Nevada Irrigation District

Staff Report

for the Special Board of Directors' Meeting of November 02, 2020

TO: Board of Directors

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

DATE: October 28, 2020

SUBJECT: **Comprehensive Annual Financial Report - 2019**

FINANCE

RECOMMENDATION:

Receive an informational presentation of the District's 2019 Comprehensive Annual Financial Report (CAFR) and authorize the Finance Manager to publish the report.

BACKGROUND:

The California Government Code (GC 26909), Grant Contracts, Debt Continuing Disclosure, and Rating Agencies require audited financial statements of the District. The GC requires the District to file its' audited financial statements with the County within 12 months of the end of the fiscal year. The State Controller's Office (SCO) requires the filing of its financial report by January 31, 2021. The District's Debt Covenant agreements requires filing its' financial report no later than 270 days after its fiscal year.

The District contracted with the firm Richardson and Company, LLP, in October 2013 for this service. The contract covers a five-year engagement consistent with Board policy and industry standards. The contract was extended in October 2018 for an additional three years as staff recommended not changing auditors during the migration of the financial and asset management systems.

The District was delayed in meeting the 270-day timeframe to produce its' CAFR. Significant challenges were overcome in the production of its' 2019 CAFR. Delays in the District's 2018 audit caused delays in the 2019 audit. During critical fieldwork preparation, staff was pulled from the audit to bring paper timecards and invoices to paperless processes online to address the COVID19 pandemic. Around the final stages of the audit, two Accountants went out on medical leave and continue to be out. All fieldwork is performed offsite, and internet access is disrupted. Finally, many of the Department's processes are manual and will be automated upon completion of the new Enterprise Resources Planning (ERP) system.

The 2015, 2016, and 2017 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. To receive this award, a government must publish an easily readable and efficiently organized CAFR that satisfies both the Governmental Accounting Standards Board (GASB) and applicable legal requirements.

There are a few significant changes from the prior year's report.

- Unrestricted cash position increased by $7.3 million as the District is building reserves anticipating capital project spending.

- GASB 75 (Other post-employment benefits) liability decreased by $.5 million. The District is funding this liability through its' CALPERS Trust.

- GASB 68 (Net Pension Liability) liability increased by $2 million. The $49.5 million liability is funded in accordance with the CALPERS 30-year amortization schedule. Due to the volatility of this liability, staff does not recommend funding it through a separate trust.

- Net Deferred Outflows (Assets) decreased by $1.1 million & Inflows (Liabilities) remained the same, resulting in a reduction to the net position. Depending on actuarial assumptions, these long-term balances may never have a cash impact.

- Net Position increased by $14.4 million, primarily driven by strong hydroelectric revenues over the Fund's operating expenses, as well as healthy investment income of $3 million and intergovernmental revenues of $3.6 million. District operating expenses were held at a $1.7 million increase.

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

BUDGETARY IMPACT: N/A

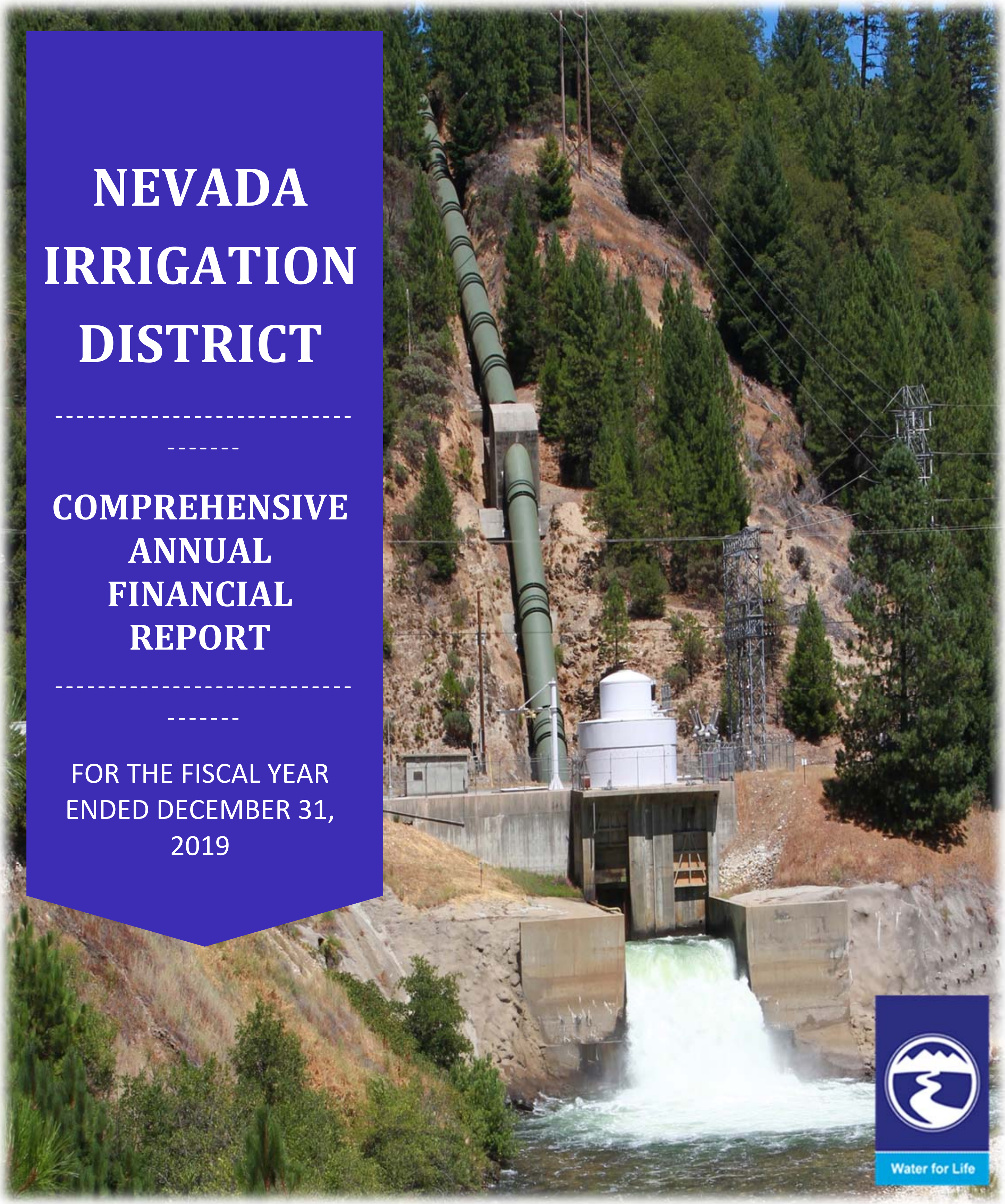
MD, DM
Attachments:

- Audited Financial Statements for the year ending December 31, 2019
- Auditor's Management Letter dated October 27, 2020
- Auditor's Required Communication Letter dated October 27, 2020

NEVADA IRRIGATION DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019



Water for Life

NEVADA IRRIGATION DISTRICT

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2019

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, 2019

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NEVADA IRRIGATION DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2019

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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

October 28, 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, 2019. The information presented in this CAFR provides financial information with all the disclosures necessary to enable the District's customers, investment community, and public to assess the District's financial condition.

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

Richardson & Company LLP, a firm of licensed certified public accountants, contracted with the District and has audited the District's financial statements. The goal of the independent audit is to provide reasonable assurance to parties that the financial statements of the District for the fiscal year ended December 31, 2019, 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, 2019, 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, 2019 basic financial statements, including the Balance Sheet, Statement of Revenues and Expenses, Statement of Cash Flows, Statement of Fiduciary Net Position and Notes to the Basic Financial Statements. The Required Supplementary Information contains information on the District's pension and other postemployment benefit plan. Supplementary information consists of a Schedule of Changes in Assets and Liabilities for the Agency Funds and the Capacity Fee Report. The financial statements are prepared in accordance with GAAP. The Statistical section summarizes selected, unaudited, general financial and operational information of the District.

District Profile

History

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

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

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

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

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

Mission Statement

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

Water Operation

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

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

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

With precipitation data that dates to the 1800s, the District is a foremost source for regional weather information. The District has been keeping weather records for Bowman Reservoir (elev. 5,650 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 about 5,200 customers who receive water through individual metered service outlets. A large majority of agricultural purchases occur during the summer irrigation season of April 15, through October 14, and provide the supplies to sustain a large variety of agricultural crops including but not limited to irrigated pasture, vineyards, orchards, and family gardens. District water supplies are integral in sustaining a robust multi-million dollar agricultural industry in Nevada, Placer, and Yuba counties. The District's water distribution network is also pivotal in providing the water supply needs for the District's six domestic water treatment plants and the raw water supply to the City of Grass Valley, Nevada City, and a small portion of the City of Lincoln.

Domestic Water

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

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

- Lake of the Pines Water Treatment Plant with a capacity of 5 MGD to serve the Lake of the Pines and Dark Horse subdivisions
- Lake Wildwood Water Treatment Plant with a capacity of 4 MGD to serve the Lake Wildwood and Penn Valley subdivisions
- Smartsville Water Treatment Plant with a capacity of 0.085 MGD to serve the town of Smartsville

Water Efficiency

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

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

Hydroelectric Operation

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

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

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

Recreation Operation

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

Scotts Flat is nestled among the tall pines at the 3100-foot elevation nine miles east of Nevada City via Highway 20 and Scotts Flat Road. It offers 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 2019, the District proudly served 214,248 campers and day use visitors among its campgrounds.

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

Summary of District Operations:

- Customers: Approx. 25,000 (municipal customers: Grass Valley, Nevada City, City of Lincoln)
- Number of Employees: Full-time 208, Temporary 62
- District Geographical Size: 287,000 acres
- Mountain Watershed: 70,000 acres
- Storage Capacity: 280,380 acre-feet
- Reservoirs: 9
- Water Treatment Plants: 6
- Storage Tanks: 44
- Hydroelectric Plants: 7
- Solar Array: 80 Kilowatt
- Recreation Sites: 12
- Canals: 475 miles
- Pipelines: 406 miles
- 2020 Combined Budget: $67 million (excluding transfers)
    - Water Division: $46.4 million
    - Hydroelectric Division: $17.8 million
    - Recreation Division: $2.8 million

Accounting System and Budgetary Controls

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

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

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

Factors Affecting Financial Condition

Economic Outlook

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

Nevada County

The 2019 estimated population figures, as provided by the State Department of Finance for Nevada County are 98,904. This is a slight increase from 2018 with about 67% or 66,579 of the residents living in the unincorporated areas. The Town of Truckee is the largest of the three cities within the County, with approximately 16,434 residents in 2019. The City of Grass Valley is the second largest city within the boundaries of the County with a population of 12,769. Nevada City serves as the County seat with a population of 3,122.

The County's September 2019 labor force totaled 48,730, which was a decrease of 300 from the 2018 figure for the same month. Nevada County's unemployment rate in September 2019 was 2.6% which was a small decrease from September 2018's unemployment rate of 3.1%, California's statewide rate was 4.0% for the same period. The median household income within the County of Nevada is $60,610 (in 2018 dollars as provided by the US Census Bureau). This is 19% lower than the California median household income of $75,277.

The County has experienced a constant economic upcycle for 9 years. The 1% Local Sales and Use Tax revenue to the County increased 3% 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 3% in the subsequent fiscal year.

