total Pension Liability	5,557,790	5,676,587	2,769,176	11,296,766	4,460,014	2,523,475	3,626,877
Total Pension Liability - Beginning	137,903,321	132,226,734	129,457,558	118,160,792	113,700,778	111,177,303	107,550,426
Total Pension Liability - Ending (a)	<u>\$ 143,461,111</u>	<u>\$ 137,903,321</u>	<u>\$ 132,226,734</u>	<u>\$ 129,457,558</u>	<u>\$ 118,160,792</u>	<u>\$ 113,700,778</u>	<u>\$ 111,177,303</u>
Plan Fiduciary Net Position:							
Contributions - Employer	\$ 5,173,543	\$ 4,567,495	\$ 3,930,086	\$ 3,954,877	\$ 3,510,366	\$ 3,098,851	\$ 2,449,665
Contributions - Employee	1,203,756	1,168,875	1,094,327	1,021,683	975,138	921,705	909,560
Net Investment Income	4,340,494	5,525,839	6,710,253	8,254,320	369,777	1,695,016	11,836,566
Net Plan to Plan Resource Movement			(196)				
Other Miscellaneous Income (Expense)		195	(238,450)				
Benefit Payments	(7,967,447)	(7,515,658)	(7,242,753)	(7,176,467)	(6,820,099)	(6,643,641)	(6,044,270)
Administrative Expenses	(124,613)	(60,449)	(125,565)	(110,194)	(46,712)	(86,331)	
Net Change in Plan Fiduciary Net Position	2,625,733	3,686,297	4,127,702	5,944,219	(2,011,530)	(1,014,400)	9,151,521
Plan Fiduciary Net Position - Beginning	88,393,640	84,707,343	80,579,641	74,635,422	76,646,952	77,661,352	68,509,831
Plan Fiduciary Net Position - Ending (b)	<u>\$ 91,019,373</u>	<u>\$ 88,393,640</u>	<u>\$ 84,707,343</u>	<u>\$ 80,579,641</u>	<u>\$ 74,635,422</u>	<u>\$ 76,646,952</u>	<u>\$ 77,661,352</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 52,441,738</u>	<u>\$ 49,509,681</u>	<u>\$ 47,519,391</u>	<u>\$ 48,877,917</u>	<u>\$ 43,525,370</u>	<u>\$ 37,053,826</u>	<u>\$ 33,515,951</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.45%	64.10%	64.06%	62.24%	63.16%	67.41%	69.85%
Covered Payroll - Plan Year	<u>\$ 15,773,436</u>	<u>\$ 15,230,390</u>	<u>\$ 13,628,612</u>	<u>\$ 12,972,241</u>	<u>\$ 12,230,577</u>	<u>\$ 10,522,081</u>	<u>\$ 10,387,326</u>
Net Pension Liability as a Percentage of Covered Payroll	332.47%	325.07%	348.67%	376.79%	355.87%	352.15%	322.66%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after valuation dates. This applies for voluntary benefit changes as well as any offers of Two Years of Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions:

Discount rate changes	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%
-----------------------	-------	-------	-------	-------	-------	-------	-------

Omitted Years: GASB Statement No. 68 was implemented during the year ended December 31, 2014. No information was available prior to this date. Ten years of information will be presented as it becomes available.

NEVADA IRRIGATION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2020  
Last 10 Years

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN (UNAUDITED)

	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Contractually Required Contribution (Actuarially Determined) <sup>(5)</sup>	\$ 5,173,543	\$ 4,567,495	\$ 3,930,086	\$ 3,973,687	\$ 3,729,988	\$ 3,434,463	\$ 2,676,564
Contributions in Relation to the Contractually Required Contributions <sup>(5)</sup>	<u>(5,173,543)</u>	<u>(4,567,495)</u>	<u>(3,930,086)</u>	<u>(3,973,687)</u>	<u>(3,729,988)</u>	<u>(3,434,463)</u>	<u>(2,676,564)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll - District Calendar Year	\$ 16,502,396	\$ 15,783,446	\$ 15,084,238	\$ 13,675,680	\$ 12,889,477	\$ 12,633,291	\$ 10,921,603
Contributions as a Percentage of Covered Payroll	31.35%	28.94%	26.05%	29.06%	28.94%	27.19%	24.51%
Contribution Valuation Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Reporting Valuation Date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Reporting Measurement Date:	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Methods and Assumptions Used to Determine Contribution Rates:

	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15-year Smoothed Market
Actuarial Cost Method							
Amortization Method							
Remaining Amortization Period							
Asset Valuation Method							
				Entry age normal			
				Level percentage of payroll, closed			
				Varies, not more than 30 years			
Inflation	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases							
Payroll Growth	2.750%	2.875%	3.00%	Varies by entry age and service			3.00%
Investment Rate of Return	7.00% <sup>(1)</sup>	7.25% <sup>(1)</sup>	7.375% <sup>(1)</sup>	7.50% <sup>(1)</sup>	7.50% <sup>(1)</sup>	7.50% <sup>(1)</sup>	7.50% <sup>(1)</sup>
Mortality	(4)	(3)	(3)	(3)	(2)	(2)	(2)

Notes to Schedule:

- <sup>(1)</sup> Net of administrative expenses, includes inflation.
- <sup>(2)</sup> Probabilities of retirement and mortality are based on CalPERS' 2010 Experience Study for the period from 1997 to 2007.
- <sup>(3)</sup> Probabilities of retirement and mortality are based on CalPERS' 2014 Experience Study for the period from 1997 to 2011.
- <sup>(4)</sup> Probabilities of retirement and mortality are based on CalPERS' 2017 Experience Study for the period from 1997 to 2015.
- <sup>(5)</sup> The contractually required contributions are not available from the actuary for the calendar year. Consequently, the District reported the contributions and contractually required contributions as computed by the actuary for the plan measurement period.

Omitted Years: GASB Statement No. 68 was implemented during the year ended December 31, 2014. Information was not available prior to 2014. Ten years of information will be presented as it becomes available.

NEVADA IRRIGATION DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2020  
Last 10 Years

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY  
AND RELATED RATIOS (UNAUDITED)

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 614,568	\$ 605,340	\$ 597,000
Interest	1,750,233	1,683,941	1,621,000
Differences between expected and actual experience	(2,746,191)		
Changes in assumptions	(681,237)		
Benefit payments	(1,346,684)	(1,286,122)	(1,328,000)
Net Change in total OPEB liability	(2,409,311)	1,003,159	890,000
Total OPEB liability - beginning	25,988,159	24,985,000	24,095,000
Total OPEB liability - ending (a)	<u>\$ 23,578,848</u>	<u>\$ 25,988,159</u>	<u>\$ 24,985,000</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,821,296	\$ 1,767,404	\$ 1,835,000
Investment income	628,823	1,017,699	1,159,000
Administrative expenses	(23,264)	(17,766)	(44,000)
Benefit payments	(1,346,684)	(1,286,122)	(1,328,000)
Net change in plan fiduciary net position	1,080,171	1,481,215	1,622,000
Plan fiduciary net position - beginning	17,709,215	16,228,000	14,606,000
Plan fiduciary net position - ending (b)	<u>\$ 18,789,386</u>	<u>\$ 17,709,215</u>	<u>\$ 16,228,000</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 4,789,462</u>	<u>\$ 8,278,944</u>	<u>\$ 8,757,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>79.7%</u>	<u>68.1%</u>	<u>65.0%</u>
Covered-employee payroll - measurement period	<u>\$ 17,001,674</u>	<u>\$ 16,324,284</u>	<u>\$ 14,769,000</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>28.2%</u>	<u>50.7%</u>	<u>59.3%</u>
Notes to schedule:			
Valuation date	June 30, 2019	June 30, 2017	June 30, 2017
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018
Benefit changes:	None	None	None
Changes in assumptions:	None	None	None

Omitted years: GASB Statement No. 75 was implemented during the year ended December 31, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

NEVADA IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2020  
Last 10 Years

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions - employer calendar year	\$ 1,428,000	\$ 1,895,000	\$ 1,888,000
Contributions in relation to the actuarially determined contributions	<u>(1,811,450)</u>	<u>(1,813,103)</u>	<u>(1,782,000)</u>
Contribution deficiency (excess)	<u>\$ (383,450)</u>	<u>\$ 81,897</u>	<u>\$ 106,000</u>
Covered-employee payroll - employer calendar year	\$ 17,310,846	\$ 16,695,677	\$ 15,738,000
Contributions as a percentage of covered-employee payroll	10.5%	10.9%	11.3%

**Notes to Schedule:**

Valuation date	June 30, 2019	June 30, 2017	June 30, 2017
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018

Omitted years: GASB Statement No. 75 was implemented during the year ended December 31, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

## SUPPLEMENTARY INFORMATION



(This page intentionally left blank.)

**Nevada Irrigation District**  
**Table 18: Capacity Fee Report**  
**Government Code Section 66013**  
Fiscal Year Ended December 31, 2020

Beginning balance		\$ 6,229,224
<u>Revenues:</u>		
Fees Collected	\$ 1,384,152	
Interest Earned	77,242	
Total	1,461,395	
<u>Expenses:</u>		
Debt Service	\$ 218,578	
Projects	-	
Total	218,578	
Net Changes for the Year		1,242,817
Ending balance		\$ 7,472,041

California Government Code (CGC) Section 66013 requires the District to place capacity fees received and any interest income earned from the investment of these monies in a separate capacity fee fund. These monies are to be used solely for the purposes for which they were collected and not commingled with other District funds. A capacity charge means a charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future.

The Section requires the District to make certain information available to the public within 180 days after the close of each fiscal year. Furthermore, the Section allows the required information to be included in the District's annual financial report. The Capacity Fee Report meets this requirement.

Capacity fees are imposed for initiating water connection service by the District at the request of the customer. No fees are imposed upon real property or upon person as an incident of property ownership, but rather as a condition of service.

The District's Capital Improvement Plan forecast usage of these fees for water growth/expansion related projects. No interfund loans are connected to these fees.

*Source: Nevada Irrigation District Finance Department*

(This page intentionally left blank.)



# STATISTICAL SECTION



## STATISTICAL SECTION

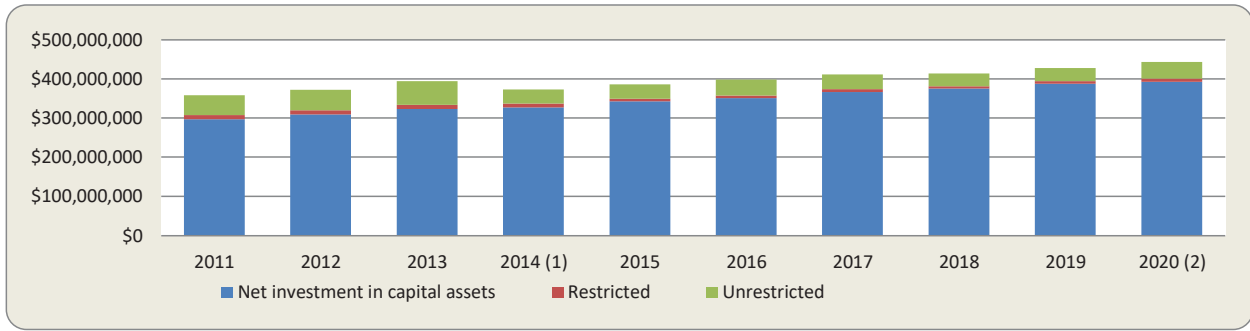
This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statement, note disclosures, and required supplementary information says about the District's overall financial health.

<b><u>Content</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> <i>These schedules contain trend information for assessing the District's financial performance and well-being changed over time.</i>	55-56
<b>Revenue Capacity</b> <i>These schedules contain information to assess the District's most significant local revenue source, water sales, hydroelectric sales and property taxes.</i>	57-63
<b>Debt Capacity</b> <i>These schedules present information to assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.</i>	64-67
<b>Demographic and Economic Information</b> <i>These schedules provide demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</i>	68-69
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to assist the reader in understanding how the information in the District's financial report relates to the services the District provides and the activities it performs.</i>	70-71

(This page intentionally left blank.)



