

Staff Report

for the Board of Directors' Meeting of January 22, 2020

TO: Board of Directors

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

DATE: January 16, 2019

SUBJECT: Comprehensive Annual Financial Report - 2018

FINANCE

RECOMMENDATION:

Receive an informational presentation of the District's 2018 audited 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 filing of its financial report by January 31, 2020.

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 as staff recommended not changing auditors during migration of the financial and asset management systems.

The District was delayed in meeting the 12-month timeframe to produce its' CAFR. Significant challenges were overcome in the production of its' 2018 CAFR as well as the SCO Financial Transactions Report. Finance experienced retirement of the Payroll Accountant, retirement of the prior Auditing Manager, a significant injury to the Controller, and frequent rolling blackouts during critical auditor fieldwork. To address this concern, staff collaborated with the auditors and developed the attached schedule to ensure timely delivery of the 2019 CAFR.

Last year's 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. This is the third consecutive year the District achieved this prestigious award. To receive this award, a government must publish an easily readable and efficiently organized CAFR that satisfies both Governmental Accounting Standards Board (GASB) 34 and applicable legal requirements.

There are a few significant changes to this year's report.

- Restricted investments decreased by \$10.6 million as 2016A bonds for the Combie Phase I Project were drawn down. The net position impact is zero because the District is increasing infrastructure.
- GASB 75 (Other post-employment benefits) liability increased by \$8.4 million due to a change in accounting standards with no cash impact. The District is funding this liability through its' CALPERS Trust.
- GASB 68 (Net Pension Liability) liability decreased by \$1.4 million. The \$47.5 million liability is funded in accordance with CALPERS 30 year amortization schedule. Due to the volatility of this liability, staff does not recommend funding it through a separate trust.
- Net Deferred Outflows & Inflows results in a decrease of \$2.8 million to net position. Accounting standards require these assets and liabilities to be segregated from the pension retirement (GASB 68), medical retirement (GASB 75), and bond transactions. Depending on actuarial assumptions, these long-term balances may never have a cash impact.
- Net Position increased by \$2.1 million, primarily driven by capital project spending. Absent adoption of GASB 75 accounting standards, net position increased by \$11.5 million.

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 as it demonstrates proactive management of the District's financial resources.

BUDGETARY IMPACT: N/A

DM, MD

Attachments:

- Audited Financial Statements for year ending December 31, 2018
- Auditor's Management Letter dated January 24, 2020
- Auditor's Required Communication Letter dated January 24, 2020
- 2019 CAFR Preparation Schedule
- SCO Letter dated November 8, 2019



NEVADA IRRIGATION DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2018**

1036 West Main Street
Grass Valley, California



NEVADA IRRIGATION DISTRICT

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2018

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

NEVADA IRRIGATION DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2018

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

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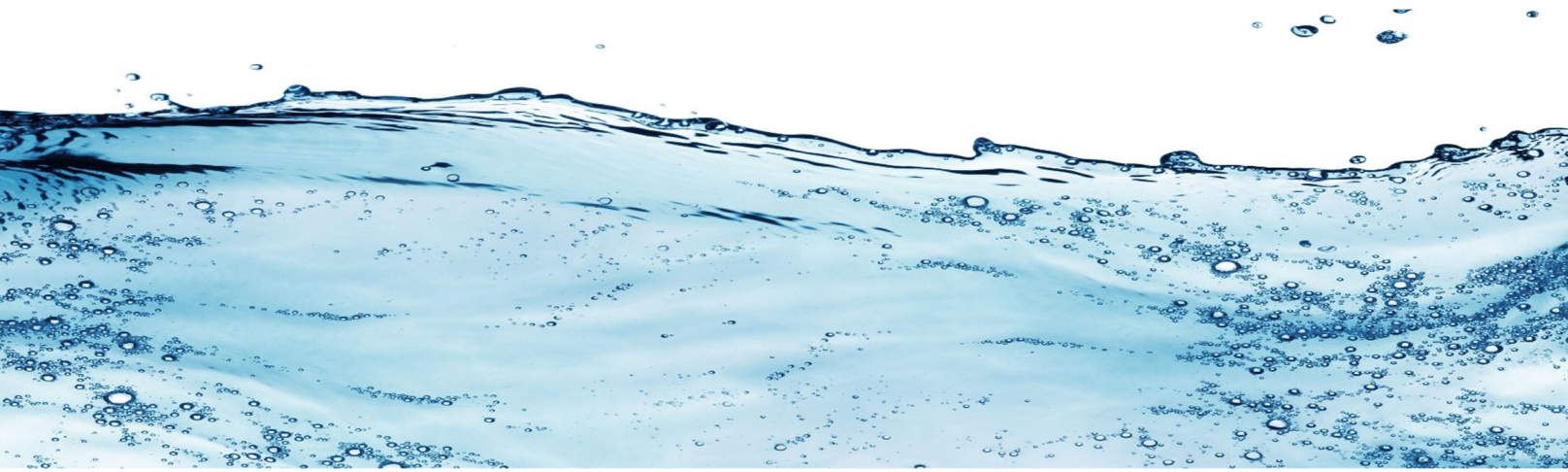
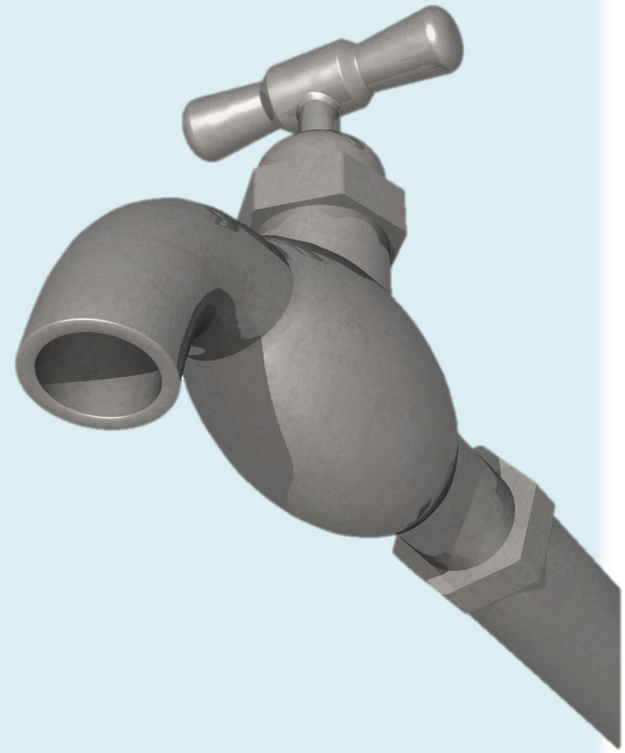
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INTRODUCTORY SECTION





NEVADA IRRIGATION DISTRICT

1036 W. Main Street, Grass Valley, CA 95945-5424
(530) 273-6185 ~ Fax: (530) 477-2646 ~ www.nidwater.com

January 22, 2020

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, 2018. 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 contracts with the District for these services, 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, 2018, 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, 2018, 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, Statistical and Compliance 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, 2018 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-Spaulling 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. 5,650 ft.) since 1929. The 69.2-inch annual average precipitation at Bowman compares to an annual average of 56 inches at 2,700 feet near Nevada City and 52 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 more than 5,700 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 a day (MGD). Last year the District produced over 2.7 billion gallons of water to more than 19,400 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 seven 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 169 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 250 campsites

and a complete range of services including stores, restaurants, fuel sales and rentals. For 2018, the District proudly served 192,473 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: 24,618 (includes 3 municipal customers: Grass Valley, Nevada City, City of Lincoln)
- Number of Employees: 208
- District Geographical Size: 287,000 acres
- Mountain Watershed: 70,000 acres
- Storage Capacity: 280,380 acre-feet
- Reservoirs: 27
- Water Treatment Plants: 6
- Storage Tanks: 44
- Hydroelectric Plants: 7
- Solar Array: 80 Kilowatt
- Recreation Sites: 12
- Canals: 460 miles
- Pipelines: 300 miles
- 2019 Combined Budget: \$93.9 million (excluding transfers)
 - Water Division: \$75.1 million
 - Hydroelectric Division: \$16.1 million
 - Recreation Division: \$2.7 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 2018 estimated population figures, as provided by the State Department of Finance for Nevada County are 99,155. This is a slight increase from 2017 with about 67% or 66,207 of the residents living in the unincorporated areas. The Town of Truckee is the largest of the three cities within the County, with approximately 16,681 residents in 2018. The City of Grass Valley is the second largest city within the boundaries of the County with a population of 13,041. Nevada City serves as the County seat with a population of 3,226.

The County's June 2018 labor force totaled 48,640, which was an increase of 1,200 from the 2017 figure for the same month. Nevada County's unemployment rate in June 2018 was 3.8% which was a small decrease from June 2017's unemployment rate of 4.3%, California's statewide rate was 4.2% for the same period. The median household income within the County of Nevada is \$57,429 (in 2016 dollars as provided by the US Census Bureau). This is 18% lower than the California median household income of \$67,739.

The County, like many other rural counties, is in the economic recovery cycle and seeing strong indicators of improvements. The 1% Local Sales and Use Tax revenue to the County increased 6% from year to year which is an indication that consumer confidence is rising helping the local economy rebound. Sales tax revenue is estimated to increase approximately 5% in the subsequent fiscal year.

The real estate market continues to show improvement with housing prices on the rise. Per Realty Trac, the median residential property price in Western Nevada County increased 24% from \$355,000 in September 2017 to \$440,000 in September 2018. The real estate market in the eastern portion of the county has decreased with the median sales reported at \$585,000, which is a 9% decrease from 2017.

Placer County

During fiscal year (FY) 17-18, Placer County's positive economic trends continued in real estate, tourism and labor market". The County's unemployment level reached 3.5% as of June 2018. The June 2018 unemployment rate was below the national level of 4.0% and the state level of 4.5%. Property tax, the County's largest discretionary revenue source, continues to increase due to the recovery in property values. The fiscal year 2018 total secured tax roll shows a 5.8% increase in assessed value to \$71.6 billion. The County's median home value increased in 2017 to approximately \$460,000. Average median household income had a slight increase to \$76,926 in 2017 from \$73,948 in 2016. The percent of persons in poverty was 8.0% in 2017, which was below the State's level of 13.3%. Transient occupancy taxes (TOI) increased by 7% in fiscal year 2018. According to a recent report from the North Lake Tahoe Resort Association, the County offers 2,100 hotel rooms or units, 1,700 condos and 18,500 vacation homes.

The economy continues to grow at a modest rate. Property and real property transfer taxes project moderate growth at 3 to 5% for the next several years. Sales tax collections are estimated to increase by \$2.5 million in fiscal year 2018-19. Targeted revenue sources in some departments continue to improve, primarily Public Safety and Health and Human Resources. With an uptick in building permit activity, several large residential developments in progress, and recent job growth, the local economy should improve in the near-term and position the County favorably for future growth. In addition, due to the steady hand of the Board of Supervisors and ongoing commitment of departments to deliver high level, cost effective services, the County welcomes local economic growth.

Yuba County

Yuba County's estimated population of 77,916 as of January 1, 2019 represents an increase over 2018 data of 0.9 percent. The largest city within the county, Marysville, is the county seat and one of California's most historic cities. Of Yuba County's population, more than 79 percent reside in the unincorporated areas. The Department of Finance January 2020 forecast projects Yuba County's population at 78,292 and 122,028 by 2019 and 2060 respectively. This equates to an annual growth rate of 1.1%. This small anticipated growth requires modest infrastructure elements such as roads, water, wastewater, and levee system improvements.

In 2018, Yuba had a Per Capital Personal Income (PCPI) of \$40,929. This PCPI ranked 47th in the state and was 64 percent of the state average of \$63,557. The 2018 PCPI reflected an increase of 3.4 percent from 2017 compared to the state's change of 5.7 percent. In 2008, the PCPI of Yuba was \$30,760 and ranked 44th in the state. The 2008-2018 compound annual growth rate of PCPI was 2.9 percent. The compound annual growth rate for the state was 3.8 percent. The Employment Development Department's November 2019 preliminary report presents a jobless rate of 5.2 percent.

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 2019 Budget, the Board approved a 5.72% water rate increase effective July 1, 2019 under Resolution 2019-06.

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, 2017. This is the third consecutive year the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable 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,



Remleh Scherzinger, SDA, MBA, P.E.
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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO

Nevada Irrigation District

List of Elected and Appointed Officials December 31, 2018

Board of Directors – Elected Officials



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



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



W. Scott Miller, MD – Director Division III
12/2016 – 12/2020



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



Nick Wilcox – Director Division V
12/2016 – 12/2020

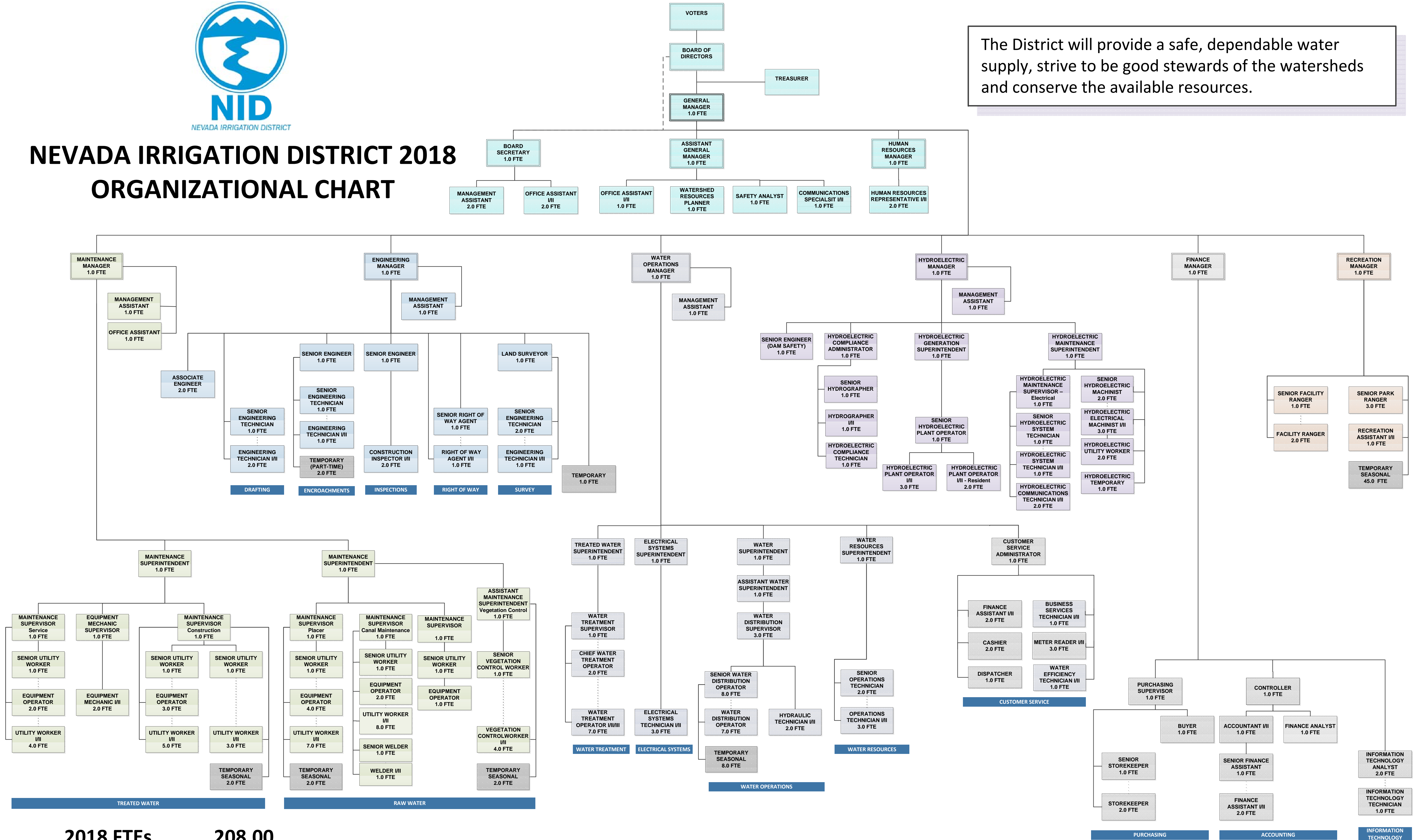
Staff – Appointed Officials

General Manager	Remleh Scherzinger, SDA, MBA, P.E.
Assistant General Manager	Gregory Jones, MBA
Finance Manager/Treasurer	Marvin Davis, MBA, CPA
Engineering Manager	Gary King, DBA, P.E.
Operations Manager	Armon “Chip” Close, T5
Maintenance Manager	Brian Powell, P.E.
Hydroelectric Manager	Keane Sommers, P.E., MSC, QSP/QSD
Recreation Manager	Monica Reyes
Board Secretary	Kris Stepanian, MBA
Human Resources Manager	Jana Kolakowski



NEVADA IRRIGATION DISTRICT 2018 ORGANIZATIONAL CHART

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



2018 FTEs 208.00
2018 Temps 62.00



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, Recreation, Electric Funds and the Agency Funds of the Nevada Irrigation District (the District), as of and for the year ended December 31, 2018, 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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2018 and the changes in financial position and cash flows 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.

Change in Accounting Principle

As discussed in Note 14 to the financial statements, in 2018 the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 – pension plans, 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, combining schedule of changes in assets and liabilities – all agency funds, capacity fee schedule and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedule of changes in assets and liabilities – all agency funds and capacity fee schedule are the responsibility of management and were derived from and relate 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 _____, 2020 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.

_____, 2020

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, 2018. 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 208 full-time and part-time 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) under a Power Purchase Agreement. Unique in many respects, NID collects water from its own high mountain watershed, operates a network of seven water treatment plants, generates renewable hydroelectric energy, maintains 425 miles of canals, 300 miles of pipeline and provides outdoor recreation at the District's reservoirs to customers in Nevada, Placer and Yuba counties.

Today, the District serves approximately 19,400 treated water connections and 5,180 irrigation water customers located within its 287,000 acreage boundary. The seven water treatment plants have a peak capacity of 41.8 mgd (million gallons per day). About ninety percent of the District's average 132,000 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 82.3 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 of the District exceeded its liabilities at the close of the most recent fiscal year by \$413,394,023 (*net position*). The District has \$375,052,247 investment in capital assets \$6,163,398 restricted by statute and debt service, and \$32,178,378 unrestricted. (see Note 6)
- The District increased its net position in 2018 by \$2.1 million, a .5% increase over 2017. Absent adoption of GASB 75 accounting standards, net position increased by \$11.5 million. The increase in net position is due to an increase in operating revenues (Water, Electric, Recreation) of \$2.2 million, an increase in taxes and assessments of \$.6 million, an increase in grant revenue of \$1 million, and an increase in operating expenses of \$6.1 million. The District's non-operating revenues reflects an increase in investment income of \$.08 million. In addition, capacity charges and contributions represent a \$.5 million decrease from 2017. Also, the District's capital contributions and transfers represent an increase of \$.7 million.

- The District's working capital, current assets of \$37,673,353 minus current liabilities of \$8,860,498 a positive \$28,812,855, significantly up from 2017 and reflects an appropriate level of liquidity. This demonstrates a strong financial position, undoubtedly contributing to an excellent bond rating. The District is holding more assets liquid to cover higher encumbrance balances.
- Investments of the District 2016A JPA bond issuance proceeds of \$13,167,495 as of the end of the year have contributed to an increase in the District's interest earnings.
- The increase in District operating expenses of \$6.1 million are primarily driven from increases in administration and general expenses associated with salaries and general inflation of \$2.9 million and transmission and distribution of \$1.3 million.
- The District's Other Post- Employment Benefits (OPEB) liability was determined in 2018 and sufficient for 2017 and 2018 estimates. The reporting period's Annual OPEB Cost amounts to \$1.8 million. The District continues to fund this obligation with an estimated amortization period of approximately 9 years. In accordance with the new GASB 75 reporting standard, the District recorded a long-term liability of \$8.7 million. (see Note 8)
- During 2018, the Nevada Irrigation District's total liabilities and deferred inflows increased by \$4.5 million driven by recording of the District's OPEB liability increase of \$8.4 million. This increase is offset by reductions in long-term debt and a favorable reduction in the Net Pension Liability. The District also reduced short-term liabilities by \$1 million. The recording of net pension and OPEB liabilities are non-cash transactions, thus the District's financial strength remains solid allowing it to maintain credit ratings of AA and AA- from Fitch and Standard & Poor's, respectively.
- As more fully described in Note 11, the District has significant outstanding capital commitments as of December 31, 2018 of \$7.9 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
- 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, 2018. 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 1st through December 31st.

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, 2018. 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 **Agency Funds Statement** simply reflects additions and deductions in balances, as the District does not maintain a net position being in a fiduciary capacity.

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 20 and conclude on page 45 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 page 16 of this report. In addition, the District has elected to present Government Code 66013 Capacity Fee Report on restricted fees as additional information.

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 exceeded liabilities by \$413,394,023 at the close of the most recent fiscal year.

By far the largest portion of the Nevada Irrigation District's net assets (90% percent), consist of its investment in capital assets (e.g., land, buildings, machinery, and equipment). The District's maintains these capital assets to provide excellent services to the citizens of its community and consequently are unable to cover liabilities.