The real estate market continues to show improvement with housing prices on the rise. California Association of Realtors data showed the median residential property price in Nevada County for September 2019 was $399,000 from $445,000 in September of 2018 which is a 10.3% drop. The real estate market in the eastern portion of the county has increased with the median sales reported at $637,000, which is a 3.5% increase from 2018 according to Zillow.com.

Placer County

During fiscal year (FY) 18-19, the County, for the eighth consecutive year, saw positive trends in certain economic segments led by real estate and tourism. Also, for the eighth consecutive year, annual income and unemployment continued to show steady improvement. The County's unemployment rate dropped to 3.3% as of June 2019. The June 2019 unemployment rate was below the national level of 3.8% and the state level of 3.8%. The fiscal year 2019 total secured tax roll shows a 6.1% increase in assessed value to $75.9 billion. The County's median home value increased in 2018 to approximately $475,000. Average median household income had an increase to $80,488 in 2018 from $76,926 in 2017 which was above the State average of $67,169 in 2018. Gross value of agricultural produces rose 25% in 2018 to $72,702,890. The top five crops for 2018 were rice, cattle, nursery stock, timber, and walnuts. Transient occupancy taxes (TOT) increased by 13.2% to $21.7 million in fiscal year 2018-19. 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.

Property and real property transfer taxes are projected at moderate growth at 3 to 5% for the next several years. Sales tax collections are estimated to increase by $500,000 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 is favorably positioned relative to modest economic growth.

Yuba County

Yuba County's estimated population of 78,887 as of January 1, 2020 represents an increase over 2019 data of 2.0 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 79,290 and 122,028 by 2020 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 2019, Yuba had a Per Capital Personal Income (PCPI) of $23,867 compared to $41,508 for Placer and $37,145 for Nevada. The median household income for Yuba was $52,624 compared to $84,357 for Place and $63,240 for Nevada. The Employment Development Department's September 2020 preliminary report presents a jobless rate of 10.8 percent.

<u>Long-term Financial Planning</u>

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

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

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 represented three consecutive years the District achieved the 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,

Greg Jones, MBA
Interim General Manager

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

Nevada Irrigation District

List of Elected and Appointed Officials
December 31, 2019

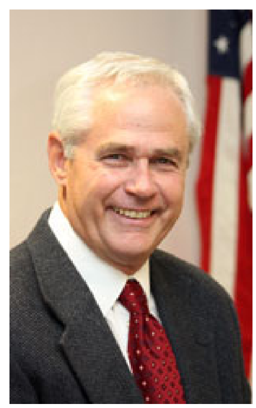
Board of Directors – Elected Officials

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

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

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

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



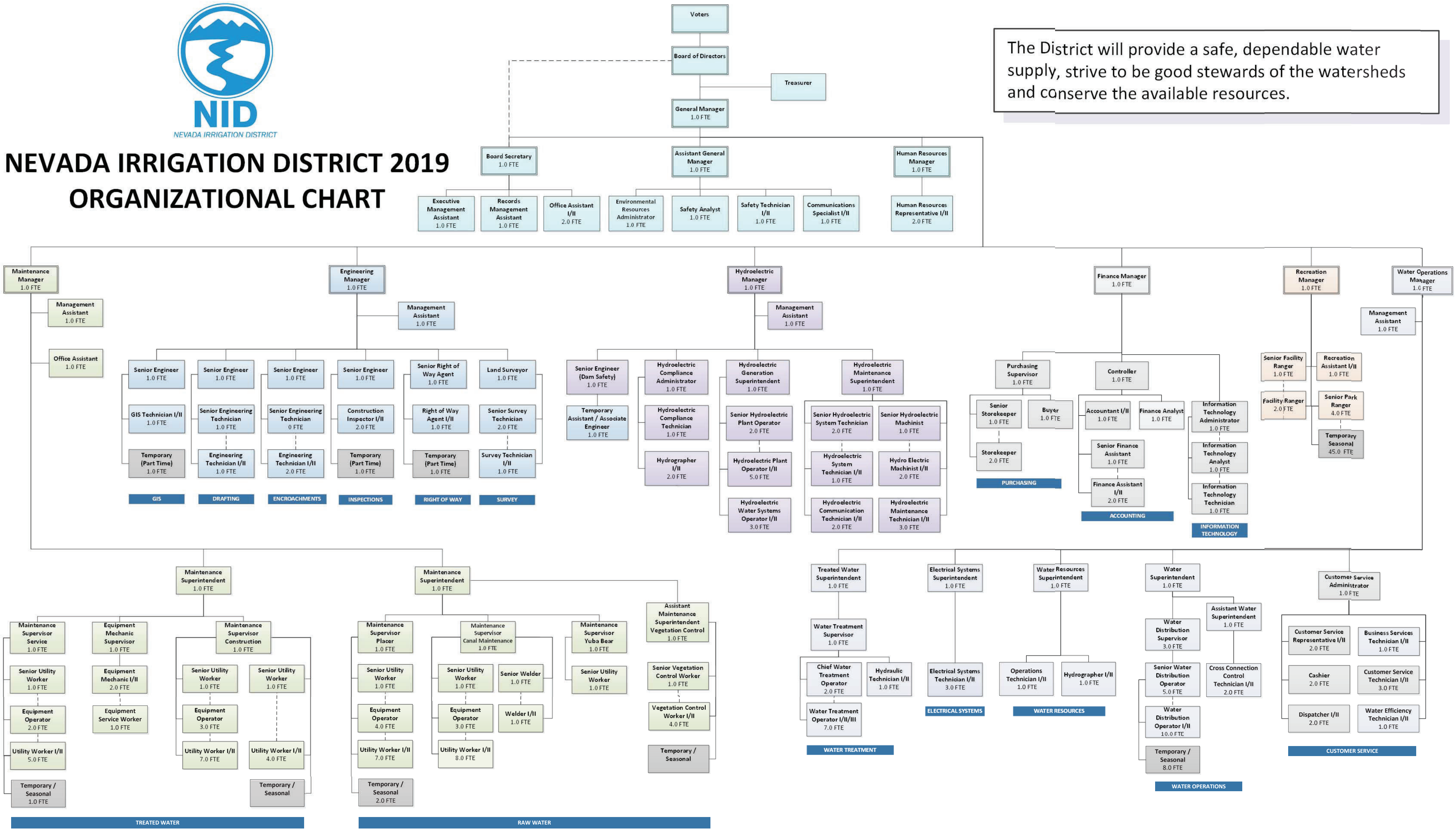
Nick Wilcox – Division V
12/2016 – 12/2020

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 .... Jacqueline Longshore
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 2019 ORGANIZATIONAL CHART

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



2019 FTEs **208.00**
2019 Temps **62.00**

Updated 11/13/2019

FINANCIAL SECTION

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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, 2019, 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, 2019 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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 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

To the Board of Directors
Nevada Irrigation District

reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Richardson & Company, LLP

October 27, 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, 2019. The analysis serves as an introduction to the District's audited financial statements and compliments 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 six water treatment plants, generates renewable hydroelectric energy, maintains in its water system 475 miles of canals and 406 miles of pipeline and provides outdoor recreation at the District's reservoirs to customers in Nevada, Placer and Yuba counties.

Today, the District serves 19,519 treated water connections and 5,188 irrigation water customers located within its 287,000 acreage boundary. The six water treatment plants have a peak capacity of 41.8 mgd (million gallons per day). About ninety percent of the District's average 122,000 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 and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $427,828,708 *(net position)*. The District has $387,397,101 investment in capital assets, $6,840,404 restricted by statute and debt service, and $33,591,203 unrestricted. (see Note 6)

- The District increased its total net position in 2019 by $14.4 million, a 3.5% increase over 2018. The growth is mainly from the non-cash charge of $9.4 million in 2018 for GASB 75, small increase in operating revenues (Water, Electric, Recreation) of $.6 million, an increase in taxes and assessments of $.7 million, an increase in grant revenue of $1.5 million, offset by an increase in operating expenses of $1.7 million. The District's non-operating revenues reflects an increase in investment income of $1.6 million. Transfers and capital contributions are basically flat.

- The District's working capital, current assets of $43,219,334 minus current liabilities of $12,947,526, is a positive $30,271,808, significantly up from 2018 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 $10,424,212 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 $1.7 million are driven from increases in administration and general expenses associated with salaries and general inflation of $2.2 million and water treatment of $.4 million being offset by reductions of $.9 million in transmission and distribution, pumping and depreciation.

- The District's Other Post- Employment Benefits (OPEB) liability was actuarially determined in 2019 and is sufficient for 2019 and 2020 estimates. The reporting period's Annual OPEB Service Cost amounts to $.6 million. The District continues to fund this obligation with an estimated amortization period of approximately 8 years. Accounting standards required recording of the OPEB liability in the financial statements starting December 31, 2018. This year the liability decreased $.5 million with $8.2 million recorded for the current year. (see Note 8)

- During 2019, the Nevada Irrigation District's total liabilities and deferred inflows increased by $2.9 million driven by accounts payable and Net Pension Liability. This increase is offset by reductions in long-term debt. 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 Standard & Poor's and Fitch, respectively.

- As more fully described in Note 11, the District has significant outstanding capital commitments as of December 31, 2019 of $24.4 million.

Overview of the District's Financial Statements

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

1) Fund financial statements
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, 2019. 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, 2019. 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 positon 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 19 and conclude on page 46 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's progress in funding its pension and other post-employment benefit obligations. Required supplementary information is located on pages 47 to 50 of this report. In addition, the District has elected to present Government Code 66013 Capacity Fee Report on restricted fees as additional information on page 52.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by $427,828,708 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 unavailable to cover liabilities.