**Nevada Irrigation District**  
**Table 1: Net Position by Component**  
 (Accrual Basis of Accounting)



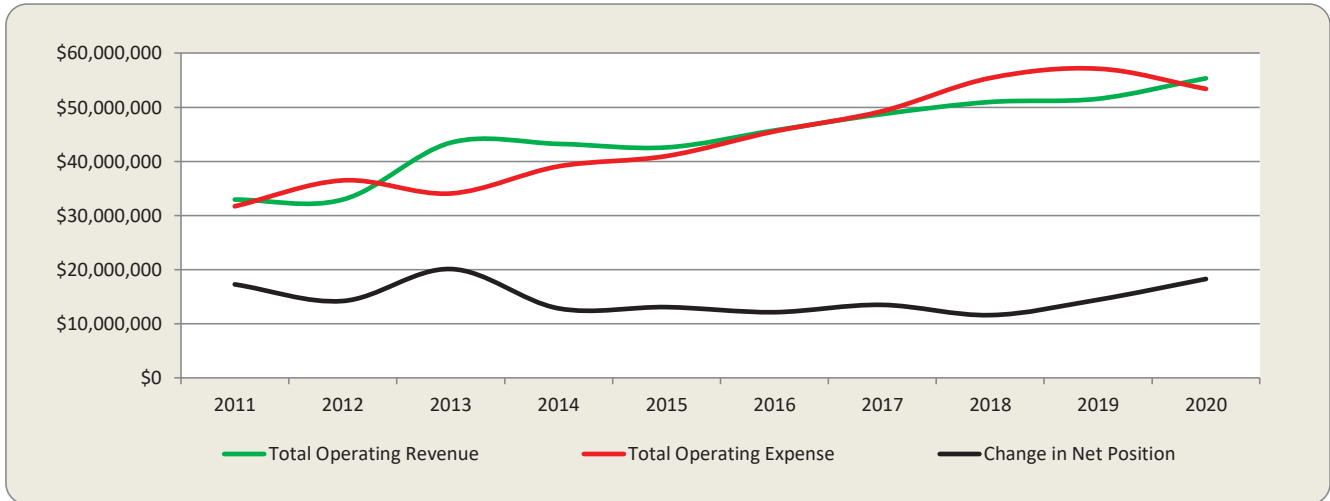
	2011	2012	2013	2014 (1)	2015	2016	2017	2018	2019	2020 (2)
Net Position:										
Net investment in capital assets	\$296,671,739	\$309,004,602	\$322,987,110	\$326,939,315	\$342,551,262	\$350,611,745	\$366,586,609	\$375,052,243	\$387,397,101	\$392,225,818
Restricted	10,891,261	10,768,846	10,763,551	10,109,236	6,801,736	6,338,459	7,138,137	6,163,398	6,840,404	8,402,601
Unrestricted	50,128,251	52,278,409	60,186,554	35,619,175	36,342,866	40,864,586	37,543,531	32,346,853	33,591,203	42,412,463
<b>Total net position</b>	<b>\$357,691,251</b>	<b>\$372,051,857</b>	<b>\$393,937,215</b>	<b>\$372,667,726</b>	<b>\$385,695,864</b>	<b>\$397,814,790</b>	<b>\$411,268,277</b>	<b>\$413,562,494</b>	<b>\$427,828,708</b>	<b>\$443,040,882</b>

Source: Nevada Irrigation District Finance Department

(1) Balances shown for 2014 were restated to reflect the implementation of GASB 68. Information needed to restate years prior to 2013 was not readily available.

(2) Balances prior to 2020 were not restated for the implementation of GASB 84 as information was not readily available

**Nevada Irrigation District**  
**Table 2: Changes in Net Position**  
 (Accrual Basis of Accounting)



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Operating Revenues:</u>										
Water sales	\$ 16,639,336	\$ 17,857,842	\$ 19,226,399	\$ 18,879,014	\$ 18,182,972	\$ 19,965,010	\$ 21,754,315	\$ 23,401,902	\$ 23,380,147	\$ 27,876,917
Electric power sales	14,345,166	12,798,978	21,560,091	21,547,522	20,938,643	22,559,519	23,662,146	23,526,675	24,193,843	24,022,283
Standby charges	132,398	123,807	77,343	199,031	127,318	124,533	128,868	135,886	129,822	78,055
Reimbursements	7,862	22,208	55,489	66,945	715,544	344,065	67,514	74,760	231,525	156,990
New connections and instl	215,128	124,916	245,965	172,943	391,315	225,972	419,977	865,917	261,310	1,354,008
Recreation fees	1,150,541	1,471,825	1,773,812	1,814,050	1,680,426	2,056,885	2,118,007	2,243,900	2,375,139	1,437,822
Other revenue	437,184	514,794	484,391	558,090	514,390	421,539	591,875	733,121	1,012,410	411,551
<b>Total Operating Revenue</b>	<b>32,927,615</b>	<b>32,914,370</b>	<b>43,423,490</b>	<b>43,237,595</b>	<b>42,550,608</b>	<b>45,697,523</b>	<b>48,742,702</b>	<b>50,982,161</b>	<b>51,584,196</b>	<b>55,337,626</b>
<u>Operating Expenses</u>										
Administration and general	12,592,040	16,520,096	11,296,190	15,038,106	16,857,254	20,237,948	23,799,490	26,749,348	28,947,484	23,711,660
Water treatment	3,985,813	3,968,769	4,243,379	5,125,173	5,038,911	7,394,700	6,862,080	7,457,698	7,857,776	7,736,964
Transmission and distr	8,011,035	7,984,101	9,082,023	8,675,374	9,595,141	8,152,298	8,656,311	9,954,565	9,392,383	10,429,784
Pumping	741,398	736,270	794,287	814,440	705,111	852,879	980,341	975,937	896,625	1,177,979
Depreciation and amort	6,325,122	7,253,596	8,648,909	9,410,296	8,781,131	8,887,242	8,971,611	10,263,639	10,036,247	10,331,117
<b>Total Operating Expense</b>	<b>31,655,408</b>	<b>36,462,832</b>	<b>34,064,788</b>	<b>39,063,389</b>	<b>40,977,548</b>	<b>45,525,067</b>	<b>49,269,833</b>	<b>55,401,187</b>	<b>57,130,515</b>	<b>53,387,504</b>
<u>Nonoperating Rev (Exp)</u>										
Taxes and assessments	9,990,235	10,302,102	9,750,780	10,108,508	10,707,911	11,363,997	11,750,933	12,331,723	13,092,532	13,452,475
Investment income	378,489	486,989	433,678	673,536	652,266	1,164,646	1,232,503	1,465,194	1,701,402	1,271,584
Other Interest Income	-	-	-	-	-	374,996	-	-	-	-
Unrealized gain/(loss)	524,320	100,082	-	-	(827,767)	(1,351,995)	150,798	-	1,336,793	-
Intergovernmental revenue	-	-	863,830	412,468	937,659	1,501,698	1,102,666	2,165,910	3,629,278	654,276
Rents and leases	40,090	94,585	84,532	73,534	165,720	206,923	158,024	228,926	172,684	170,889
Gain/(loss) on sale assets	(44,458)	(87,326)	1,067	(2,199,003)	(3,275)	17,535	324	(214,765)	(71,159)	(165,523)
Interest expense	(207,418)	(1,551,584)	(1,463,127)	(1,320,756)	(1,265,805)	(2,055,024)	(1,663,744)	(1,438,321)	(1,372,612)	(1,341,559)
Other non-operating expenses	-	-	-	-	(83,234)	148,412	-	-	-	(184,194)
<b>Total Nonoperating</b>	<b>10,681,258</b>	<b>9,344,848</b>	<b>9,670,760</b>	<b>7,748,287</b>	<b>10,283,475</b>	<b>11,371,188</b>	<b>12,731,504</b>	<b>14,538,668</b>	<b>18,488,918</b>	<b>13,857,948</b>
<b>Income before contribution</b>	<b>11,953,465</b>	<b>5,796,386</b>	<b>19,029,462</b>	<b>11,922,493</b>	<b>11,856,535</b>	<b>11,543,644</b>	<b>12,204,373</b>	<b>10,119,642</b>	<b>12,942,599</b>	<b>15,808,070</b>
<u>Transfers and contributions</u>										
Capacity charges	855,473	363,568	714,427	854,499	414,305	575,282	1,038,453	517,343	789,537	1,384,151
Special assessments - capital	-	-	-	-	-	-	-	-	-	371,034
Capital contributions	4,456,123	8,004,707	369,150	18,776	757,298	-	210,661	905,297	702,549	676,998
Transfers in (out)	-	-	-	-	-	-	-	-	-	-
<b>Total Transfers and contri</b>	<b>5,311,596</b>	<b>8,368,275</b>	<b>1,083,577</b>	<b>873,275</b>	<b>1,171,603</b>	<b>575,282</b>	<b>1,249,114</b>	<b>1,422,640</b>	<b>1,492,086</b>	<b>2,432,183</b>
<b>Change in Net Position</b>	<b>\$ 17,265,061</b>	<b>\$ 14,164,661</b>	<b>\$ 20,113,039</b>	<b>\$ 12,795,768</b>	<b>\$ 13,028,138</b>	<b>\$ 12,118,926</b>	<b>\$ 13,453,487</b>	<b>\$ 11,542,282</b>	<b>\$ 14,434,685</b>	<b>\$ 18,240,253</b>

Source: Nevada Irrigation District Finance Department

**Nevada Irrigation District**  
**Table 3: Treated Water Rates and Connection Fees**  
 Effective January 1

	2011	2012	2013	2014	2015	2016	2017	2018	1/1-6/30/19	7/1-12/31/19	2020
<b>Commodity Rate/HCF:</b>											
Residential											
2 to 58 hcf	\$ 1.36	\$ 1.47	\$ 1.53	\$ 1.62	\$ 1.72	\$ 1.82	\$ 1.93	\$ 2.05	\$ 2.05	\$ 2.17	\$ 2.29
Next 340 hcf	1.76	1.90	1.98	2.10	2.22	2.36	2.50	2.65	2.65	2.80	2.96
Over 400 hcf											
<b>Daily Base Charge (fixed based on meter size):</b>											
5/8"	\$ 0.57	\$ 0.58	\$ 0.61	\$ 0.64	\$ 0.69	\$ 0.74	\$ 0.45	\$ 0.83	\$ 0.83	\$ 0.88	\$ 0.93
3/4"	0.83	0.88	0.91	0.97	1.04	1.10	1.17	1.24	1.24	1.31	1.39
1"	1.36	1.46	1.52	1.61	1.74	1.84	1.95	2.07	2.07	2.19	2.31
1.5"	2.64	2.92	3.04	3.22	3.47	3.68	3.90	4.14	4.14	4.37	4.62
2"	4.20	4.68	4.87	5.16	5.56	5.89	6.25	6.62	6.62	7.00	7.40
3"	7.82	8.77	9.12	9.67	10.42	11.05	11.71	12.41	12.41	14.00	14.80
4"	12.80	14.62	15.21	16.12	17.37	18.41	19.52	20.69	20.69	21.87	23.13
6"	25.61	29.25	30.42	32.24	34.74	36.83	39.04	41.38	41.38	43.74	46.25
8"	42.11	46.79	48.67	51.59	55.59	58.93	62.46	66.21	66.21	69.99	73.99
<b>Daily Base Charge for Private Fire Lines (fixed based on meter size):</b>											
1"	\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.11	\$ 0.11	No Change	\$ 0.11
4"	\$ 0.50	0.51	0.52	0.54	0.57	0.58	0.60	0.62	0.64	No Change	0.65
6"	0.52	0.54	0.55	0.58	0.60	0.62	0.64	0.66	0.68	No Change	0.70
8"	0.58	0.60	0.61	0.64	0.67	0.68	0.71	0.74	0.76	No Change	0.77
<b>Connection Fees</b>											
5/8"	\$ 7,559.00	\$ 7,810.00	\$ 8,003.00	\$ 9,775.00	\$ 10,097.00	\$ 10,294.00	\$ 10,641.00	\$ 11,071.00	\$ 11,392.00	No Change	\$ 11,596.00
3/4"	10,688.00	11,044.00	11,317.00	13,859.00	14,317.00	14,598.00	15,090.00	15,700.00	16,156.00	No Change	16,446.00
1"	18,613.00	19,233.00	19,711.00	24,212.00	25,014.00	25,506.00	26,365.00	31,900.00	32,825.00	No Change	33,414.00
1.5"	41,367.00	42,746.00	43,810.00	53,913.00	55,703.00	56,799.00	58,710.00	65,581.00	67,482.00	No Change	68,694.00
2"	73,082.00	75,521.00	77,404.00	95,343.00	98,511.00	100,450.00	103,827.00	112,533.00	115,796.00	No Change	117,878.00
Over 2"											