Table 1
Statements of Net Position

	2018	2017	Change
Assets			
Current and other assets	\$ 109,919,293	\$ 112,153,779	\$ (2,234,486)
Capital assets (net of accumulated depreciation)	411,534,669	400,655,988	10,878,681
Total assets	521,453,962	512,809,767	8,644,195
Deferred outflows of resources			
Deferred outflows	7,544,083	9,607,304	(2,063,221)
Total deferred outflows	7,544,083	9,607,304	(2,063,221)
Total assets and deferred outflows	<u>\$ 528,998,045</u>	<u>\$ 522,417,071</u>	<u>\$ 6,580,974</u>
Liabilities			
Current Liabilities	\$ 8,860,498	\$ 9,948,069	\$ (1,087,571)
Long-Term Liabilities	105,511,024	100,684,855	4,826,169
Total liabilities	114,371,522	110,632,924	3,738,598
Deferred inflows of resources			
Deferred inflows of resources	1,232,500	515,870	716,630
Total deferred inflows	1,232,500	515,870	716,630
Total liabilities and deferred inflows	<u>\$ 115,604,022</u>	<u>\$ 111,148,794</u>	<u>\$ 4,455,228</u>
Net Position			
Investment in capital assets	\$ 375,052,247	\$ 366,586,609	\$ 8,465,638
Restricted by statute	5,552,218	6,526,957	(974,739)
Restricted for debt service	611,180	611,180	-
Unrestricted	32,178,378	37,543,531	(5,365,153)
Net Position	<u>\$ 413,394,023</u>	<u>\$ 411,268,277</u>	<u>\$ 2,125,746</u>

The District's restricted net position of \$6,163,398 represents resources that are subject to statutory restrictions and debt service requirements. The remaining balance of its' net position, \$32,178,378 serves to meet all short and long-term annual liabilities. Unrestricted liquid cash (short-term cash and cash equivalents) is at \$20 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

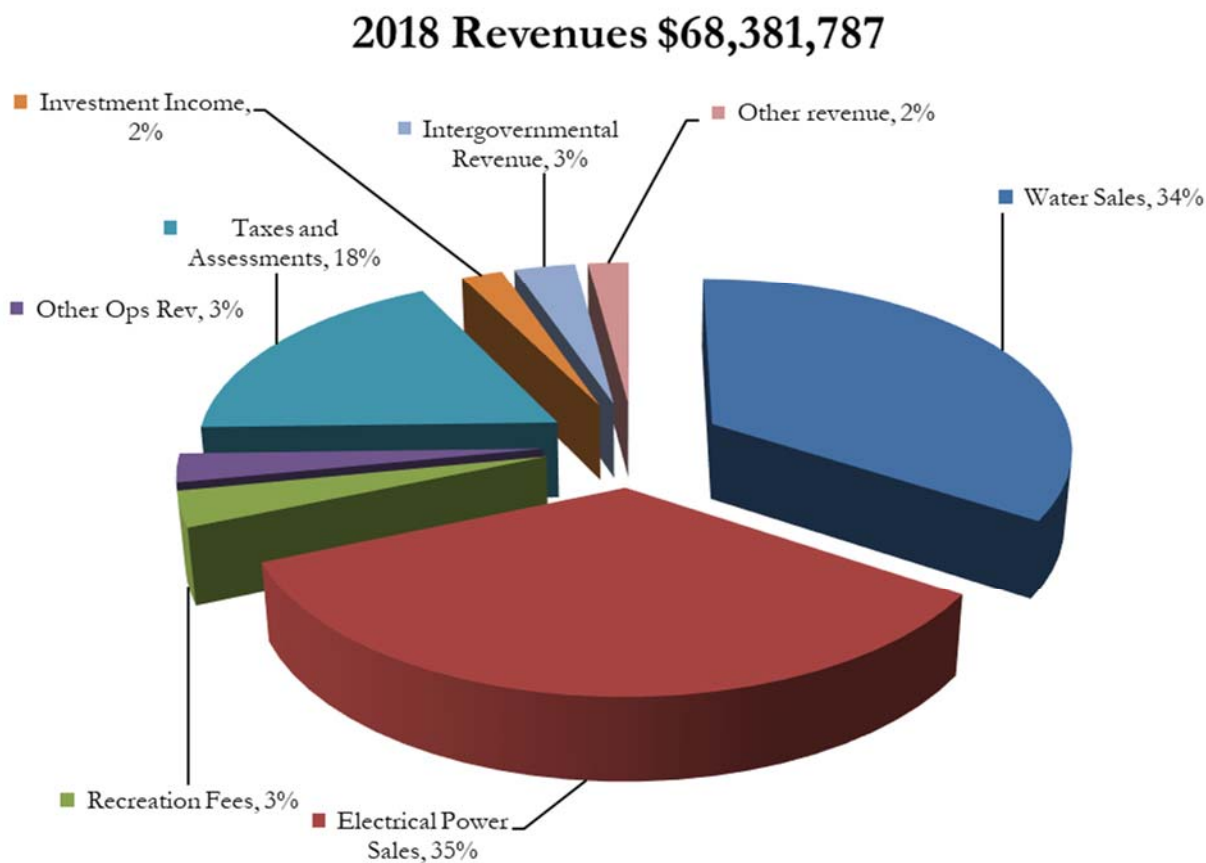
	2018	2017	Change
Operating Revenues			
Water Sales	\$ 23,401,901	\$ 21,754,315	\$ 1,647,586
Electrical Power Sales	23,526,675	23,578,561	(51,886)
Recreation Fees	2,243,900	2,118,007	125,893
Other revenue	1,809,684	1,291,819	517,865
Total Operating Revenues	<u>\$ 50,982,160</u>	<u>\$ 48,742,702</u>	<u>\$ 2,239,458</u>
Non-Operating Revenues			
Taxes and Assessments	\$ 12,331,723	\$ 11,750,933	\$ 580,790
Investment Income	1,465,194	1,383,301	81,893
Intergovernmental Revenue	2,165,910	1,102,666	1,063,244
Gain on asset disposal	(214,765)	324	(215,089)
Other revenue	228,926	158,024	70,902
Total Non-Operating Revenues	<u>\$ 15,976,988</u>	<u>\$ 14,395,248</u>	<u>\$ 1,581,740</u>
Total Revenues	<u>\$ 66,959,148</u>	<u>\$ 63,137,950</u>	<u>\$ 3,821,198</u>
Operating Expenses			
Water	\$ 42,256,422	\$ 36,443,432	\$ 5,812,990
Electric	10,665,237	10,675,301	(10,064)
Recreation	2,479,528	2,151,100	328,428
Total Operating Expenses	<u>\$ 55,401,186</u>	<u>\$ 49,269,833</u>	<u>\$ 6,131,353</u>
Non-Operating Expenses			
Interest Expense	1,438,321	1,663,744	(225,423)
Total Non-Operating Expenses	<u>\$ 1,438,321</u>	<u>\$ 1,663,744</u>	<u>\$ (225,423)</u>
Total Expenses	<u>56,839,507</u>	<u>50,933,577</u>	<u>5,905,930</u>
Income (Loss) Before Capital Contributions	<u>\$ 10,119,640</u>	<u>\$ 12,204,373</u>	<u>\$ (2,084,733)</u>
Capital Contributions			
Facility Capacity Charges	517,342	1,038,453	(521,111)
Other Capital Contributions & Transfers	905,297	210,661	694,636
Total Transfers and Capital Contributions	<u>\$ 1,422,639</u>	<u>\$ 1,249,114</u>	<u>\$ 173,525</u>
Change in Net Position	<u>\$ 11,542,280</u>	<u>\$ 13,453,487</u>	<u>\$ (1,911,207)</u>
Net Position - Beginning of Year	<u>\$ 411,268,277</u>	<u>\$ 397,814,790</u>	<u>\$ 13,453,487</u>
Gasb 75	<u>\$ (9,416,533)</u>	<u>\$ -</u>	<u>\$ (9,416,533)</u>
Net Position - End of Year	<u>\$ 413,394,024</u>	<u>\$ 411,268,277</u>	<u>\$ 2,125,747</u>

The District's total net position decreased by \$2.1 million in 2018 as compared with \$13.5 for the year ended December 31, 2017. Total revenues of \$66.9 million outpaced total expenses of \$56.8 million by \$10.1 million being driven by increases in water sales, rates adjustment and power sales. The District saw a relatively modest increase in operating revenues (water, electric, and recreation) of \$2.2 million as well as taxes and assessments of \$.6 million. Non-operating expenses, resulting from debt service consumed an additional \$1.4 million driving the income before capital

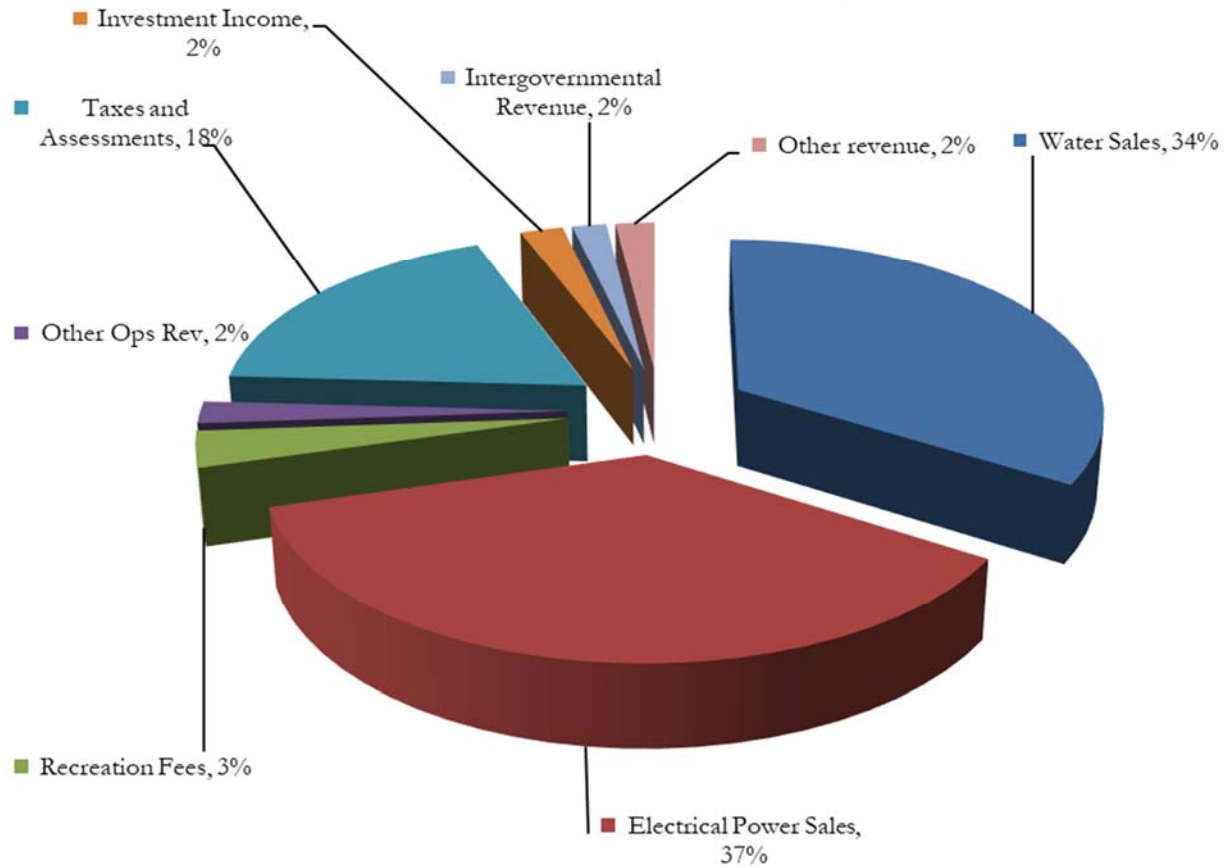
contributions down to \$10.1 million. This year's capacity fees and capital contributions were healthy, contributing \$1.4 million, relative to prior year's \$1.2 million, to arrive at the net position of \$11.5 million, approximately \$1.9 million less than the prior period.

Operating expenses increased in 2018 due to increased administration and general expenses (salaries, consultants), which contain Hydro and Recreation activities and treatment facilities (Water Operations). The District received \$.5 million in capacity fee charges as reflected in the Government Code 66013 report, which is \$.5 million less than the prior year. The District has extended financing options for these fees. Other capital contribution increased from the prior year and is an indication of more developer activity.

The chart displays revenues for 2018 and 2017 as follows:



2017 Revenues \$64,387,064



Capital Assets. The District’s investment in capital assets as of December 31, 2018 was \$411,534,669 as compared to \$400,655,988 (net of accumulated depreciation) for 2017. 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 investment in capital assets for 2018 is \$10.8 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 Improvements

	2018	2017
Nondepreciable capital assets	\$ 155,302,044	\$ 153,467,799
Depreciable capital assets	430,218,070	411,223,528
Less: Accumulated depreciation	(173,985,445)	(164,035,339)
Net Depreciable Capital Assets	256,232,625	247,188,189
Net Capital Assets	\$ 411,534,669	\$ 400,655,988

Long-Term Liabilities. At the end of the current fiscal year, the District had long-term liabilities outstanding of \$105,511,022 comprised of OPEB, compensated absences, net pension liability, revenue bonds and state loans, an increase of \$6.8 million from the prior period. Recording of the District’s OPEB liability of \$8,757,000 and net pension liability of \$47,519,391 is an actuarial determined balance and a requirement of GAAP. The GASB 75 reporting standard is driving the increase in liabilities from the prior period. The District is currently funding its’ OPEB liability through a CALPERS Trust.

Long-Term Liabilities

	2018	2017
Other postemployment benefits	8,757,000	-
Compensated absences	2,215,685	2,579,994
Health reimbursement arrangement (HRA)	371,395	371,395
Net pension liability	47,519,391	48,877,917
2016 Revenue Bonds	22,172,800	19,660,000
2011 Revenue Bonds	19,185,832	20,950,000
State of California Loans	5,288,919	6,258,389
Total Outstanding	\$ 105,511,022	\$ 98,697,695

Additional information on the Nevada Irrigation District’s long-term liabilities is located in Note 5 of the basic financial statements. The 2017 OPEB liability is excluded from this table but reflected in the footnote. The table indicates restated balances beginning 2018.

Economic Factors and Next Year's Rates

The District increased its water rates for fiscal year 2018 and 2017 by an average of six percent (6%) for both raw water and treated water customers. This increase, along with usage contributed to revenue increases. The District has an approved five-year rate increase strategy through 2018 and will be required to prepare a new Proposition 218 rate increase notice for any proposed rate increase subsequent to 2018.

The District continues to make an investment in its relicensing efforts with the Federal Energy Regulatory Commission (FERC). These licenses, expired on April 30, 2013, allow the District to operate its Yuba-Bear hydroelectric facilities located primarily on the South Yuba and Bear rivers in Nevada and Placer counties. Currently, the District operates on annual licenses from FERC until issuance of the full license by the Commission. The District has expended approximately \$15.8 million through December 31, 2018 in relicensing efforts.

The District’s 2019 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.

This financial report is designed to provide a general overview of the Nevada Irrigation District's finances to all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information, contact the District's Finance Manager/Treasurer at 1036 West Main Street, Grass Valley, California, 95945.

NEVADA IRRIGATION DISTRICT

BALANCE SHEETS

As of December 31, 2018

	Water	Electric	Recreation	Total
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 2,236,123	\$ 17,081,387	\$ 677,803	\$ 19,995,313
Accounts receivable, net	2,904,194	2,110,185	4,276	5,018,655
Interest receivable	374,083			374,083
Assessments receivable	6,777,334			6,777,334
Grants receivable	2,950,978			2,950,978
Other receivables	3,927			3,927
Inventory	1,705,863	5,974		1,711,837
Prepaid expenses and other current assets	572,366	212,172	29,842	814,380
Deposits	26,846			26,846
Total Current Assets	<u>17,551,714</u>	<u>19,409,718</u>	<u>711,921</u>	<u>37,673,353</u>
Noncurrent Assets				
Restricted cash and cash equivalents	293,631			293,631
Investments	13,826,542	40,306,282		54,132,824
Restricted Investments	13,167,495			13,167,495
Due from other governments	3,613,876			3,613,876
Loans receivable	1,038,114			1,038,114
Total noncurrent assets	<u>31,939,658</u>	<u>40,306,282</u>		<u>72,245,940</u>
Capital Assets				
Non-depreciable	75,292,813	51,214,624	28,794,607	155,302,044
Depreciable, net	214,195,926	36,058,243	5,978,456	256,232,625
Total capital assets, net	<u>289,488,739</u>	<u>87,272,867</u>	<u>34,773,063</u>	<u>411,534,669</u>
TOTAL ASSETS	<u>338,980,111</u>	<u>146,988,867</u>	<u>35,484,984</u>	<u>521,453,962</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - pensions	5,319,143	1,168,503	239,486	6,727,132
Deferred outflow - OPEB	554,000	72,000	6,000	632,000
Deferred amount on refunding	184,951			184,951
TOTAL DEFERRED OUTFLOWS	<u>6,058,094</u>	<u>1,240,503</u>	<u>245,486</u>	<u>7,544,083</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 345,038,205</u>	<u>\$ 148,229,370</u>	<u>\$ 35,730,470</u>	<u>\$ 528,998,045</u>

(Continued)

NEVADA IRRIGATION DISTRICT

BALANCE SHEETS (Continued)

As of December 31, 2018

	Water	Electric	Recreation	Total
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 1,694,668	\$ 767,829	\$ 19,523	\$ 2,482,020
Accrued payroll and benefits payable	541,617	144,495	18,174	704,286
Deposits	437,758			437,758
Retention payable	150,295	9,312		159,607
Grants payable	1,100,392			1,100,392
Unearned revenue	419,949		1,805	421,754
Accrued interest payable	585,000			585,000
Compensated absences and HRA liability, due within one year	504,544	85,199	27,838	617,581
Long-term debt, due within one year	2,352,100			2,352,100
Total current liabilities	<u>7,786,323</u>	<u>1,006,835</u>	<u>67,340</u>	<u>8,860,498</u>
Noncurrent Liabilities				
Compensated absences and HRA liability, due after one year	2,006,560	483,139	97,381	2,587,080
Net pension liability	37,573,583	8,254,118	1,691,690	47,519,391
Other postemployment benefit liability	7,554,000	1,074,000	129,000	8,757,000
Long-term debt	46,647,553			46,647,553
Total noncurrent liabilities	<u>93,781,696</u>	<u>9,811,257</u>	<u>1,918,071</u>	<u>105,511,024</u>
TOTAL LIABILITIES	<u>101,568,019</u>	<u>10,818,092</u>	<u>1,985,411</u>	<u>114,371,522</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow - pensions	865,422	190,114	38,964	1,094,500
Deferred inflow - OPEB	110,000	22,000	6,000	138,000
TOTAL DEFERRED INFLOWS	<u>975,422</u>	<u>212,114</u>	<u>44,964</u>	<u>1,232,500</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>102,543,441</u>	<u>11,030,206</u>	<u>2,030,375</u>	<u>115,604,022</u>
NET POSITION				
Net investment in capital assets	253,006,317	87,272,867	34,773,063	375,052,247
Restricted for capacity expansion	5,552,218			5,552,218
Restricted for debt service	611,180			611,180
Unrestricted	(16,674,951)	49,926,297	(1,072,968)	32,178,378
Total Net Position	<u>242,494,764</u>	<u>137,199,164</u>	<u>33,700,095</u>	<u>413,394,023</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 345,038,205</u>	<u>\$ 148,229,370</u>	<u>\$ 35,730,470</u>	<u>\$ 528,998,045</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, 2018

	Water	Electric	Recreation	Total
Operating Revenues				
Water sales	\$ 23,401,901			\$ 23,401,901
Electric power sales		\$ 23,526,675		23,526,675
Standby charges	135,886			135,886
Reimbursements	21,040	53,720		74,760
New connections and installations	865,917			865,917
Recreation fees			\$ 2,243,900	2,243,900
Other revenue	733,121			733,121
Total Operating Revenues	<u>25,157,865</u>	<u>23,580,395</u>	<u>2,243,900</u>	<u>50,982,160</u>
Operating Expenses				
Administration and general	15,666,160	8,840,640	2,242,548	26,749,348
Water treatment	7,457,698			7,457,698
Transmission and distribution	9,954,565			9,954,565
Pumping	975,937			975,937
Depreciation and amortization	8,202,062	1,824,597	236,980	10,263,639
Total Operating Expenses	<u>42,256,422</u>	<u>10,665,237</u>	<u>2,479,528</u>	<u>55,401,187</u>
Net Income/(Loss) from Operations	<u>(17,098,557)</u>	<u>12,915,158</u>	<u>(235,628)</u>	<u>(4,419,027)</u>
Nonoperating Revenue (Expenses)				
Taxes and assessments	12,331,723			12,331,723
Investment income	1,445,431	19,763		1,465,194
Rents and leases	160,117	416	68,393	228,926
(Loss) Gain on sale/disposition of capital assets	(201,761)	829	(13,833)	(214,765)
Intergovernmental revenue	2,165,910			2,165,910
Interest expense	(1,437,820)	(501)		(1,438,321)
Total nonoperating revenue (expenses)	<u>14,463,600</u>	<u>20,507</u>	<u>54,560</u>	<u>14,538,667</u>
Net Income Before Capital Contributions	<u>(2,634,957)</u>	<u>12,935,665</u>	<u>(181,068)</u>	<u>10,119,640</u>
Transfers and capital contributions				
Facility capacity charges	517,342			517,342
Other capital contributions	905,297			905,297
Transfers in	9,379,867		317,700	9,697,567
Transfers out	(5,265,028)	(4,432,539)		(9,697,567)
Total capital contributions	<u>5,537,478</u>	<u>(4,432,539)</u>	<u>317,700</u>	<u>1,422,639</u>
Change in Net Position	<u>2,902,521</u>	<u>8,503,126</u>	<u>136,632</u>	<u>11,542,279</u>
Net Position at beginning of year, as previously reported	246,799,669	130,803,453	33,665,155	411,268,277
Restatements	(7,207,426)	(2,107,415)	(101,692)	(9,416,533)
Net position, beginning, as restated	<u>239,592,243</u>	<u>128,696,038</u>	<u>33,563,463</u>	<u>401,851,744</u>
Net Position, End of Year	<u>\$ 242,494,764</u>	<u>\$ 137,199,164</u>	<u>\$ 33,700,095</u>	<u>\$ 413,394,023</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, 2018

	<u>Water</u>	<u>Electric</u>	<u>Recreation</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 23,100,671	\$ 23,672,601	\$ 2,218,803	\$ 48,992,075
Payments to suppliers	(21,242,215)	(5,388,583)	(1,629,013)	(28,259,811)
Payments to employees	(12,846,082)	(2,204,273)	(517,511)	(15,567,866)
Rent and lease receipts	160,112	427	68,394	228,933
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(10,827,514)</u>	<u>16,080,172</u>	<u>140,673</u>	<u>5,393,331</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Assessments received	12,042,724			12,042,724
Amounts received/(paid) from other funds	4,101,329	(4,420,235)	318,906	-
Intergovernmental grants received	2,165,910			2,165,910
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>18,309,963</u>	<u>(4,420,235)</u>	<u>318,906</u>	<u>14,208,634</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(16,720,940)	(3,793,214)	(914,483)	(21,428,637)
Interest payments on long-term debt	(1,808,503)	(501)		(1,809,004)
Principal payments on long-term debt	(2,272,370)			(2,272,370)
Facility capacity charges received in cash	517,342			517,342
Reimbursements from improvement districts	352,224			352,224
Proceeds from sale of capital assets	10,261			10,261
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(19,921,986)</u>	<u>(3,793,715)</u>	<u>(914,483)</u>	<u>(24,630,184)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	1,242,854			1,242,854
Investment purchases	(11,230,851)	2,114,883		(9,115,968)
Investment sales/maturities	19,374,969			19,374,969
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>9,386,972</u>	<u>2,114,883</u>	<u>-</u>	<u>11,501,855</u>
(DECREASE) INCREASE IN				
CASH AND CASH EQUIVALENTS	(3,052,565)	9,981,105	(454,904)	6,473,636
Cash and cash equivalents at beginning of year	5,582,319	7,100,282	1,132,707	13,815,308
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,529,754</u>	<u>\$ 17,081,387</u>	<u>\$ 677,803</u>	<u>\$ 20,288,944</u>

(Continued)

NEVADA IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Years Ended December 31, 2018

	<u>Water</u>	<u>Electric</u>	<u>Recreation</u>	<u>Total</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS				
Cash and cash equivalents	\$ 2,236,123	\$ 17,081,387	\$ 677,803	\$ 19,995,313
Restricted cash and cash equivalents	293,631			293,631
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 2,529,754</u>	<u>\$ 17,081,387</u>	<u>\$ 677,803</u>	<u>\$ 20,288,944</u>
RECONCILIATION OF NET (LOSS) INCOME FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Net income (loss) from operations	\$ (17,098,557)	\$ 12,915,158	\$ (235,628)	\$ (4,419,027)
Adjustments to reconcile net loss from operations to net cash provided (used) by operating activities:				
Depreciation and amortization	8,202,062	1,824,597	236,980	10,263,639
Abandoned projects written off	368,799	395,524		764,323
Rent and lease receipts	160,112	427	68,394	228,933
Changes in operating assets and liabilities:				
Accounts receivable, net	(200,711)	92,206	301	(108,204)
Grants and other receivables	(1,739,639)			(1,739,639)
Inventory	(198,441)	(5,109)		(203,550)
Prepaid expenses and other current assets	(84,340)	(25,927)	(8,950)	(119,217)
Deposits	587			587
Loans receivable	(239,477)			(239,477)
Accounts payable	(1,021,691)	248,283	(73,167)	(846,575)
Accrued payroll and benefits payable	(211,295)	(21,287)	(7,973)	(240,555)
Deposits	27,953			27,953
Grants payable	336,885			336,885
Unearned revenue	122,046		(25,398)	96,648
Other postemployment benefit liability	(600,000)	(112,000)	(20,000)	(732,000)
Compensated absences and HRA liability	82,771	121,173	49,328	253,272
Net pension liability	(1,528,751)	115,945	54,280	(1,358,526)
Deferred outflows/inflows	2,794,173	531,182	102,506	3,427,861
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (10,827,514)</u>	<u>\$ 16,080,172</u>	<u>\$ 140,673</u>	<u>\$ 5,393,331</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Change in fair value of investments	\$ (163,843)	\$ (19,763)	\$ -	\$ (183,606)
Donated infrastructure	905,297			905,297

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, 2018

	<u>Agency Funds</u>
Assets	
Cash with fiscal agent	\$ 632,278
Assessments receivable	203,020
Infrastructure donated to District	<u>3,353,337</u>
Total Assets	<u><u>\$ 4,188,635</u></u>
Liabilities	
Interest payable	\$ 9,088
Due to other governments	3,164,476
Due to bondholders	449,400
Agency obligations	<u>565,671</u>
Total liabilities	<u><u>\$ 4,188,635</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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Nevada Irrigation District (the District) was incorporated on August 15, 1921. The District is a nonprofit water agency operated by and for the people who own land within its 287,000-acre boundaries. The District, a state agency, is governed by a five-member board of directors elected by District voters. The board is the District's policy-making body and policy is carried out by approximately 178 full- and part-time employees. The District supplies water for domestic, municipal, industrial and agricultural uses, produces electricity and provides public recreation at district reservoirs to customers in Nevada, Placer and Yuba counties. Electric power is produced at various hydroelectric facilities and is sold to Pacific Gas and Electric Utility Company (PG&E) under contract.