Table 1
Statements of Net Position

	2019	2018	Change
Assets			
Current and other assets	$ 116,885,127	$ 109,919,293	$ 6,965,834
Capital assets (net of accumulated depreciation)	423,090,534	411,534,669	11,555,865
Total assets	539,975,661	521,453,962	18,521,699
Deferred outflows of resources			
Deferred outflows	6,380,199	7,544,083	(1,163,884)
Total deferred outflows	6,380,199	7,544,083	(1,163,884)
Total assets and deferred outflows	$ 546,355,860	$ 528,998,045	$ 17,357,815
Liabilities			
Current Liabilities	$ 12,947,526	$ 8,860,498	$ 4,087,028
Long-Term Liabilities	104,390,523	105,511,024	(1,120,501)
Total liabilities	117,338,049	114,371,522	2,966,527
Deferred inflows of resources			
Deferred inflows of resources	1,189,103	1,232,500	(43,397)
Total deferred inflows	1,189,103	1,232,500	(43,397)
Total liabilities and deferred inflows	$ 118,527,152	$ 115,604,022	$ 2,923,130
Net Position			
Investment in capital assets	$ 387,397,101	$ 375,052,247	$ 12,344,854
Restricted by statute	6,229,224	5,552,218	677,006
Restricted for debt service	611,180	611,180	-
Unrestricted	33,591,203	32,178,378	1,412,825
Net Position	$ 427,828,708	$ 413,394,023	$ 14,434,685

The District's restricted net position of $6,840,404 represents resources that are subject to statutory restrictions and debt service requirements. The remaining balance of its' net position, $33,591,203 serves to meet all short and long-term annual liabilities. Unrestricted liquid cash (short-term cash and cash equivalents) is at $24.7 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

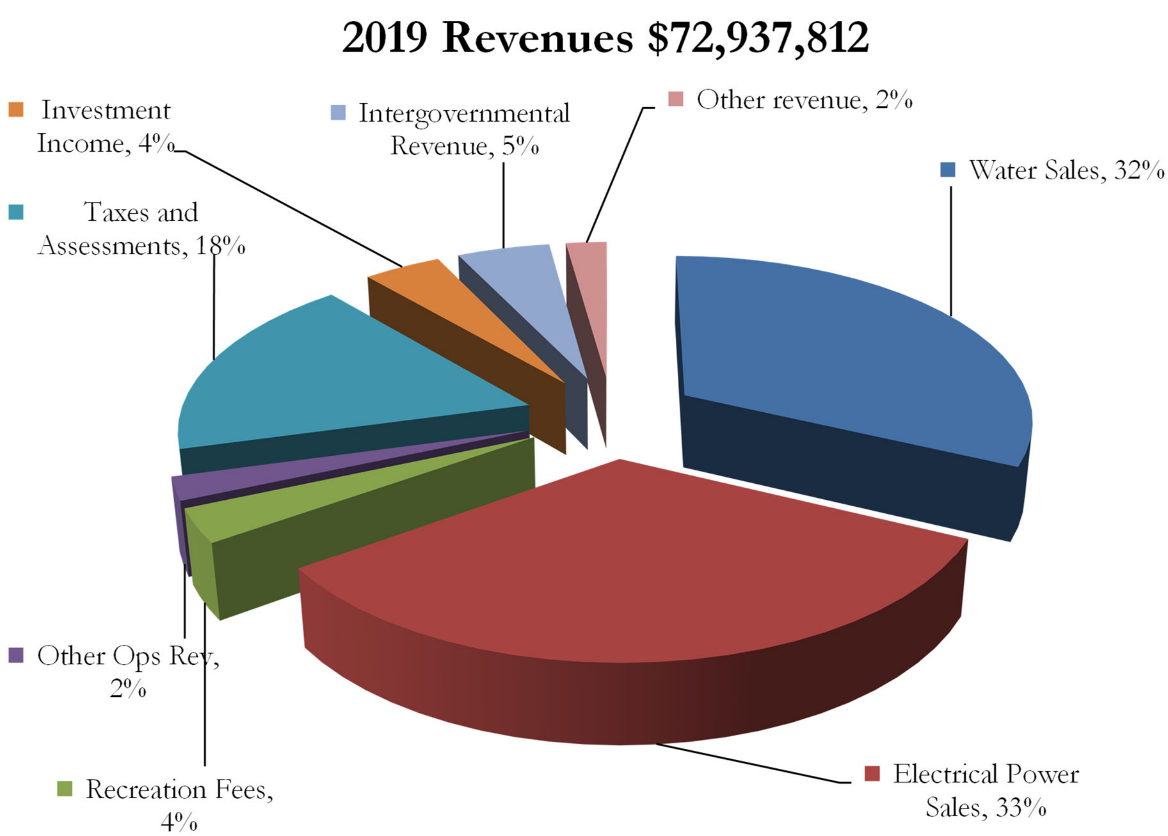
	2019	2018	Change
Operating Revenues			
Water Sales	$ 23,380,147	$ 23,401,901	$ (21,754)
Electrical Power Sales	24,193,843	23,526,675	667,168
Recreation Fees	2,375,139	2,243,900	131,239
Other revenue	1,635,067	1,809,684	(174,617)
Total Operating Revenues	$ 51,584,196	$ 50,982,160	$ 602,036
Non-Operating Revenues			
Taxes and Assessments	$ 13,092,532	$ 12,331,723	$ 760,809
Investment Income	3,038,195	1,465,194	1,573,001
Intergovernmental Revenue	3,629,278	2,165,910	1,463,368
Gain on asset disposal	(71,159)	(214,765)	143,606
Other revenue	172,684	228,926	(56,242)
Total Non-Operating Revenues	19,861,530	15,976,988	3,884,542
Total Revenues	71,445,726	66,959,148	4,486,578
Operating Expenses			
Water	44,163,149	42,256,422	1,906,727
Electric	10,840,330	10,665,237	175,093
Recreation	2,127,036	2,479,528	(352,492)
Total Operating Expenses	57,130,515	55,401,187	1,729,328
Non-Operating Expenses			
Interest Expense	1,372,612	1,438,321	(65,709)
Total Non-Operating Expenses	1,372,612	1,438,321	(65,709)
Total Expenses	58,503,127	56,839,508	1,663,619
Income (Loss) Before Capital Contributions	12,942,599	10,119,640	2,822,959
Capital Contributions			
Facility Capacity Charges	789,537	517,342	272,195
Other Capital Contributions & Transfers	702,549	905,297	(202,748)
Total Transfers and Capital Contributions	1,492,086	1,422,639	69,447
Change in Net Position	14,434,685	11,542,279	2,892,406
Net Position - Beginning of Year	413,394,023	401,851,744	11,542,279
Net Position - End of Year	$ 427,828,708	$ 413,394,023	$ 14,434,685

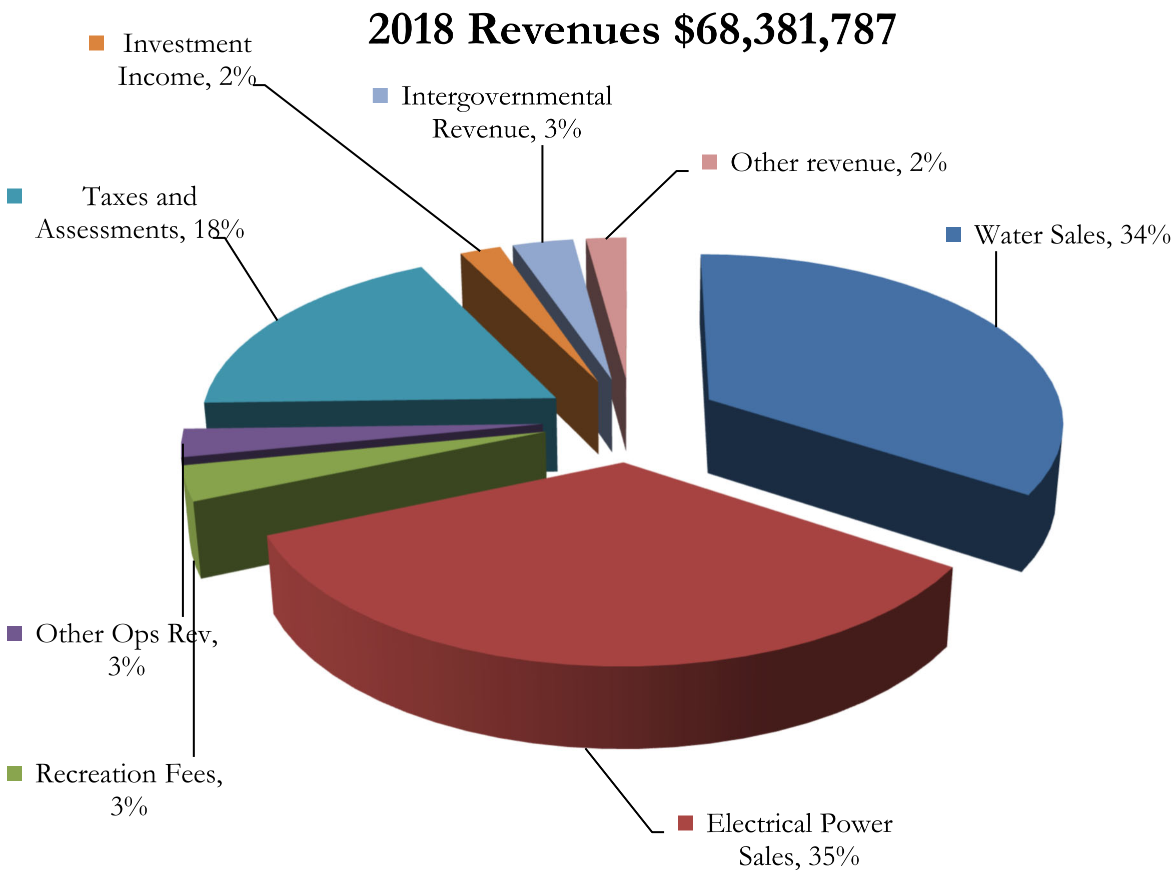
The District's total net position increased by $14.4 million in 2019 as compared with $11.5 million in the prior year. Total revenues of $71.4 million outpaced total expenses of $58.5 million by $12.9 million being driven by Investment Income and Intergovernmental revenues. The District saw a relatively modest increases in operating revenues (electric and recreation) of $.6 million as well as non-operating revenue in taxes and assessments of $.7 million. Non-operating expenses resulting from interest expense on debt consumed an additional $1.4 million driving the income before capital contributions down to $12.9 million.

This year's capacity fees and capital contributions were healthy, contributing $1.5 million, consistent with prior year's $1.4 million, to arrive at the net position of $14.4 million, approximately $2.9 million greater than the prior period.

Operating expenses increased in 2019 by $1.7 million due to increased administration and general expenses (salaries, consultants), which contain Hydro and Recreation activities and treatment facilities (Water Operations). The District received $.8 million in capacity fee charges as reflected in the Government Code 66013 report, which is $.3 million less than the prior year. The District has extended financing options for these fees. Other capital contributions decreased from the prior year and is an indication of less developer activity.

The chart displays revenues for 2019 and 2018 as follows:





Capital Assets. The District's investment in capital assets as of December 31, 2019 was $423,090,534 as compared to $411,534,669 (net of accumulated depreciation) for 2018. 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 2019 is $11.5 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

	2019	2018
Nondepreciable capital assets	$ 154,872,506	$ 155,302,044
Depreciable capital assets	450,825,204	430,218,070
Less: Accumulated depreciation	(182,607,176)	(173,985,445)
Net Depreciable Capital Assets	268,218,028	256,232,625
Net Capital Assets	$ 423,090,534	$ 411,534,669

Long-Term Liabilities. At the end of the current fiscal year, the District had long- term liabilities outstanding, including the current portion, of $107,488,944 comprised of net OPEB liability, compensated absences, net pension liability, revenue bonds and state loans, a decrease of $1 million from the prior period. Recording of the District's net OPEB liability of $8,278,944 and net pension liability of $49,509,681 is an actuarial determined balance and a requirement of GAAP. The District is currently funding its' OPEB liability through a CALPERS Trust.

Long-Term Liabilities and Total Debt

	2019	2018
Other postemployment benefits	$ 8,278,944	$ 8,757,000
Compensated absences	2,794,492	2,461,872
Health reimbursement arrangement (HRA)	640,221	742,789
Net pension liability	49,509,681	47,519,391
2016A Revenue Bonds	21,872,369	22,777,801
2011A Revenue Bonds	19,104,348	20,450,833
State of California Loans	5,288,889	5,771,019
Total Outstanding	$ 107,488,944	$ 108,480,705

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

Economic Factors and Next Year's Rates

The District increased its water rates for fiscal year 2019 and 2018 by an average of six percent (6%) for both raw water and treated water customers. In July, 2019 the Board amended the 2019 Budget and adopted a 5.72% rate increase as well as a 5% reduction in expenditures. However, due to usage and other factors, revenue water sales remained flat. The District has an approved three-year rate increase strategy through 2021 and will be required to prepare a new Proposition 218 rate increase notice for any proposed rate increase subsequent to 2021.