(1) 1st 10 hcf for 2 to 58 hcf, Next 340 hcf Over  
 Source: Nevada Irrigation District Finance Department

Nevada Irrigation District  
**Table 4: Hydroelectric Rates, Production, and Sales**  
 Effective January 1

	2013	2014	2015	2016	2017	2018	2019	2020
<u>Rates/(kwh)</u>								
<b>Location: # Power Plants</b>								
Chicago Park Powerhouse	\$ 0.11	\$ 0.17	\$ 0.14	\$ 0.06	\$ 0.05	\$ 0.08	\$ 0.07	\$ 0.14
Dutch Flat #2 Powerhouse	0.17	0.26	0.25	0.06	0.04	0.08	0.06	0.50
Rollins Powerhouse	0.06	0.19	0.18	0.07	0.06	0.09	0.08	0.12
Bowman Powerhouse	0.06	0.07	0.06	0.05	0.05	0.08	0.08	0.13
Scotts Flat Powerhouse	0.09	0.09	0.09	0.09	0.09	0.09	0.08	0.13
Combie South Powerhouse	0.09	0.09	0.09	0.09	0.10	0.09	0.10	0.07
Combie North Powerhouse	0.11	0.11	0.10	0.11	0.10	0.11	0.12	0.11
<u>Unit Availability</u>								
<b>Location:</b>								
Chicago Park Powerhouse	99.93%	99.67%	99.79%	99.79%	99.39%	99.69%	99.93%	99.95%
Dutch Flat #2 Powerhouse	99.99%	99.93%	96.52%	99.55%	98.79%	99.99%	99.72%	99.71%
Rollins Powerhouse	100.00%	100.00%	99.78%	97.97%	99.19%	99.57%	99.86%	99.91%
Bowman Powerhouse	0%	0%	0%	0%	92.87%	97.25%	92.42%	99.54%
Average	99.97%	99.87%	98.70%	99.10%	97.56%	99.13%	97.98%	99.78%
<u>Generation/(kwh)</u>								
<b>Location:</b>								
Chicago Park Powerhouse	107,134,000	59,831,000	69,133,000	161,362,000	186,509,000	124,022,000	148,125,000	76,204,000
Dutch Flat #2 Powerhouse	19,301,000	19,912,000	21,793,000	90,897,000	144,680,000	68,557,000	100,439,000	11,715,000
Rollins Powerhouse	51,213,000	27,008,000	28,588,000	74,461,000	86,912,000	61,318,000	75,926,000	47,704,000
Bowman Powerhouse	6,280,200	5,083,000	3,952,800	14,700,000	20,462,400	13,920,000	14,274,000	8,897,000
Scotts Flat Powerhouse	4,471,000	2,891,000	2,228,000	3,911,000	4,107,600	4,412,000	4,953,000	3,596,000
Combie South Powerhouse	2,317,100	2,158,000	1,652,400	7,927,000	8,456,400	5,441,000	7,918,000	3,437,000
Combie North Powerhouse	1,587,000	1,370,000	1,279,000	1,855,000	2,167,200	1,466,000	1,680,000	1,183,000
Total	192,303,300	118,253,000	128,626,200	355,113,000	453,294,600	279,136,000	353,315,000	152,736,000
<u>Sales</u>								
<b>Location:</b>								
Chicago Park Powerhouse	\$ 11,474,067	\$ 10,156,075	\$ 9,688,911	\$ 9,856,454	\$ 10,014,437	\$ 10,131,747	\$ 10,311,570	\$ 10,465,264
Dutch Flat Powerhouse	3,291,586	5,247,154	5,417,285	5,573,524	5,526,812	5,621,379	5,725,698	5,800,114
Rollins Powerhouse	3,227,045	5,149,273	5,100,484	5,159,473	5,544,927	5,645,458	5,715,035	5,807,549
Bowman Powerhouse	372,104	374,415	255,516	722,338	1,043,161	1,110,355	1,081,741	1,118,961
Scotts Flat Powerhouse	399,675	274,400	209,302	357,684	355,583	383,750	407,545	467,468
Combie South Powerhouse	215,180	192,624	141,890	694,311	865,791	476,289	759,043	228,854
Combie North Powerhouse	172,502	152,041	125,255	195,735	227,850	157,697	193,211	134,073
Total	\$ 19,152,159	\$ 21,545,982	\$ 20,938,643	\$ 22,559,519	\$ 23,578,561	\$ 23,526,675	\$ 24,193,843	\$ 24,022,283

Source: Nevada Irrigation District Finance and Hydroelectric Department

Prior to 2013, NID was only reimbursed cost at the Chicago Park, Dutch Flat #2, and Rollins Powerhouses.

Bowman Powerhouse converted to availability based contract on January 1, 2017. No prior availability data is available.

Numerical information is only for CAFR statistical purposes and not related to contract agreement.

Generation/(kwh) information updated for years 2013-2019

Combie South Powerhouse sales contract modified beginning 5/1/2020.

Scotts Flat Powerhouse sales agreement with PG&E changed from an amended power purchase agreement to a Renewable Energy Self-Generation Bill Credit Transfer agreement commencing 6/1/2020.

**Nevada Irrigation District**  
**Table 5: Recreation Fees and Facilities**  
 Effective January 1

	2011	2012	2013	2014	2015	2016	2017	2018 <sup>(1)</sup>	2019	2020 <sup>(2)</sup>
<u>Sales</u>										
<b>Location:</b>										
Scotts Flat	\$ 745,751	\$ 747,115	\$ 778,515	\$ 768,982	\$ 663,142	\$ 790,761	\$ 937,907	\$ 954,933	\$ 1,103,784	655,105
Long Ravine	-	431,962	462,154	491,167	531,932	520,854	531,109	548,837	550,834	372,948
Orchard Springs	282,351	298,869	290,052	344,864	295,275	295,307	323,029	301,593	336,474	219,093
Peninsula	-	-	194,740	151,235	190,077	219,821	232,094	226,994	222,457	35,776
Jackson Meadows*	-	-	-	-	-	230,026	93,868	181,656	161,188	154,162
Combie	-	-	-	-	-	116	-	29,887	402	738
<b>Total Recreation fees</b>	<b>1,028,102</b>	<b>1,477,946</b>	<b>1,725,461</b>	<b>1,756,248</b>	<b>1,680,426</b>	<b>2,056,885</b>	<b>2,118,007</b>	<b>2,243,900</b>	<b>2,375,139</b>	<b>1,437,822</b>
<b># Campsites:</b>										
Scotts Flat	200	200	200	200	200	200	200	190	190	190
Long Ravine	-	101	101	101	101	101	101	101	101	101
Orchard Springs	91	91	91	91	91	91	91	99	99	99
Peninsula	-	-	70	70	70	70	70	73	73	73
Jackson Meadows	-	-	-	-	-	170	170	188	188	188
<b>Total</b>	<b>291</b>	<b>392</b>	<b>462</b>	<b>462</b>	<b>462</b>	<b>632</b>	<b>632</b>	<b>651</b>	<b>651</b>	<b>651</b>

Source: Nevada Irrigation District Finance and Recreation Department

Note: Rates vary by length of stay, vehicle type & occupants. Revenues consist of reservations, boat launch, store items, and royalties

\*Jackson Meadows Campground management changed from the Forest Service over to NID in 2016

(1) Physical count of campsites conducted in 2018 resulting in minor differences in campsite counts over previous years.

(2) Campground closures in 2020 due to COVID-19 reduced recreation sales over previous years.

**Nevada Irrigation District**  
**Table 6: Raw Water Rates and Connection Fees**  
 Effective January 1

	2011	2012	2013	2014	2015	2016	2017	2018	1/1-6/30/19	7/1-12/31/19	2020
0.25 MI	\$ 351.99	\$ 371.16	\$ 391.38	\$439.16	\$465.52	\$493.44	\$550.40	\$554.42	\$554.42	\$586.14	\$619.66
0.5	423.00	445.56	467.50	495.55	525.29	556.81	590.21	625.62	625.62	661.40	699.23
1	527.76	551.52	573.90	608.34	644.84	683.53	724.54	768.00	768.00	811.93	858.37
1.5	628.98	654.14	680.30	721.13	764.39	810.26	858.87	910.39	910.39	962.46	1,017.51
2	727.36	756.44	786.70	833.91	883.94	936.98	993.20	1,052.77	1,052.77	1,112.99	1,176.65
2.5	853.13	858.75	893.10	946.70	1,003.49	1,063.71	1,127.53	1,195.16	1,195.16	1,263.52	1,335.79
3	969.27	969.27	999.50	1,059.49	1,123.04	1,190.43	1,261.86	1,337.54	1,337.54	1,414.05	1,494.93
3.5	1,073.38	1,073.38	1,105.90	1,172.27	1,242.59	1,317.16	1,396.19	1,479.93	1,479.93	1,564.58	1,654.07
4	1,166.36	1,166.36	1,212.30	1,285.05	1,362.14	1,443.88	1,530.52	1,622.31	1,622.31	1,715.11	1,813.21
4.5	1,249.02	1,267.97	1,318.70	1,397.84	1,481.69	1,570.61	1,664.85	1,764.70	1,764.70	1,865.64	1,972.35
5	1,322.10	1,370.30	1,425.10	1,510.62	1,601.24	1,697.33	1,799.18	1,907.08	1,907.08	2,016.17	2,131.49
6	1,514.22	1,574.88	1,637.90	1,736.19	1,840.34	1,950.78	2,067.84	2,191.85	2,191.85	2,317.23	2,449.77
7	1,711.11	1,779.54	1,850.70	1,961.76	2,079.44	2,204.23	2,336.50	2,476.62	2,476.62	2,618.29	2,768.05
8	1,907.85	1,984.16	2,063.50	2,187.33	2,318.54	2,457.68	2,605.16	2,761.39	2,761.39	2,919.35	3,086.33
9	2,104.62	2,188.71	2,276.30	2,412.90	2,557.64	2,711.13	2,873.82	3,046.16	3,046.16	3,220.41	3,404.61
10	2,301.36	2,393.40	2,489.10	2,638.47	2,796.74	2,964.58	3,142.48	3,330.93	3,330.93	3,521.47	3,722.89
11	2,498.10	2,597.98	2,701.90	2,864.04	3,035.84	3,218.03	3,411.14	3,615.70	3,615.70	3,822.53	4,041.17
12	2,694.87	2,802.60	2,914.70	3,089.61	3,274.94	3,471.48	3,679.80	3,900.47	3,900.47	4,123.59	4,359.45
13	2,891.61	3,007.16	3,127.50	3,315.18	3,514.04	3,724.93	3,948.46	4,185.24	4,185.24	4,424.65	4,677.73
14	3,088.35	3,211.88	3,340.30	3,540.75	3,753.14	3,978.38	4,217.12	4,470.01	4,470.01	4,725.71	4,996.01
15	3,285.12	3,416.40	3,553.10	3,766.32	3,992.24	4,231.83	4,485.78	4,754.78	4,754.78	5,026.77	5,314.29
16	3,481.86	3,621.12	3,765.90	3,991.89	4,231.34	4,485.28	4,754.44	5,039.55	5,039.55	5,327.83	5,632.57
17	3,678.60	3,825.68	3,978.70	4,217.46	4,470.44	4,738.73	5,023.10	5,324.32	5,324.32	5,628.89	5,950.85
18	3,875.37	4,030.20	4,191.50	4,443.03	4,709.54	4,992.18	5,291.76	5,609.09	5,609.09	5,929.95	6,269.13
19	4,053.84	4,234.91	4,404.30	4,668.60	4,948.64	5,245.63	5,560.42	5,893.86	5,893.86	6,231.01	6,587.41
20+ per MI											
20	4,181.67	4,401.20	4,614.10	4,894.17	5,187.74	5,499.08	5,856.43	6,178.63	6,178.63	6,532.07	6,905.69
Per MI	196.75	204.62	212.80	225.57	239.10	253.45	268.66	284.77	284.77	301.06	318.28
Fixed Fee	333.86	347.21	361.10	382.77	405.74	430.08	455.88	483.23	483.23	510.87	540.09
<b>Connection Fees For Irrigation Box</b>											
1/2 - 25MI Box	\$ 992.00	\$ 1,022.00	\$ 1,042.00	\$ 1,089.00	\$ 1,119.00	\$ 1,139.00	\$ 1,180.00	\$ 1,230.00	\$ 1,266.00	No Change	\$ 1,288.00
26 - 40 MI Box	1,640.00	1,690.00	1,724.00	1,801.00	1,850.00	1,883.00	1,951.00	2,034.00	2,093.00	No Change	2,130.00
Over 40 MI											
Orificed Svc	919.00	947.00	966.00	1,009.00	1,036.00	1,055.00	1,093.00	1,139.00	1,172.00	No Change	1,193.00