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 is accounted for as an enterprise fund and applies all applicable GASB pronouncements in its accounting and reporting.

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

Agency funds are used to account for assets held by the District in a fiduciary capacity for special assessment districts. 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 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. The Agency Funds do not involve the results of operations and do not use a measurement basis.

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

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Operating revenues and expenses consists of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. 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 are accounted for on a flow of economic resources measurement focus, which means that all assets, deferred outflows, liabilities, and deferred inflows associated with the activity are included on the balance sheets. 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, 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 for electric power sales. The District determined that as of December 31, 2018, 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.

H. *Inventory*

Inventories of materials and supplies are stated on an average cost basis. Physical inventories are taken on a cycle basis each month throughout the year.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 \$100,000 for 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, License)	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. The department heads can provide transfers within their own departmental operations budget. Budget transfers between two departments require the approval of the respective department heads. The General Manager may approve the transfer of appropriations from one department to another. All other transfers must be approved by the Board of Directors. The Board may approve additional appropriations throughout that year as well.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

N. Bond Discounts, 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 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 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 can earn up to 122 sick leave days.

Employees accumulate vacation at varying rates depending on longevity. They are entitled to carry forward a maximum of two years 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 120 hours of compensatory time off (CTO). CTO accrual balances per employee may not exceed 60 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. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

District's California Public Employee's Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Other Post Employment Benefits Plan (OPEB)

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

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 November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's), which is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The timing and pattern of recognition of the liability and corresponding deferred outflow of resources recorded is defined in this Statement. This Statement is effective for periods beginning the year ended December 31, 2019.

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 criterial is on whether a government is controlling the assets of the fiduciary

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement is effective for the year ended December 31, 2018.

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 reporting periods beginning after December 15, 2019.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement improves the information that is disclosed in the notes to government financial statements and clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences and significant subjective acceleration clauses. For notes to the financial statement there is a requirement that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for the reporting periods beginning after June 15, 2018.

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 reporting periods beginning after December 15, 2018.

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, 2018

NOTE 2 - CASH AND INVESTMENTS

The District's cash and investments consisted of the following at December 31, 2018:

Water Fund:	
Cash and cash equivalents	\$ 2,236,123
Restricted cash and cash equivalents	293,631
Investments	13,826,542
Restricted investments	13,167,495
	<u>29,523,791</u>
Electric Fund:	
Cash and cash equivalents	17,081,387
Investments	40,306,282
	<u>57,387,669</u>
Recreation Fund:	
Cash and cash equivalents	677,803
	<u>677,803</u>
Fiduciary Funds:	
Cash and investments	632,278
	<u>632,278</u>
Total	<u>632,278</u>
Total cash, equivalents and investments	<u>\$ 88,221,541</u>

Cash and investments were classified under GASB Statement No. 40 as follows at December 31, 2018:

Cash on hand	\$ 5,300
Deposits with financial institutions	155,755
Total Cash	<u>161,055</u>
Investment in Local Agency Investment Fund (LAIF)	20,734,967
Money Market Mutual Funds	25,434
Negotiable certificates of deposit	5,665,145
U.S. Agency securities	61,032,177
Collateralized Mortgage Obligations	602,763
Total Investments	<u>88,060,486</u>
Total Cash and Investments	<u>\$ 88,221,541</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, 2018

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%	50%
Commercial Paper	270 days	A	25%	50%
Negotiable Certificates of Deposit	5 years	A	30%	50%
California Local Agency Investment Fund (LAIF)	N/A	N/A	None	\$50,000,000
Municipal Bonds	5 years	A	30%	50%
Medium Term Corporate Notes	5 years	A	30%	50%
Money Market Mutual Funds	N/A	AAA	15%	50%
Mortgage/Pass-Through Security	5 years	A	20%	50%

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, 2018:

Investment Type	Total	Remaining Maturity		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund	\$ 20,734,967	\$ 20,734,967		
Money Market Mutual Funds	25,434	25,434		
Negotiable certificates of deposit	5,665,145	2,735,325	\$ 2,210,910	\$ 718,910
U.S. Agency Securities	61,032,177	2,965,980	20,612,062	37,454,135
Collateralized Mortgage Obligations	602,763	145,525	457,238	
Total	\$ 88,060,486	\$ 26,607,231	\$ 23,280,210	\$ 38,173,045

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

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, 2018 for each investment type.

Investment Type	Amount	Ratings as of fiscal year-end	
		AA	Not rated
Local Agency Investment Fund	\$ 20,734,967		\$ 20,734,967
Money Market Mutual Funds	25,434		25,434
Negotiable certificates of deposit	5,665,145		5,665,145
U.S. Agency Securities	61,032,177	\$ 61,032,177	
Collateralized Mortgage Obligations	602,763	457,238	145,525
Total	\$ 88,060,486	\$ 61,489,415	\$ 26,571,071

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, 2018, 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 National Mortgage Association	U.S. Agency Security	\$ 12,204,710	14%
Federal National Mortgage Association CALL	U.S. Agency Security	6,800,360	8%
Federal National Mortgage Association NTS	U.S. Agency Security	3,873,280	4%
Federal Farm Credit Bank	U.S. Agency Security	11,222,170	13%
Federal Home Loan Bank	U.S. Agency Security	8,177,105	9%
Federal Home Loan Bank Bonds	U.S. Agency Security	6,127,890	7%
Federal Home Loan Mortgage Corporation	U.S. Agency Security	10,774,890	12%

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, 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

At December 31, 2018, the carrying amount of the District's deposits were \$155,755 and the balances in financial institutions were \$1,747,423. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$1,497,423 was collateralized by securities pledged by the financial institution.

As of December 31, 2018, following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
Negotiable certificates of deposit	\$ 5,665,145
U.S. Agency Securities	61,032,177
Collateralized Mortgage Obligations	602,763

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 \$83,628,953,130 and is managed by the State Treasurer. Of that amount, 97.33 percent is invested in non-derivative financial products and 2.67 percent in derivative financial products and structured financial instruments. 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 192 days at December 31, 2018.

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, 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

The District has the following recurring fair value measurements as of December 31, 2018:

	Amount	Fair Value Measurements Using		
		in Active 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	\$ 25,434		\$ 25,434	
Negotiable certificates of deposit	5,665,145		5,665,145	
U.S. Agency Securities	61,032,177		61,032,177	
Collateralized Mortgage Obligations	602,763		602,763	
Total Investments by Fair Value Level	67,325,519	\$ -	\$ 67,325,519	\$ -
Investments Measured at Net Asset Value:				
LAIF	20,734,967			
Total	\$ 88,060,486			

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 - DUE FROM OTHER GOVERNMENTS

At December 31, 2018 the District had the following amounts due from the Agency Funds, reported in the Water Fund:

Rodeo Flat Improvement District	\$ 449,400
Cement Hill Assessment District	3,164,476
	<u>\$ 3,613,876</u>

The \$449,400 due from the Rodeo Flat Improvement District represents the Rodeo Flat Improvement Bonds for which the District is the bondholder. The \$3,164,476 due from the Cement Hill Assessment District represents the Assessment District's share of the State loan used to finance the construction of the Cement Hill pump zone extension. The Assessment District is responsible for approximately half of the repayment of this loan. The full amount of the loan is reflected in the financial statements of the District.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 4 – CAPITAL ASSETS

A. Capital assets activity

The activity in the capital assets for the year ended December 31, 2018 are summarized below:

	Balance at January 1, 2018	Additions	Deletions	Transfers	Balance at December 31, 2018
<u>Water Fund</u>					
Capital Assets not Being Depreciated:					
Land	\$ 18,260,940				\$ 18,260,940
Bear River Water Rights	681,644				681,644
Construction in Progress	56,330,078	\$ 14,978,983	\$ (368,799)	\$ (14,590,033)	56,350,229
Total Capital Assets not Being Depreciated	<u>75,272,662</u>	<u>14,978,983</u>	<u>(368,799)</u>	<u>(14,590,033)</u>	<u>75,292,813</u>
Capital Assets Being Depreciated:					
Water Plant in Service	246,943,554	1,048,333	(458,201)	13,960,213	261,493,899
Electric Plant	222,672				222,672
Structures and Improvements	12,379,964			370,143	12,750,107
Dams and Reservoirs	37,159,981	7,759		259,677	37,427,417
Transportation Equipment	4,526,185	1,097,076	(46,825)		5,576,436
General Equipment	8,701,967	346,278	(6,497)		9,041,748
Total Capital Assets Being Depreciated	<u>309,934,323</u>	<u>2,499,446</u>	<u>(511,523)</u>	<u>14,590,033</u>	<u>326,512,279</u>
Less Accumulated Depreciation and Amortization for:					
Water Plant in Service	(88,424,065)	(6,355,627)	253,819		(94,525,873)
Electric Plant	(13,360)	(4,454)			(17,814)
Structures and Improvements	(2,660,063)	(253,791)			(2,913,854)
Dams and Reservoirs	(8,094,886)	(390,900)			(8,485,786)
Transportation Equipment	(2,016,870)	(512,465)	40,538		(2,488,797)
General Equipment	(3,204,548)	(684,825)	5,144		(3,884,229)
Total Accumulated Depreciation	<u>(104,413,792)</u>	<u>(8,202,062)</u>	<u>299,501</u>		<u>(112,316,353)</u>
Total Capital Assets Being Depreciated, Net	<u>205,520,531</u>	<u>(5,702,616)</u>	<u>(212,022)</u>	<u>14,590,033</u>	<u>214,195,926</u>
Total Capital Assets, Net - Water Fund	<u>\$ 280,793,193</u>	<u>\$ 9,276,367</u>	<u>\$ (580,821)</u>	<u>\$ -</u>	<u>\$ 289,488,739</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 4 – CAPITAL ASSETS (Continued)

	Balance at January 1, 2018	Additions	Deletions	Transfers	Balance at December 31, 2018
<u>Electric Fund</u>					
Capital Assets not Being Depreciated:					
Land	\$ 44,813,061			\$ 582,314	\$ 45,395,375
Power Rights	1,568,942				1,568,942
Construction in Progress	3,645,805	\$ 3,359,516	\$ (389,347)	(2,365,667)	4,250,307
Total Capital Assets not Being Depreciated	50,027,808	3,359,516	(389,347)	(1,783,353)	51,214,624
Capital Assets Being Depreciated:					
Electric Plant in Service	49,937,811	13,536		363,072	50,314,419
Bowman Power Project	2,887,922				2,887,922
Structures and Improvements	3,612,781			24,996	3,637,777
Dams and Reservoirs	27,876,899			453,170	28,330,069
Transportation Equipment	1,306,102	116,543	(13,213)		1,409,432
General Equipment	2,133,280	249,162		942,115	3,324,557
Total Capital Assets Being Depreciated	87,754,795	379,241	(13,213)	1,783,353	89,904,176
Less Accumulated Depreciation and Amortization for:					
Electric Plant in Service	(33,161,025)	(1,050,420)			(34,211,445)
Bowman Power Project	(1,896,627)	(70,294)			(1,966,921)
Structures and Improvements	(2,133,177)	(77,168)			(2,210,345)
Dams and Reservoirs	(13,296,569)	(277,517)			(13,574,086)
Transportation Equipment	(556,647)	(137,341)	7,865		(686,123)
General Equipment	(985,156)	(211,857)			(1,197,013)
Total Accumulated Depreciation	(52,029,201)	(1,824,597)	7,865		(53,845,933)
Total Capital Assets Being Depreciated, Net	35,725,594	(1,445,356)	(5,348)	1,783,353	36,058,243
Total Capital Assets, Net - Electric Fund	\$ 85,753,402	\$ 1,914,160	\$ (394,695)	\$ -	\$ 87,272,867

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 4 – CAPITAL ASSETS (Continued)

	Balance at January 1, 2017	Additions	Deletions	Transfers	Balance at December 31, 2018
Recreation Fund					
Capital Assets not Being Depreciated:					
Land	\$ 27,900,659				\$ 27,900,659
Construction in Progress	266,670	\$ 893,572		\$ (266,294)	893,948
Total Capital Assets not Being Depreciated	<u>28,167,329</u>	<u>893,572</u>		<u>(266,294)</u>	<u>28,794,607</u>
Capital Assets Being Depreciated:					
General Plant	619,133			173,092	792,225
Structures and Improvements	12,372,109				12,372,109
Dams and Reservoirs	112,115				112,115
Transportation Equipment	112,684				112,684
General Equipment	318,369	20,911	\$ (20,000)	93,202	412,482
Total Capital Assets Being Depreciated	<u>13,534,410</u>	<u>20,911</u>	<u>(20,000)</u>	<u>266,294</u>	<u>13,801,615</u>
Less Accumulated Depreciation and Amortization for:					
General Plant	(99,062)	(15,163)			(114,225)
Structures and Improvements	(7,370,386)	(185,470)			(7,555,856)
Dams and Reservoirs	(14,295)	(1,121)			(15,416)
Transportation Equipment	(78,128)	(10,178)			(88,306)
General Equipment	(30,475)	(25,048)	6,167		(49,356)
Total Accumulated Depreciation	<u>(7,592,346)</u>	<u>(236,980)</u>	<u>6,167</u>		<u>(7,823,159)</u>
Total Capital Assets Being Depreciated, Net	<u>5,942,064</u>	<u>(216,069)</u>	<u>(13,833)</u>	<u>266,294</u>	<u>5,978,456</u>
Total Capital Assets, Net - Recreation Fund	<u>\$ 34,109,393</u>	<u>\$ 677,503</u>	<u>\$ (13,833)</u>	<u>\$ -</u>	<u>\$ 34,773,063</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	\$ 8,202,062
Electric	1,824,597
Recreation	<u>236,980</u>
Total Depreciation Expense	<u>\$ 10,263,639</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 5 – LONG-TERM LIABILITIES

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

	Restated Balance at January 1, 2018	Additions	Reductions	Balance at December 31, 2018	Due within One Year
2016A Revenue Bonds	\$ 19,660,000		\$ (575,000)	\$ 19,085,000	\$ 605,000
2011A Refunding Revenue Bonds	20,950,000		(1,210,000)	19,740,000	1,265,000
State of California loan-Cement Hill	6,258,389		(487,370)	5,771,019	482,100
Total	46,868,389	-	(2,272,370)	44,596,019	2,352,100
Unamortized premiums	4,785,551		(381,917)	4,403,634	
Total Debt and Loans	51,653,940	-	(2,654,287)	48,999,653	
Health reimbursement arrangement					
(HRA) liability	726,713	2,327,943	(2,311,867)	742,789	371,394
Other postemployment benefits	10,101,540	882,146	(2,226,686)	8,757,000	
Compensated absences	2,224,676	367,414	(130,218)	2,461,872	246,187
Net pension liability	48,877,917		(1,358,526)	47,519,391	
	61,204,133	1,249,560	(3,715,430)	58,738,263	246,187
	99,089,381			107,737,916	\$ 2,598,287
Less: Due Within One Year	(3,190,077)			(2,598,287)	
Total noncurrent	\$ 95,899,304	\$ -	\$ -	\$ 105,139,629	

The District’s long-term debt consisted of the following at December 31, 2018:

Revenue Bonds

In April 2016, the Nevada Irrigation District Joint Powers Authority sold \$20,210,000 of Series 2016A Revenue Bonds, with interest rates ranging from 4% to 5%. The proceeds were used to finance the acquisition of the Combine Phase 1 Canal and Bear River Siphon Replacement Project; preliminary engineering and environmental studies related to the Centennial Reservoir, and 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.

\$ 19,085,000

Revenue Bonds

In December 2011, the Nevada Irrigation District Joint Powers Authority sold \$25,970,000 of Series 2011A Revenue Bonds, with interest rates ranging from 2% 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. Principal payments ranging from \$790,000 to \$1,470,000 are due on March 1 through 2036. Interest payments ranging from \$14,438 to \$472,109 are due on March 1 and September 1 through March 1, 2036.

19,740,000

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 5 – LONG-TERM LIABILITIES (Continued)

State of California Loans

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.

	<u>\$ 5,771,019</u>
Totals	<u>\$ 44,596,019</u>

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

For the Year Ended December 31	2016A Revenue Bonds		2011A Revenue Bonds		State Loans		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 605,000	\$ 896,225	\$ 1,265,000	\$ 812,144	\$ 482,100	\$ 129,050	\$ 2,352,100	\$ 1,837,419
2020	635,000	865,225	1,330,000	747,269	493,203	117,977	2,458,203	1,730,471
2021	670,000	832,600	1,400,000	679,019	504,530	106,650	2,574,530	1,618,269
2022	705,000	798,225	1,470,000	607,269	516,117	95,063	2,691,117	1,500,557
2023	1,490,000	743,350	790,000	558,175	527,971	83,210	2,807,971	1,384,735
2024-2028	8,680,000	2,489,000	4,375,000	2,358,606	2,827,404	228,498	15,882,404	5,076,104
2029-2033	6,300,000	395,250	5,325,000	1,407,400	419,694	6,149	12,044,694	1,808,799
2034-2037			3,785,000	253,422			3,785,000	253,422
Total	<u>\$ 19,085,000</u>	<u>\$ 7,019,875</u>	<u>\$ 19,740,000</u>	<u>\$ 7,423,304</u>	<u>\$ 5,771,019</u>	<u>\$ 766,597</u>	<u>\$ 44,596,019</u>	<u>\$ 15,209,776</u>

Pledged Revenues: The District has pledged future water system revenues, net of specified operating expenses to repay its 2011 and 2016 Revenue Bonds in the original amount of \$25,970,000 and \$20,210,000. 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. The Bonds are payable solely from water system revenues and special assessments and are payable through 2036. 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 \$53,268,179, at December 31, 2018. Cash basis principal and interest paid on the Bonds was \$4,189,874 and total water system net revenues calculated in accordance with the covenants was \$21,852,343 for the Revenue Bond.

NOTE 6 – NET POSITION

Net Position is the excess of all the District's assets and deferred outflows over all its liabilities, and deferred inflows. 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.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 6 – NET POSITION (Continued)

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, 2018:

	<u>Water</u>	<u>Electric</u>	<u>Recreation</u>
DESIGNATED:			
Accrued Leave	\$ 1,255,553	\$ 284,170	\$ 62,610
Operating reserve	6,500,733	9,160,279	115,195
Community investment stabilization reserve	1,500,000		
Watershed stewardship reserve	2,127,241		
Capital improvement reserve		15,000,000	500,000
Hydroelectric relicensing		2,500,000	
TOTAL DESIGNATED	<u>11,383,527</u>	<u>26,944,449</u>	<u>677,805</u>
UNDESIGNATED	<u>(28,058,478)</u>	<u>22,981,848</u>	<u>(1,750,773)</u>
TOTAL UNRESTRICTED NET POSITION	<u>\$ (16,674,951)</u>	<u>\$ 49,926,297</u>	<u>\$ (1,072,968)</u>

The Board has made designations of net position; however, the unrestricted net position balance is not sufficient to cover the designations in the Water and Recreation Funds. The District has sufficient cash balances for these designations.

NOTE 7 – PENSION PLANS

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.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 7 – PENSION PLANS (Continued)

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 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 each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect for the year ended December 31, 2018 is summarized as follows for each rate plan:

Hire date	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)
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	29.973%	29.973%	29.973%
July 1 to December 31	32.373%	32.373%	32.373%

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 benefit to be used by any new participants that were not members of CalPERS on January 1, 2013.

Employees Covered: At the June 30, 2018 (the most recent date available) the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	217
Inactive employees entitled to but not yet receiving benefits	73
Active employees	187
Total	<u>477</u>

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

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 7 – PENSION PLANS (Continued)

Net Pension Liability: The District’s net pension liability for the Plan is measured as the total pension liability, less the plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018. 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, 2018 measurement dates was determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.20% (1)
Mortality - pre-retirement	0.020% to 0.99%

(1) Depending on entry age and service

The mortality table used was developed based in CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) 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, 2018 valuation for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 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.