The District continues to make an investment in its relicensing efforts with the Federal Energy Regulatory Commission (FERC). The license allows the District to operate its Yuba-Bear hydroelectric facilities located primarily on the South Yuba and Bear rivers in Nevada and Placer counties. The permanent license expired on April 30, 2013. Currently, the District operates on annual licenses from FERC until issuance of the full license by the Commission. The District has expended approximately $16 million through December 31, 2019 in relicensing efforts.

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

Requests for Information

This financial report is designed to provide a general overview of the 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.

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NEVADA IRRIGATION DISTRICT

BALANCE SHEETS

As of December 31, 2019

	Water	Electric	Recreation	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$ 15,582,999	$ 7,773,255	$ 1,338,414	$ 24,694,668
Accounts receivable, net	2,493,928	2,424,464	5,423	4,923,815
Interest receivable	396,985			396,985
Assessments receivable	7,187,342			7,187,342
Grants receivable	2,974,704			2,974,704
Other receivables	680	3,317		3,997
Inventory	1,803,643	7,656	3,210	1,814,509
Prepaid expenses and other current assets	910,350	260,326	36,592	1,207,268
Deposits	16,046			16,046
Total Current Assets	31,366,677	10,469,018	1,383,639	43,219,334
Noncurrent Assets				
Restricted cash and cash equivalents	7,556,357			7,556,357
Investments	2,163,448	49,520,846		51,684,294
Restricted Investments	10,055,759			10,055,759
Due from other governments	3,432,807			3,432,807
Loans receivable	936,576			936,576
Total noncurrent assets	24,144,947	49,520,846		73,665,793
Capital Assets				
Non-depreciable	74,385,013	51,972,599	28,514,894	154,872,506
Depreciable, net	224,896,663	37,653,875	5,667,490	268,218,028
Total capital assets, net	299,281,676	89,626,474	34,182,384	423,090,534
TOTAL ASSETS	354,793,300	149,616,338	35,566,023	539,975,661
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow - pensions	4,402,911	960,733	190,894	5,554,538
Deferred outflow - OPEB	594,600	76,200	6,900	677,700
Deferred amount on refunding	147,961			147,961
TOTAL DEFERRED OUTFLOWS	5,145,472	1,036,933	197,794	6,380,199
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 359,938,772	$ 150,653,271	$ 35,763,817	$ 546,355,860

(Continued)

NEVADA IRRIGATION DISTRICT

BALANCE SHEETS (Continued)

As of December 31, 2019

	Water	Electric	Recreation	Total
LIABILITIES				
Current Liabilities				
Accounts payable	$ 5,432,257	$ 1,001,317	$ 24,508	$ 6,458,082
Accrued payroll and benefits payable	890,606	202,952	32,693	1,126,251
Deposits	432,736			432,736
Retention payable	665,509	29,572		695,081
Grants payable	96,114			96,114
Unearned revenue	479,563		7,278	486,841
Accrued interest payable	554,000			554,000
Compensated absences and HRA liability, due within one year	526,029	85,456	28,736	640,221
Long-term debt, due within one year	2,458,200			2,458,200
Total current liabilities	11,535,014	1,319,297	93,215	12,947,526
Noncurrent Liabilities				
Compensated absences and HRA liability, due after one year	2,172,425	514,852	107,215	2,794,492
Net pension liability	39,244,800	8,563,375	1,701,506	49,509,681
Other postemployment benefit liability	7,160,572	1,000,735	117,637	8,278,944
Long-term debt	43,807,406			43,807,406
Total noncurrent liabilities	92,385,203	10,078,962	1,926,358	104,390,523
TOTAL LIABILITIES	103,920,217	11,398,259	2,019,573	117,338,049
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow - pensions	911,512	198,895	39,520	1,149,927
Deferred inflow - OPEB	24,142	9,752	5,282	39,176
TOTAL DEFERRED INFLOWS	935,654	208,647	44,802	1,189,103
TOTAL LIABILITIES AND DEFERRED INFLOWS	104,855,871	11,606,906	2,064,375	118,527,152
NET POSITION				
Net investment in capital assets	263,588,243	89,626,474	34,182,384	387,397,101
Restricted for capacity expansion	6,229,224			6,229,224
Restricted for debt service	611,180			611,180
Unrestricted	(15,345,746)	49,419,891	(482,942)	33,591,203
Total Net Position	255,082,901	139,046,365	33,699,442	427,828,708
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 359,938,772	$ 150,653,271	$ 35,763,817	$ 546,355,860

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, 2019

	Water	Electric	Recreation	Total
Operating Revenues				
Water sales	$ 23,380,147			$ 23,380,147
Electric power sales		$ 24,193,843		24,193,843
Standby charges	129,822			129,822
Reimbursements	27,975	203,550		231,525
New connections and installations	261,310			261,310
Recreation fees			$ 2,375,139	2,375,139
Other revenue	942,453	69,957		1,012,410
Total Operating Revenues	24,741,707	24,467,350	2,375,139	51,584,196
Operating Expenses				
Administration and general	17,981,613	9,106,265	1,859,606	28,947,484
Water treatment	7,857,776			7,857,776
Transmission and distribution	9,392,383			9,392,383
Pumping	896,625			896,625
Depreciation and amortization	8,034,752	1,734,065	267,430	10,036,247
Total Operating Expenses	44,163,149	10,840,330	2,127,036	57,130,515
Net Income/(Loss) from Operations	(19,421,442)	13,627,020	248,103	(5,546,319)
Nonoperating Revenue (Expenses)				
Taxes and assessments	13,092,532			13,092,532
Investment income	2,233,083	805,112		3,038,195
Rents and leases	92,722	416	79,546	172,684
Gain (loss) on sale/disposition of capital assets	68,331	(1,080)	(138,410)	(71,159)
Intergovernmental revenue	3,629,278			3,629,278
Interest expense	(1,372,489)	(123)		(1,372,612)
Total Nonoperating Revenue (Expenses)	17,743,457	804,325	(58,864)	18,488,918
Net Income Before Capital Contributions	(1,677,985)	14,431,345	189,239	12,942,599
Transfers and capital contributions				
Facility capacity charges	789,537			789,537
Other capital contributions	702,549			702,549
Transfers in	12,882,349	77,924	691,483	13,651,756
Transfers out	(108,313)	(12,662,068)	(881,375)	(13,651,756)
Total Capital Contributions	14,266,122	(12,584,144)	(189,892)	1,492,086
Change in Net Position	12,588,137	1,847,201	(653)	14,434,685
Net Position, Beginning of Year	242,494,764	137,199,164	33,700,095	413,394,023
Net Position, End of Year	$ 255,082,901	$ 139,046,365	$ 33,699,442	$ 427,828,708

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

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NEVADA IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2019

	Water	Electric	Recreation	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 25,327,172	$ 24,149,754	$ 2,379,465	$ 51,856,391
Payments to suppliers	(17,817,996)	(5,922,920)	(1,044,445)	(24,785,361)
Payments to employees	(13,068,682)	(2,450,185)	(685,201)	(16,204,068)
Rent and lease receipts	92,722	416	79,546	172,684
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(5,466,784)	15,777,065	729,365	11,039,646
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Assessments received	12,682,524			12,682,524
Amounts received/(paid) from other funds	20,394,212	(20,974,540)	580,328	-
Intergovernmental grants received	3,605,552			3,605,552
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	36,682,288	(20,974,540)	580,328	16,288,076
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(16,169,972)	(4,093,496)	(649,082)	(20,912,550)
Interest payments on long-term debt	(1,748,416)	(123)		(1,748,539)
Principal payments on long-term debt	(2,352,130)			(2,352,130)
Facility capacity charges received in cash	789,537			789,537
Reimbursements from improvement districts	181,069			181,069
Proceeds from sale of capital assets	101,413			101,413
NET CASH (USED) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(19,198,499)	(4,093,619)	(649,082)	(23,941,200)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income received	1,678,501			1,678,501
Investment purchases	(1,043,104)	(17,038)		(1,060,142)
Investment sales/maturities	7,957,200			7,957,200
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	8,592,597	(17,038)	-	8,575,559
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	20,609,602	(9,308,132)	660,611	11,962,081
Cash and cash equivalents at beginning of year	2,529,754	17,081,387	677,803	20,288,944
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 23,139,356	$ 7,773,255	$ 1,338,414	$ 32,251,025

(Continued)

NEVADA IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Year Ended December 31, 2019

	Water	Electric	Recreation	Total
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS				
Cash and cash equivalents	$ 15,582,999	$ 7,773,255	$ 1,338,414	$ 24,694,668
Restricted cash and cash equivalents	7,556,357			7,556,357
TOTAL CASH AND CASH EQUIVALENTS	$ 23,139,356	$ 7,773,255	$ 1,338,414	$ 32,251,025
RECONCILIATION OF NET (LOSS) INCOME FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Net income (loss) from operations	$ (19,421,442)	$ 13,627,020	$ 248,103	$ (5,546,319)
Adjustments to reconcile net loss from operations to net cash provided (used) by operating activities:				
Depreciation and amortization	8,034,752	1,734,065	267,430	10,036,247
Abandoned projects written off	299,202	22,986	63,701	385,889
Rent and lease receipts	92,722	416	79,546	172,684
Changes in operating assets and liabilities:				
Accounts receivable, net	410,266	(315,055)	(1,147)	94,064
Grants and other receivables	3,247	(2,541)		706
Inventory	(97,780)	(1,682)	(3,210)	(102,672)
Prepaid expenses and other current assets	(337,984)	(48,154)	(6,750)	(392,888)
Deposits	10,800			10,800
Loans receivable	101,538			101,538
Accounts payable	3,737,589	233,488	4,985	3,976,062
Accrued payroll and benefits payable	348,989	58,457	14,519	421,965
Deposits	(5,022)			(5,022)
Grants payable	(1,004,278)			(1,004,278)
Unearned revenue	59,614		5,473	65,087
Other postemployment benefit liability	(393,428)	(73,265)	(11,363)	(478,056)
Compensated absences and HRA liability	187,350	31,970	10,732	230,052
Net pension liability	1,671,217	309,257	9,816	1,990,290
Deferred outflows/inflows	835,864	200,103	47,530	1,083,497
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	$ (5,466,784)	$ 15,777,065	$ 729,365	$ 11,039,646
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Change in fair value of investments	$ (531,680)	$ (805,112)	$ -	$ (1,336,792)
Donated infrastructure	702,549			702,549

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, 2019

	Agency Funds
Assets	
Cash with fiscal agent	$ 763,681
Assessments receivable	213,860
Infrastructure donated to District	3,028,079
Total Assets	$ 4,005,620
Liabilities	
Interest payable	$ 7,142
Due to other governments	3,004,307
Due to bondholders	428,500
Agency obligations	565,671
Total liabilities	$ 4,005,620

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

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 208 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 resources to such programs, followed by unrestricted resources if necessary. Restricted amounts

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019, 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.