Source: Nevada Irrigation District Finance Department

**Nevada Irrigation District**  
**Table 7: Water Sales and Production by Type**  
 Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Treated</b>	<b>Raw</b>	<b>Other</b>	<b>Total Water Sales</b>	<b>Total Treated Water Deliveries (CCF)</b>	<b>Total Raw &amp; Other Deliveries (Acre Feet)</b>
<b>2011</b>	\$ 10,975,709	\$ 4,533,812	\$ 1,129,815	\$ 16,639,336	3,775,395	132,551
<b>2012</b>	12,217,782	4,585,872	1,054,188	17,857,842	4,269,839	123,090
<b>2013</b>	12,986,505	4,876,339	1,363,555	19,226,399	4,286,955	112,970
<b>2014</b>	12,561,235	5,222,372	1,095,407	18,879,014	3,932,684	117,566
<b>2015</b>	11,878,330	5,275,370	1,029,272	18,182,972	3,455,708	118,641
<b>2016</b>	13,311,605	5,771,850	881,555	19,965,010	3,157,246	119,385
<b>2017</b>	14,534,980	6,165,356	1,053,979	21,754,315	3,437,750	121,025
<b>2018</b>	15,708,875	6,479,399	1,213,628	23,401,902	3,567,185	121,173
<b>2019</b>	15,619,647	6,695,915	1,064,585	23,380,147	3,492,146	118,204
<b>2020</b>	18,721,988	7,221,430	1,933,499	27,876,917	3,835,449	120,141

Sources: Nevada Irrigation District Finance and Operations Department



**Nevada Irrigation District**  
**Table 8: Ten Largest Water Customers**  
 Current Year and Seven Years Ago

<i>Treated Water</i>				<i>Treated Water</i>			
2020				2013 <sup>(2)</sup>			
Customer	Total Sales	Rank	% of Sales <sup>(1)</sup>	Customer	Total Sales	Rank	% of Sales
County of Nevada	\$ 226,855	1	1.21%	Mercy Healthcare	\$ 76,300	1	0.59%
City of Grass Valley	113,428	2	0.61%	Sierra Pines MHP	61,554	2	0.47%
Mercy Healthcare	100,283	3	0.54%	Forest Springs LLC	57,904	3	0.45%
Nevada Joint Union High School District	94,867	4	0.51%	Nevada Joint Union High School District	56,036	4	0.43%
Forest Springs LLC	90,075	5	0.48%	Rock Creek MHP	54,530	5	0.42%
Oregon Investors	80,534	6	0.43%	Sierra Joint Community College District	52,485	6	0.40%
Sutter Medical Foundation	64,615	7	0.35%	City of Grass Valley	49,764	7	0.38%
Ponderosa Pines MHP	60,608	8	0.32%	Grass Valley School District	45,933	8	0.35%
Rock Creek MHP	55,233	9	0.30%	Ponderosa Pines MHP	45,533	9	0.35%
Auburn Union School District	50,836	10	0.27%	Bear River High School	44,399	10	0.34%
<b>Total</b>	<b>\$ 937,334</b>		<b>5.0%</b>	<b>Total</b>	<b>\$ 544,438</b>		<b>4.2%</b>
<b>Total Treated Water Sales</b>	<b>\$18,721,988</b>			<b>Total Treated Water Sales</b>	<b>\$12,986,505</b>		

<i>Raw Water</i>				<i>Raw Water</i>			
2020				2013 <sup>(2)</sup>			
Customer	Total Sales	Rank	% of Sales <sup>(1)</sup>	Customer	Total Sales	Rank	% of Sales
Placer County Water Agency	\$ 416,078	1	5.76%	Placer County Water Agency	\$ 361,390	1	7.41%
City of Grass Valley	304,387	2	4.22%	City of Grass Valley	281,520	2	5.77%
City of Nevada City	173,633	3	2.40%	South Sutter Water District	219,209	3	4.50%
Hofman, C	69,138	4	0.96%	City of Lincoln	71,527	4	1.47%
Lake of the Pines Association	65,618	5	0.91%	City of Nevada City	67,317	5	1.38%
Lake Wildwood Association	61,499	6	0.85%	Lake of the Pines Association	60,304	6	1.24%
Ellis Family Enterprises LP	58,175	7	0.81%	Hofman, C	55,053	7	1.13%
California Department of Fish & Wildlife	52,234	8	0.72%	Lake Wildwood Association	41,118	8	0.84%
Pacific Loan Management	40,130	9	0.56%	Lincoln Hills Golf Management LLC	36,537	9	0.75%
ACAT LLC	30,825	10	0.43%	California Department of Fish & Wildlife	34,874	10	0.72%
<b>Total</b>	<b>\$ 1,271,717</b>		<b>17.61%</b>	<b>Total</b>	<b>\$ 1,228,849</b>		<b>25.20%</b>
<b>Total Raw Water Sales</b>	<b>\$7,221,430</b>			<b>Total Raw Water Sales</b>	<b>4,876,339</b>		

Notes:

(1) "% of Sales" is expressed as a percentage of treated and raw water sales.

(2) The District began collecting this data in fiscal year 2013, so information for nine years ago is not available.

Source: Nevada Irrigation District Finance and Operations Department

**Nevada Irrigation District**  
**Table 9: Principal Property Taxpayers**  
 Current Year & Five Years Ago (2014-2015 first year District began reporting)

2019-2020					2014-2015				
Rank	Taxpayer	Primary Land Use	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxpayer	Primary Land Use	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
1	EREP Auburn Village I LP	Commercial Store	\$ 33,823,132	0.21%	1	RI-Grass Valley LLC	Commercial Store	\$ 20,699,842	0.17%
2	JPS Development LLC	Commercial Store	25,329,444	0.16	2	FW CA Auburn Village LLC	Commercial Store	19,430,000	0.16
3	RI-Grass Valley LLC	Commercial Store	22,766,612	0.14	3	Kanmawr-Nevada City LLC	Office Building	17,595,830	0.14
4	Kenmawr-Nevada City LLC	Office Building	19,336,363	0.12	4	Target Corporation	Commercial Store	17,508,642	0.14
5	Lowes HIW Inc.	Commercial Store	18,957,716	0.12	5	Longs Drug Stores California Inc.	Office Building	16,389,985	0.13
6	Target Corporation	Commercial Store	18,696,140	0.12	6	GVSC LLC	Commercial Store	15,760,634	0.13
7	GVSC LLC	Commercial Store	17,319,626	0.11	7	JPS Development LLC	Shopping Center	15,598,213	0.13
8	Longs Drug Stores California Inc.	Commercial Store	17,299,945	0.11	8	VTR Quail Ridge LP	Assisted Living Facility	12,500,000	0.10
9	Winterfell Auburn Oaks CA Owner LP	Assisted Living Facility	16,603,932	0.11	9	Irish Patricia, Trustee	Industrial	12,375,631	0.10
10	Sterling Point Station LLC	Commercial Store	16,319,122	0.10	10	Lowes HIW Inc.	Commercial Store	12,000,000	0.10
11	HD Development of Maryland Inc.	Commercial Store	14,718,878	0.09	11	HD Development of Maryland Inc.	Commercial Store	11,841,850	0.10
12	Safeway Inc.	Commercial Store	14,014,073	0.09	12	Safeway Inc.	Commercial Store	10,505,376	0.09
13	Raley's	Commercial Store	13,790,602	0.09	13	Cresleigh Homes Corporation	Residential	10,381,650	0.08
14	VTR Quail Ridge LP	Assisted Living Facility	13,736,465	0.09	14	3830 Bronx Blvd. Associates LLC	Commercial Store	9,990,149	0.08
15	Andrew L. and Shana A. Laursen, Trustees	Residential	12,664,572	0.08	15	Auburn Plaza LLC	Shopping Center	9,217,950	0.07
16	Auburn Plaza LLC	Shopping Center	12,478,770	0.08	16	Mahogany Investments LLC	Commercial Store	8,973,054	0.07
17	Auburn RE LLC	Assisted Living Facility	12,138,000	0.08	17	Nine Plus LLC, et. Al.	Industrial	8,779,036	0.07
18	Cresleigh Homes Corporation	Residential Development	11,677,923	0.07	18	Emerichip Emerald Hills LLC	Assisted Living Facility	8,474,270	0.07
19	WGGV LLC	Commercial Store	10,978,347	0.07	19	Andrew L. and Shana A. Laursen, Trustees	Residential	8,458,230	0.07
20	Grass Valley Glade MHP Associates LP	Mobile Home Park	10,688,000	0.07	20	Grass Valley Glade MHP Associates LP	Mobile Home Park	8,297,000	0.07
<b>Total</b>			<b>\$ 333,337,662</b>	<b>2.11%</b>	<b>Total</b>			<b>\$ 254,777,342</b>	<b>2.06%</b>
Total Secured Assessed Valuation:			\$15,791,463,180		Total Secured Assessed Valuation:			\$12,354,631,861	

Source: California Municipal Statistics, Inc.