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.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 7 – PENSION PLANS (Continued)

The table below reflects the long-term expected real rate of return by asset class for the Plan as of the measurement dates of June 30. 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%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Infrastructure and Forestland	0.0%	0.00%	0.00%
Liquidity	1.0%		(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.

Changes in the Net Pension Liability: The changes in Net Pension Liability for the Plan for the year ended December 31, 2018 are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at December 31, 2017	\$ 129,457,558	\$ 80,579,641	\$ 48,877,917
Changes in the year:			
Service cost	2,364,428		2,364,428
Interest on the total pension liability	8,986,105		8,986,105
Changes in assumptions	(617,049)		(617,049)
Differences between actual and expected experience	(721,555)		(721,555)
Net plan to plan resource movement		(196)	196
Contribution - employer		3,930,086	(3,930,086)
Contribution - employee		1,094,327	(1,094,327)
Net investment income		6,710,253	(6,710,253)
Benefit payments, including refunds of employee contributions	(7,242,753)	(7,242,753)	
Administrative expenses		(125,565)	125,565
Other miscellaneous income (expense)		(238,450)	238,450
Net changes during 2018	2,769,176	4,127,702	(1,358,526)
Balance at December 31, 2018	\$ 132,226,734	\$ 84,707,343	\$ 47,519,391

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 7 – PENSION PLANS (Continued)

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 Net Pension Liability	6.15% \$ 64,606,553
Current Discount Rate Net Pension Liability	7.15% \$ 47,519,391
1% Increase Net Pension Liability	8.15% \$ 33,387,986

Pension Plan 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 Related to Pensions: For the year ended December 31, 2018, the District recognized pension expense of \$6,140,441. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,273,012	
Differences between actual and expected experience	416,810	\$ (564,695)
Changes in assumptions	3,710,137	(529,805)
Net differences between projected and actual earnings on plan investments	327,173	
Total	<u>\$ 6,727,132</u>	<u>\$ (1,094,500)</u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 7 – PENSION PLANS (Continued)

The \$2,273,012 reported as deferred outflows of resources related to contributions subsequent to the measurement date of June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense as follows as of December 31, 2018:

Year Ended December 31	
2019	\$ 2,714,768
2020	1,782,817
2021	(753,037)
2022	(384,928)
	<u>\$ 3,359,620</u>

Payable to the Pension Plan: At December 31, 2018, the District reported payables of \$116,726 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 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. 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 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.

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. 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.

The contribution requirements of the District are established and may be amended by the District’s Board of Director. Plan members are currently not required to contribute.

Employees Covered by Benefit Terms: As of the December 31, 2017 actuarial valuation, 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	17
Active employees	<u>191</u>
Total	<u><u>374</u></u>

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Contributions: The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2018, the District contributed \$490,000 to the Trust, paid \$1,105,000 of current retiree premiums and contributed \$171,000 in the form of an implied subsidy of retirement premiums.

Net OPEB Liability: The District’s net OPEB liabilities were measured as of December 31, 2018, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of December 31, 2017.

Actuarial Assumptions: The total OPEB liability in the December 31, 2017 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-2017
Healthcare trend rate	Non-medicare 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 Medicare 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076

Retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated December 2017. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

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 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Global Equity	57.0%	4.82%
Fixed Income	27.0%	1.47%
Real Estate Investment Trusts	8.0%	3.76%
Treasury Inflation Protected Securities (TIPS)	5.0%	1.29%
Commodities	3.0%	0.84%
Total	100.0%	

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

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 Plans' 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, 2018:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at December 31, 2017	\$ 24,095,000	\$ 14,606,000	\$ 9,489,000
Changes in the year:			
Service cost	597,000		597,000
Interest	1,621,000		1,621,000
Contributions - employer		1,835,000	(1,835,000)
Investment income		1,159,000	(1,159,000)
Administrative expenses		(44,000)	44,000
Benefit payments	(1,328,000)	(1,328,000)	
Net changes	890,000	1,622,000	(732,000)
Balance at December 31, 2018	\$ 24,985,000	\$ 16,228,000	\$ 8,757,000

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:

	Current		
	1% Decrease	Discount Rate	1% Increase
Net OPEB liability	\$ 12,010,000	\$ 8,757,000	\$ 6,079,000

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:

	Current Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Net OPEB liability	\$ 5,793,000	\$ 8,757,000	\$ 12,437,000

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

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.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended December 31, 2018, the District recognized OPEB expense of \$541,000. At December 31, 2018, the District had deferred inflows related to the OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions made subsequent to the measurement date	\$ 632,000	
Difference between projected & actual earnings		\$ 138,000
Total	<u>\$ 632,000</u>	<u>\$ 138,000</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:

<u>Year Ended December 31,</u>	
2019	\$ (35,000)
2020	(35,000)
2021	(35,000)
2022	(33,000)
2023	-
Thereafter	-
	<u>\$ (138,000)</u>

Payable to the OPEB Plan: At December 31, 2018, there was no payable for the outstanding amount of contributions to the Plan required for the year ended December 31, 2018.

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 participates in the Special District Risk Management Authority (SDRMA) Property and Liability Insurance Program for risk of loss. The program provides general liability, property, commercial auto, boiler and machinery, employment practices, employee dishonesty coverage, employment benefits liability, public official errors and omissions and public official personal liability insurance coverage.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 9 – INSURANCE (Continued)

SDRMA is composed of California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et seq. The purpose of SDRMA is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance and administrative services.

The District paid no material uninsured losses during the last three fiscal years and had no significant reductions in coverage during the year. Liabilities of the District are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The District considers claims incurred and reported, as well as claims incurred but not reported, to be immaterial and has not accrued an estimate of such claims payable.

The District’s maximum coverage as of December 31, 2018 consisted of \$10 million for general liability, public officials and employees’ errors, employment practices liability and auto liability, \$500,000 of personal liability coverage for Board members, \$1,000,000 for employee dishonesty and for uninsured motorists. In addition, the District has property coverage of \$1 billion and boiler and machinery coverage of \$100 million. The District also has workers’ compensation insurance up to the statutory limit and \$5 million for employers’ liability coverage. Deductibles range from \$1,000 to \$500,000.

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 for operations as of December 31, 2018 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
Water Utility Fund	\$ 9,379,867	
Water Bond Fund		\$ 5,265,028
Electric Utility Fund		4,432,539
Recreation Fund	317,700	
	<u>\$ 9,697,567</u>	<u>\$ 9,697,567</u>

The transfer from the Electric Utility Fund to the Recreation Fund of \$317,700 was for reserves for future capital improvements. The remaining transfers were made to transfer resources to the fund incurring the expense.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

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, 2018:

Combie Reservoir Mercury Removal	\$ 4,359,739
Hacienda/Magnolia PRV Station	672,365
Centennial Water Supply	574,463
Rollins Low Level Outlet Howell Bunger Valve	505,295
Newtown Canal Portion Realign and Encasement	273,781
Raw Water Master Plan-Phase 2	270,758
Loma Rica Hydroelectric	249,682
Hemphill Diversion/Fish	208,331
Maben Canal Rehabilitation	134,297
Riffle Box Storm Wtr Imp	127,131
Bowman Transmission Line	100,626
E George To Lake Wildwood Backbone Extension Pipeline	97,106
LOP Caustic System	96,651
Loma Rica Reservoir	85,565
Scotts Flat Spillway Repair	79,531
Dutch Flat Sediment Removal	65,231
SCADA Upgrade	58,766
	<hr/>
Total	<u>\$ 7,959,318</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 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.

During 2018, the District received 99.8% of its total Electric Fund revenue from PG&E for power generated from the District's power plants.

NOTE 12 – AGREEMENT WITH PACIFIC GAS AND ELECTRIC COMPANY

The District has entered into a twenty-year power purchase agreement with PG&E beginning July 1, 2013. The District bills PG&E monthly based on energy generation and PG&E bills the District for any CAISO charges. If the contract is terminated early, a termination payment will be calculated according to the terms of the contract.

NEVADA IRRIGATION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

NOTE 13 – RELICENSING

The District has been preparing for the relicensing of its Yuba Bear Power 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, 2018 amounted to \$15,896,982. Until the relicensing process is completed, operations continue under the current FERC license conditions.

NOTE 14 – CHANGES IN ACCOUNTING PRINCIPLES

During the year ended December 31, 2018, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement required the District to recognize in its financial statements the net OPEB liability, deferred outflows of resources and deferred inflows of resources for the District's OPEB plan. Due to implementation of this Statement, the OPEB liability increased by \$10,101,540, deferred outflows of resources increased by \$685,007 and net position decreased by \$9,416,533 as of January 1, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

NEVADA IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018
Last 10 Years

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

	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 2,364,428	\$ 2,298,162	\$ 1,926,560	\$ 1,691,635	\$ 1,765,326
Interest on Total Pension Liability	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	(721,555)	290,763	782,741	1,142,319	
Benefit Payments, Including Refunds of Employee Contributions	(7,242,753)	(7,176,467)	(6,820,099)	(6,643,641)	(6,044,270)
Net Change in Total Pension Liability	2,769,176	11,296,766	4,460,014	2,523,475	3,626,877
Total Pension Liability - Beginning	129,457,558	118,160,792	113,700,778	111,177,303	107,550,426
Total Pension Liability - Ending (a)	<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	\$ 3,930,086	\$ 3,954,877	\$ 3,510,366	\$ 3,098,851	\$ 2,449,665
Contributions - Employee	1,094,327	1,021,683	975,138	921,705	909,560
Net Investment Income	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)	(238,450)				
Benefit Payments	(7,242,753)	(7,176,467)	(6,820,099)	(6,643,641)	(6,044,270)
Administrative Expenses	(125,565)	(110,194)	(46,712)	(86,331)	
Net Change in Plan Fiduciary Net Position	4,127,702	5,944,219	(2,011,530)	(1,014,400)	9,151,521
Plan Fiduciary Net Position - Beginning	80,579,641	74,635,422	76,646,952	77,661,352	68,509,831
Plan Fiduciary Net Position - Ending (b)	<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>\$ 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	<u>64.06%</u>	<u>62.24%</u>	<u>63.16%</u>	<u>67.41%</u>	<u>69.85%</u>
Covered Payroll - Plan Year	<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	<u>348.67%</u>	<u>376.79%</u>	<u>355.87%</u>	<u>352.15%</u>	<u>322.66%</u>

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: In 2017, amounts reported reflect an adjustment of the discount rate from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction from pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

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, 2018
Last 10 Years

SCHEDULE OF CONTRIBUTIONS - PENSION PLAN (Unaudited)

	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Contractually Required Contribution (Actuarially Determined)	\$ 3,930,086	\$ 3,973,687	\$ 3,729,988	\$ 3,434,463	\$ 2,676,564
Contributions in Relation to the Actuarially Determined Contributions	<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> \$ -
Covered Payroll - District Calendar Year	\$ 13,084,238	\$ 13,675,680	\$ 12,889,477	\$ 12,633,291	\$ 10,921,603
Contributions as a Percentage of Covered Payroll	28.26%	29.06%	28.94%	27.19%	24.51%
Valuation Date:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement Date:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percentage of Payroll
Average Remaining Amortization Period	19 years (2017), 20 Years (2016), 21 Years (2015), 24 Years (2014)
Asset Valuation Method	Market Value (2017 and 2016) 15-year Smoothed Market (2015 and 2014)
Inflation	2.50%
Salary Increases	3.20% to 12.20% (2017, 2016 and 2015), 3.30% to 14.20% (2014) Depending on Entry Age and Service.
Payroll Growth	3.00%
Investment Rate of Return	7.50%, Net of Administrative Expenses, including inflation.
Retirement Age	50 to 67 years. Probabilities of Retirement are Based on the 2014 CalPERS Experience Study for the Period 1997 to 2011. (2017). 50 to 67 years. Probabilities of Retirement are Based on the 2010 CalPERS Experience Study for the Period 1997 to 2007. (2016, 2015 and 2014)
Mortality	Based on 2014 CalPERS Experience Study for the Period 1997 to 2011. (2017). Based on 2010 CalPERS Experience Study for the Period 1997 to 2007. (2016, 2015 and 2014)

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

For the Year Ended December 31, 2018

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 597,000
Interest	1,621,000
Benefit payments	<u>(1,328,000)</u>
Net Change in total OPEB liability	890,000
Total OPEB liability - beginning	<u>24,095,000</u>
Total OPEB liability - ending (a)	<u><u>\$ 24,985,000</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 1,835,000
Investment income	1,159,000
Administrative expenses	(44,000)
Benefit payments	<u>(1,328,000)</u>
Net change in plan fiduciary net position	1,622,000
Plan fiduciary net position - beginning	<u>14,606,000</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 16,228,000</u></u>
Net OPEB liability - ending (a) - (b)	<u><u>\$ 8,757,000</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u><u>185.3%</u></u>
Covered-employee payroll - measurement period	<u><u>\$ 14,769,000</u></u>
Net OPEB liability as a percentage of covered-employee payroll	<u><u>59.3%</u></u>

Notes to schedule:

Valuation date	December 31, 2017
Measurement period - fiscal year ended	December 31, 2018
Benefit changes:	None
Changes in assumptions:	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

For the Year Ended December 31, 2018

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)

	2018
Statutorily required contribution - employer fiscal year	\$ 1,328,000
Contributions in relation to the actuarially determined contributions	(1,328,000)
Contribution deficiency (excess)	\$ -
Covered-employee payroll - employer calendar year	\$ 15,738,000
Contributions as a percentage of covered-employee payroll	8.44%

Notes to Schedule:

Valuation date	December 31, 2017
Measurement period	December 31, 2018

An actuarially determined contribution rate was not calculated. The required contributions reported represent retiree premium payments.

SUPPLEMENTARY INFORMATION

NEVADA IRRIGATION DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS

For the Year Ended December 31, 2018

	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018
<u>Cement Hill</u>				
Assets				
Cash with fiscal agent	\$ 83,858		\$ (75,627)	\$ 8,231
Assessments receivable	185,397		(9,228)	176,169
Infrastructure donated to District	3,227,329		(247,253)	2,980,076
Total Assets	<u>\$ 3,496,584</u>	<u>\$ -</u>	<u>\$ (332,108)</u>	<u>\$ 3,164,476</u>
Liabilities				
Due to other governments	<u>\$ 3,496,900</u>		<u>\$ (332,424)</u>	<u>\$ 3,164,476</u>
Total Liabilities	<u>\$ 3,496,900</u>	<u>\$ -</u>	<u>\$ (332,424)</u>	<u>\$ 3,164,476</u>
<u>Rodeo Flat</u>				
Assets				
Cash with fiscal agent	\$ 58,334	\$ 42		\$ 58,376
Assessments receivable	27,258		\$ (407)	26,851
Infrastructure donated to District	392,415		(19,154)	373,261
Total Assets	<u>\$ 478,007</u>	<u>\$ 42</u>	<u>\$ (19,561)</u>	<u>\$ 458,488</u>
Liabilities				
Interest payable	\$ 9,088			\$ 9,088
Due to other governments	469,200		\$ (19,800)	449,400
Total Liabilities	<u>\$ 478,288</u>	<u>\$ -</u>	<u>\$ (19,800)</u>	<u>\$ 458,488</u>
<u>Improvement Districts</u>				
Assets				
Cash with fiscal agent	<u>\$ 565,671</u>			<u>\$ 565,671</u>
Total Assets	<u>\$ 565,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 565,671</u>
Liabilities				
Agency obligations	<u>\$ 566,992</u>		<u>\$ (1,321)</u>	<u>\$ 565,671</u>
Total Liabilities	<u>\$ 566,992</u>	<u>\$ -</u>	<u>\$ (1,321)</u>	<u>\$ 565,671</u>
<u>All Agency Funds</u>				
Assets				
Cash with fiscal agent	\$ 707,863	42	\$ (75,627)	\$ 632,278
Assessments receivable	212,655		(9,635)	203,020
Infrastructure donated to District	3,619,744		(266,407)	3,353,337
Total Assets	<u>\$ 4,540,262</u>	<u>\$ 42</u>	<u>\$ (351,669)</u>	<u>\$ 4,188,635</u>
Liabilities				
Interest payable	\$ 9,088			\$ 9,088
Due to other governments	3,496,900		\$ (332,424)	3,164,476
Due to bondholders	469,200		(19,800)	449,400
Agency obligations	566,992		(1,321)	565,671
Total Liabilities	<u>\$ 4,542,180</u>	<u>\$ -</u>	<u>\$ (353,545)</u>	<u>\$ 4,188,635</u>

Nevada Irrigation District
Table 18: Capacity Fee Report
Government Code Section 66013
Fiscal Year Ended December 31, 2018

Beginning balance		\$ 6,526,957
<u>Revenues:</u>		
Fees Collected	\$ 517,343	
Interest Earned	114,874	
	Total	632,217
<u>Expenses:</u>		
Debt Service	\$ 218,578	
Rattlesnake Road BEP 1089*	1,388,378	
	Total	1,606,956
Net Changes for the Year		(974,739)
Ending balance		\$ 5,552,218

California Government Code (CGC) Section 66013 requires the District to place capacity fees received and any

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.

* Total project authorized in Budget Amendment 2017-60 is \$1,479,958

Source: Nevada Irrigation District Finance Department

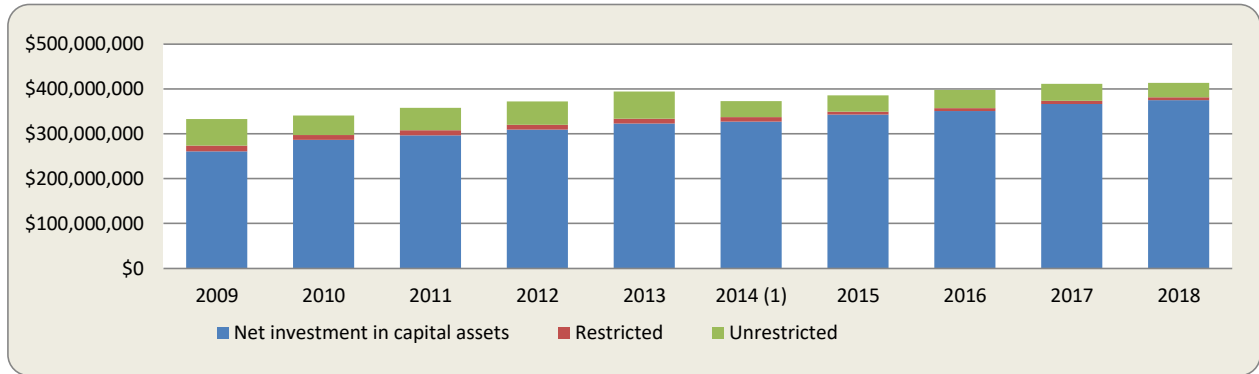


STATISTICAL SECTION

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.

<u>Content</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information for assessing the District's financial performance and well-being changed over time.</i>	54-55
Revenue Capacity <i>These schedules contain information to assess the District's most significant local revenue source, water sales, hydroelectric sales and property taxes.</i>	56-62
Debt Capacity <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>	63-66
Demographic and Economic Information <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>	67-68
Operating Information <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>	69-70

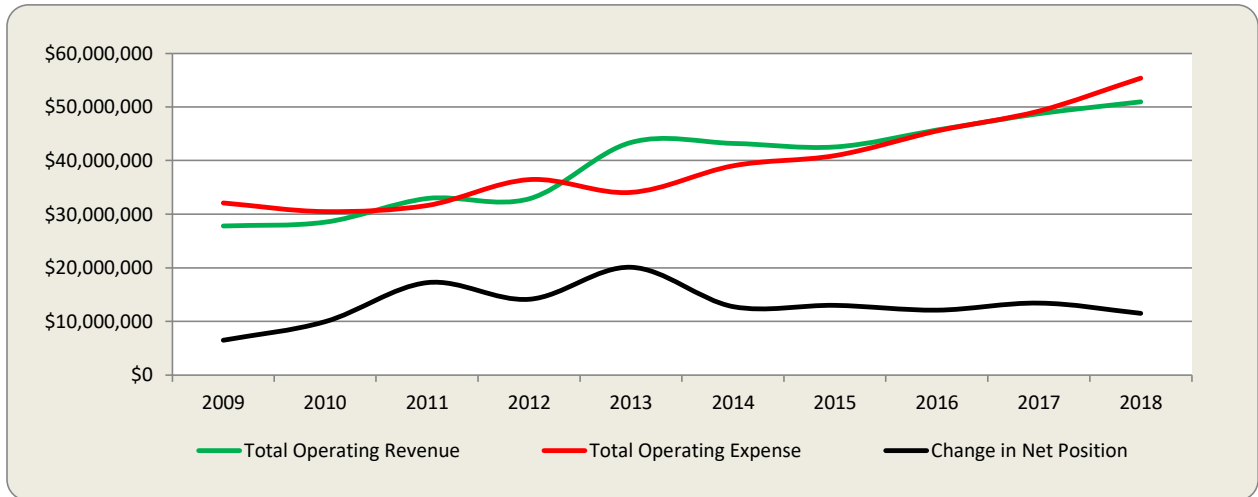
Nevada Irrigation District
Table 1: Net Position by Component
 (Accrual Basis of Accounting)



	2009	2010	2011	2012	2013	2014 (1)	2015	2016	2017	2018
Net Position:										
Net investment in capital assets	\$260,500,460	\$286,182,245	\$296,671,739	\$309,004,602	\$322,987,110	\$326,939,315	\$342,551,262	\$350,611,745	\$366,586,609	\$375,052,247
Restricted	13,141,413	10,539,569	10,891,261	10,768,846	10,763,551	10,109,236	6,801,736	6,338,459	7,138,137	6,163,398
Unrestricted	58,880,504	43,969,378	50,128,251	52,278,409	60,186,554	35,619,175	36,342,866	40,864,586	37,543,531	32,178,378
Total net position	<u>\$332,522,377</u>	<u>\$340,691,192</u>	<u>\$357,691,251</u>	<u>\$372,051,857</u>	<u>\$393,937,215</u>	<u>\$372,667,726</u>	<u>\$385,695,864</u>	<u>\$397,814,790</u>	<u>\$411,268,277</u>	<u>\$413,394,023</u>

(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.
 Source: Nevada Irrigation District Finance Department