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 $75,000 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. In accordance with Budget Amendment Policy 3100, the General Manager has authority up to $600,000 to perform transfers, increases or decreases for a fiscal year (Level I). The Administrative Practices Committee has authority up to $1,000,000 to perform transfers, increases or decreases for a fiscal year (Level II). The Board has authority to perform all amendments over these lower levels (Level III). All budget amendments authorizing additional FTE's shall go before the full Board

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

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

P. Health Reimbursement Arrangement

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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, 2020.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 activity and the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements of the government. Four fiduciary funds should be reported under this statement: Pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. This Statement is effective for the year ended December 31, 2020.

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

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 year ended December 31, 2020.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

NOTE 2 - CASH AND INVESTMENTS

The District's cash and investments consisted of the following at December 31, 2019:

Water Fund:	
Cash and cash equivalents	$ 15,582,999
Restricted cash and cash equivalents	7,556,357
Investments	2,163,448
Restricted investments	10,055,759
	35,358,563
Electric Fund:	
Cash and cash equivalents	7,773,255
Investments	49,520,846
	57,294,101
Recreation Fund:	
Cash and cash equivalents	1,338,414
	1,338,414
Fiduciary Funds:	
Cash and investments	763,681
Total	763,681
Total cash, equivalents and investments	$ 94,754,759

NOTE 2 - CASH AND INVESTMENTS (Continued)

Cash and investments were classified under GASB Statement No. 40 as follows at December 31, 2019:

Cash on hand	$ 5,300
Deposits with financial institutions	4,889,272
Total Cash	4,894,572
Investment in Local Agency Investment Fund (LAIF)	28,118,182
Money Market Mutual Funds	1,950
Negotiable certificates of deposit	3,000,635
U.S. Agency securities	58,275,170
Collateralized Mortgage Obligations	464,250
Total Investments	89,860,187
Total Cash and Investments	$ 94,754,759

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.

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.

NOTE 2 - CASH AND INVESTMENTS (Continued)

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, 2019:

		Remaining Maturity	
Investment Type	Total	12 Months or Less	13 to 24 Months
Local Agency Investment Fund	$ 28,118,182	$ 28,118,182	
Money Market Mutual Funds	1,950	1,950	
Negotiable certificates of deposit	3,000,635	2,252,845	$ 747,790
U.S. Agency Securities	58,275,170	20,937,155	37,338,015
Collateralized Mortgage Obligations	464,250	464,250	
Total	$ 89,860,187	$ 51,774,382	$ 38,085,805

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, 2019 for each investment type.

		Ratings as of fiscal year-end		
Investment Type	Amount	AAA	AA	Not rated
Local Agency Investment Fund	$ 28,118,182			$ 28,118,182
Money Market Mutual Funds	1,950	$ 1,950		
Negotiable certificates of deposit	3,000,635			3,000,635
U.S. Agency Securities	58,275,170		$ 58,275,170	
Collateralized Mortgage Obligations	464,250		464,250	
Total	$ 89,860,187	$ 1,950	$ 58,739,420	$ 31,118,817

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, 2019, 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	$ 20,415,260	23%
Federal Farm Credit Bank	U.S. Agency Security	12,954,220	14%
Federal Home Loan Bank	U.S. Agency Security	14,391,730	16%
Federal Home Loan Mortgage Corporation	U.S. Agency Security	10,978,210	12%

NOTE 2 - CASH AND INVESTMENTS (Continued)

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.

At December 31, 2019, the carrying amount of the District's deposits were $4,889,272 and the balances in financial institutions were $5,678,045. Of the balance in financial institutions, $500,000 was covered by federal depository insurance and $5,178,045 was collateralized by securities pledged by the financial institution.

As of December 31, 2019, following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

Investment Type	Reported Amount
Negotiable certificates of deposit	$ 3,000,635
U.S. Agency Securities	58,275,170
Collateralized Mortgage Obligations	464,250

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 $89,535,920,219 and is managed by the State Treasurer. Of that amount, 97.21 percent in invested in non-derivative financial products and 2.79 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 226 days at December 31, 2019.

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.

NOTE 2 - CASH AND INVESTMENTS (Continued)

The District has the following recurring fair value measurements as of December 31, 2019:

		Fair Value Measurements Using		
	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level:				
Money Market Mutual Funds	$ 1,950		$ 1,950	
Negotiable certificates of deposit	3,000,635		3,000,635	
U.S. Agency Securities	58,275,170		58,275,170	
Collateralized Mortgage Obligations	464,250		464,250	
Total Investments by Fair Value Level	61,742,005	$ -	$ 61,742,005	$ -
Investments Measured at Net Asset Value:				
LAIF	28,118,182			
Total	$ 89,860,187			

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, 2019 the District had the following amounts due from the Agency Funds, reported in the Water Fund:

Rodeo Flat Improvement District	$ 428,500
Cement Hill Assessment District	3,004,307
	$ 3,432,807

The $428,500 due from the Rodeo Flat Improvement District represents the Rodeo Flat Improvement Bonds for which the District is the bondholder. The $3,004,307 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.

NOTE 4 – CAPITAL ASSETS

A. Capital assets activity

The activity in the capital assets for the year ended December 31, 2019 are summarized below:

	Balance at January 1, 2019	Additions	Deletions	Transfers	Balance at December 31, 2019
Water Fund					
Capital Assets not Being Depreciated:					
Land	$ 18,260,940			$ 281,001	$ 18,541,941
Bear River Water Rights	681,644				681,644
Construction in Progress	56,350,229	$ 15,736,407	$ (299,202)	(16,626,006)	55,161,428
Total Capital Assets not Being Depreciated	75,292,813	15,736,407	(299,202)	(16,345,005)	74,385,013
Capital Assets Being Depreciated:					
Water Plant in Service	261,493,899	645,108	(164,776)	10,731,545	272,705,776
Electric Plant	222,672				222,672
Structures and Improvements	12,750,107		(5,778)	418,704	13,163,033
Dams and Reservoirs	37,427,417	67,029	(1,383)	5,111,523	42,604,586
Transportation Equipment	5,576,436	745,664	(221,137)		6,100,963
General Equipment	9,041,748	193,527	(54,657)	981,065	10,161,683
Total Capital Assets Being Depreciated	326,512,279	1,651,328	(447,731)	17,242,837	344,958,713
Less Accumulated Depreciation and Amortization for:					
Water Plant in Service	(94,525,873)	(6,086,912)	157,961	(129,502)	(100,584,326)
Electric Plant	(17,814)	(4,454)			(22,268)
Structures and Improvements	(2,913,854)	(230,915)	5,778		(3,138,991)
Dams and Reservoirs	(8,485,786)	(424,096)	1,161		(8,908,721)
Transportation Equipment	(2,488,797)	(559,116)	208,563		(2,839,350)
General Equipment	(3,884,229)	(729,259)	41,186	3,908	(4,568,394)
Total Accumulated Depreciation	(112,316,353)	(8,034,752)	414,649	(125,594)	(120,062,050)
Total Capital Assets Being Depreciated, Net	214,195,926	(6,383,424)	(33,082)	17,117,243	224,896,663
Total Capital Assets, Net - Water Fund	$ 289,488,739	$ 9,352,983	$ (332,284)	$ 772,238	$ 299,281,676

NOTE 4 – CAPITAL ASSETS (Continued)

	Balance at January 1, 2019	Additions	Deletions	Transfers	Balance at December 31, 2019
Electric Fund					
Capital Assets not Being Depreciated:					
Land	$ 45,395,375				$ 45,395,375
Power Rights	1,568,942				1,568,942
Construction in Progress	4,250,307	$ 3,334,433	$ (6,236)	$ (2,570,222)	5,008,282
Total Capital Assets not Being Depreciated	51,214,624	3,334,433	(6,236)	(2,570,222)	51,972,599
Capital Assets Being Depreciated:					
Electric Plant in Service	50,314,419	45,624		465,340	50,825,383
Bowman Power Project	2,887,922				2,887,922
Structures and Improvements	3,637,777			814,501	4,452,278
Dams and Reservoirs	28,330,069			1,290,381	29,620,450
Transportation Equipment	1,409,432	479,741	(142,912)		1,746,261
General Equipment	3,324,557	253,958	(350,685)	(5,651)	3,222,179
Total Capital Assets Being Depreciated	89,904,176	779,323	(493,597)	2,564,571	92,754,473
Less Accumulated Depreciation and Amortization for:					
Electric Plant in Service	(34,211,445)	(836,008)			(35,047,453)
Bowman Power Project	(1,966,921)	(70,294)			(2,037,215)
Structures and Improvements	(2,210,345)	(113,944)			(2,324,289)
Dams and Reservoirs	(13,574,086)	(324,716)			(13,898,802)
Transportation Equipment	(686,123)	(161,846)	142,912		(705,057)
General Equipment	(1,197,013)	(227,257)	332,855	3,633	(1,087,782)
Total Accumulated Depreciation	(53,845,933)	(1,734,065)	475,767	3,633	(55,100,598)
Total Capital Assets Being Depreciated, Net	36,058,243	(954,742)	(17,830)	2,568,204	37,653,875
Total Capital Assets, Net - Electric Fund	$ 87,272,867	$ 2,379,691	$ (24,066)	$ (2,018)	$ 89,626,474

NOTE 4 – CAPITAL ASSETS (Continued)

	Balance at January 1, 2019	Additions	Deletions	Transfers	Balance at December 31, 2019
Recreation Fund					
Capital Assets not Being Depreciated:					
Land	$ 27,900,659				$ 27,900,659
Construction in Progress	893,948	$ 649,082	$ (63,701)	$ (865,094)	614,235
Total Capital Assets not Being Depreciated	28,794,607	649,082	(63,701)	(865,094)	28,514,894
Capital Assets Being Depreciated:					
General Plant	792,225			(774,382)	17,843
Structures and Improvements	12,372,109		(653,954)	712,456	12,430,611
Dams and Reservoirs	112,115			(112,115)	
Transportation Equipment	112,684				112,684
General Equipment	412,482		(8,556)	146,954	550,880
Total Capital Assets Being Depreciated	13,801,615		(662,510)	(27,087)	13,112,018
Less Accumulated Depreciation and Amortization for:					
General Plant	(114,225)	(575)		114,086	(714)
Structures and Improvements	(7,555,856)	(223,779)	515,972		(7,263,663)
Dams and Reservoirs	(15,416)			15,416	
Transportation Equipment	(88,306)	(10,179)			(98,485)
General Equipment	(49,356)	(32,897)	8,128	(7,541)	(81,666)
Total Accumulated Depreciation	(7,823,159)	(267,430)	524,100	121,961	(7,444,528)
Total Capital Assets Being Depreciated, Net	5,978,456	(267,430)	(138,410)	94,874	5,667,490
Total Capital Assets, Net - Recreation Fund	$ 34,773,063	$ 381,652	$ (202,111)	$ (770,220)	$ 34,182,384

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	$ 8,034,752
Electric	1,734,065
Recreation	267,430
Total Depreciation Expense	$ 10,036,247

NOTE 5 – LONG-TERM LIABILITIES

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

	Balance at January 1, 2019	Additions	Reductions	Balance at December 31, 2019	Due within One Year
2016A Revenue Bonds	$ 19,085,000		$ (605,000)	$ 18,480,000	$ 635,000
2011A Refunding Revenue Bonds	19,740,000		(1,265,000)	18,475,000	1,330,000
State of California loan-Cement Hill	5,771,019		(482,130)	5,288,889	493,200
Total	44,596,019	-	(2,352,130)	42,243,889	2,458,200
Unamortized premiums	4,403,634		(381,917)	4,021,717	
Total Debt and Loans	48,999,653	-	(2,734,047)	46,265,606	
Health reimbursement arrangement (HRA) liability	742,789	$ 1,417,399	(1,418,310)	741,878	370,939
Other postemployment benefits	8,757,000	2,307,047	(2,785,103)	8,278,944	
Compensated absences	2,461,872	465,205	(234,240)	2,692,837	269,282
Net pension liability	47,519,391	13,252,695	(11,262,405)	49,509,681	
Total Liabilities	59,481,052	17,442,346	(15,700,058)	61,223,340	640,221
Grand Total	108,480,705	17,442,346	(18,434,105)	107,488,946	$ 3,098,421
Less: Due Within One Year	(2,969,681)			(3,098,421)	
Total Noncurrent	$ 105,511,024	$ 17,442,346	$ (18,434,105)	$ 104,390,525	

The District's long-term debt consisted of the following at December 31, 2019:

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 Combie 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.