Nevada Irrigation District  
**Table 10: Ratios of Outstanding Debt by Type**  
 Last Ten Fiscal Years

Fiscal Year	Yuba Bear River	State of California DWR	Certificates of Participation		2011 Revenue	2016 Revenue	2020 Revenue	Note Payable	Total Debt	% of Personal Income	Per Capita	Imp District Bonds <sup>(1)</sup>
	Development Bonds	Loans	2002	2005	Bonds <sup>(2)</sup>	Bonds	Bonds					
2011	\$ 5,111,000	\$ 9,597,879	\$ 2,045,000	\$ 4,900,000	\$ 28,088,578	\$ -	\$ -	\$ -	\$ 49,742,457	0.22%	\$ 109.18	\$ 636,600
2012	2,555,000	9,541,518	1,035,000	3,945,000	27,099,745	-	150,000	150,000	44,326,263	0.19%	96.47	620,100
2013	-	9,008,290	-	2,960,000	26,523,260	-	100,000	100,000	38,591,550	0.16%	82.99	602,700
2014	-	8,756,023	-	1,935,000	25,386,775	-	50,000	50,000	36,127,798	0.14%	76.89	584,500
2015	-	7,560,214	-	-	23,255,000	-	-	-	30,815,214	0.11%	64.97	565,400
2016	-	6,719,175	-	-	22,115,000	24,716,469	-	-	53,550,644	0.19%	111.65	565,400
2017	-	6,258,389	-	-	20,950,000	23,866,037	-	-	51,074,426	0.17%	104.51	545,300
2018	-	5,771,019	-	-	20,450,833	22,987,254	-	-	49,209,106	0.15%	99.29	449,400
2019	-	5,288,888	-	-	19,104,348	22,078,471	-	-	46,265,606	0.14%	93.87	428,500
2020	-	4,784,523	-	-	-	20,936,938	17,589,454	-	43,310,915	n/a	86.96	406,700

*Note: Details regarding the District's debt can be found in the notes to the financial statements.*

*Revenue bond debt is principal net of premiums/discounts.*

*(1) The \$406,700 due from the Rodeo Flat Improvement District represents the Rodeo Flat Improvement Bonds for which the District is the bondholder.*

*(2) 2011 Revenue bonds were refinanced with 2020 revenue bonds.*

*Notes to the basic financial statements, Note 3.*

*Source: Nevada Irrigation District Finance Department*

**Nevada Irrigation District**  
**Table 11: Computation of Direct and Overlapping Bonded Debt**

December 31, 2020

2019-20 Assessed Valuation (Secured, unsecured, utility): \$16,128,008,751

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 12/31/2020	% Applicable (1)	District's Share of Debt 12/31/2020
Sierra Joint Community College District School Facilities Improvement District No. 2	\$ 24,185,965	84.868%	\$ 20,526,145
Sierra Joint Community College District School Facilities Improvement District No. 4	70,570,000.00	7.1680	5,058,458
Western Placer Unified School District	112,035,000.00	26.453	29,636,619
Nevada Joint Union High School District	51,415,000.00	84.371	43,379,350
Placer Union High School District	20,922,455.00	15.848	3,315,791
Placer Union High School District School Facilities Improvement District No. 1	21,250,000.00	35.527	7,549,488
Placer Union High School District School Facilities Improvement District No. 2	39,575,000.00	4.877	1,930,073
Grass Valley School District	17,400,000.00	78.810	13,712,940
Loomis Union School District	1,815,000.00	0.078	1,416
<b>Nevada Irrigation District</b>	<b>-</b>	<b>100.</b>	<b>-</b>
City of Lincoln Community Facilities District No. 2003-1	59,855,000.00	19.855	11,884,210
Western Placer Unified School District Community Facilities District No. 1	9,282,163.00	0.307	28,496
Western Placer Unified School District Community Facilities District No. 2	34,980,000.00	19.756	6,910,649
City of Lincoln 1915 Act Bonds	18,070,000.00	26.804	4,843,483
California Statewide Communities Development Authority 1915 Act Bonds	1,500,579.00	0.072-100.	975,930
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 149,753,048</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Nevada County Certificates of Participation	\$ 30,364,303	53.859%	\$ 16,353,910
Nevada County Board of Education Certificates of Participation	891,605	53.859	480,210
Placer County General Fund Obligations	19,700,000	6.235	1,228,295
Placer County Board of Education Certificates of Participation	700,000	6.235	43,645
Sierra Joint Community College District Certificates of Participation	1,753,000	15.214	266,701
Western Placer Unified School District Certificates of Participation	141,957,598	26.453	37,552,043
Auburn Union School District Certificates of Participation	39,061,081	38.263	14,945,941
Other School District General Fund Obligation	1,170,725	Various	30,105
City of Auburn Pension Obligation Bonds	2,480,000	3.273	81,170
City of Lincoln General Fund Obligations	14,080,000	22.372	3,149,978
City of Grass Valley General Fund Obligations	4,055,249	59.473	2,411,778
City of Grass Valley Pension Obligation Bonds	348,000	59.473	206,966
Placer Mosquito & Vector Control District General Fund Obligations	2,402,000	6.235	149,765
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 76,900,507</b>
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>			
Placer County Tax Allocation Bonds	\$ 17,370,000	8.509%	\$ 1,478,013
City of Grass Valley Tax Allocation Bonds	7,935,000	13.345	1,058,926
<b>TOTAL OVERLAPPING TAX INCREMENT DEBT</b>			<b>\$ 2,536,939</b>
 <b>TOTAL DIRECT DEBT</b>			 <b>\$0</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>229,190,494</b>
 <b>COMBINED TOTAL DEBT</b>			 <b>\$227,849,019 (2)</b>

(1) The percentage of overlapping debt applicable to the district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the district divided by the overlapping district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2019-20 Assessed Valuation:

<b>Direct Debt</b> .....	<b>0.00%</b>
Total Direct and Overlapping Tax and Assessment Debt.....	0.93%
Combined Total Debt.....	1.42%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$177,727,187):

Total Overlapping Tax Increment Debt.....	1.43%
---	-------

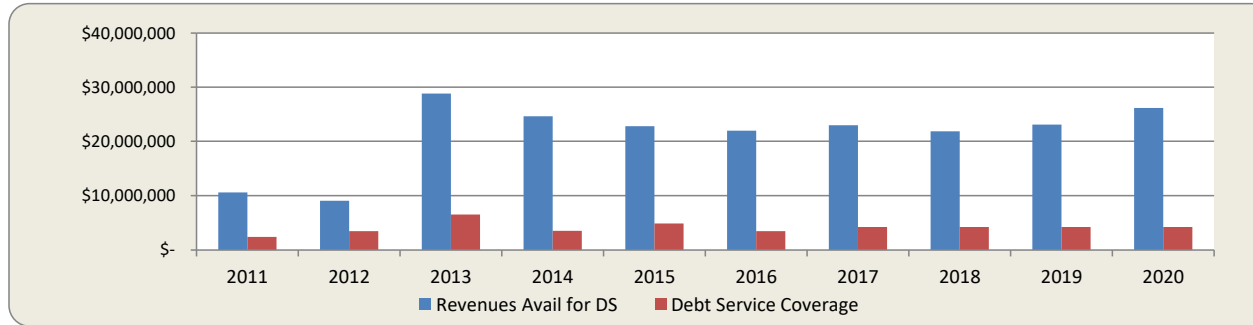
Source: California Municipal Statistics, Inc.

**Nevada Irrigation District**  
**Table 12: Ratio of Annual Debt Service Expenses for All Debt to Total General Expenses**  
 Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total Operating Expenses	Ratio of Debt Service to Total Operating Expenses
2011	\$ 10,672,031	\$ 207,418	\$ 10,879,449	\$ 31,655,408	34.37%
2012	5,188,113	1,551,584	6,739,697	36,462,832	18.48%
2013	5,670,628	1,463,127	7,133,755	34,064,788	20.94%
2014	2,400,467	1,320,756	3,721,223	39,063,389	9.53%
2015	4,275,809	1,265,805	5,541,614	40,977,548	13.52%
2016	1,951,039	1,885,641	3,836,680	45,525,067	8.43%
2017	2,175,800	2,013,888	4,189,688	49,269,833	8.50%
2018	2,255,900	1,933,974	4,189,874	55,401,187	7.56%
2019	2,352,130	1,837,419	4,189,549	57,130,515	7.33%
2020	2,469,366	1,730,221	4,199,587	53,387,504	7.87%

*Source: Nevada Irrigation District Finance Department*

**Nevada Irrigation District**  
**Table 13: Debt Service Coverage**  
 Last Ten Fiscal Years



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Water Operating Revenue</b>										
Water Sales	\$ 16,639,336	\$ 17,857,842	\$ 19,226,401	\$ 18,879,014	\$ 18,182,972	\$ 19,965,010	\$ 21,754,315	\$ 23,401,901	\$ 23,380,147	\$ 27,876,917
Other Sales	1,905,990	2,228,497	1,670,952	977,335	3,374,192	3,121,891	3,326,241	3,999,864	3,736,699	1,869,540
<b>Total Operating</b>	<b>\$ 18,545,326</b>	<b>\$ 20,086,339</b>	<b>\$ 20,897,353</b>	<b>\$ 19,856,349</b>	<b>\$ 21,557,164</b>	<b>\$ 23,086,901</b>	<b>\$ 25,080,556</b>	<b>\$ 27,401,765</b>	<b>\$ 27,116,846</b>	<b>\$ 29,746,457</b>
<b>Other Revenues<sup>(1)</sup></b>										
1% Property Taxes	\$ 9,990,235	\$ 10,302,102	\$ 9,750,780	\$ 10,108,508	\$ 10,707,911	\$ 11,363,997	\$ 11,750,933	\$ 12,331,723	\$ 13,092,532	\$ 13,452,475
Interest Earned	573,703	474,070	419,444	633,073	446,313	(51,388)	1,534,099	1,281,588	1,701,402	1,132,241
Grants	-	-	-	412,468	937,659	1,501,698	1,102,666	2,165,910	3,629,278	654,276
Other Revenues	39,706	94,201	84,148	73,439	165,016	206,283	157,512	228,510	172,268	93,626
<b>Total Other</b>	<b>\$ 10,603,644</b>	<b>\$ 10,870,373</b>	<b>\$ 10,254,372</b>	<b>\$ 11,227,488</b>	<b>\$ 12,256,899</b>	<b>\$ 13,020,590</b>	<b>\$ 14,545,210</b>	<b>\$ 16,007,731</b>	<b>\$ 18,595,480</b>	<b>\$ 15,332,618</b>
<b>Total Water Revenues</b>	<b>\$ 29,148,970</b>	<b>\$ 30,956,712</b>	<b>\$ 31,151,725</b>	<b>\$ 31,083,837</b>	<b>\$ 33,814,063</b>	<b>\$ 36,107,491</b>	<b>\$ 39,625,766</b>	<b>\$ 43,409,496</b>	<b>\$ 45,712,326</b>	<b>\$ 45,079,075</b>
<b>Water O &amp; M Costs<sup>(2)</sup></b>	<b>\$ 20,836,690</b>	<b>\$ 23,699,863</b>	<b>\$ 18,989,137</b>	<b>\$ 22,484,107</b>	<b>\$ 25,573,767</b>	<b>\$ 28,862,448</b>	<b>\$ 31,097,658</b>	<b>\$ 36,266,708</b>	<b>\$ 37,988,003</b>	<b>\$ 34,745,663</b>
<b>Net Water Revenues</b>	<b>\$ 8,312,280</b>	<b>\$ 7,256,849</b>	<b>\$ 12,162,588</b>	<b>\$ 8,599,730</b>	<b>\$ 8,240,296</b>	<b>\$ 7,245,043</b>	<b>\$ 8,528,108</b>	<b>\$ 7,142,788</b>	<b>\$ 7,724,323</b>	<b>\$ 10,333,412</b>
<b>Hydro Revenues</b>	<b>\$ 2,288,000</b>	<b>\$ 1,784,300</b>	<b>\$ 21,630,775</b>	<b>\$ 21,607,754</b>	<b>\$ 21,200,110</b>	<b>\$ 22,475,301</b>	<b>\$ 23,662,146</b>	<b>\$ 23,580,395</b>	<b>\$ 24,467,350</b>	<b>\$ 24,150,055</b>
<b>Hydro O &amp; M<sup>(3)</sup></b>	<b>-</b>	<b>-</b>	<b>5,006,891</b>	<b>5,610,905</b>	<b>6,622,660</b>	<b>7,775,377</b>	<b>9,200,564</b>	<b>8,870,840</b>	<b>9,106,265</b>	<b>8,310,724</b>
<b>Net Hydro Revenues</b>	<b>\$ 2,288,000</b>	<b>\$ 1,784,300</b>	<b>\$ 16,623,884</b>	<b>\$ 15,996,849</b>	<b>\$ 14,577,450</b>	<b>\$ 14,699,924</b>	<b>\$ 14,461,582</b>	<b>\$ 14,709,555</b>	<b>\$ 15,361,085</b>	<b>\$ 15,839,331</b>
<b>Revenues Avail for DS</b>	<b>\$ 10,600,280</b>	<b>\$ 9,041,149</b>	<b>\$ 28,786,472</b>	<b>\$ 24,596,579</b>	<b>\$ 22,817,746</b>	<b>\$ 21,944,967</b>	<b>\$ 22,989,690</b>	<b>\$ 21,852,343</b>	<b>\$ 23,085,408</b>	<b>\$ 26,172,743</b>
<b>Debt Service</b>										
2002 COPs	\$ 1,252,763	\$ 1,086,750	\$ 1,060,875	-	-	-	-	-	-	-
2005 COPs	1,129,038	1,128,000	1,108,300	1,110,663	1,968,863	-	-	-	-	-
2011A Revenue Bonds	-	827,977	1,547,269	2,081,219	2,078,218	2,084,219	2,074,644	2,077,969	2,077,269	2,077,269
2016A Revenue Bonds	-	-	-	-	-	354,787	1,503,850	1,500,725	1,500,225	1,500,225
2020A Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Yuba Bear Bonds <sup>(4)</sup>	-	-	2,555,000	-	-	-	-	-	-	-
CDPH Loan, Other <sup>(5)</sup>	-	397,276	267,450	305,343	806,035	1,011,179	611,194	611,180	611,180	622,093
<b>Total Debt Service</b>	<b>\$ 2,381,801</b>	<b>\$ 3,440,003</b>	<b>\$ 6,538,894</b>	<b>\$ 3,497,225</b>	<b>\$ 4,853,116</b>	<b>\$ 3,450,185</b>	<b>\$ 4,189,688</b>	<b>\$ 4,189,874</b>	<b>\$ 4,188,674</b>	<b>\$ 4,199,587</b>
<b>Debt Service Coverage</b>	<b>4.45</b>	<b>2.63</b>	<b>4.40</b>	<b>7.03</b>	<b>4.70</b>	<b>6.36</b>	<b>5.49</b>	<b>5.22</b>	<b>5.51</b>	<b>6.23</b>