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



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Operating Revenues:										
Water sales	\$ 16,228,200	\$ 16,000,740	\$ 16,639,336	\$ 17,857,842	\$ 19,226,399	\$ 18,879,014	\$ 18,182,972	\$ 19,965,010	\$ 21,754,315	\$ 23,401,902
Electric power sales	10,020,206	10,711,380	14,345,166	12,798,978	21,560,091	21,547,522	20,938,643	22,559,519	23,662,146	23,526,675
Standby charges	125,120	110,312	132,398	123,807	77,343	199,031	127,318	124,533	128,868	135,886
Reimbursements	15,919	104,957	7,862	22,208	55,489	66,945	715,544	344,065	67,514	74,760
New connections and instl	88,447	118,253	215,128	124,916	245,965	172,943	391,315	225,972	419,977	865,917
Recreation fees	970,118	1,093,022	1,150,541	1,471,825	1,773,812	1,814,050	1,680,426	2,056,885	2,118,007	2,243,900
Other revenue	393,788	387,196	437,184	514,794	484,391	558,090	514,390	421,539	591,875	733,121
Total Operating Revenue	27,841,798	28,525,860	32,927,615	32,914,370	43,423,490	43,237,595	42,550,608	45,697,523	48,742,702	50,982,161
Operating Expenses										
Administration and general	14,598,800	13,770,783	12,592,040	16,520,096	11,296,190	15,038,106	16,857,254	20,237,948	23,799,490	26,749,348
Water treatment	3,885,028	3,903,220	3,985,813	3,968,769	4,243,379	5,125,173	5,038,911	7,394,700	6,862,080	7,457,698
Transmission and distr	8,553,808	7,720,425	8,011,035	7,984,101	9,082,023	8,675,374	9,595,141	8,152,298	8,656,311	9,954,565
Pumping	668,774	688,388	741,398	736,270	794,287	814,440	705,111	852,879	980,341	975,937
Depreciation and amort	4,391,641	4,420,861	6,325,122	7,253,596	8,648,909	9,410,296	8,781,131	8,887,242	8,971,611	10,263,639
Total Operating Expense	32,098,051	30,503,677	31,655,408	36,462,832	34,064,788	39,063,389	40,977,548	45,525,067	49,269,833	55,401,187
Nonoperating Rev (Exp)										
Taxes and assessments	10,847,807	10,131,516	9,990,235	10,302,102	9,750,780	10,108,508	10,707,911	11,363,997	11,750,933	12,331,723
Investment income	1,160,520	1,719,826	378,489	486,989	433,678	673,536	652,266	1,164,646	1,232,503	1,465,194
Other Interest Income	-	-	-	-	-	-	-	374,996	-	-
Unrealized gain/(loss)	(792,783)	27,040	524,320	100,082	-	-	(827,767)	(1,351,995)	150,798	-
Rents and leases	64,941	71,235	40,090	94,585	84,532	73,534	165,720	206,923	158,024	228,926
Gain/(loss) on sale assets	(125,655)	71,610	(44,458)	(87,326)	1,067	(2,199,003)	(3,275)	17,535	324	(214,765)
Intergovernmental revenue	-	-	-	-	863,830	412,468	937,659	1,501,698	1,102,666	2,165,910
Interest expense	(1,157,049)	(821,327)	(207,418)	(1,551,584)	(1,463,127)	(1,320,756)	(1,265,805)	(2,055,024)	(1,663,744)	(1,438,321)
Other non-operating expenses	-	-	-	-	-	-	(83,234)	148,412	-	-
Total Nonoperating	9,997,781	11,199,900	10,681,258	9,344,848	9,670,760	7,748,287	10,283,475	11,371,188	12,731,504	14,538,668
Income before contribution	5,741,528	9,222,083	11,953,465	5,796,386	19,029,462	11,922,493	11,856,535	11,543,644	12,204,373	10,119,642
Transfers and contributions										
Capacity charges	385,992	298,908	855,473	363,568	714,427	854,499	414,305	575,282	1,038,453	517,343
Capital contributions	366,288	452,684	4,456,123	8,004,707	369,150	18,776	757,298	-	210,661	905,297
Transfers in (out)	-	-	-	-	-	-	-	-	-	-
Total Transfers and contri	752,280	751,592	5,311,596	8,368,275	1,083,577	873,275	1,171,603	575,282	1,249,114	1,422,640
Change in Net Position	\$ 6,493,808	\$ 9,973,675	\$ 17,265,061	\$ 14,164,661	\$ 20,113,039	\$ 12,795,768	\$ 13,028,138	\$ 12,118,926	\$ 13,453,487	\$ 11,542,282

Source: Nevada Irrigation District Finance Department

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

	2009 ⁽¹⁾	2010	2011	2012	2013	2014	2015	2016	2017	2018
Commodity Rate/HCF:										
Residential										
2 to 58 hcf	\$ 1.17	\$ 1.22	\$ 1.36	\$ 1.47	\$ 1.53	\$ 1.62	\$ 1.72	\$ 1.82	\$ 1.93	\$ 2.05
Next 340 hcf	1.51	1.57	1.76	1.90	1.98	2.10	2.22	2.36	2.50	2.65
Over 400 hcf										
Daily Base Charge (fixed based on meter size):										
5/8"	\$ 0.54	\$ 0.54	\$ 0.57	\$ 0.58	\$ 0.61	\$ 0.64	\$ 0.69	\$ 0.74	\$ 0.45	\$ 0.83
3/4"	0.75	0.77	0.83	0.88	0.91	0.97	1.04	1.10	1.17	1.24
1"	1.16	1.21	1.36	1.46	1.52	1.61	1.74	1.84	1.95	2.07
1.5"	2.07	2.21	2.64	2.92	3.04	3.22	3.47	3.68	3.90	4.14
2"	3.23	3.48	4.20	4.68	4.87	5.16	5.56	5.89	6.25	6.62
3"	5.90	6.38	7.82	8.77	9.12	9.67	10.42	11.05	11.71	12.41
4"	9.17	10.08	12.80	14.62	15.21	16.12	17.37	18.41	19.52	20.69
6"	18.34	20.16	25.61	29.25	30.42	32.24	34.74	36.83	39.04	41.38
8"	32.74	35.07	42.11	46.79	48.67	51.59	55.59	58.93	62.46	66.21
Daily Base Charge for Private Fire Lines (fixed based on meter size):										
1"			\$ 0.09	\$ 0.09	\$ 0.09	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.11
4"	\$ 0.47	\$ 0.48	\$ 0.50	\$ 0.51	\$ 0.52	\$ 0.54	\$ 0.57	\$ 0.58	\$ 0.60	\$ 0.62
6"	0.50	0.51	0.52	0.54	0.55	0.58	0.60	0.62	0.64	0.66
8"	0.55	0.57	0.58	0.60	0.61	0.64	0.67	0.68	0.71	0.74
Connection Fees										
5/8"	\$ 7,291.37	\$ 7,329.47	\$ 7,559.00	\$ 7,810.00	\$ 8,003.00	\$ 9,775.00	\$ 10,097.00	\$ 10,294.00	\$ 10,641.00	\$ 11,071.00
3/4"	10,313.48	10,363.12	10,688.00	11,044.00	11,317.00	13,859.00	14,317.00	14,598.00	15,090.00	15,700.00
1"	17,969.16	18,045.74	18,613.00	19,233.00	19,711.00	24,212.00	25,014.00	25,506.00	26,365.00	31,900.00
1.5"	39,946.87	40,103.47	41,367.00	42,746.00	43,810.00	53,913.00	55,703.00	56,799.00	58,710.00	65,581.00
2"	70,582.29	70,846.96	73,082.00	75,521.00	77,404.00	95,343.00	98,511.00	100,450.00	103,827.00	112,533.00
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
<u>Rates/(kwh)</u>						
Location: # Power Plants						
Chicago Powerhouse	\$ 0.11	\$ 0.17	\$ 0.14	\$ 0.06	\$ 0.05	\$ 0.08
Dutch Flat Powerhouse	0.17	0.26	0.25	0.06	0.04	0.08
Rollins Powerhouse	0.06	0.19	0.18	0.07	0.06	0.09
Bowman Powerhouse	0.06	0.07	0.06	0.05	0.05	0.08
Scotts Flat Powerhouse	0.09	0.09	0.09	0.09	0.09	0.09
Combie South Powerhouse	0.09	0.09	0.09	0.09	0.10	0.09
Combie North Powerhouse	0.11	0.11	0.10	0.11	0.10	0.11
<u>Unit Availability</u>						
Location:						
Chicago Powerhouse	99.93%	99.67%	99.79%	99.79%	99.39%	99.69%
Dutch Flat Powerhouse	99.99%	99.93%	96.52%	99.55%	98.79%	99.99%
Rollins Powerhouse	100.00%	100.00%	99.78%	97.97%	99.19%	99.57%
Bowman Powerhouse	0%	0%	0%	0%	92.87%	97.25%
Average	99.97%	99.87%	98.70%	99.10%	97.56%	99.13%
<u>Generation/(kwh)</u>						
Location:						
Chicago Powerhouse	107,134,000	59,831,000	69,133,000	161,362,000	186,509,000	124,022,000
Dutch Flat Powerhouse	19,301,000	19,912,000	21,793,000	90,897,000	144,680,000	68,557,000
Rollins Powerhouse	51,213,000	27,008,000	28,588,000	74,461,000	86,912,000	61,318,000
Bowman Powerhouse	6,280,200	5,083,000	3,952,800	14,700,000	20,462,400	13,920,000
Scotts Flat Powerhouse	4,471,000	2,891,000	2,228,000	3,911,000	4,107,600	4,412,000
Combie South Powerhouse	2,317,100	2,158,000	1,652,400	7,927,000	8,456,400	5,441,000
Combie North Powerhouse	1,587,000	1,370,000	1,279,000	1,855,000	2,167,200	1,466,000
Total	192,303,300	118,253,000	128,626,200	355,113,000	453,294,600	279,136,000
<u>Sales</u>						
Location:						
Chicago Powerhouse	\$ 11,474,067	\$ 10,156,075	\$ 9,688,911	\$ 9,856,454	\$ 10,014,437	\$ 10,131,747
Dutch Flat Powerhouse	3,291,586	5,247,154	5,417,285	5,573,524	5,526,812	5,621,379
Rollins Powerhouse	3,227,045	5,149,273	5,100,484	5,159,473	5,544,927	5,645,458
Bowman Powerhouse	372,104	374,415	255,516	722,338	1,043,161	1,110,355
Scotts Flat Powerhouse	399,675	274,400	209,302	357,684	355,583	383,750
Combie South Powerhouse	215,180	192,624	141,890	694,311	865,791	476,289
Combie North Powerhouse	172,502	152,041	125,255	195,735	227,850	157,697
Total	\$ 19,152,159	\$ 21,545,982	\$ 20,938,643	\$ 22,559,519	\$ 23,578,561	\$ 23,526,675

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.

Source: Nevada Irrigation District Finance and Hydroelectric Department

Generation/(kwh) information updated for years 2013-2017

Nevada Irrigation District
Table 5: Recreation Sales & Facilities
 Effective January 1

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 ⁽¹⁾
<u>Sales</u>										
Location:										
Scotts Flat	\$ 614,946	\$ 736,374	\$ 745,751	\$ 747,115	\$ 778,515	\$ 768,982	\$ 663,142	\$ 790,761	\$ 937,907	\$ 954,932
Long Ravine	-	-	-	431,962	462,154	491,167	531,932	520,854	531,109	548,837
Orchard Springs	256,244	268,288	282,351	298,869	290,052	344,864	295,275	295,307	323,029	301,593
Peninsula	-	-	-	-	194,740	151,235	190,077	219,821	232,094	226,994
Combie	-	-	-	-	-	-	-	116	-	29,887
Jackson Meadows	-	-	-	-	-	-	-	230,026	93,868	181,656
Total	871,190	1,004,662	1,028,102	1,477,946	1,725,461	1,756,248	1,680,426	2,056,885	2,118,007	2,243,899
# Campsites:										
Scotts Flat	200	200	200	200	200	200	200	200	200	190
Long Ravine	-	-	-	101	101	101	101	101	101	101
Orchard Springs	91	91	91	91	91	91	91	91	91	99
Peninsula	-	-	-	-	70	70	70	70	70	73
Jackson Meadows	-	-	-	-	-	-	-	170	170	188
Total	291	291	291	392	462	462	462	632	632	651

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

Source: Nevada Irrigation District Finance and Recreation Department

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
0.25 MI	\$ 316.55	\$ 325.18	\$ 351.99	\$ 371.16	\$ 391.38	\$439.16	\$465.52	\$493.44	\$550.40	\$554.42
0.5	382.15	392.19	423.00	445.56	467.50	495.55	525.29	556.81	590.21	625.62
1	483.29	494.17	527.76	551.52	573.90	608.34	644.84	683.53	724.54	768.00
1.5	595.90	600.35	628.98	654.14	680.30	721.13	764.39	810.26	858.87	910.39
2	723.96	723.96	727.36	756.44	786.70	833.91	883.94	936.98	993.20	1,052.77
2.5	853.12	853.13	853.13	858.75	893.10	946.70	1,003.49	1,063.71	1,127.53	1,195.16
3	969.27	969.27	969.27	969.27	999.50	1,059.49	1,123.04	1,190.43	1,261.86	1,337.54
3.5	1,073.39	1,073.38	1,073.38	1,073.38	1,105.90	1,172.27	1,242.59	1,317.16	1,396.19	1,479.93
4	1,166.36	1,166.36	1,166.36	1,166.36	1,212.30	1,285.05	1,362.14	1,443.88	1,530.52	1,622.31
4.5	1,249.01	1,249.02	1,249.02	1,267.97	1,318.70	1,397.84	1,481.69	1,570.61	1,664.85	1,764.70
5	1,322.12	1,322.10	1,322.10	1,370.30	1,425.10	1,510.62	1,601.24	1,697.33	1,799.18	1,907.08
6	1,514.23	1,514.22	1,514.22	1,574.88	1,637.90	1,736.19	1,840.34	1,950.78	2,067.84	2,191.85
7	1,694.49	1,694.49	1,711.11	1,779.54	1,850.70	1,961.76	2,079.44	2,204.23	2,336.50	2,476.62
8	1,863.26	1,863.28	1,907.85	1,984.16	2,063.50	2,187.33	2,318.54	2,457.68	2,605.16	2,761.39
9	2,021.00	2,022.30	2,104.62	2,188.71	2,276.30	2,412.90	2,557.64	2,711.13	2,873.82	3,046.16
10	2,168.35	2,190.60	2,301.36	2,393.40	2,489.10	2,638.47	2,796.74	2,964.58	3,142.48	3,330.93
11	2,309.57	2,355.76	2,498.10	2,597.98	2,701.90	2,864.04	3,035.84	3,218.03	3,411.14	3,615.70
12	2,491.47	2,541.24	2,694.87	2,802.60	2,914.70	3,089.61	3,274.94	3,471.48	3,679.80	3,900.47
13	2,706.14	2,743.26	2,891.61	3,007.16	3,127.50	3,315.18	3,514.04	3,724.93	3,948.46	4,185.24
14	2,855.27	2,912.42	3,088.35	3,211.88	3,340.30	3,540.75	3,753.14	3,978.38	4,217.12	4,470.01
15	3,037.17	3,097.95	3,285.12	3,416.40	3,553.10	3,766.32	3,992.24	4,231.83	4,485.78	4,754.78
16	3,219.07	3,283.52	3,481.86	3,621.12	3,765.90	3,991.89	4,231.34	4,485.28	4,754.44	5,039.55
17	3,383.28	3,460.18	3,678.60	3,825.68	3,978.70	4,217.46	4,470.44	4,738.73	5,023.10	5,324.32
18	3,523.11	3,615.66	3,875.37	4,030.20	4,191.50	4,443.03	4,709.54	4,992.18	5,291.76	5,609.09
19	3,659.50	3,755.54	4,053.84	4,234.91	4,404.30	4,668.60	4,948.64	5,245.63	5,560.42	5,893.86
20+ per MI										
20	3,774.90	3,874.00	4,181.67	4,401.20	4,614.10	4,894.17	5,187.74	5,499.08	5,856.43	6,178.63
Per MI	181.90	185.54	196.75	204.62	212.80	225.57	239.10	253.45	268.66	284.77
Fixed Fee	308.67	314.85	333.86	347.21	361.10	382.77	405.74	430.08	455.88	483.23
Connection Fees For Irrigation Box										
1/2 - 25MI Box	\$ 880.00	\$ 966.00	\$ 992.00	\$ 1,022.00	\$ 1,042.00	\$ 1,089.00	\$ 1,119.00	\$ 1,139.00	\$ 1,180.00	\$ 1,230.00
26 - 40 MI Box	1,450.00	1,597.00	1,640.00	1,690.00	1,724.00	1,801.00	1,850.00	1,883.00	1,951.00	2,034.00
Over 40 MI										
Orificed Svc	845.00	895.00	919.00	947.00	966.00	1,009.00	1,036.00	1,055.00	1,093.00	1,139.00

Source: Nevada Irrigation District Finance Department

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

Fiscal Year	Treated		Raw		Other		Total Water Sales	Total Treated Water Deliveries (CCF)	Total Raw & Other Deliveries (Acre Feet)
2009	\$	10,468,503	\$	4,271,307	\$	1,488,390	\$ 16,228,200	4,387,560	135,829
2010		10,300,311		4,377,306		1,323,123	16,000,740	3,974,606	135,741
2011		10,975,709		4,533,812		1,129,815	16,639,336	3,775,395	132,551
2012		12,217,782		4,585,872		1,054,188	17,857,842	4,269,839	123,090
2013		12,986,505		4,876,339		1,363,555	19,226,399	4,286,955	112,970
2014		12,561,235		5,222,372		1,095,407	18,879,014	3,932,684	117,566
2015		11,878,330		5,275,370		1,029,272	18,182,972	3,455,708	118,641
2016		13,311,605		5,771,850		881,555	19,965,010	3,157,246	119,385
2017		14,534,980		6,165,356		1,053,979	21,754,315	3,437,750	120,757
2018		15,708,875		6,479,399		1,213,628	23,401,901	3,567,185	121,138

Sources: Nevada Irrigation District Finance and Operations Department

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

Treated Water	2018			Fiscal Year 2013 ⁽²⁾		
	Customer ⁽³⁾	Total Sales	Rank	% of Sales ⁽¹⁾	Total Sales	Rank
18747-00, 22832-00, 36754-00	\$ 130,780	1	1.01%	\$ 56,036	4	0.43%
40658-00, 31728-00, 31657-00						
18812-00, 40629-00, 32138-00						
32139-00, 19037-00, 21523-00						
32940-00, 37390-00, 37470-00						
37471-00, 38473-00, 40539-01			0.75%			
32941-00, 32138-00, 18735-02						
18813-00, 37390-00, 21523-00	97,898	2		-		0.00%
31822-00, 36188-0, 40335-0, 42165-00	88,081	3	0.68%	-		0.00%
19640-00, 35503-00, 32159-00						
19748-00, 32855-00, 39710-00	87,842	4	0.68%	76,300	1	0.59%
15726-00, 15743-00, 15776-00	72,749	5	0.56%	57,904	3	0.45%
21675-00, 32335-00	66,796	6	0.51%	45,933	8	0.35%
17419-01, 36156-00, 31596-00						
31123-00, 31121-00, 17440-00,	54,462	7	0.42%			
17438-00, 17436-00, 17435-00,						
17420-00						
17221-00, 36317-00	53,370	8	0.41%			
15789-00	47,683	9	0.37%	45,533	9	0.35%
17171-00	43,368	10	0.33%	54,530	5	0.42%
36408-00	-		0.00%	52,485	6	0.40%
20947	-		0.00%	61,554	2	0.47%
32940, 32941, 37390, 40629	-		0.00%	49,764	7	0.38%
31657	-		0.00%	44,399	10	0.34%
Total	\$ 743,029		5.6%	\$ 544,438		4.2%
Total Treated Water Sales	15,708,875			12,986,505		
Raw Water	2018			2013 ⁽²⁾		
Customer ⁽³⁾	Total Sales	Rank	% of Sales ⁽¹⁾	Total Sales	Rank	% of Sales
39424-00, 35375-00	\$ 370,797	1	6.42%	\$ 361,390	1	7.41%
18813-00, 39423-00	347,376	2	6.02%	281,520	2	5.77%
17033-00	67,762	3	1.17%	67,317	5	1.38%
35032-00, 24259-00, 23724-00, 23709-00	61,783	4	1.07%	55,053	7	1.13%
21778-0	58,034	5	1.01%	60,304	6	1.24%
22598-00, 22673-00	56,472	6	0.98%	41,118	8	0.84%
23609-0, 37669-0, 41065-0, 23615-0	49,010	7	0.85%	-		0.00%
36965-00	48,894	8	0.85%	36,537	9	0.75%
22937-00, 41881-00, 34870-00, 36541-00	-		0.00%	34,874	10	0.72%
23633, 23639	45,154	9	0.78%	-		0.00%
37013-00	-		0.00%	71,527	4	1.47%
37208-00	40,018	10	0.69%	-		0.00%
24794	-		0.00%	219,209	3	4.50%
Total	\$ 1,145,300		19.84%	\$ 1,228,849		25.20%
Total Raw Water Sales	6,479,399			\$4,876,339		

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.

(3) Customer numbers are used in lieu of personal information. Customers may have multiple accounts.

Source: Nevada Irrigation District Finance and Operations Department

Nevada Irrigation District

Table 9: Principal Property Taxpayers

Current Year & three years ago (2014-2015 first year District began reporting)

Taxpayer	Primary Land Use	2017-18		2014-15	
		Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
EREP Auburn Village I LP	Commercial Store	\$ 32,412,875	0.23%	\$ -	0.00%
JPS Development LLC	Commercial Store	23,813,482	0.17	15,598,213	0.13
RI-Grass Valley LLC	Commercial Store	21,878,468	0.15	20,699,842	0.00
Kenmawr-Nevada City LLC	Office Building	18,585,511	0.13	17,595,830	0.14
Target Corporation	Commercial Store	17,941,247	0.12	17,508,642	0.14
Lowes HIW Inc.	Commercial Store	16,950,000	0.12	12,000,000	0.10
Longs Drug Stores California Inc.	Commercial Store	16,843,561	0.12	16,389,985	0.13
GVSC LLC	Commercial Store	16,647,088	0.12	15,760,634	0.13
Winterfell Auburn Oaks CA Owner LP	Assisted Living Facility	15,785,303	0.11	-	0.00
Sterling Point Station LLC	Commercial Store	15,465,448	0.11	-	0.00
HD Development of Maryland Inc.	Commercial Store	13,797,100	0.10	11,841,850	0.10
Safeway Inc.	Commercial Store	13,520,084	0.09	10,505,376	0.09
VTR Quail Ridge LP	Assisted Living Facility	13,203,064	0.09	12,500,000	0.10
12225 Shale Ridge Road LLC	Assisted Living Facility	13,106,654	0.09	-	0.00
Andrew L. and Shana A. Laursen, Trustees	Residential	12,169,091	0.08	8,458,230	0.07
Auburn Plaza LLC	Shopping Center	11,994,207	0.08	9,217,950	0.07
Cresleigh Homes Corporation	Residential Development	11,224,457	0.08	10,381,650	0.08
Raley's	Commercial Store	11,156,887	0.08	-	0.00
3830 Bronx Blvd. Associates LLC	Commercial Store	10,552,046	0.07	9,990,149	0.08
Ocadian Care Centers Inc.	Assisted Living Facility	10,009,260	0.07	-	0.00
Patricia Irish, Trustee	Industrial			12,375,631	0.10
Mahogany Investments LLC	Commercial Store			8,973,054	0.07
Nine Plus LLC, et. Al.	Industrial			8,779,036	0.07
FW CA Auburn Village LLC	Commercial Store			19,430,000	0.16
Emerichip Emerald Hills LLC	Assisted Living Facility			8,474,270	0.07
Grass Valley Glade MHP Assoiates LP	Mobile Home Park			8,297,000	0.07
Total		\$ 317,055,833	2.20%	\$ 254,777,342	2.06%
Total Secured Assessed Valuation:		\$14,394,651,505		\$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 Development Bonds	State of California DWR Loans	Certificates of Participation			2011 Revenue Bonds	2016 Revenue Bonds	Note Payable	Total Debt	% of Personal Income	Per Capita	Imp District Bonds ⁽¹⁾
			1997	2002	2005							
2009	\$ 9,948,000	\$ 3,261,085	\$ -	\$ 10,070,000	\$ 6,715,000	\$ -	\$ -	\$ -	\$ 29,994,085	0.15%	\$ 67.80	\$ 667,300
2010	7,574,000	7,350,200	-	9,135,000	5,820,000	-	-	-	29,879,200	0.14%	66.54	652,300
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	44,326,263	0.19%	96.47	620,100
2013	-	9,008,290	-	-	2,960,000	26,523,260	-	100,000	38,591,550	0.16%	82.99	602,700
2014	-	8,756,023	-	-	1,935,000	25,386,775	-	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	20,210,000	-	49,044,175	0.17%	102.25	565,400
2017	-	6,258,389	-	-	-	20,950,000	19,660,000	-	46,868,389	0.15%	95.91	545,300
2018	-	5,771,019	-	-	-	19,740,000	19,085,000	-	44,596,019	N/A	N/A	449,400

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

(1) The \$449,400 due from the Rodeo Flat Improvement District represents the Rodeo Flat Improvement Bonds for which the District is the bondholder.