$ 18,480,000

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.

18,475,000

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.	$ 5,288,889
Totals	$ 42,243,889

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

For the Year Ended	2016A Revenue Bonds		2011A Revenue Bonds		State Loans		Totals	
December 31	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	1,565,000	666,975	815,000	532,588	540,096	71,084	2,920,096	1,270,647
2025-2029	9,125,000	2,043,875	4,540,000	2,193,325	2,706,972	163,563	16,371,972	4,400,763
2030-2034	4,290,000	173,400	5,550,000	1,122,891			9,840,000	1,296,291
2035-2037			2,580,000	170,625			2,580,000	170,625
Total	$ 18,480,000	$ 6,123,650	$ 18,475,000	$ 6,611,161	$ 5,288,889	$ 637,547	$ 42,243,889	$ 13,372,358

Pledged Revenues: The District has pledged all water system revenues, all hydroelectric revenues, all property taxes, and any other amounts not restricted by statute or otherwise, net of specified operating expenses to repay its 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. 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 $55,616,247, at December 31, 2019. Cash basis principal and interest paid on the Bonds was $4,188,674 and total District net revenues calculated in accordance with the covenants was $23,085,408 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.

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.

NOTE 6 – NET POSITION (Continued)

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, 2019:

	Water	Electric	Recreation
DESIGNATED:			
Accrued Leave	$ 1,258,988	$ 280,494	$ 62,389
Operating reserve	7,242,976	9,160,279	768,218
Capital improvement replacement reserve	7,244,409		
Community investment stabilization reserve	1,500,000		
Watershed stewardship reserve	500,000		
Hydroelectric relicense		30,474,057	
Capital improvement reserve		15,000,000	500,000
Insurance and catastrophic reserve		2,500,000	
TOTAL DESIGNATED	17,746,373	57,414,830	1,330,607
UNDESIGNATED	(33,092,119)	(7,994,939)	(1,813,549)
TOTAL UNRESTRICTED NET POSITION	$ (15,345,746)	$ 49,419,891	$ (482,942)

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's reserve policy 3040 does not require the consideration of accruals or the liquidation of long-term liabilities. When considering these amounts, a negative net position occurs within some of the 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.

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, 2019 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	32.031%	32.031%	32.031%
July 1 to December 31	34.662%	34.662%	34.662%

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, 2019 (the most recent date available) the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	216
Inactive employees entitled to but not yet receiving benefits	71
Active employees	191
Total	478

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.

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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019. 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, 2019 measurement dates was determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by entry age and service
Mortality Rate Table	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

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

Discount Rate: The discount rate used to measure the total pension liability was 7.15% in the June 30, 2019 valuation 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

NOTE 7 – PENSION PLANS (Continued)

at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class for the Plan as of the measurement date of June 30, 2019. 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, 2019 are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at December 31, 2018	$ 132,226,734	$ 84,707,343	$ 47,519,391
Changes in the year:			
Service cost	2,637,751		2,637,751
Interest on the total pension liability	9,364,883		9,364,883
Differences between actual and expected experience	1,189,611		1,189,611
Contribution - employer		4,567,495	(4,567,495)
Contribution - employee		1,168,875	(1,168,875)
Net investment income		5,525,839	(5,525,839)
Benefit payments, including refunds of employee contributions	(7,515,658)	(7,515,658)	
Administrative expenses		(60,449)	60,449
Other miscellaneous income (expense)		195	(195)
Net changes during 2019	5,676,587	3,686,297	1,990,290
Balance at December 31, 2019	$ 137,903,321	$ 88,393,640	$ 49,509,681

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	6.15%
Net Pension Liability	$ 67,487,625
Current Discount Rate	7.15%
Net Pension Liability	$ 49,509,681
1% Increase	8.15%
Net Pension Liability	$ 34,641,644

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, 2019, the District recognized pension expense of $7,964,158. At December 31, 2019, 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	$ 2,451,365	
Differences between actual and expected experience	1,079,460	$ (407,835)
Changes in assumptions	2,023,713	(348,767)
Net differences between projected and actual earnings on plan investments		(393,325)
Total	$ 5,554,538	$ (1,149,927)

The $2,451,365 reported as deferred outflows of resources related to contributions subsequent to the measurement date of June 30, 2019 will be recognized as a reduction of the net pension liability in the

NOTE 7 – PENSION PLANS (Continued)

year ended December 31, 2020. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense as follows as of December 31, 2019:

Year Ended December 31	
2020	$ 2,122,308
2021	(413,546)
2022	(45,437)
2023	289,920
	$ 1,953,245

Payable to the Pension Plan: At December 31, 2019, the District reported payables of $428,628 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, under an agent multiple-employer defined benefit plan. Eligibility rules include retirement from the District at age 50 or later with five years of service. The District's Board of Directors has the authority to establish and amend benefit provisions. The District participates in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established 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 June 30, 2019 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

Inactive employees or beneficiaries currently receiving benefit payments	173
Inactive employees entitled to but not yet receiving benefit payments	16
Active employees	190
Total	379

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, 2019, the District contributed $467,000 to the Trust, paid $1,157,564 of current retiree premiums and contributed $174,000 in the form of an implied subsidy of retirement premiums.

Net OPEB Liability: The District's net OPEB liabilities were measured as of June 30, 2019, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions: The total OPEB liability in the June 30, 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 2015 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	59.0%	4.82%
Fixed Income	25.0%	1.47%
Treasury Inflation Protected Securities (TIPS)	5.0%	1.29%
Commodities	3.0%	0.84%
Real Estate Investment Trusts	8.0%	3.76%
Total	100.0%	

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, 2019:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2018	$ 24,985,000	$ 16,228,000	$ 8,757,000
Changes in the year:			
Service cost	605,340		605,340
Interest	1,683,941		1,683,941
Contributions - employer		1,767,404	(1,767,404)
Investment income		1,017,699	(1,017,699)
Benefit payments	(1,286,122)	(1,286,122)	-
Administrative expenses		(17,766)	17,766
Net changes	1,003,159	1,481,215	(478,056)
Balance at December 31, 2019	$ 25,988,159	$ 17,709,215	$ 8,278,944

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	$ 11,632,504	$ 8,278,944	$ 5,516,136

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

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	$ 4,997,974	$ 8,278,944	$ 12,363,212

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, 2019, the District recognized OPEB expense of $1,190,524. At December 31, 2019, the District had deferred inflows related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	$ 677,700	
Difference between projected & actual earnings		$ 39,176
Total	$ 677,700	$ 39,176

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:

Year Ended December 31,	
2020	$ (19,044)
2021	(19,044)
2022	(17,044)
2023	15,956
2024	-
Thereafter	-
	$ (39,176)

Payable to the OPEB Plan: At December 31, 2019, there was no payable for the outstanding amount of contributions to the Plan required for the year ended December 31, 2019.

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.

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, 2019 consisted of $10 million for general liability, public officials and employees' errors, employment practices liability, employment benefits, property damage 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 and mobile equipment coverage of $1 billion, boiler and machinery coverage of $100 million and pollution coverage of $2 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.

<u>Transfers Between Funds</u>

Interfund transfers as of December 31, 2019 were as follows:

	Transfers in	Transfers out
Water Fund	$ 12,882,349	$ 108,313
Electric Fund	77,924	12,662,068
Recreation Fund	691,483	881,375
	$ 13,651,756	$ 13,651,756

Transfers totaling $9,289,992 were made from the Electric Fund to the Water Fund for operations. A transfer of $1,000,000 was made from the Electric Fund to the Water Fund for the enterprise resources planning system. A transfer from the Electric Fund to the Recreation Fund of $315,000 was for reserves for future capital improvements. A transfer from the Electric Fund to the Water Fund of $375,000 was for reserves for future capital improvements. The remaining transfers were made to transfer resources to the fund incurring the expense.

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, 2019:

Combie Phase 1 Bypass	$ 16,108,903
Combie Reservoir Mercury Removal	2,078,186
Financial Systems Implementation	2,052,032
Centennial Water Supply	604,399
Rollins Low Level Outlet Howell Bunger Valve	546,150
201402 Combie South Scour Counter Measures	367,148
Ironhorse/Brewer District Financed Water Line Extension	361,181
Dutch Flat Flume Footing Repairs	317,000
Loma Rica Reservoir Sediment Removal	268,193
Loma Rica Hydroelectric	245,621
Chicago Park Power House Fire Suppression Upgrade	232,812
Hemphill Diversion/Fish	226,763
Hydro Office Design/Construction	226,150
2020 Meter Replacement	200,000
Scotts Flat Spillway Repair	193,481
Combie South Pump House Electrical Upgrades	147,404
Deer Creek Pump House Upgrades	73,526
Dutch Flat Sediment Removal	65,231
E George Water Treatment Plant Lime Silo Removal	61,671
Total	$ 24,375,851

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.

Concentration: During 2019, the District received 95.7% 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.

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, 2019 amounted to $15,975,759. Until the relicensing process is completed, operations continue under the current FERC license conditions.

NOTE 14 – SUBSEQUENT EVENTS

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

In August 2020, the Board of Directors authorized issuing 2020A Revenue Bonds totaling $15.9 million to refund the outstanding 2011A Bonds. Depending on market conditions, this bond issuance could take place in the next few months.

The District's insurance policies with the SDRMA as discussed in Note 9 were cancelled as of June 30, 2020 and the District obtained commercial insurance policies for similar coverages.

REQUIRED SUPPLEMENTARY INFORMATION

NEVADA IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019
Last 10 Years

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

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

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

Changes in Assumptions: 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 form 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, 2019
Last 10 Years

SCHEDULE OF CONTRIBUTIONS - PENSION PLAN (UNAUDITED)

	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Contractually Required Contribution (Actuarially Determined)	$ 4,567,495	$ 3,930,086	$ 3,973,687	$ 3,729,988	$ 3,434,463	$ 2,676,564
Contributions in Relation to the Actuarially Determined Contributions	(4,567,495)	(3,930,086)	(3,973,687)	(3,729,988)	(3,434,463)	(2,676,564)
	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll - District Calendar Year	$ 15,230,390	$ 15,084,238	$ 13,675,680	$ 12,889,477	$ 12,633,291	$ 10,921,603
Contributions as a Percentage of Covered Payroll	29.99%	26.05%	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	June 30, 2012
Measurement Date:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013

Methods and Assumptions Used to Determine Contribution Rates:

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

Notes to Schedule:

(1) Net of administrative expenses, includes inflation.