*Notes*

- (1) Excludes Contributed Capital, Disposal of capital assets - gain/(loss), Unrealized gain/(loss) on investment, Capacity Fees, Transfer In/(Out), includes Recreation Revenues.
- (2) Excludes Depreciation and amortization, includes Recreation expenses.
- (3) Prior to 2013, portions of Hydroelectric O&M was covered by PG&E contract and are difficult to estimate, Yuba Bear Bonds were considered. Hydro's Revenue & O&M taken from Series 2011A Official Statement.
- (4) The 1963 Yuba Bear Revenue Bonds were no longer outstanding after July 1, 2013.
- (5) Reflects portion of CDPH loan paid by Water and Hydroelectric Funds.

**Nevada Irrigation District**  
**Table 14: Labor Force and Employment for Counties Served (Nevada & Placer)**  
 Current Year and Nine Years Ago

Fiscal Year 2020				Fiscal Year 2011			
<u>Industry Title</u>	<u>Rank</u>	%	No. of Employed	<u>Industry Title</u>	<u>Rank</u>	%	No. of Employed
Service Providing	1	41%	2,009,620	Service Providing	1	40%	1,656,450
Trade, Transportation and Utilities	2	9%	425,390	Trade, Transportation and Utilities	2	9%	369,380
Educational and Health Services	3	8%	411,060	Educational and Health Services	3	7%	298,490
Goods Producing	4	7%	326,910	Government	4	7%	292,120
Government	5	6%	313,250	Retail Trade	5	7%	281,640
Retail Trade	6	6%	304,410	Leisure and Hospitality	6	7%	275,300
Professional and Business Services	7	6%	292,960	Total Private	7	7%	269,970
Total Private	8	6%	289,490	Local Government	8	6%	263,270
Local Government	9	6%	285,190	Goods Producing	9	5%	224,240
Leisure and Hospitality	10	6%	279,270	Private Service Providing	10	5%	222,230
Total, All Industries		100%	<u>4,937,550</u>			100%	<u>4,153,090</u>

Sources: EDD Labor Market Information Top 10



**Nevada Irrigation District**  
**Table 15: Demographic and Economic Statistics**  
 Last Ten Fiscal Years

	Population		Total Personal Income		Per Capita Personal		Unemployment	
	Nevada County	Placer County	Nevada County	Placer County	Nevada County	Placer County	Nevada County	Placer County
2011	98,701	356,328	\$ 4,723,527,000	\$ 17,687,535,000	\$ 47,857	\$ 49,638	11.30%	11.00%
2012	98,137	360,263	\$ 4,876,258,000	\$ 18,917,813,000	\$ 49,688	\$ 52,511	9.90%	9.50%
2013	97,938	365,398	\$ 4,951,061,000	\$ 19,534,590,000	\$ 50,553	\$ 53,461	8.20%	7.80%
2014	98,572	369,217	\$ 5,297,251,000	\$ 20,782,052,000	\$ 53,740	\$ 56,287	6.60%	6.30%
2015	98,676	372,841	\$ 5,494,532,000	\$ 22,350,493,000	\$ 55,683	\$ 59,946	5.50%	5.10%
2016	98,913	378,943	\$ 5,770,733,000	\$ 23,544,418,000	\$ 58,342	\$ 62,132	4.80%	4.50%
2017	99,367	385,115	\$ 5,874,779,000	\$ 24,794,656,000	\$ 59,122	\$ 64,382	4.10%	3.90%
2018	99,508	392,330	\$ 6,082,399,000	\$ 26,092,462,000	\$ 61,125	\$ 66,506	3.50%	3.20%
2019	99,755	398,329	\$ 6,338,625,000	\$ 27,459,330,000	\$ 63,542	\$ 68,936	3.40%	3.20%
2020	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	8.00%	7.30%

Sources: *State of California Department of Finance*  
*State of California Employment Development Department*  
*US Bureau of Economic Analysis*  
*Information updated for all years as per latest information available*

**Nevada Irrigation District**  
**Table 16: Water System Capital Asset and Operating Indicators**  
 Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Facilities:</b>										
# of Treatment Plants	7	7	7	7	7	7	7	6	6	6
Plant Capacity (MGD)	41.7	41.7	41.7	41.7	41.7	41.7	41.7	41.4	41.4	41.4
# of Reservoirs	10	10	10	10	10	10	9	9	9	9
# of Hydroelectric Power Plants	7	7	7	7	7	7	7	7	7	7
Canals (miles)	400	475	475	475	475	475	475	475	475	475
Pipelines (miles)	300	400	400	400	400	400	401	405	406	411
# of Fire Hydrants <sup>(1)</sup>					2,449	2,478	2,514	2,554	2,566	2,592
# of Valves <sup>(1)</sup>					3,643	3,689	3,798	3,814	3,848	3,875
# of Pumping Stations <sup>(1)</sup>					21	22	24	24	24	24
<b>Water Supply Available (AF):</b>										
Watershed Runoff	335,773	223,069	89,763	120,041	77,378	253,180	582,626	172,966	256,853	128,661
Carryover Storage	177,077	211,955	147,408	179,724	149,930	242,431	211,776	177,141	199,872	162,960
PG&E Contract Water	59,361	59,361	59,361	34,400	25,716	59,361	59,361	59,361	59,361	37,128
<b>Total Water Supply</b>	<b>572,211</b>	<b>494,385</b>	<b>296,532</b>	<b>334,165</b>	<b>253,024</b>	<b>554,972</b>	<b>853,763</b>	<b>409,468</b>	<b>516,086</b>	<b>328,749</b>
<b>Water Supply Delivered: (AF)</b>										
Treated	8,672	9,908	9,496	8,410	8,521	7,202	7,892	8,189	8,015	8,805
Raw	132,551	123,090	112,970	117,566	118,641	119,385	121,025	121,173	118,204	120,141
<b>Total Water Supply Delivered</b>	<b>141,223</b>	<b>132,998</b>	<b>122,466</b>	<b>125,976</b>	<b>127,162</b>	<b>126,587</b>	<b>128,917</b>	<b>129,362</b>	<b>126,219</b>	<b>128,946</b>
<b>Connections:</b>										
Treated Water	18,735	18,777	18,701	18,991	19,077	19,135	19,282	19,432	19,519	19,667
Irrigation	4,927	4,909	4,661	4,913	4,963	5,128	5,220	5,186	5,188	5,215
<b>Total Connections</b>	<b>23,662</b>	<b>23,686</b>	<b>23,362</b>	<b>23,904</b>	<b>24,040</b>	<b>24,263</b>	<b>24,502</b>	<b>24,618</b>	<b>24,707</b>	<b>24,882</b>

Note: (1) Data not available from 2011 through 2014

Source: Nevada Irrigation District Finance and Operations Department

**Nevada Irrigation District**  
**Table 17: Full Time Equivalent**  
 Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Management</b>										
Administration	4	4	4	4	5	5	6	6	5	5
Central Files	2	3	3	3	3	3	3	4	3	3
Human Resources	2	2	2	2	2	2	3	3	3	3
Safety	1	1	1	1	1	1	1	2	2	2
Watershed						1	1	1	1	1
<b>Engineering</b>	19	21	20	20	19	20	18	19	20	17
<b>Finance</b>										
Accounting	6	5	6	6	7	7	6	7	7	7
Information Technology	3	2	2	3	3	3	3	3	3	3
Purchasing	5	4	5	6	5	5	5	5	5	5
<b>Hydroelectric</b>	24	26	25	22	21	24	25	28	31	29
<b>Recreation</b>	4	4	5	6	7	9	7	9	9	9
<b>Maintenance</b>										
Operations	52	50	52	55	61	62	65	66	56	56
Shop Operations	2	2	2	2	3	3	3	3	4	4
Vegetation								6	6	6
<b>Water</b>										
Operations/Treatment	36	28	31	29	34	45	43	46	41	41
Cashiering	2	1	1	1	2	2	2	2	2	2
Customer Service (Includes Dispatchers)	5	5	3	5	6	6	7	9	10	10
<b>Total FTEs</b>	<b>167</b>	<b>158</b>	<b>162</b>	<b>165</b>	<b>179</b>	<b>197</b>	<b>198</b>	<b>219</b>	<b>208</b>	<b>203</b>

Sources:

*Nevada Irrigation District Finance Department/Human Resources Department*

(This page intentionally left blank.)



550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

## MANAGEMENT LETTER

To the Board of Directors and Management  
Nevada Irrigation District  
Grass Valley, California

In planning and performing our audit of the financial statements of the Water, Electric and Recreation Funds of the Nevada Irrigation District (the District) as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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.

Our consideration of internal control was for the purpose described in the preceding paragraph 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. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

We consider the deficiency reported in the schedule of findings and responses in the separately issued Compliance Reports to be a material weakness.

We also noted the following matters related to internal control for your consideration:

### Accounting Procedure Manual and Staff Training

We have recommended in past years that the District prepare an accounting procedures manual. The District is in the process of creating a detailed written accounting procedures manual that covers various accounting functions. We recommend such procedures be documented that would serve as both a training tool for staff as well as to ensure consistency in accounting when turnover in District personnel occurs. These documented procedures can be prepared to document unique and complex accounting issues. This documentation should include a description of the general ledger accounts, what they are used for and how transactions are reflected in the accounts to ensure the accrual basis of accounting. We understand that the District has developed significant business workflow procedures that are posted on its intranet site.

We noted the Controller had to investigate and post nearly 150 entries to correct posting errors or convert the books to accrual accounting during the audit. This is an indication that staff initially posting entries need additional training on the budget and accounting under Generally Accepted Accounting Principles (GAAP) to reduce the time it takes to complete the audit.

We also noted transactions are posted to be consistent with the budget rather than GAAP by expensing capital assets, debt principal and other transactions that are reported as assets or liabilities under GAAP. Although not uncommon, this results in time spent to convert budgetary accounting to GAAP accounting during the closing process. We recommend the District consider posting the contra entry to convert the budgetary basis accounting to GAAP as each entry is initially posted to reduce the time it takes to post these entries while closing the books for the audit.