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, 2018

2017-18 Assessed Valuation: \$14,682,765,417

	Total Debt 12/31/2018	% Applicable (1)	District's Share of Debt 12/31/2018
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Sierra Joint Community College District School Facilities Improvement District No. 2	\$ 27,477,798	84.86%	\$ 23,318,484
Western Placer Unified School District	117,820,000	27.22%	32,074,139
Nevada Joint Union High School District	56,270,000	84.35%	47,465,996
Placer Union High School District	23,359,138	16.11%	3,763,858
Grass Valley School District	18,800,000	78.94%	14,841,472
Loomis Union School District	2,870,000	8.50%	2,440
Nevada Irrigation District	0	100.00%	0
City of Lincoln Community Facilities District No. 2003-1	64,470,000	19.86%	12,800,519
Western Placer Unified School District Community Facilities District No. 1	10,373,511	30.70%	31,847
City of Grass Valley and Lincoln 1915 Act Bonds	25,189,000	29.71%	7,484,125
California Statewide Communities Development Authority 1915 Act Bonds	1,633,342	65.04%	1,062,366
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 142,845,246
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Nevada County Certificates of Participation	\$16,830,084	54.31%	\$9,140,250
Nevada County Board of Education Certificates of Participation	1,040,644	54.31%	565,163
Placer County General Fund Obligations	25,815,000	6.47%	1,671,005
Placer County Board of Education Certificates of Participation	1,110,000	6.47%	71,850
Sierra Joint Community College District Certificates of Participation	4,251,000	15.60%	663,326
Western Placer Unified School District Certificates of Participation	125,505,000	27.22%	34,166,226
Auburn Union School District Certificates of Participation	39,194,584	38.54%	15,104,417
Other School District General Fund Obligation	4,375,580	various	397,072
City of Auburn Pension Obligation Bonds	3,160,000	3.10%	97,834
City of Lincoln General Fund Obligations	15,950,000	23.23%	3,704,866
City of Grass Valley General Fund Obligations	4,170,323	59.69%	2,489,266
City of Grass Valley Pension Obligation Bonds	1,011,000	59.69%	603,466
Placer County Mosquito & Vector Control District Certificates of Participation	3,040,000	6.47%	196,779
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 68,871,520
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>			
Placer County Tax Allocation Bonds	\$18,920,000	9.31%	\$1,761,452
City of Grass Valley Tax Allocation Bonds	7,945,000	13.19%	1,048,105
City of Grass Valley Lease Revenue Bonds	610,000	13.19%	80,471
TOTAL OVERLAPPING TAX INCREMENT DEBT			\$ 2,890,028
 TOTAL DIRECT DEBT			\$0
TOTAL OVERLAPPING DEBT			\$ 214,606,794
 COMBINED TOTAL DEBT			\$ 214,606,794 (2)

(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 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 2017-18 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt.....	0.97%
Combined Total Debt.....	1.46%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$166,428,021):

Total Overlapping Tax Increment Debt.....	1.74%
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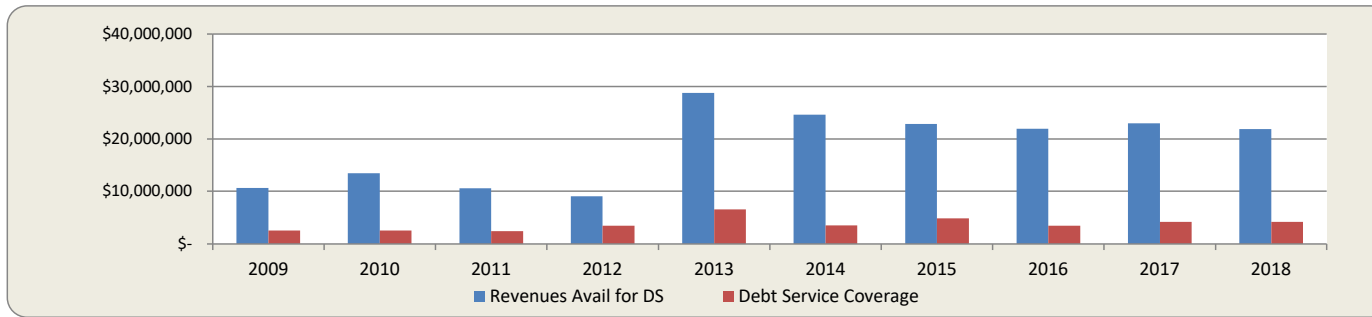
Source: California Municipal Statistics, Inc.

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
2009	\$ 4,367,478	\$ 1,157,049	\$ 5,524,527	\$ 32,098,051	17.21%
2010	4,287,662	821,327	5,108,989	30,503,677	16.75%
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%

Source: Nevada Irrigation District Finance Department

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



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Water Operating Revenue										
Water Sales	\$ 16,228,200	\$ 16,000,740	\$ 16,639,336	\$ 17,857,842	\$ 19,226,401	\$ 18,879,014	\$ 18,182,972	\$ 19,965,010	\$ 21,754,315	\$ 23,401,901
Other Sales	1,573,267	1,693,613	1,905,990	2,228,497	1,670,952	977,335	3,374,192	3,121,891	3,326,241	3,999,864
Total Operating	\$ 17,801,467	\$ 17,694,353	\$ 18,545,326	\$ 20,086,339	\$ 20,897,353	\$ 19,856,349	\$ 21,557,164	\$ 23,086,901	\$ 25,080,556	\$ 27,401,765
Other Revenues⁽¹⁾										
1% Property Taxes	\$ 10,847,807	\$ 10,131,516	\$ 9,990,235	\$ 10,302,102	\$ 9,750,780	\$ 10,108,508	\$ 10,707,911	\$ 11,363,997	\$ 11,750,933	\$ 12,331,723
Interest Earned	1,159,356	1,716,104	573,703	474,070	419,444	633,073	446,313	(51,388)	1,534,099	1,281,588
Grants	-	-	-	-	-	412,468	937,659	1,501,698	1,102,666	2,165,910
Other Revenues	64,557	74,295	39,706	94,201	84,148	73,439	165,016	206,283	157,512	228,510
Total Other	\$ 12,071,720	\$ 11,921,915	\$ 10,603,644	\$ 10,870,373	\$ 10,254,372	\$ 11,227,488	\$ 12,256,899	\$ 13,020,590	\$ 14,545,210	\$ 16,007,731
Total Water Revenues	\$ 29,873,187	\$ 29,616,268	\$ 29,148,970	\$ 30,956,712	\$ 31,151,725	\$ 31,083,837	\$ 33,814,063	\$ 36,107,491	\$ 39,625,766	\$ 43,409,496
Water O & M Costs⁽²⁾	\$ 21,573,478	\$ 19,173,658	\$ 20,836,690	\$ 23,699,863	\$ 18,989,137	\$ 22,484,107	\$ 25,573,767	\$ 28,862,448	\$ 31,097,658	\$ 36,266,708
Net Water Revenues	\$ 8,299,709	\$ 10,442,610	\$ 8,312,280	\$ 7,256,849	\$ 12,162,588	\$ 8,599,730	\$ 8,240,296	\$ 7,245,043	\$ 8,528,108	\$ 7,142,788
Hydro Revenues	\$ 2,328,033	\$ 3,034,702	\$ 2,288,000	\$ 1,784,300	\$ 21,630,775	\$ 21,607,754	\$ 21,200,110	\$ 22,475,301	\$ 23,662,146	\$ 23,580,395
Hydro O & M⁽³⁾	-	-	-	-	5,006,891	5,610,905	6,622,660	7,775,377	9,200,564	8,870,840
Net Hydro Revenues	\$ 2,328,033	\$ 3,034,702	\$ 2,288,000	\$ 1,784,300	\$ 16,623,884	\$ 15,996,849	\$ 14,577,450	\$ 14,699,924	\$ 14,461,582	\$ 14,709,555
Revenues Avail for DS	\$ 10,627,742	\$ 13,477,312	\$ 10,600,280	\$ 9,041,149	\$ 28,786,472	\$ 24,596,579	\$ 22,817,746	\$ 21,944,967	\$ 22,989,690	\$ 21,852,343
Debt Service										
2002 COPs	\$ 1,404,375	\$ 1,396,975	\$ 1,252,763	\$ 1,086,750	\$ 1,060,875	-	-	-	-	-
2005 COPs	1,132,688	1,130,838	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
2016A Revenue Bonds	-	-	-	-	-	-	-	354,787	1,503,850	1,500,725
Yuba Bear Bonds ⁽⁴⁾	-	-	-	-	2,555,000	-	-	-	-	-
CDPH Loan, Other ⁽⁵⁾	-	-	-	397,276	267,450	305,343	806,035	1,011,179	611,194	611,180
Total Debt Service	\$ 2,537,063	\$ 2,527,813	\$ 2,381,801	\$ 3,440,003	\$ 6,538,894	\$ 3,497,225	\$ 4,853,116	\$ 3,450,185	\$ 4,189,688	\$ 4,189,874
Debt Service Coverage	4.19	5.33	4.45	2.63	4.40	7.03	4.70	6.36	5.49	5.22

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.

Source: Nevada Irrigation District Finance Department

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

<u>Industry Title</u>	Fiscal Year 2018		Fiscal Year 2009	
	%	No. of Employed	%	No. of Employed
Service Providing	34%	175,664,740	34%	147,207,300
Total Private	22%	109,872,290	22%	93,186,050
Trade, Transportation & Utilities	7%	35,883,650	7%	30,838,910
Educational & Health Services	6%	32,475,080	6%	25,307,480
Government	6%	30,920,120	7%	29,812,470
Professional & Business Services	6%	29,858,660	5%	23,494,720
Goods Producing	5%	26,183,000	5%	22,822,810
Health Care & Social Assistance	5%	23,778,300	4%	18,327,100
Leisure & Hospitality	5%	23,746,910	4%	17,838,150
Local Government	4%	21,591,980	5%	20,933,510
Total, All Industries	100%	<u>509,974,730</u>	100%	<u>429,768,500</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	
	<u>Nevada County</u>	<u>Placer County</u>	<u>Nevada County</u>	<u>Placer County</u>	<u>Nevada County</u>	<u>Placer County</u>	<u>Nevada County</u>	<u>Placer County</u>
2009	98,591	343,810	\$ 4,344,094,000	\$ 15,966,092,000	\$ 44,062	\$ 46,439	10.30%	10.20%
2010	98,777	350,234	\$ 4,462,159,000	\$ 16,605,248,000	\$ 45,174	\$ 47,412	11.70%	23.20%
2011	98,779	356,832	\$ 4,690,099,000	\$ 17,667,895,000	\$ 47,481	\$ 49,513	11.10%	21.60%
2012	98,288	361,215	\$ 4,841,516,000	\$ 18,888,019,000	\$ 49,258	\$ 52,290	9.70%	9.40%
2013	98,142	366,858	\$ 4,882,910,000	\$ 19,347,776,000	\$ 49,754	\$ 52,739	8.10%	7.70%
2014	98,763	371,105	\$ 5,180,113,000	\$ 20,440,132,000	\$ 52,450	\$ 55,079	6.50%	6.30%
2015	98,877	375,391	\$ 5,470,398,000	\$ 21,658,527,000	\$ 55,325	\$ 57,696	5.40%	5.00%
2016	99,107	380,531	\$ 5,569,234,000	\$ 22,968,749,000	\$ 56,194	\$ 60,360	4.70%	4.40%
2017	99,155	389,532	\$ 5,960,420,000	\$ 24,527,289,000	\$ 59,715	\$ 63,515	4.10%	3.80%
2018	98,904	396,691	Not Available	Not Available	Not Available	Not Available	3.50%	3.10%

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Facilities:										
# of Treatment Plants	7	7	7	7	7	7	7	7	7	6
Plant Capacity (MGD)	33.7	33.7	41.7	41.7	41.7	41.7	41.7	41.7	41.7	41.4
# of Reservoirs	10	10	10	10	10	10	10	10	9	9
# of Hydroelectric Power Plants	7	7	7	7	7	7	7	7	7	7
Canals (miles)	400	400	400	475	475	475	475	475	475	475
Pipelines (miles)	300	300	300	400	400	400	400	400	401	405
# of Fire Hydrants ⁽¹⁾							2,449	2,478	2,514	2,554
# of Valves ⁽¹⁾							3,643	3,689	3,798	3,814
# of Pumping Stations ⁽¹⁾							21	22	24	24
Water Supply Available (AF):										
Watershed Runoff	198,509	267,369	335,773	223,069	89,763	120,041	77,378	253,180	582,626	172,966
Carryover Storage	144,143	202,490	177,077	211,955	147,408	179,724	149,930	242,431	211,776	177,141
PG&E Contract Water	59,361	59,361	59,361	59,361	59,361	34,400	25,716	59,361	59,361	59,361
Total Water Supply	402,013	529,220	572,211	494,385	296,532	334,165	253,024	554,972	853,763	409,468
Water Supply Delivered: (AF)										
Treated	10,105	9,201	8,672	9,908	9,496	8,410	8,521	7,202	7,892	8,189
Raw	135,829	135,741	132,551	123,090	112,970	117,566	118,641	119,385	121,025	121,173
Total Water Supply Delivered	145,934	144,942	141,223	132,998	122,466	125,976	127,162	126,587	128,917	129,362
Connections:										
Treated Water	18,670	18,760	18,735	18,777	18,701	18,991	19,077	19,135	19,282	19,432
Irrigation	5,029	5,018	4,927	4,909	4,661	4,913	4,963	5,128	5,220	5,186
Total Connections	23,699	23,778	23,662	23,686	23,362	23,904	24,040	24,263	24,502	24,618

Note: (1) Data not available from 2009 through 2014

Source: Nevada Irrigation District Finance and Operations Department

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Management										
Administration	4	4	4	4	4	4	5	5	6	6
Central Files	2	3	2	3	3	3	3	3	3	4
Human Resources	2	2	2	2	2	2	2	2	3	3
Safety			1	1	1	1	1	1	1	2
Watershed								1	1	1
Engineering	13	18	19	21	20	20	19	20	18	19
Finance										
Accounting	4	5	6	5	6	6	7	7	6	7
Information Technology	4	4	3	2	2	3	3	3	3	3
Purchasing	6	5	5	4	5	6	5	5	5	5
Hydroelectric	23	24	24	26	25	22	21	24	25	28
Recreation	1	2	4	4	5	6	7	9	7	9
Maintenance										
Operations	52	54	52	50	52	55	61	62	65	66
Shop Operations	1	2	2	2	2	2	3	3	3	3
Vegetation*										6
Water										
Operations/Treatment	41	40	36	28	31	29	34	45	43	46
Cashiering	2	2	2	1	1	1	2	2	2	2
Customer Serv (Includes Dispatcher)	4	4	5	5	3	5	6	6	7	9
Total FTEs	159	169	167	158	162	165	179	197	198	219

Sources:

Nevada Irrigation District Finance Department

*Addition of Vegetation Department



COMPLIANCE SECTION



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, Recreation and Electric Funds and the Agency Funds of the Nevada Irrigation District (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated _____, 2020.

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 opinion 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, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies. We did identify certain deficiencies in internal control described in the accompanying schedule of findings as items 2014-1 and 2014-5 that we consider to be material weaknesses.

To the Board of Directors
Nevada Irrigation District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

_____, 2020

NEVADA IRRIGATION DISTRICT
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

MATERIAL WEAKNESSES IN INTERNAL CONTROL

No new material weaknesses identified in 2018.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROLS

No new significant deficiencies identified in 2018.

NEVADA IRRIGATION DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

MATERIAL WEAKNESSES IDENTIFIED IN PRIOR YEARS - UNRESOLVED

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 issue, 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.
- Record receivable for reimbursable projects billed during the current year.
- Proper accrual of all retentions payable by the District at December 31, 2018.
- Recording of the current year unrealized gain/loss on investments in corresponding fund.
- 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. Record 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.
- Timely updating of capital assets and related depreciation expense.
- Reconcile interest receivable and record calculated balance.
- Record OPEB and pension liability, deferred inflows/outflows and OPEB and pension expense.
- Calculate and record prepaid reservations for Recreation department receipts.
- Reconcile and record grant revenue and receivable for grant activity, and grant payable for pass through grants.
- Inventory adjustments to agree to physical inventory counts.
- Calculate and adjust unrealized gain/loss on investments to properly reflect Fair Market Value on investments.
- Reclass of restricted cash balances.
- Recording change in Fund Balance for amount invest in capital assets net of related debt.

NEVADA IRRIGATION DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 policy 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.

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 indicating that the District still needs to improve its procedures over the closing of the books.

District'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 much more. Management has been working diligently to meet or exceed the recommendations to close this finding. One of the first significant steps 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. Last year, 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 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 completed a successful recruitment of a qualified Accountant to fill a staffing shortage from a long-term vacancy in the Accounting division. Winding out the prior year, the District contracted a consultant to assist with the selection and implementation of an integrated ERP system. Moving to this year's efforts, the progress of the selection of the ERP moves significantly forward with the consultant conducting extensive District wide needs analysis meetings with all Divisions. The culmination of the analysis led to the development of a software vendor long list to be used for bidding and selection of the new ERP system. Board approvals and budget allocations have been secured to ensure the progress of this effort. The new system 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 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 an 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.

NEVADA IRRIGATION DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

- 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 2018.

District’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 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. This year, 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 mentioned earlier, progression on the acquisition of a new ERP system continues to move forward. Design and implementation of Recreation’s use of the new system will incorporate enhanced POS capabilities and cash controls developed specifically to reduce Recreation weaknesses.



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 Nevada Irrigation District (the District) as of and for the year ended December 31, 2018, 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 opinion 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.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated January 24, 2020 contains our report on significant deficiencies or material weaknesses in the District's internal control. This letter does not affect our report dated January 24, 2020, on the financial statements of the District.

Accounting Procedure Manual and Trained Staff

The District does not currently have detailed written accounting procedures manual that cover 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 is experienced. 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. The District also needs to ensure that it has sufficient staff that are adequately trained in accrual-basis accounting to ensure timely, efficient, well-documented reporting and accounting. We understand that the District has developed significant business workflow procedures that are posted on its intranet site.

* * * * *

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us during the course of the examination. 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.

January 24, 2020

DRAFT



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, Recreation, Electric Funds and Agency Funds of the Nevada Irrigation District (the District) for the year ended December 31, 2018, and have issued our report thereon dated January 24, 2020. 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 January 7, 2016, our responsibility, as described by professional standards, is to express an opinion 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 Prior Year Schedule of Findings included within the audited financial statements discloses material weaknesses in internal control.

We performed the audit according to the planned scope previously communicated to you in our engagement letter dated January 7, 2016.

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 adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions as of January 1, 2018 to increase the other postemployment benefit (OPEB) liability related to health benefits provided to retirees as discussed in Note 14 of the financial statements. Implementation of GASB No. 75 resulted in an increase in the OPEB liability of \$10,101,540 as of January 1, 2018. Additional required disclosures under GASB Statement No. 75 were also added to Note 8 to the financial statements due to the adoption of this Statement.

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: depreciable lives and method used to depreciate capital assets, the allowance for doubtful accounts, and the accrual for employee pension and postemployment benefits. 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 accrual for postemployment benefits was determined by an actuarial valuation, which is required to be performed every three 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 employee retirement plan footnote (Note 7), and the other post-employment benefits plan footnote (Note 8).

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

Difficulties Encountered in Performing the Audit

The material weaknesses in internal control related to year-end closing process encountered in completing our 2013 to 2017 audits were mostly still present in the 2018 audit, as documented in the Schedule of Prior Year Findings, and the large number of adjustments during the audit process resulted in significant delays and additional time needed to complete the audit. While there was improvement in this year's audit process, there were still many general ledger accounts that had not been reviewed and reconciled properly to underlying supporting documents that were identified during the audit that caused delays in completing the audit, due to system and staffing issues.

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 47 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 Schedule of Prior Year Findings. 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 is attached to this letter.

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 January 24, 2020.

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. To our knowledge, there were no such consultations with other accountants.

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 – 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.