(2) Probabilities of retirement and mortality are based on CalPERS' 2010 Experience Study for the period from 1997 to 2007.

(3) Probabilities of retirement and mortality are based on CalPERS' 2014 Experience Study for the period from 1997 to 2011.

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

NEVADA IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019
Last 10 Years

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

	2019	2018
Total OPEB liability		
Service cost	$ 605,340	$ 597,000
Interest	1,683,941	1,621,000
Benefit payments	(1,286,122)	(1,328,000)
Net Change in total OPEB liability	1,003,159	890,000
Total OPEB liability - beginning	24,985,000	24,095,000
Total OPEB liability - ending (a)	$ 25,988,159	$ 24,985,000
Plan fiduciary net position		
Contributions - employer	$ 1,767,404	$ 1,835,000
Investment income	1,017,699	1,159,000
Administrative expenses	(17,766)	(44,000)
Benefit payments	(1,286,122)	(1,328,000)
Net change in plan fiduciary net position	1,481,215	1,622,000
Plan fiduciary net position - beginning	16,228,000	14,606,000
Plan fiduciary net position - ending (b)	$ 17,709,215	$ 16,228,000
Net OPEB liability - ending (a) - (b)	$ 8,278,944	$ 8,757,000
Plan fiduciary net position as a percentage of the total OPEB liability	68.1%	65.0%
Covered-employee payroll - measurement period	$ 16,324,284	$ 14,769,000
Net OPEB liability as a percentage of covered-employee payroll	50.7%	59.3%
Notes to schedule:		
Valuation date	June 30, 2017	June 30, 2017
Measurement period	June 30, 2019	June 30, 2018
Benefit changes:	None	None
Changes in assumptions:	None	None

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

NEVADA IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2019
Last 10 Years

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)

	2019	2018
Actuarially determined contribution - employer calendar year	$ 1,895,000	$ 1,888,000
Contributions in relation to the actuarially determined contributions	(1,813,103)	(1,782,000)
Contribution deficiency (excess)	$ 81,897	$ 106,000
Covered-employee payroll - employer calendar year	$ 16,695,677	$ 15,738,000
Contributions as a percentage of covered-employee payroll	10.9%	11.3%

Notes to Schedule:

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

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SUPPLEMENTARY INFORMATION

NEVADA IRRIGATION DISTRICT

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

For the Year Ended December 31, 2019

	Balance December 31, 2018	Additions	Deductions	Balance December 31, 2019
Cement Hill				
Assets				
Cash with fiscal agent	$ 8,230	$ -	$ 131,712	$ 139,942
Assessments receivable	176,169	9,188	-	185,357
Infrastructure donated to District	2,980,076	-	(301,069)	2,679,007
Total Assets	$ 3,164,475	$ 9,188	$ (169,357)	$ 3,004,306
Liabilities				
Due to other governments	$ 3,164,475	$ -	$ (160,169)	$ 3,004,306
Total liabilities	$ 3,164,475	$ -	$ (160,169)	$ 3,004,306
Rodeo Flat				
Assets				
Cash with fiscal agent	$ 58,376	$ -	$ (308)	$ 58,068
Assessments receivable	26,851	1,651	-	28,502
Infrastructure donated to District	373,261	-	(24,189)	349,072
Total Assets	$ 458,488	$ 1,651	$ (24,497)	$ 435,642
Liabilities				
Interest payable	$ 9,088	$ -	$ (1,946)	$ 7,142
Due to bondholders	449,400	-	(20,900)	428,500
Total liabilities	$ 458,488	$ -	$ (22,846)	$ 435,642
Improvement Districts				
Assets				
Cash with fiscal agent	$ 565,671	$ -	$ -	$ 565,671
Total Assets	$ 565,671	$ -	$ -	$ 565,671
Liabilities				
Agency obligations	$ 565,671	$ -	$ -	$ 565,671
Total liabilities	$ 565,671	$ -	$ -	$ 565,671
All Agency Funds				
Assets				
Cash with fiscal agent	$ 632,277	$ -	$ 131,404	$ 763,681
Assessments receivable	203,020	10,839	-	213,859
Infrastructure donated to District	3,353,337	-	(325,258)	3,028,079
Total Assets	$ 4,188,634	$ 10,839	$ (193,854)	$ 4,005,619
Liabilities				
Interest payable	$ 9,088	$ -	$ (1,946)	$ 7,142
Due to other governments	3,164,475	-	(160,169)	3,004,306
Due to bondholders	449,400	-	(20,900)	428,500
Agency obligations	565,671	-	-	565,671
Total liabilities	$ 4,188,634	$ -	$ (183,015)	$ 4,005,619

Nevada Irrigation District
Capacity Fee Report
Government Code Section 66013
Fiscal Year Ended December 31, 2019

Beginning balance			$ 5,552,218
Revenues:			
Fees Collected		$ 789,537	
Interest Earned		106,047	
	Total	895,584	
Expenses:			
Debt Service		218,578	
Projects		-	
	Total	218,578	
Net Changes for the Year			677,006
Ending balance			$ 6,229,224

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

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

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

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

Source: Nevada Irrigation District Finance Department

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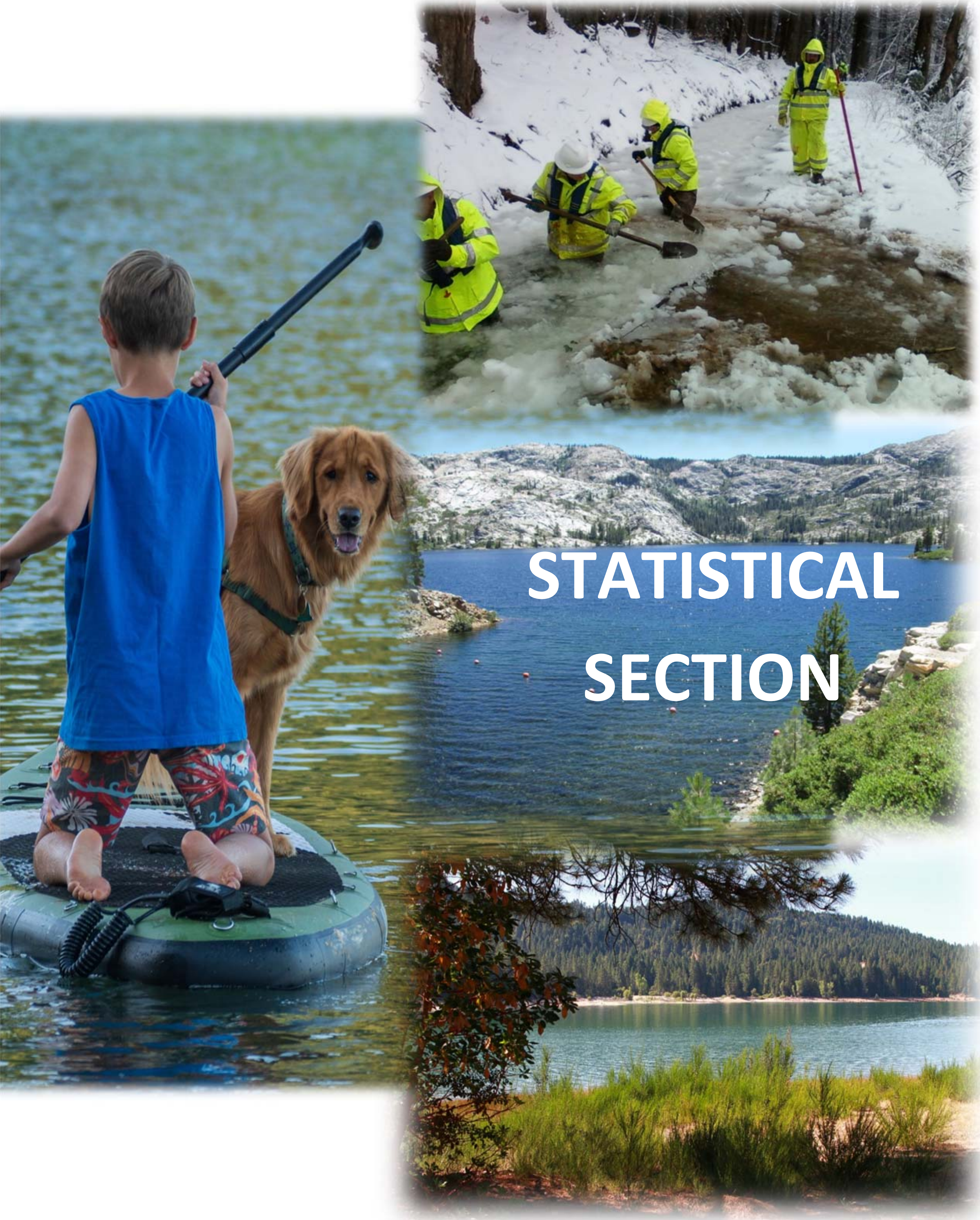
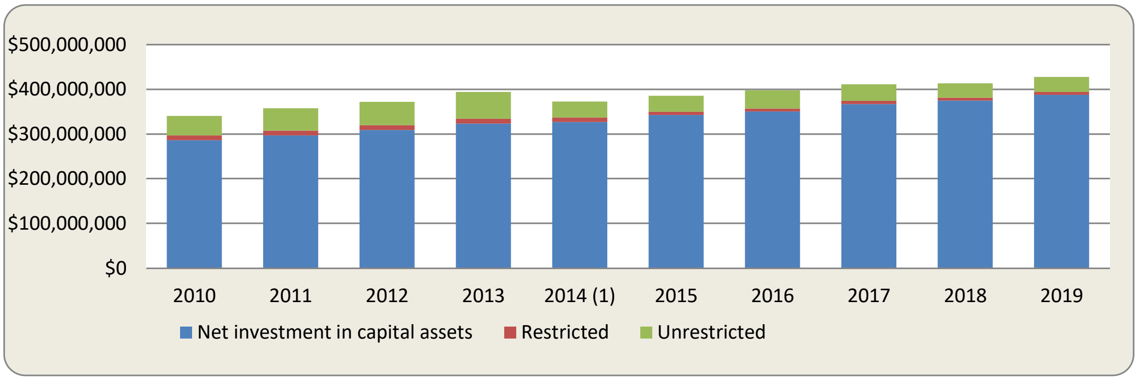
STATISTICAL SECTION