#### Improvement Districts

During the audit we worked with management to implement Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. This resulted in additional scrutiny over the purpose of the District's former Agency Funds to ensure they were accounted for appropriately under this new Statement. During this process it became apparent that no activity occurred in the Improvement District's Fund for the past several years. Management indicated it intends to research whether the improvements financed by the Improvement Districts were fully reimbursed and whether the assets in the Improvement Districts Fund should be refunded to property owners. We believe this is important to ensure the assets in this Fund are accounted for appropriately.

#### Other Recommendations

We recommend the District pursue whether the meter read date may be included on customer invoices. This would be useful for the customer to determine the date of the water deliveries billed without contacting the District if the customer sells the related property and would be useful to identify the delivery date from the bill for financial reporting purposes.

The District's Finance Department staff posts entries for capital assets for up to six months after the balance sheet date due to invoices not being submitted timely by contractors. This results in additional time spent by the Finance Department to prepare for the audit since the staff must revisit capital asset records numerous times during the closing process. The District should implement procedures requiring project managers to request contractors bill the District within 30 days of year-end and invoices be cut-off at year-end. Project managers should also claim related grants within 45 days of year-end so the Finance Department may use submitted claims for grant accruals rather than helping reconcile grant expenses incurred to determine grant receivables.

The District should consider budgeting capital asset additions in separate expense accounts. Currently noncapital expenses that are paid with capital funds are budgeted with capital asset additions, which requires a time-consuming review of account details to identify additions that need to be capitalized for reporting purposes.

\* \* \* \* \*

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us during the audit. This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*Richardson & Company, LLP*

August 31, 2021

**NEVADA IRRIGATION DISTRICT**

**COMPLIANCE REPORT**

December 31, 2020



NEVADA IRRIGATION DISTRICT

COMPLIANCE REPORTS

December 31, 2020

TABLE OF CONTENTS

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	1
Schedule of Findings and Responses .....	3
Summary Schedule of Prior Audit Findings .....	6



550 Howe Avenue, Suite 210  
Sacramento, California 95825  
Telephone: (916) 564-8727  
FAX: (916) 564-8728

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Nevada Irrigation District  
Grass Valley, California

We have audited, 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, the financial statements of the Water, Electric and Recreation Funds and the Fiduciary Fund of the Nevada Irrigation District (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 31, 2021.

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 auditing 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph in 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 have not been identified. However, as discussed in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control described as findings 2020-001 and 2020-002 that we consider to be material weaknesses.

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

To the Board of Directors  
Nevada Irrigation District

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*.

Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

*Richardson & Company, LLP*

August 31, 2021

NEVADA IRRIGATION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

INTERNAL CONTROL OVER FINANCIAL REPORTING

MATERIAL WEAKNESSES

**Finding 2020-001: Year-End Closing Procedures**

Condition: A significant number of audit adjustments and closing entries were posted during the audit, which resulted in an increased risk of an error being made in auditing and reporting the District's financial statements. This is an indication that additional internal controls over financial reporting are needed to ensure the District's general ledger is complete and accurate prior to the start of the audit.

Criteria: Internal controls over financial reporting should be in place to ensure management had the ability to initiate, record, process and report financial data consistently with the assertions of management in the financial statements.

Cause: It appears the delays in completing prior audits resulted in the District's Finance Department staff not having time to close the books and be ready for the audit in a timely manner after year-end. Improvement was made during the year ended June 30, 2020 considering the District completed the closing in August 2020 compared to October 2019.

Effect: 59 adjustments and closing entries were posted during the December 31, 2020 audit compared to 66 during the December 30, 2019 audit. See the prior year finding for areas where adjustments were noted and controls should be strengthened.

Recommendation: We recommend management continue to improve controls over the initial entry of transactions, including training staff initially posting entries on accrual basis accounting and classifying transactions in accordance with the financial statements. Monthly procedures should be in place to prepare reconciliations of all balance sheet accounts, and post required journal entries monthly as needed, thereby decreasing the time required to prepare for the start of the audit. Many manual reconciliations are currently necessary to report transactions appropriately in the District's general ledger. We believe automating those processes would be helpful to speed up the closing process. We understand a new accounting system was authorized that would accomplish this goal. We also believe the District could use additional experienced accounting staff to assist the Controller prepare complex analysis as the Controller does not have enough time to perform day to day activities and prepare all the analysis needed to prepare for the audit in a timely manner.

Management's Response: The District is committed to the ongoing restructuring needed to resolve the timeliness of the closing process and continues its efforts to implement the required accounting policies, procedures, process changes and staffing to resolve this finding. The resolution for this finding requires many steps, process changes, resource allocations, staff training, and, most importantly, a new accounting system. Management has been working diligently to meet or exceed the recommendations to close this finding and has taken several steps since the year of this finding to achieve this goal. One of the first significant steps taken in 2016 was to complete an overhaul of the chart of accounts and implement a streamlined general ledger account structure that created a uniform chart of accounts across all divisions. It required a significant investment of staff resources to retool processes and retrain personnel to code transactions and that training and refining effort continues today. With this step at completion, the ability to summarize transactions for reporting has significantly improved and reporting has been enhanced. In fiscal years 2017 and 2018, the District continued pursuing audit recommendations and instituted several more changes. Additional in depth process improvements in the cash receipt, revenue billing, and payroll systems were implemented to ensure not only agreement of the postings to the appropriate general ledger

NEVADA IRRIGATION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

accounts but also enhanced timing of the recording of the transactions in accordance with accrual based GAAP. As recommended, heightened daily monitoring, and review processes and systems were implemented to review for policy and GAAP compliance. The District continues to seek qualified temporary and permanent staff resources with accrual based accounting training and/or experience to fill vacancies and meet short term staffing needs. Properly trained staffing resources is another important step to reducing lengthy cash to accrual conversions at year-end. Since fiscal year 2018 and moving forward into fiscal year 2020, the District contracted a consultant to assist with the selection and implementation of an integrated ERP system. Final selections were made from a highly competitive bid process. The Board of Directors provided approval and budget allocations and the District successfully secured a purchase contract for the new ERP system. Design work for the new system was initiated in 2020. The 2020 COVID-19 pandemic has slowed progress on design and implementation; however, the project continues to be the highest priority for the Finance Department. The new system, with proper design and implementation, is expected to provide greater recording, summarizing and reporting functionalities thereby eliminating or significantly reducing much of the time consuming and burdensome manual processes that hinders the current accounting environment.

**Finding 2020-002: Recreation Division Cash Handling**

Condition: The District operates four campgrounds in the Grass Valley/Colfax area with the majority of activity between Memorial Day and Labor Day. The District employs a bookkeeper who works out of a mobile home on the Scotts Flat campground property. The bookkeeper is responsible for processing, recording and depositing all cash collected at the four campgrounds, which does not provide for adequate separation of duties necessary to limit the risk of error and fraud occurring.

Criteria: Proper separation of duties and proper review procedures should exist to ensure one employee does not have the ability to commit and conceal fraud and to limit the risk of errors occurring.

Cause: The District has not ensured the duties above have been separated as much as possible and consistent review procedures by management regularly occur.

Effect: During our visit to the Scotts Flat campground in 2014, we noted that separation of duties over cash handling, voids and over-rings, credit card receipts, cash registers and deposits was not adequate to prevent and detect unauthorized transactions. Details of the control deficiencies were reported in the prior year finding.

Recommendation: We recommend the District separate duties as much as possible and implement additional management review procedures to ensure the employee handling cash receipts for the recreation department does not have the ability to commit and conceal fraud and to limit errors occurring, including reviewing and approving account adjustments, reviewing receipts compared to reservations and other available data. Management has proposed using electronic cash registers, which we believe would be a significant improvement to allow transactions to be better documented.

Management's Response: The District continues its pursuit of several initiatives to improve the cash handling processes at the Recreation facilities. In previous years, on-site visits to the facility were implemented to review cash handling processes and management meetings were instituted to develop recommendations for better practices and staffing qualifications. A framework of best practices was instituted specifically targeting the weaknesses described above with ongoing support from the Accounting Division to enhance controls. Internal controls were strengthened by rerouting bank statements from the Recreation division to the Accounting Division with increased oversight by the Accounting division to reconcile the bank account to the cash summary provided by the Recreation bookkeeper. Development of

NEVADA IRRIGATION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2020

analytical tools to analyze yearly revenue and expense trends as well as specific identification of all revenue streams provides additional tools for monitoring the collection of revenue. Cash deposits for recreation as well as the main office continue to be contracted through a courier service. Planning for electronic cash registers began with the design of processes for Recreation to use the existing accounting software cash receipts program providing additional oversight. As previously discussed in Finding 2014-1, the installation of the new ERP system at the Recreation campsites is specifically designed and targeted to provide the best in electronic cash controls for greater control over input of transactions, proper general ledger posting using accrual accounting methodologies and timeliness of reporting. Management secured an accounting consultant to prepare and plan for the design and implementation of Recreation's use of the new system. The new system will incorporate enhanced POS capabilities and cash controls developed specifically to reduce Recreation weaknesses.

COMPLIANCE AND OTHER MATTERS

None

NEVADA IRRIGATION DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020

INTERNAL CONTROL OVER FINANCIAL REPORTING

MATERIAL WEAKNESSES

**Finding 2014-1: Year-End Closing Procedures**

Condition: This year's audit was delayed because of delays in producing closing entries, schedules, reconciliations, account analyzes, and other financial reports needed by management and the auditors, which resulted in numerous adjustments. The large number of adjustments identified during the audit indicate that the District does not have the internal controls in place to prevent or detect misstatements on a timely basis. A number of issues, including system and staffing issues, contributed to the delay in closing the books and the large number of adjustments. Areas requiring adjustment after the audit commenced that consisted of the following:

- Recording of new term payments related to capacity fees including current year activity.
- Recording receivable for reimbursable projects billed during the current year.
- Proper accrual of all retentions payable by the District at December 31, 2020.
- Segregating cash versus investment balances for financial statement presentation.
- Segregating restricted and unrestricted cash balances in the general ledger.
- Reconciliation of project level and general ledger detail for all open construction projects and capital asset accounts. Recording variances in the general ledger timely, including any correction to depreciation expense or accumulated depreciation.
- Reconciliation of all accounts and loans receivable balances to the subsidiary receivable system or other supporting documentation.
- For net position balances in the financial statements. A process needs to be developed to ensure segregation of net position balances between restricted and unrestricted components for presentation in the financial statements.
- Updating reserve balances.
- Timely updating of capital assets and related depreciation expense.
- Reconciling interest receivable and recording calculated balances.
- Recording OPEB and pension liability, deferred inflows/outflows and OPEB and pension expense.
- Calculating and record prepaid reservations for recreation department receipts.
- Reconciling and recording grant revenues and receivables for grant activity, and grant payable for pass through grants.
- Inventory adjustments to agree to physical inventory counts.
- Calculating and adjusting unrealized gain/loss on investments to properly reflect fair market value on investments.
- Calculating and adjusting accrued compensated absences.
- Reclassifying restricted cash balances.
- Recording change in Fund Balance for amount invest in capital assets net of related debt.



NEVADA IRRIGATION DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020

- Reconciling payroll clearing accounts.

Recommendation: We recommend that the District continue to streamline accounting processes to create timely, accurate financial reporting. Monthly procedures should be in place to prepare reconciliations of all balance sheet accounts, and post required journal entries monthly as needed, thereby decreasing the time required to prepare for the start of the audit. The review function should include monitoring compliance with District policies and generally accepted accounting principles. Procedures should be in place to prepare the required reconciliations at year-end and post entries needed to close the books prior to the start of the audit. Staff should be trained to ensure transactions are recorded appropriately at initial entry to reduce the burden on the Controller to correct errors in preparing for the audit.

Current Status: While some of the items noted above were corrected as part of the audit, there were still a large number of adjustments made after the start of the audit, which indicates that the District still needs to improve its procedures over the closing of the books. Finding continues to be reported as Finding 2020-001.