January 24, 2020

Client: **NEVADA IRRIGATION DISTRICT**
 Engagement: **2018 - NEVADA IRRIGATION DISTRICT**
 Period Ending: **12/31/2018**
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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1				
Client Entry #20181056 : To adjust Paypal reserve account to actual per Paypal statements at 12/31/2018.				
30-10430	PAYPAL RESERVES		2,250.00	
30-10430	PAYPAL RESERVES		1,907.00	
30253-46190	MISCELLANEOUS			2,250.00
30257-46190	MISCELLANEOUS			1,907.00
Total			4,157.00	4,157.00
Adjusting Journal Entries JE # 2				
Client Entry #20181090				
50-16630	TOOLS & EQUIP - ACCDEP		39.00	
50-16630	TOOLS & EQUIP - ACCDEP		109.00	
50-16635	TRANSP EQUIP - ACCUM DEP		157.00	
50161-57101	DEPRECIATION EXPENSE		17,885.00	
50-16610	PLANT IN SERVICE - ACCDEP			39.00
50-16610	PLANT IN SERVICE - ACCDEP			109.00
50-16610	PLANT IN SERVICE - ACCDEP			17,885.00
50161-57101	DEPRECIATION EXPENSE			157.00
Total			18,190.00	18,190.00
Adjusting Journal Entries JE # 3				
Client Entry #20181089				
30-16230	GENERAL EQUIPMENT		5,333.00	
30-16635	TRANSP EQUIP - ACCUM DEP		1,406.00	
30250-57101	DEPRECIATION EXPENSE		112.00	
30-16630	TOOLS & EQUIP - ACCDEP			112.00
30-16630	TOOLS & EQUIP - ACCDEP			1,406.00
30250-52904	EQUIPMENT PURCHASES			5,333.00
Total			6,851.00	6,851.00
Adjusting Journal Entries JE # 4				
Client Entry #20181071 : To adjust unapplied credits to detail report @ 12-31-18.				
10-40106	NON-COMMERCIAL-INSIDE		15,043.00	
10-20037	ACIS - UNAPPLIED CREDIT			15,043.00
Total			15,043.00	15,043.00
Adjusting Journal Entries JE # 5				
Client Entry #20181092 : To adjust compensated absences accruals at 12/31/18.				
10-20041	COMP ABSENCES VAC - CURR		129,931.00	
10-20051	COMP ABSENCES SICK-CURRE		122,374.00	
10114-51111	VACATION		56,972.00	
10114-51112	SICK LEAVE		118,927.00	

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Account	Description	W/P Ref	Debit	Credit
30-20041	COMP ABSENCES VAC - CURR		4,883.00	
30-20051	COMP ABSENCES SICK-CURRE		5,397.00	
30250-51111	VACATION		2,406.00	
30250-51112	SICK LEAVE		8,632.00	
50-20041	COMP ABSENCES VAC - CURR		31,610.00	
50-20051	COMP ABSENCES SICK-CURRE		30,439.00	
50112-51111	VACATION		15,811.00	
50112-51112	SICK LEAVE		34,448.00	
10-20040	ACCRUED VACATION			186,903.00
10-20050	ACCRUED SICK LEAVE			241,301.00
30-20040	ACCRUED VACATION			7,289.00
30-20050	ACCRUED SICK LEAVE			14,029.00
50-20040	ACCRUED VACATION			47,421.00
50-20050	ACCRUED SICK LEAVE			64,887.00
Total			561,830.00	561,830.00

Adjusting Journal Entries JE # 6

Client Entry #20181091: Water/Hydro fund fixed asset & depreciation adjustments

10-16101	GENERAL PLANT		36,413.00	
10-16101	GENERAL PLANT		748,449.00	
10-16101	GENERAL PLANT		49,330.00	
10-16212	DAMS AND RESERVOIRS		7,759.00	
10-16224	TRANSPORTATION EQUIPMENT		19,835.00	
10-16230	GENERAL EQUIPMENT		5,332.00	
10-16610	PLANT IN SERVICE - ACCDEP		83,388.00	
10-60204	PRIOR PERIOD ADJUSTMENTS		43,410.00	
10-60204	PRIOR PERIOD ADJUSTMENTS		217,007.00	
10-60204	PRIOR PERIOD ADJUSTMENTS		139,747.00	
10171-57101	DEPRECIATION EXPENSE		12,995.00	
10171-57101	DEPRECIATION EXPENSE		73,089.00	
30-16610	PLANT IN SERVICE - ACCDEP		1,121.00	
50167-57101	DEPRECIATION EXPENSE		1.00	
10-16230	GENERAL EQUIPMENT			7,759.00
10-16230	GENERAL EQUIPMENT			19,835.00
10-16230	GENERAL EQUIPMENT			36,413.00
10-16610	PLANT IN SERVICE - ACCDEP			12,995.00
10-16610	PLANT IN SERVICE - ACCDEP			73,089.00
10-16610	PLANT IN SERVICE - ACCDEP			43,410.00
10-16610	PLANT IN SERVICE - ACCDEP			217,007.00
10-16610	PLANT IN SERVICE - ACCDEP			139,747.00
10-48650	CONTRIBUTED CAPITAL			748,449.00
10-60204	PRIOR PERIOD ADJUSTMENTS			49,330.00
10114-57101	DEPRECIATION EXPENSE			83,388.00
10171-52904	EQUIPMENT PURCHASES			5,332.00

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30-16620	FACILITIES - ACCDEP			1,121.00
50-16610	PLANT IN SERVICE - ACCDEP			1.00
Total			1,437,876.00	1,437,876.00

Adjusting Journal Entries JE # 7

Client Entry #20181094 : Hydro Project transfers to CIP

50-52970	TRANSFER TO/FROM PROJECTS		21,800.00	
50-16401	CONSTRUCTION IN PROGRESS			21,800.00
Total			21,800.00	21,800.00

Adjusting Journal Entries JE # 8

Client Entry #20181097 : To reclass non capital asset equipment auction sales from gain/loss on disposal to misc revenue to adjust gain/loss on disposal of assets to calculated balance at 12-31-18.

10-48601	GAIN/LOSS-DISPOSAL F/A		30,044.00	
10-46190	MISCELLANEOUS			30,044.00
Total			30,044.00	30,044.00

Adjusting Journal Entries JE # 9

Client Entry #20181095 : Water project transfers to CIP

10-16401	CONSTRUCTION IN PROGRESS		14,295,760.00	
10-16401	CONSTRUCTION IN PROGRESS		93.00	
10-52970	TRANSFER TO/FROM PROJECTS		28,414.00	
10-52970	TRANSFER TO/FROM PROJECTS		84,681.00	
10-52992	CAPITALIZED LABOR		19,130.00	
10-52993	CAPITALIZED BENEFITS		8,118.00	
10-16401	CONSTRUCTION IN PROGRESS			80,483.00
10-16401	CONSTRUCTION IN PROGRESS			55,662.00
10-16401	CONSTRUCTION IN PROGRESS			84,681.00
10-52970	TRANSFER TO/FROM PROJECTS			13,000,563.00
10-52970	TRANSFER TO/FROM PROJECTS			93.00
10-52992	CAPITALIZED LABOR			819,172.00
10-52993	CAPITALIZED BENEFITS			395,542.00
Total			14,436,196.00	14,436,196.00

Adjusting Journal Entries JE # 10

Client Entry #20181098 : To record 2018 TSL (Temporary service lines) activity as provided by Customer Service.

10-43101	TREATED WTR METER INSTALL		612.00	
10114-60110	INTEREST EXPENSE		5,890.00	
10-28015	TEMPORARY SERVICE LINES			6,502.00
Total			6,502.00	6,502.00

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Adjusting Journal Entries JE # 11				
Client Entry #20181099 : To record release of funds to PG&E for Project #6913, Bowman Spaulding Canal land acquisition. Project is ongoing as of 12/31/2018.				
10-16401	CONSTRUCTION IN PROGRESS		2,700.00	
10114-52915	PROJ BUD NON-PROGRAMMATIC		2,700.00	
10-15101	COURT DEPOSITS-NEV. COND.			2,700.00
10-52970	TRANSFER TO/FROM PROJECTS			2,700.00
Total			5,400.00	5,400.00
Adjusting Journal Entries JE # 12				
Client Entry #20181100 : To adjust interest receivable to calculated balance at 12.31.18.				
10-11621	INTEREST RECEIVABLE		38,734.00	
10-47610	INTEREST INCOME:INVESTMNT			38,548.00
10-47615	INTEREST INCOME: OTHER			186.00
Total			38,734.00	38,734.00
Adjusting Journal Entries JE # 13				
Client Entry #20181101 : To record pension liabilities, deferred inflows/outflows and pension expense FYE 12.31.18.				
10-28500	NET PENSION LIABILITY		1,528,751.00	
10114-51325	PENSION EXPENSE		1,113,122.00	
30250-51325	PENSION EXP - UAAL		150,886.00	
50112-51325	PENSION EXP - UAAL		614,327.00	
10-19605	DEFERRED OUTFLOWS-GASB68			2,189,147.00
10-29000	DEFERRED INFLOWS-GASB 68			452,726.00
30-19605	DEFERRED OUTFLOWS-GASB68			74,924.00
30-28500	NET PENSION LIABILITY			54,280.00
30-29000	DEFERRED INFLOWS-GASB 68			21,682.00
50-19605	DEFERRED OUTFLOWS-GASB68			394,160.00
50-28500	NET PENSION LIABILITY			115,945.00
50-29000	DEFERRED INFLOWS-GASB 68			104,222.00
Total			3,407,086.00	3,407,086.00
Adjusting Journal Entries JE # 14				
Client Entry #20181102				
30-28025	MISCELLANEOUS DEF REV		25,398.00	
30254-48909	G1 ADVANCED RESERVATIONS		90.00	
30252-48808	MARINA ADVANCED RESERV			1,500.00
30253-48908	G2 ADVANCED RESERVATIONS			5,375.00
30253-48909	G1 ADVANCED RESERVATIONS			7,671.00
30256-48909	G1 ADVANCED RESERVATIONS			1,977.00
30257-48909	G1 ADVANCED RESERVATIONS			8,965.00
Total			25,488.00	25,488.00

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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 15				
Client Entry #20180930				
10-11615	MISCELLANEOUS A/R		17,212.00	
10-11615	MISCELLANEOUS A/R		3,665.00	
10-11628	GRANTS RECEIVABLE		21,571.00	
10-49101	RENTS & LEASES		3,479.00	
30-11615	MISCELLANEOUS A/R		421.00	
10-11615	MISCELLANEOUS A/R			3,479.00
10-20013	GRANT PAYABLE			3,852.00
10-20013	GRANT PAYABLE			9,696.00
10-40701	NEVADA COUNTY-IN-TANK WTR			3,665.00
10-48102	GRANTS - NON OPERATING			4,165.00
10-48102	GRANTS - NON OPERATING			3,858.00
10-49105	GRAVEL, MINERAL LEASES			17,212.00
30251-49121	RECREATION ROYALTIES			421.00
Total			46,348.00	46,348.00
Adjusting Journal Entries JE # 16				
Client Entry #20181103 : To adjust unapplied credits - Misc A/R to actual per detail at 12.31.19.				
10-20039	MISC AR-UNAPPLIED CREDIT		13,683.00	
10-46190	MISCELLANEOUS			13,683.00
Total			13,683.00	13,683.00
Adjusting Journal Entries JE # 17				
Client Entry #20181104 : To correct AJE 20181103. Debit to 20039 should have been 13,892.80.				
10-20039	MISC AR-UNAPPLIED CREDIT		210.00	
10-46190	MISCELLANEOUS			210.00
Total			210.00	210.00
Adjusting Journal Entries JE # 18				
To reclass prior period adjustments from general and admin expenses to depreciation expense				
10171-57101	DEPRECIATION EXPENSE		400,164.00	
10-60204	PRIOR PERIOD ADJUSTMENTS			400,164.00
Total			400,164.00	400,164.00
Adjusting Journal Entries JE # 19				
Client Entry #20181105 : Adjust EOY cash balances				
10-10101	CHECKING (WFB 5558)		117,539.00	
10-10152	INVESTS - LAIF (9029001)		261,404.00	
10-10153	INVESTS-UNION BANK (1580)		2,096,436.00	
21-10101	CHECKING (WFB 5558)		68,639.00	
30-10101	CHECKING (WFB 5558)		192,765.00	
50-10101	CHECKING (WFB 5558)		2,096,436.00	

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Account	Description	W/P Ref	Debit	Credit
50112-54000	TRANSFER OUT		117,539.00	
10-10101	CHECKING (WFB 5558)			2,357,840.00
10-47777	TRANSFER IN - OPERATING			117,539.00
21-10152	INVESTS - LAIF (9029001)			68,639.00
30-10152	INVESTS - LAIF (9029001)			192,765.00
50-10101	CHECKING (WFB 5558)			117,539.00
50-10153	INVESTS-UNION BANK (1580)			2,096,436.00
Total			4,950,758.00	4,950,758.00

Adjusting Journal Entries JE # 20

Client Entry #20181106 : Adjsut EOY cash balances

10-10152	INVESTS - LAIF (9029001)		215,189.00	
30-10101	CHECKING (WFB 5558)		47,650.00	
50-10101	CHECKING (WFB 5558)		167,539.00	
10-10101	CHECKING (WFB 5558)			215,189.00
30-10152	INVESTS - LAIF (9029001)			47,650.00
50-10152	INVESTS - LAIF (9029001)			167,539.00
Total			430,378.00	430,378.00

Adjusting Journal Entries JE # 21

Client Entry #20181036 : Physical Inv adjustments

10-13103	N-3 PIPE AND CULVERT		2,832.00	
10-13107	N-7 PAINTS		572.00	
10-13108	N-8 CEMENT AND AGGREGATES		10,799.00	
10-13109	N-9 CHEMICALS		212.00	
10-13110	N-10 METERS		885.00	
10-13113	N-13 FITTINGS, PLASTIC		146.00	
10-13116	N-16 PIPE FITTINGS		10,456.00	
10-13119	N-19 BRASS PIPE FITTINGS		5,164.00	
10-13120	N-20 CST IRN PIPE FITTING		2,421.00	
10-13121	N-21 CHEMICAL WEED CNTRLS		1,363.00	
10-13122	N-22 TRMNT PLT SPARE PRTS		115.00	
10-13101	N-1 LUMBER			158.00
10-13102	N-2 SHEET PLATE BAR STOCK			11.00
10-13104	N-4 NAILS			34.00
10-13105	N-5 VALVES			12,759.00
10-13111	N-11 MISCELLANEOUS			1,426.00
10-13115	N-15 FENCING			631.00
10-13117	N-17 BOLTS SCREWS WASHERS			595.00
10-13118	N-18 WTR MTR VALVE BOXES			1,372.00
10193-52504	MATERIALS			17,979.00
Total			34,965.00	34,965.00

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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 22				
Client Entry #20181107				
10-13191	S-1 SHOP, NEVADA		1,816.00	
10195-52501	CHEMICALS		5,955.00	
10195-52501	CHEMICALS		14,903.00	
50-13197	FUEL INVENTORY - HYDRO		5,109.00	
10-13194	FUEL 1 AND 2, NEVADA			5,955.00
10-13195	FUEL 3 AND 4 PLACER			14,903.00
10195-52501	CHEMICALS			1,816.00
50112-52501	CHEMICALS			5,109.00
Total			27,783.00	27,783.00

Adjusting Journal Entries JE # 23				
Client Entry #20181108 : To redistribute FMV unrealized gains/losses after pooled account reallocations by Marvin.				
10-47611	UNREAL GAIN/LOSS-INVESTMT		48,114.00	
50-10151	MARKET VALUE ADJUSTMENT		48,114.00	
10-10151	MARKET VALUE ADJUSTMENT			48,114.00
50-47611	UNREAL GAIN/LOSS-INVESTMT			48,114.00
Total			96,228.00	96,228.00

Adjusting Journal Entries JE # 24				
Client Entry #20181093				
10-46190	MISCELLANEOUS		8,716.00	
10-46190	MISCELLANEOUS		13.00	
30-10101	CHECKING (WFB 5558)		498.00	
30-10101	CHECKING (WFB 5558)		2.00	
30-10101	CHECKING (WFB 5558)		6,968.00	
30250-52804	BANK FEES		379.00	
30250-52804	BANK FEES		280.00	
30253-48909	G1 ADVANCED RESERVATIONS		671.00	
30256-48909	G1 ADVANCED RESERVATIONS		37,077.00	
30256-48990	CASH OVER/SHORT		2.00	
30257-48909	G1 ADVANCED RESERVATIONS		6,751.00	
30257-48909	G1 ADVANCED RESERVATIONS		2,252.00	
30257-49123	CUSTOMER REFUNDS		976.00	
30257-49123	CUSTOMER REFUNDS		335.00	
10-10101	CHECKING (WFB 5558)			8,716.00
10-10101	CHECKING (WFB 5558)			13.00
30-10101	CHECKING (WFB 5558)			2,252.00
30-10101	CHECKING (WFB 5558)			37,077.00
30-10101	CHECKING (WFB 5558)			671.00
30-20015	ACCRUED SALES TAX PAYABLE			11.00
30250-52804	BANK FEES			976.00
30250-52804	BANK FEES			335.00

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30250-52804	BANK FEES			2.00
30253-48909	G1 ADVANCED RESERVATIONS			498.00
30256-48301	G1 DAY USE			577.00
30256-48304	G1 WOOD			145.00
30256-48306	G1 OVERNIGHT CAMPING			4,348.00
30256-48307	G1 EXTRA VEHICLE			226.00
30256-48309	BOAT LAUNCH			1,663.00
30256-48909	G1 ADVANCED RESERVATIONS			6,751.00
30257-49123	CUSTOMER REFUNDS			379.00
30257-49123	CUSTOMER REFUNDS			280.00
Total			64,920.00	64,920.00

Adjusting Journal Entries JE # 26

Client Entry #20180934

10-11628	GRANTS RECEIVABLE		253,581.00	
10-11628	GRANTS RECEIVABLE		193,217.00	
10-11628	GRANTS RECEIVABLE		490,599.00	
10-11628	GRANTS RECEIVABLE		40,560.00	
10-11628	GRANTS RECEIVABLE		76,771.00	
10-20013	GRANT PAYABLE		17,287.00	
10-46190	MISCELLANEOUS		15,570.00	
10-46190	MISCELLANEOUS		1,800.00	
10-48102	GRANTS - NON OPERATING		6,517.00	
10-48102	GRANTS - NON OPERATING		71,082.00	
10-54000	TRANSFER OUT		360.00	
10-54000	TRANSFER OUT		2,340.00	
30252-48811	MARINA SEASON PASS/DAYUSE		360.00	
30252-48811	MARINA SEASON PASS/DAYUSE		2,340.00	
10-11628	GRANTS RECEIVABLE			23,804.00
10-11628	GRANTS RECEIVABLE			71,082.00
10-11628	GRANTS RECEIVABLE			15,570.00
10-11628	GRANTS RECEIVABLE			360.00
10-11628	GRANTS RECEIVABLE			2,340.00
10-20013	GRANT PAYABLE			245,184.00
10-20013	GRANT PAYABLE			193,217.00
10-20013	GRANT PAYABLE			473,365.00
10-20013	GRANT PAYABLE			1,800.00
10-48102	GRANTS - NON OPERATING			8,397.00
10-48102	GRANTS - NON OPERATING			17,234.00
10-48102	GRANTS - NON OPERATING			40,560.00
10-48102	GRANTS - NON OPERATING			76,771.00
30-47777	TRANSFER IN - OPERATING			360.00
30-47777	TRANSFER IN - OPERATING			2,340.00
Total			1,172,384.00	1,172,384.00

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Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 27				
Client Entry #20181110				
10171-57101	DEPRECIATION EXPENSE		3,156.00	
10-16610	PLANT IN SERVICE - ACCDEP			3,156.00
Total			3,156.00	3,156.00

Adjusting Journal Entries JE # 28				
Client Entry #20181109				
10-46190	MISCELLANEOUS		14,136.00	
30-46190	MISCELLANEOUS		967.00	
30-49121	RECREATION ROYALTIES		1,315.00	
10-11615	MISCELLANEOUS A/R			14,136.00
30-11615	MISCELLANEOUS A/R			2,282.00
Total			16,418.00	16,418.00

Adjusting Journal Entries JE # 29				
Client entry #20181117 : To record FY18 additions to term payment agmts and record corresponding revenue; to record FY18 payments and interest from term paymt agmts				
10-11308	TERM PAYMENTS RECEIVABLE		138,278.00	
10-11308	TERM PAYMENTS RECEIVABLE		265.00	
10-43101	TREATED WTR METER INSTALL		1,120.00	
10-43107	SERVICE LINE INSTALL FEES		150.00	
10-43108	DFWLE INCOME		47,194.00	
10-47615	INTEREST INCOME: OTHER		140.00	
10-11308	TERM PAYMENTS RECEIVABLE			40,598.00
10-11308	TERM PAYMENTS RECEIVABLE			1,270.00
10-11308	TERM PAYMENTS RECEIVABLE			140.00
10-40995	STANDBY CHARGES			3,794.00
10-42101	TREATED WTR-CAPACITY FEES			70,352.00
10-43101	TREATED WTR METER INSTALL			21,000.00
10-43103	NEW DBL CK VALVE INSTALL.			2,055.00
10-43107	SERVICE LINE INSTALL FEES			5,989.00
10-45170	PIPELINE REIMB FEE			34,637.00
10-46103	ENCROACHMENT FEE REVENUE			380.00
10-46302	EXPENSE REIMBURSEMENTS			71.00
10-47615	INTEREST INCOME: OTHER			6,596.00
10-47615	INTEREST INCOME: OTHER			265.00
Total			187,147.00	187,147.00

Adjusting Journal Entries JE # 30				
Client entry #20181119				
10-20033	PR CLEARING - UAAL		187,812.00	
30250-51325	PENSION EXP - UAAL		16,020.00	
30254-51325	PENSION EXP - UAAL		4,005.00	

Client: **NEVADA IRRIGATION DISTRICT**
 Engagement: **2018 - NEVADA IRRIGATION DISTRICT**
 Period Ending: **12/31/2018**
 Trial Balance: **GASB Fund Trial Balance**
 Workpaper: **Adjusting Journal Entries Report**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
50-20033	PR CLEARING - UAAL		104,047.00	
10115-51325	PENSION EXP - UAAL			13,147.00
10116-51325	PENSION EXP - UAAL			1,878.00
10117-51325	PENSION EXP - UAAL			3,756.00
10118-51325	PENSION EXP - UAAL			3,756.00
10131-51325	PENSION EXP - UAAL			1,878.00
10133-51325	PENSION EXP - UAAL			7,513.00
10135-51325	PENSION EXP - UAAL			9,391.00
10151-51325	PENSION EXP - UAAL			26,294.00
10171-51325	PENSION EXP - UAAL			50,709.00
10191-51325	PENSION EXP - UAAL			61,978.00
10193-51325	PENSION EXP - UAAL			5,634.00
10195-51325	PENSION EXP - UAAL			1,878.00
30-20033	PR CLEARING - UAAL			20,025.00
50112-51325	PENSION EXP - UAAL			20,809.00
50161-51325	PENSION EXP - UAAL			41,619.00
50167-51325	PENSION EXP - UAAL			41,619.00
Total			311,884.00	311,884.00

Adjusting Journal Entries JE # 31

Client Entry #20181121 : To record sales tax due at 12.31.18 to agree to quarterly sales tax returns.