**Finding 2014-5: Recreation Division Cash Handling**

Condition: The District operates four campgrounds in the Grass Valley/Colfax area with the majority of activity between Memorial Day and Labor Day. Currently the District employs a bookkeeper who works out of a mobile home on the Scotts Flat campground property. The bookkeeper is responsible for processing, recording and depositing all cash collected at the four campgrounds, which does not provide for adequate segregation of duties. During our visit to the Scotts Flat campground in 2014, we noted the following weaknesses in internal controls that still warrant consideration:

- Void or over-ring transactions done at the point of sale locations are not approved by a supervisor as they occur.
- Standardized shift paperwork needs to be created to provide the responsible employee an area of the form to record the cash and checks collected, credit card receipt totals and to attach the “Z” tapes from the cash register. This paperwork needs to be signed by the employee who worked the shift, providing evidence that the cash, checks and credit card receipt totals are correct.

These weaknesses described above not only create fraud or misstatement risk for the District but a reputational risk to the District, since District cash receipts are being handled in a fairly remote location by an employee who has little or no supervision.

Recommendation: We recommend that these remaining cash handling issues be resolved to reduce the risk of fraud or error.

Status: The conditions noted above still existed during 2020 and are reported as finding 2020-002.

COMPLIANCE AND OTHER MATTERS

None



550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

## REQUIRED COMMUNICATIONS LETTER

To the Board of Directors  
Nevada Irrigation District  
Grass Valley, California

We have audited the financial statements of the Water, Electric and Recreation Funds and Fiduciary Fund of the Nevada Irrigation District (the District) for the year ended December 31, 2020, and have issued our report thereon dated August 31, 2021. Professional standards require that we provide you with the information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### Our Responsibility under U.S. Generally Accepted Auditing Standards (GAAS) and *Government Auditing Standards*

As stated in our engagement letter dated February 8, 2021, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. The Summary Schedule of Prior Audit Findings included within the separately issued Compliance Reports discloses material weaknesses in internal control.

We performed the audit according to the planned scope previously communicated to you in our engagement letter.

#### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. The District implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* and GASB Statement No. 84, *Fiduciary Activities*. The implementation of GASB Statement No. 88 resulted in the disclosure of whether the District's debt and loans represented direct placements with a fiduciary or direct borrowings and resulted in the disclosure of debt default provisions. The implementation of GASB Statement No. 84 resulted in a reevaluation of whether Agency Funds met the revised definitions of fiduciary activities. This resulted in Community Facilities District No. 2007-1 (Cement Hill) and Assessment District No. 2008-1 (Rodeo Flat) being closed into the Water Fund. The application of existing policies was not changed during 2020.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the lives used to depreciate capital assets, grant receivables accrued, the allowance for doubtful accounts, and the net pension and postemployment benefits liabilities and related deferred inflows and outflows of resources. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole. Management's estimate of the allowance for doubtful accounts is based on historical water revenues, historical loss levels, and an analysis of the collectability of the accounts. The net pension liability was determined through an actuarial valuation performed by CalPERS, which is performed annually. The net postemployment benefits liability was determined by an actuarial valuation, which is required to be performed every two years.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements include, the long-term liability (Note 5), employee retirement plan (Note 7), the other post-employment benefits plan (Note 8) and restatement (Note 15) footnotes.

The financial statement disclosures are neutral, consistent, and clear.

#### Difficulties Encountered in Performing the Audit

The material weakness in internal control related to year-end closing process encountered in completing the audit, as documented in the Schedule of Findings and Responses represents a difficulty in performing the audit. This results from the large number of adjustments posted during the audit process, primarily due to not all accounting analyses being completed prior to the start of the audit. While there was continued improvement in this year's audit process, there were still many general ledger accounts that were reconciled during the audit, which resulted in entries being posted and balances changing during the audit.

### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Adjustments included 59 closing entries and audit adjustments needed to correct balances of the accounts and transactions not reconciled or analyzed prior to the start of our audit as listed in the Schedule of Findings and Responses. This large number of adjustments indicates that the District's reporting processes and closing procedures need to be strengthened to ensure these types of adjustments are identified and recorded prior to the start of the audit so they do not have a significant effect on the District's financial reporting process. A list of these adjustments has been provided to management. In addition, the attached summary of unadjusted differences represents unadjusted audit differences in the financial statements. Management has determined the effects of the audit differences are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

### Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 31, 2021.

### Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. The Governmental Accounting Standards Board hotline was consulted during the audit to help determine whether the District's former Agency Funds met the revised definition of fiduciary activities under GASB Statement No. 84, as discussed above.

### Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to management's discussion and analysis, and the Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions to the Pension Plan, Schedule of Changes in the Net OPEB Liability and Related Ratios and Schedule of Contributions to the OPEB Plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the District's supplementary information, which accompany the financial statements, but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

*Richardson & Company, LLP*

August 31, 2021

NEVADA IRRIGATION DISTRICT  
SUMMARY OF UNADJUSTED DIFFERENCES  
YEAR ENDED DECEMBER 31, 2020  
GOVERNMENT-WIDE

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of:			
	Total Assets	Total Liabilities	Net Position	Change in Net Position
To record LAIF fair value adjustment	\$ (164,673)		\$ (164,673)	\$ (164,673)
To accrue pension UAL payment for last pay period.		\$ (102,543)	102,543	102,543
Net Unadjusted Audit Differences - This Year	(164,673)	(102,543)	(62,130)	(62,130)
Financial Statement Caption Totals	\$ 549,858,958	\$ 109,674,861	\$ 443,040,882	\$ 18,240,253
Net Audit Differences as % of Financial Statement Captions	-0.03%	-0.09%	-0.01%	-0.34%

NEVADA IRRIGATION DISTRICT  
SUMMARY OF UNADJUSTED DIFFERENCES  
YEAR ENDED DECEMBER 31, 2020  
WATER FUND

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of:			
	Total Assets	Total Liabilities	Net Position	Change in Net Position
To record LAIF fair value adjustment	\$ (77,194)		\$ (77,194)	\$ (77,194)
To accrue pension UAL payment for last pay period.		\$ (80,306)	80,306	80,306
Net Unadjusted Audit Differences - This Year	(77,194)	(80,306)	3,112	3,112
Financial Statement Caption Totals	\$ 364,867,924	\$ 96,283,382	\$ 270,603,702	\$ 18,548,880
Net Audit Differences as % of Financial Statement Captions	-0.02%	-0.08%	0.00%	0.02%



NEVADA IRRIGATION DISTRICT  
SUMMARY OF UNADJUSTED DIFFERENCES  
YEAR ENDED DECEMBER 31, 2020  
ELECTRIC FUND

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of:			
	Total Assets	Total Liabilities	Net Position	Change in Net Position
To record LAIF fair value adjustment	\$ (87,479)		\$ (87,479)	\$ (87,479)
To accrue pension UAL payment for last pay period.		\$ (18,583)	18,583	18,583
Net Unadjusted Audit Differences - This Year	(87,479)	(18,583)	(68,896)	(68,896)
Financial Statement Caption Totals	\$ 149,817,602	\$ 11,092,608	\$ 139,376,704	\$ 330,339
Net Audit Differences as % of Financial Statement Captions	-0.06%	-0.17%	-0.05%	-20.86%

NEVADA IRRIGATION DISTRICT  
SUMMARY OF UNADJUSTED DIFFERENCES  
YEAR ENDED DECEMBER 31, 2020  
RECREATION FUND

Description (Nature) of Audit Difference	Financial Statement Effect - Amount of Overstatement (Understatement) of:			
	Total Assets	Total Liabilities	Net Position	Change in Net Position
To accrue pension UAL payment for last pay period.		\$ (3,654)	\$ 3,654	\$ 3,654
Net Unadjusted Audit Differences - This Year	-	(3,654)	3,654	3,654
Financial Statement Caption Totals	\$ 35,173,432	\$ 2,298,871	\$ 33,060,476	\$ (638,966)
Net Audit Differences as % of Financial Statement Captions	0.00%	-0.16%	0.01%	-0.57%



# NEVADA IRRIGATION DISTRICT

Auditor Presentation of 2020 Audit

Richardson & Company, LLP

Brian N. Nash, CPA

Partner



# Reports Issued

- Audited Financial Statements
- Internal Control and Compliance Report
- Required Communications Letter
- Management Letter



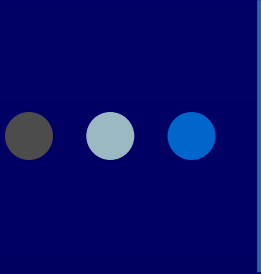
# Audit Results and Observations

- Audit opinion unmodified (clean)
- Large number of adjustments needed
- Delays due to personnel availability, system limitations and external factors
- Recommendations carried over from 2013 audit.



# Discussion of Financial Statements

- Positive unrestricted net position (equity) of \$42 million (page 14). \$8.8 million increase.
- Negative unrestricted net position in Water & Recreation Funds
  - Not sufficient to cover Board designations (page 36)
- Net income/(loss) by fund (page 15)
  - Water \$18.55M (includes \$12.9 million transfers from Electric)
  - Electric .33M
  - Recreation (.64M)
  - Restatement is due to GASB 84 implementation - two former agency funds were considered part of Water Fund for reporting purposes. GASB staff consulted.



# Discussion of Financial Statements (Continued)

- Capital expenditures of \$22.9 million (pages 31 to 33)
- 2020A refunding bond issued (page 34) – \$3.23 million economic gain disclosed (page 35). Default provisions added due to GASB 88 implementation (page 34).
- Debt repayments of \$19.6 million, including refunded bond (page 34)
- Increased pension liability of \$2.9 million - Totals \$52.4 million (page 40). Increase mainly due to interest on the total pension liability.
- Decreased OPEB liability of \$3.5 million - Totals \$4.7 million (page 43) . Largest change is due to change to new CalPERS experience study.

# Net Position by Fund

## December 31, 2020

<u>Net Position</u>	<u>Water</u>	<u>Electric</u>	<u>Recreation</u>
	in thousands		
Invested in Capital Assets	\$ 266,687	\$ 91,312	\$ 34,227
Restricted for capital improvements	7,791		
Restricted for debt service	611		
Unrestricted	<u>(4,486)</u>	<u>48,065</u>	<u>(1,167)</u>
Total Net Position	<u>\$ 270,603</u>	<u>\$ 139,377</u>	<u>\$ 33,060</u>
Pension and OPEB Liabilities	<u>\$ 45,320</u>	<u>\$ 9,904</u>	<u>\$ 2,008</u>





# Report on Compliance and Internal Control

Considered current year comments since not addressed, but nothing new - represent carryover comments from 2013 audit

## Material weaknesses

- Year-end closing procedures need to be improved. Keep in mind three audits were completed in 18 months, which took a significant effort.
- Recreation Division cash handling weaknesses



# Required Communications Letter

## Difficulties encountered

- Not all account analyses completed prior to start of audit fieldwork
- Still large number of audit adjustments
- Staffing changes, COVID-19 and fires contributed to delays
- Cumbersome accounting processes and systems also caused delays



# Audit Adjustments

- 59 adjustments/closing entries identified
- Over 75 closing entries posted by Controller prior to audit. Shows difficulty manually reconciling and correcting accounts.
- Unadjusted audit differences:
  - Fair value adjustment on LAIF
  - Accrue pension UAL payment for last pay period



# Management Letter

## Prior Year Recommendations, in progress

- Detailed accounting procedures to be developed
- Ensure adequate staff trained in accrual basis accounting

## New Recommendations

- Post contra entry to convert budgetary basis entries to GAAP basis at time of original entry
- Budget GAAP basis asset additions in separate accounts from maintenance
- Investigate improvement district assets to determine whether they should be transferred to District or refunded to property owners
- Include meter read date on customer invoices
- Operating departments should ensure invoices are provided by contractors timely and grants billed timely