10193-52504	MATERIALS		1.00	
30250-52501	CHEMICALS		2,529.00	
50167-52503	EQUIPMENT MAINTENANCE		1.00	
10-20015	ACCRUED SALES TAX PAYABLE			1.00
30-20015	ACCRUED SALES TAX PAYABLE			2,529.00
50-20015	ACCRUED SALES TAX PAYABLE			1.00
Total			2,531.00	2,531.00

Adjusting Journal Entries JE # 32

Client Entry #20181113 :

10-19201	TABLE MEADOWS DFWLE		1,999.00	
10-19201	TABLE MEADOWS DFWLE		354,809.00	
10-19201	TABLE MEADOWS DFWLE		10,941.00	
10-19205	CAROLINE WINTERMOON DFWLE		1,122.00	
10-19205	CAROLINE WINTERMOON DFWLE		13,228.00	
10-19205	CAROLINE WINTERMOON DFWLE		69,945.00	
10-19205	CAROLINE WINTERMOON DFWLE		6,867.00	
10-19205	CAROLINE WINTERMOON DFWLE		3,226.00	
10-19205	CAROLINE WINTERMOON DFWLE		33,597.00	
10-19205	CAROLINE WINTERMOON DFWLE		10,941.00	
10-19205	CAROLINE WINTERMOON DFWLE		6,169.00	
10-19205	CAROLINE WINTERMOON DFWLE		29,470.00	
10-19210	HOSKIN LOAN RECEIVABLE		2,182.00	

Client: **NEVADA IRRIGATION DISTRICT**
 Engagement: **2018 - NEVADA IRRIGATION DISTRICT**
 Period Ending: **12/31/2018**
 Trial Balance: **GASB Fund Trial Balance**
 Workpaper: **Adjusting Journal Entries Report**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
10-19212	HORSESHOE LANE RECEIVABLE		446.00	
10-19213	RATTLESNAKE RECEIVABLE		3,023.00	
10-19216	EAST HACIENDA LOAN RECVBL		15,108.00	
10-43108	DFWLE INCOME		9,569.00	
10-45170	PIPELINE REIMB FEE		9,899.00	
10-19201	TABLE MEADOWS DFWLE			3,226.00
10-19201	TABLE MEADOWS DFWLE			30,690.00
10-19201	TABLE MEADOWS DFWLE			10,941.00
10-19205	CAROLINE WINTERMOON DFWLE			10,941.00
10-19205	CAROLINE WINTERMOON DFWLE			10,941.00
10-19205	CAROLINE WINTERMOON DFWLE			9,899.00
10-19205	CAROLINE WINTERMOON DFWLE			9,569.00
10-19210	HOSKIN LOAN RECEIVABLE			6,867.00
10-19212	HORSESHOE LANE RECEIVABLE			1,122.00
10-19213	RATTLESNAKE RECEIVABLE			13,228.00
10-19216	EAST HACIENDA LOAN RECVBL			69,945.00
10-42101	TREATED WTR-CAPACITY FEES			45,438.00
10-42101	TREATED WTR-CAPACITY FEES			7,461.00
10-43101	TREATED WTR METER INSTALL			4,648.00
10-43101	TREATED WTR METER INSTALL			581.00
10-43103	NEW DBL CK VALVE INSTALL.			5,256.00
10-45170	PIPELINE REIMB FEE			291,433.00
10-45170	PIPELINE REIMB FEE			21,428.00
10-47615	INTEREST INCOME: OTHER			446.00
10-47615	INTEREST INCOME: OTHER			3,023.00
10-47615	INTEREST INCOME: OTHER			15,108.00
10-47615	INTEREST INCOME: OTHER			2,182.00
10-47615	INTEREST INCOME: OTHER			1,999.00
10-47615	INTEREST INCOME: OTHER			6,169.00
Total			582,541.00	582,541.00

Adjusting Journal Entries JE # 33

Client Entry #20181125 : To correct posting error in AJE 20181113 for East Hacienda payments: Payments should have been \$65,945.22, however, AJE #20131113 recorded the payments as \$69,945.22.

10-19216	EAST HACIENDA LOAN RECVBL		4,000.00	
10-19205	CAROLINE WINTERMOON DFWLE			4,000.00
Total			4,000.00	4,000.00

Adjusting Journal Entries JE # 34

Client Entry #20181126 : To Reclass Forest Lake Christian School's refund that was posted to Deferred revenue in 2018.

10-45170	PIPELINE REIMB FEE		476.00	
10-28025	MISCELLANEOUS DEF REV			476.00
Total			476.00	476.00

Client: **NEVADA IRRIGATION DISTRICT**
 Engagement: **2018 - NEVADA IRRIGATION DISTRICT**
 Period Ending: **12/31/2018**
 Trial Balance: **GASB Fund Trial Balance**
 Workpaper: **Adjusting Journal Entries Report**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 35				
Client Entry #20181130 : To adjust Misc A/R-reimbursable projects to detail and reclass insurance settlement payment and to correct math error.				
10-46165	REIMBURSABLE PROJ REVENUE		38,132.00	
10-46165	REIMBURSABLE PROJ REVENUE		1,332.00	
10-46190	MISCELLANEOUS		180.00	
10-11306	MISC A/R:REIMB PROJECTS			30,354.00
10-11306	MISC A/R:REIMB PROJECTS			180.00
10-44101	INSURANCE/CLAIMS SETLMTS			1,332.00
10-46190	MISCELLANEOUS			7,778.00
Total			39,644.00	39,644.00

Adjusting Journal Entries JE # 36				
Client Entry #20181066 : To reclass HRA Admin Fees posted to 20031 - Health Ins. Claims.				
10115-51312	HEALTH INSURANCE		6.00	
10135-51312	HEALTH INSURANCE		6.00	
10191-51312	HEALTH INSURANCE		18.00	
10-20031	HEALTH INS CLAIMS			24.00
10114-51312	HEALTH INSURANCE			6.00
Total			30.00	30.00

Adjusting Journal Entries JE # 37				
Client Entry #20181133 : To record OPEB liability under the new GASB 75 standard.				
10-19625	DEFERRED OUTFLOWS - OPEB		596,300.00	
10-19625	DEFERRED OUTFLOWS - OPEB		1,552,000.00	
10-20060	OPEB LIABILITY		350,279.00	
10-20060	OPEB LIABILITY		1,540,000.00	
10-35150	FUND BALANCE		8,154,000.00	
10114-51324	OPEB NET ARC		1,050,000.00	
30-19625	DEFERRED OUTFLOWS - OPEB		5,900.00	
30-19625	DEFERRED OUTFLOWS - OPEB		20,000.00	
30-20060	OPEB LIABILITY		41,407.00	
30-20060	OPEB LIABILITY		44,000.00	
30-35150	FUND BALANCE		149,000.00	
30250-51324	OPEB NET ARC		30,000.00	
50-19625	DEFERRED OUTFLOWS - OPEB		82,800.00	
50-19625	DEFERRED OUTFLOWS - OPEB		210,000.00	
50-20060	OPEB LIABILITY		251,000.00	
50-35150	FUND BALANCE		1,004,226.00	
50-35150	FUND BALANCE		1,186,000.00	
50112-51324	OPEB NET ARC		161,000.00	
10-19625	DEFERRED OUTFLOWS - OPEB			1,540,000.00
10-20060	OPEB LIABILITY			8,154,000.00

Client: **NEVADA IRRIGATION DISTRICT**
 Engagement: **2018 - NEVADA IRRIGATION DISTRICT**
 Period Ending: **12/31/2018**
 Trial Balance: **GASB Fund Trial Balance**
 Workpaper: **Adjusting Journal Entries Report**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
10-20060	OPEB LIABILITY			940,000.00
10-29025	DEFERRED INFLOWS - OPEB			110,000.00
10-35150	FUND BALANCE			350,279.00
10-35150	FUND BALANCE			596,300.00
10114-51324	OPEB NET ARC			1,552,000.00
30-19625	DEFERRED OUTFLOWS - OPEB			44,000.00
30-20060	OPEB LIABILITY			149,000.00
30-20060	OPEB LIABILITY			24,000.00
30-29025	DEFERRED INFLOWS - OPEB			6,000.00
30-35150	FUND BALANCE			41,407.00
30-35150	FUND BALANCE			5,900.00
30250-51324	OPEB NET ARC			20,000.00
50-19625	DEFERRED OUTFLOWS - OPEB			251,000.00
50-19630	OPEB ASSET			1,004,226.00
50-20060	OPEB LIABILITY			1,186,000.00
50-20060	OPEB LIABILITY			139,000.00
50-29025	DEFERRED INFLOWS - OPEB			22,000.00
50-35150	FUND BALANCE			82,800.00
50112-51324	OPEB NET ARC			210,000.00
Total			16,427,912.00	16,427,912.00

Adjusting Journal Entries JE # 38

Client Entry #20181132 : To reclass items posted to 20012.

10-20012	ACCRUED EXPENSES		292.00	
10-20012	ACCRUED EXPENSES		85.00	
10-44101	INSURANCE/CLAIMS SETLMTS		5,323.00	
10-20012	ACCRUED EXPENSES			5,323.00
10133-51312	HEALTH INSURANCE			85.00
10135-52804	BANK FEES			292.00
Total			5,700.00	5,700.00

Adjusting Journal Entries JE # 39

Client Entry #20181134 : To adjust retention for accrual related to projects - reclass from A/P to Retention Payable.

10-20010	ACCOUNTS PAYABLE		14,115.00	
10-20010	ACCOUNTS PAYABLE		19,692.00	
10-20010	ACCOUNTS PAYABLE		4,328.00	
50-20010	ACCOUNTS PAYABLE		7,452.00	
10-24310	RETENTION PAYABLE			14,115.00
10-24310	RETENTION PAYABLE			19,692.00
10-24310	RETENTION PAYABLE			4,328.00
50-24310	RETENTION PAYABLE			7,452.00
Total			45,587.00	45,587.00

Client: **NEVADA IRRIGATION DISTRICT**
 Engagement: **2018 - NEVADA IRRIGATION DISTRICT**
 Period Ending: **12/31/2018**
 Trial Balance: **GASB Fund Trial Balance**
 Workpaper: **Adjusting Journal Entries Report**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 40				
Client Entry #20181124 : To record first billing of SNC Prop 1 Grant #1035, Yuba HQ Healthy Forest Project, Proj #2206 for the period June 1, 2018 through March 30, 2019.				
10-11628	GRANTS RECEIVABLE		38,371.00	
10-48102	GRANTS - NON OPERATING			38,371.00
Total			38,371.00	38,371.00
Adjusting Journal Entries JE # 41				
Client Entry #20181135 : To remove the 2019 portion of invoice #1, recorded in AJE #40 (client entry #20181124)				
10-48102	GRANTS - NON OPERATING		330.00	
10-11628	GRANTS RECEIVABLE			330.00
Total			330.00	330.00
Adjusting Journal Entries JE # 42				
Client Entry #20189999 : Reclass				
10-10151B	MARKET VALUE RECLASS TO/FROM RESTRICTED		191,028.00	
10-19999	Reclass to/from investments		6,843.00	
10-99988	RECLASS TO/FROM RESTRICTED CASH		1,128,523.00	
11-10154A	LAIF SPEC PROJ (40)/UNION BK 1581		292,963.00	
50-19999	Reclass to/from investments		18,446.00	
10-10151A	MARKET VALUE ADJUSTMENT			191,028.00
10-19998	Reclass to/from investments			6,843.00
10-19998	Reclass to/from investments			1,128,523.00
11-199998	RECLASS TO/FROM RESTRICTED CASH			292,963.00
50-19998	Reclass to/from investments			18,446.00
Total			1,637,803.00	1,637,803.00
Adjusting Journal Entries JE # 43				
Client Entry #20181136 : To adjust FY reserve account balances.				
10-34011	OPERATING RESERVE		5,122,722.00	
10-34053	TREATED SYSTEM EXPANSION		974,739.00	
10-34060	WATERSHED STEWARDSHIP		64,098.00	
30-34011	OPERATING RESERVE		373,103.00	
50-34011	OPERATING RESERVE		5,839,721.00	
50-34045	CAPITAL IMP/REPLC RESERVE		17,835,101.00	
50-34510	SURPLUS		7,866,251.00	
10-32020	ACCRUED LEAVE RESERVE			164,394.00
10-34510	SURPLUS			5,997,165.00
30-32020	ACCRUED LEAVE RESERVE			26,858.00
30-34510	SURPLUS			346,245.00
50-32020	ACCRUED LEAVE RESERVE			150,652.00
50-34080	HYDROELECTRIC RELICENSE			31,390,421.00
Total			38,075,735.00	38,075,735.00

Client: **NEVADA IRRIGATION DISTRICT**
 Engagement: **2018 - NEVADA IRRIGATION DISTRICT**
 Period Ending: **12/31/2018**
 Trial Balance: **GASB Fund Trial Balance**
 Workpaper: **Adjusting Journal Entries Report**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 44				
Client Entry #20181137 : To record the change to Net investment in Capital assets equity accounts FYE 12-31-18.				
10-35150	FUND BALANCE		6,282,498.00	
30-35150	FUND BALANCE		663,670.00	
50-35150	FUND BALANCE		1,519,466.00	
10-34453	CAP ASSET NET DEBT			6,282,498.00
30-34453	CAP ASSET NET DEBT			663,670.00
50-34453	CAP ASSET NET DEBT			1,519,466.00
Total			8,465,634.00	8,465,634.00

Adjusting Journal Entries JE # 45				
True up invested in cap assets after adjustments.				
10-35150	FUND BALANCE		4.00	
30-35150	FUND BALANCE		1.00	
50-34453	CAP ASSET NET DEBT		1.00	
10-34453	CAP ASSET NET DEBT			4.00
30-34453	CAP ASSET NET DEBT			1.00
50-35150	FUND BALANCE			1.00
Total			6.00	6.00

Adjusting Journal Entries JE # 46				
Client Entry #20181138 : To accrue payroll taxes on wage accrual and compensated absences.				
10-51310	MEDICARE PAYROLL TAX EXP		7,387.00	
10-51319	FICA PAYROLL TAX EXP		436.00	
30-51310	MEDICARE PAYROLL TAX EXP		316.00	
30-51319	FICA PAYROLL TAX EXP		30.00	
50-51310	MEDICARE PAYROLL TAX EXP		2,935.00	
10-20020	ACCRUED PAYROLL			7,823.00
30-20020	ACCRUED PAYROLL			346.00
50-20020	ACCRUED PAYROLL			2,935.00
Total			11,104.00	11,104.00

Adjusting Journal Entries JE # 47				
Client Entry #20181139 : To accrue PERS pension contributions on wage accrual and compensated absences.				
10-51311	PERS PREMIUM EXP		112,389.00	
30-51311	PERS PREMIUM EXP		6,792.00	
50-51311	PERS PREMIUM EXP		38,187.00	
10-20023	PR CLEARING-PERS ER			112,389.00
30-20023	PR CLEARING-PERS ER			6,792.00
50-20023	PR CLEARING-PERS ER			38,187.00
Total			157,368.00	157,368.00

Client: **NEVADA IRRIGATION DISTRICT**
 Engagement: **2018 - NEVADA IRRIGATION DISTRICT**
 Period Ending: **12/31/2018**
 Trial Balance: **GASB Fund Trial Balance**
 Workpaper: **Adjusting Journal Entries Report**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 48				
Client Entry #20181140 : Reallocating deferred outflows among the funds.				
10114-51324	OPEB NET ARC		54,300.00	
30-19625	DEFERRED OUTFLOWS - OPEB		24,100.00	
50-19625	DEFERRED OUTFLOWS - OPEB		30,200.00	
10-19625	DEFERRED OUTFLOWS - OPEB			54,300.00
30250-51324	OPEB NET ARC			24,100.00
50112-51324	OPEB NET ARC			30,200.00
Total			108,600.00	108,600.00
	Total Adjusting Journal Entries		93,374,995.00	93,374,995.00
	Total All Journal Entries		93,374,995.00	93,374,995.00

Nevada Irrigation District
2019 Comprehensive Annual Financial Report Schedule

Task Description	December	January	February	March	April	May	June	July
<u>Year End System Processing</u>								
CA 1099s, YE 1099s	x							
CA YE Human Resources	x							
Create New Year Ledgers	x							
Fixed Asset Depreciation	x							
Final Prior Year	x							
YE Inventory	x							
Interim Prior Year - As Needed	x							
Full System Backup	x							
Open Period 13		x						
Cont. CA 1099s, YE 1099s		x						
Cont. CA YE Human Resources		x						
Roll Encumbrances		x						
FY End Human Resources		x						
Interim Prior Year - As Needed		x						
Transmit CA YE-1099s to IRS			x					
Transmit W2 to IRS			x					
Interim Prior Year - As Needed			x					
<u>GL Accrual Adjustments</u>								
AP Accruals			x					
AR Accruals			x					
Long-term Accruals				x				
Cash Balances				x				
Net Asset Balances				x				
Interim Prior Year - As Needed				x				
<u>Auditor (PBC) Interim List</u>								
General					x			
Cash Disbursements					x			
Cash Receipts					x			
Internal Controls					x			
Payroll					x			
Risk Assessment					x			
Auditor Interim Fieldwork					x			

Nevada Irrigation District
2019 Comprehensive Annual Financial Report Schedule

Task Description	December	January	February	March	April	May	June	July
<u>Auditor (PBC) Final List</u>								
General						X		
Accouts Payable & Other Assets						X		
Capital Assets						X		
Cash & Investments						X		
Expenses						X		
Interfund Balances						X		
Internal Controls						X		
Inventory						X		
Long-Term Liabilities						X		
Nets Assets						X		
Other Post Employee Benefits (OPEB)						X		
Other Assets						X		
Pension Plan						X		
Receivables						X		
Revenues						X		
Auditor Year-End Fieldwork						X		
Ingrid Vacation						May 23 to Jun 14		
<u>CAFR Preparation</u>								
Introductory - Transmittal, Officials, Chart							X	
Financial - MD&A, Statements, Notes							X	
RSI - Pension and OPEB benefits							X	
Supplemental - Agency Funds, Capacity Report							X	
Statistical Section							X	
Auditor CAFR Review							X	
Board Meeting (CAFR due Jul 17)								X
Submission to GFOA (due Jul 31)								X



BETTY T. YEE
California State Controller

November 8, 2019

District Fiscal Officer
Nevada Irrigation District
1036 W. Main Street
Grass Valley, CA 95945

SUBJECT: 2018-19 Special Districts Financial Transactions Report

Dear District Fiscal Officer:

This letter provides information regarding the 2018-19 Special Districts Financial Transactions Report (FTR). Government Code (GC) section 53891 requires that the financial transactions of each local agency be submitted to the State Controller's Office (SCO) within seven months after the close of the fiscal year. The report must contain underlying data from audited financial statements prepared in accordance with generally accepted accounting principles, if this data is available.

The financial reports are due January 31, 2020. Please submit the following documents to SCO:

- Financial Transactions Report
- U.S. Bureau of the Census survey form

Reporting instructions and information are available on the SCO website at https://www.sco.ca.gov/ard_locinstr_districts_forms.html.

To file your report, visit <https://lgrsonline.sco.ca.gov>. The entity type, username, and password for the web-based reporting program are:

Entity Type: Special Districts
Username: Nevada Irrigation District
Password: Ab#12522904000

District Fiscal Officer
November 8, 2019
Page 2

GC section 12463.1(c) requires SCO to annually publish specific information regarding the assets, liabilities, and equities from the 250 Special Districts with the largest total revenues.

Your agency has been identified as a potential Special District that may meet the Top 250 Special Districts criteria for the 2018-19 report. You are required to complete the following applicable forms:

- Balance Sheet
- Statement of Net Position

Please mail U.S. Bureau of the Census form to:

State Controller's Office
Local Government Programs and Services Division
Local Government Reporting Section
P.O. Box 942850
Sacramento, CA 94250

Please note that in accordance with GC section 12464, if the reports are not made in the time, form, and manner required—or there is reason to believe that a report is false, incomplete, or incorrect—SCO is authorized to conduct an investigation to obtain the required information. Any costs incurred by SCO as a result of such an investigation shall be borne by the district.

GC section 26909 requires an audit to be completed and filed with our office within 12 months after the close of the fiscal year(s) under examination. As an alternative to mailing a hard copy, you may email an electronic copy to SDsupport@sco.ca.gov.

If you have any questions, please contact the Special Districts Reporting Unit at SDsupport@sco.ca.gov or (916) 327-1017; or contact Susan Tsushima at stsushima@sco.ca.gov or (916) 323-2373.

Sincerely,



EDWARD SERAFICA
Supervisor
Special Districts Unit

Enclosures: Top Ten Reporting Issues
U.S. Bureau of the Census survey form



NEVADA IRRIGATION DISTRICT

Auditor Presentation of 2018 Audit

Richardson & Company, LLP
Ingrid Sheipline



Reports Issued

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



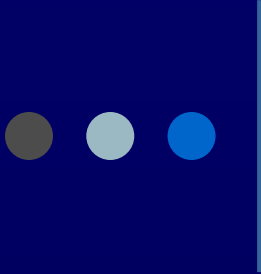
Audit Results and Observations

- Audit opinion unmodified (clean)
- Large number of adjustments needed
- Delays due to personnel changes and system limitations
- Some recommendations carried over from 2013 audit



Discussion of Financial Statements

- Positive unrestricted net position (equity) of \$32 million (page 14)
- Negative unrestricted net position in Water & Recreation Funds
 - Not sufficient to cover Board designations (page 35)
- Implementation of GASB 75 to record full OPEB liability
 - Reduced net position by \$9.4 million
- Net income for all funds (page 15)
 - Water \$ 2,902,000
 - Electric 8,503,000
 - Recreation 136,000



Discussion of Financial Statements (Continued)

- Capital expenditures of \$17.5 million (page 30)
- No new debt issued
- Debt repayments of \$2.3 million (page 33)
- Decreased pension liability of \$1.4 million (page 38)
 - Totals \$47.5 million



Net Position by Fund

December 31, 2018

<u>Net Position</u>	<u>Water</u>	<u>Electric</u>	<u>Recreation</u>
	in thousands		
Invested in Capital Assets	\$ 253,006	\$ 87,273	\$ 34,773
Restricted for capital improvement	5,552		
Restricted for debt service	611		
Unrestricted	<u>(16,674)</u>	<u>49,926</u>	<u>(1,073)</u>
Total Net Position	<u>\$ 242,495</u>	<u>\$ 137,199</u>	<u>\$ 33,700</u>
Pension and OPEB Liabilities	<u>\$ 45,128</u>	<u>\$ 9,328</u>	<u>\$ 1,821</u>



Report on Compliance and Internal Control

No new comments

Carryover comments from 2013 audit

- 2 items remaining



Report on Compliance and Internal Control (continued)

Material weaknesses

- Year-end closing procedures need to be improved
- 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 contributed to delays
- Cumbersome accounting processes and systems also caused delays



Audit Adjustments

- 48 adjustments/closing entries identified
- Reduction from 119 adjustments in 2017 audit
- No unadjusted audit difference



Management Letter

No new recommendations

Prior Year Recommendations, not yet resolved

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

Prior Year Recommendations Resolved

- Capital asset accounting