STATISTICAL SECTION

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

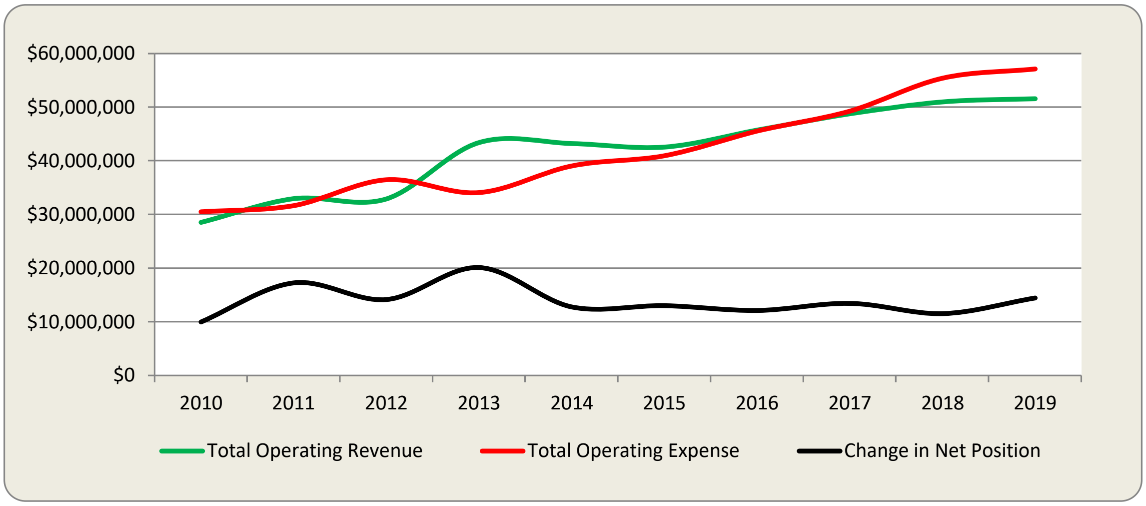
Nevada Irrigation District
Table 1: Net Position by Component
(Accrual Basis of Accounting)



	2010	2011	2012	2013	2014 (1)	2015	2016	2017	2018	2019
Net Position:										
Net investment in capital assets	$286,182,245	$296,671,739	$309,004,602	$322,987,110	$326,939,315	$342,551,262	$350,611,745	$366,586,609	$375,052,243	$387,397,101
Restricted	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	6,840,404
Unrestricted	43,969,378	50,128,251	52,278,409	60,186,554	35,619,175	36,342,866	40,864,586	37,543,531	32,346,853	33,591,203
Total net position	$340,691,192	$357,691,251	$372,051,857	$393,937,215	$372,667,726	$385,695,864	$397,814,790	$411,268,277	$413,562,494	$427,828,708

(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)



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Revenues:										
Water sales	$ 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	$ 23,380,147
Electric power sales	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	24,193,843
Standby charges	110,312	132,398	123,807	77,343	199,031	127,318	124,533	128,868	135,886	129,822
Reimbursements	104,957	7,862	22,208	55,489	66,945	715,544	344,065	67,514	74,760	231,525
New connections and instl	118,253	215,128	124,916	245,965	172,943	391,315	225,972	419,977	865,917	261,310
Recreation fees	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	2,375,139
Other revenue	387,196	437,184	514,794	484,391	558,090	514,390	421,539	591,875	733,121	1,012,410
Total Operating Revenue	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	51,584,196
Operating Expenses										
Administration and general	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	28,947,484
Water treatment	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	7,857,776
Transmission and distr	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	9,392,383
Pumping	688,388	741,398	736,270	794,287	814,440	705,111	852,879	980,341	975,937	896,625
Depreciation and amort	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	10,036,247
Total Operating Expense	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	57,130,515
Nonoperating Rev (Exp)										
Taxes and assessments	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	13,092,532
Investment income	1,719,826	378,489	486,989	433,678	673,536	652,266	1,164,646	1,232,503	1,465,194	3,038,195
Other Interest Income	-	-	-	-	-	-	374,996	-	-	-
Unrealized gain/(loss)	27,040	524,320	100,082	-	-	(827,767)	(1,351,995)	150,798	-	-
Rents and leases	71,235	40,090	94,585	84,532	73,534	165,720	206,923	158,024	228,926	172,684
Gain/(loss) on sale assets	71,610	(44,458)	(87,326)	1,067	(2,199,003)	(3,275)	17,535	324	(214,765)	(71,159)
Intergovernmental revenue	-	-	-	863,830	412,468	937,659	1,501,698	1,102,666	2,165,910	3,629,278
Interest expense	(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)	(1,372,612)
Other non-operating expenses	-	-	-	-	-	(83,234)	148,412	-	-	-
Total Nonoperating	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	18,488,918
Income before contribution	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	12,942,599
Transfers and contributions										
Capacity charges	298,908	855,473	363,568	714,427	854,499	414,305	575,282	1,038,453	517,343	789,537
Capital contributions	452,684	4,456,123	8,004,707	369,150	18,776	757,298	-	210,661	905,297	702,549
Transfers in (out)	-	-	-	-	-	-	-	-	-	-
Total Transfers and contri	751,592	5,311,596	8,368,275	1,083,577	873,275	1,171,603	575,282	1,249,114	1,422,640	1,492,086
Change in Net Position	$ 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	$ 14,434,685

Source: Nevada Irrigation District Finance Department

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	1/1-6/30/19	7/1-12/31/19
Commodity Rate/HCF:											
Residential											
2 to 58 hcf	$ 1.22	$ 1.36	$ 1.47	$ 1.53	$ 1.62	$ 1.72	$ 1.82	$ 1.93	$ 2.05	$ 2.05	$ 2.17
Next 340 hcf	1.57	1.76	1.90	1.98	2.10	2.22	2.36	2.50	2.65	2.65	2.80
Over 400 hcf											
Daily Base Charge (fixed based on meter size):											
5/8"	$ 0.54	$ 0.57	$ 0.58	$ 0.61	$ 0.64	$ 0.69	$ 0.74	$ 0.45	$ 0.83	$ 0.83	$ 0.88
3/4"	0.77	0.83	0.88	0.91	0.97	1.04	1.10	1.17	1.24	1.24	1.31
1"	1.21	1.36	1.46	1.52	1.61	1.74	1.84	1.95	2.07	2.07	2.19
1.5"	2.21	2.64	2.92	3.04	3.22	3.47	3.68	3.90	4.14	4.14	4.37
2"	3.48	4.20	4.68	4.87	5.16	5.56	5.89	6.25	6.62	6.62	7.00
3"	6.38	7.82	8.77	9.12	9.67	10.42	11.05	11.71	12.41	12.41	14.00
4"	10.08	12.80	14.62	15.21	16.12	17.37	18.41	19.52	20.69	20.69	21.87
6"	20.16	25.61	29.25	30.42	32.24	34.74	36.83	39.04	41.38	41.38	43.74
8"	35.07	42.11	46.79	48.67	51.59	55.59	58.93	62.46	66.21	66.21	69.99
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	0.11	0.11	No Change
4"	$ 0.48	$ 0.50	0.51	0.52	0.54	0.57	0.58	0.60	0.62	0.64	No Change
6"	0.51	0.52	0.54	0.55	0.58	0.60	0.62	0.64	0.66	0.68	No Change
8"	0.57	0.58	0.60	0.61	0.64	0.67	0.68	0.71	0.74	0.76	No Change
Connection Fees											
5/8"	$ 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	$ 11,392.00	No Change
3/4"	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	16,156.00	No Change
1"	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	32,825.00	No Change
1.5"	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	67,482.00	No Change
2"	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	115,796.00	No Change
Over 2"											

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

Nevada Irrigation District

Table 4: Hydroelectric Rates, Production and Sales

Effective January 1

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

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 2013-2019

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018 [1]	2019
Sales										
Location:										
Scotts Flat	$ 736,374	$ 745,751	$ 747,115	$ 778,515	$ 768,982	$ 663,142	$ 790,761	$ 937,907	$ 954,933	$ 1,103,788
Long Ravine	-	-	431,962	462,154	491,167	531,932	520,854	531,109	548,837	550,833
Orchard Springs	268,288	282,351	298,869	290,052	344,864	295,275	295,307	323,029	301,593	336,473
Peninsula	-	-	-	194,740	151,235	190,077	219,821	232,094	226,994	222,456
Combie	-	-		-	-	-	116	-	29,887	402
Jackson Meadows	-	-	-	-	-	-	230,026	93,868	181,656	161,187
Total	1,004,662	1,028,102	1,477,946	1,725,461	1,756,248	1,680,426	2,056,885	2,118,007	2,243,900	2,375,139
# Campsites:										
Scotts Flat	200	200	200	200	200	200	200	200	190	190
Long Ravine	-	-	101	101	101	101	101	101	101	101
Orchard Springs	91	91	91	91	91	91	91	91	99	99
Peninsula	-	-	-	70	70	70	70	70	73	73
Jackson Meadows	-	-	-	-	-	-	170	170	188	188
Total	291	291	392	462	462	462	632	632	651	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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	1/1-6/30/19	7/1-12/31/19
0.25 MI	$ 325.18	$ 351.99	$ 371.16	$ 391.38	$439.16	$465.52	$493.44	$550.40	$554.42	$554.42	$586.14
0.5	392.19	423.00	445.56	467.50	495.55	525.29	556.81	590.21	625.62	625.62	661.40
1	494.17	527.76	551.52	573.90	608.34	644.84	683.53	724.54	768.00	768.00	811.93
1.5	600.35	628.98	654.14	680.30	721.13	764.39	810.26	858.87	910.39	910.39	962.46
2	723.96	727.36	756.44	786.70	833.91	883.94	936.98	993.20	1,052.77	1,052.77	1,112.99
2.5	853.13	853.13	858.75	893.10	946.70	1,003.49	1,063.71	1,127.53	1,195.16	1,195.16	1,263.52
3	969.27	969.27	969.27	999.50	1,059.49	1,123.04	1,190.43	1,261.86	1,337.54	1,337.54	1,414.05
3.5	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	1,479.93	1,564.58
4	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	1,622.31	1,715.11
4.5	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	1,764.70	1,865.64
5	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	1,907.08	2,016.17
6	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	2,191.85	2,317.23
7	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	2,476.62	2,618.29
8	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	2,761.39	2,919.35
9	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	3,046.16	3,220.41
10	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	3,330.93	3,521.47
11	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	3,615.70	3,822.53
12	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	3,900.47	4,123.59
13	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	4,185.24	4,424.65
14	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	4,470.01	4,725.71
15	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	4,754.78	5,026.77
16	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	5,039.55	5,327.83
17	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	5,324.32	5,628.89
18	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	5,609.09	5,929.95
19	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	5,893.86	6,231.01
20+ per MI											
20	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	6,178.63	6,532.07
Per MI	185.54	196.75	204.62	212.80	225.57	239.10	253.45	268.66	284.77	284.77	301.06
Fixed Fee	314.85	333.86	347.21	361.10	382.77	405.74	430.08	455.88	483.23	483.23	510.87
Connection Fees For Irrigation Box											
1/2 - 25MI Box	$ 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	$ 1,266.00	No Change
26 - 40 MI Box	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	2,093.00	No Change
Over 40 MI											
Orificed Svc	895.00	919.00	947.00	966.00	1,009.00	1,036.00	1,055.00	1,093.00	1,139.00	1,172.00	No Change

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)
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	23,401,902	3,567,185	121,138
2019	15,619,647	6,695,915	1,064,585	23,380,147	3,492,146	126,219

Sources: *Nevada Irrigation District Finance and Operations Department*

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

Treated Water	**2019**			***Treated Water***	**2013[2]**		
Customer	**Total Sales**	**Rank**	**% of Sales[1]**	**Customer**	**Total Sales**	**Rank**	**% of Sales**
County of Nevada	$ 122,228	1	0.34%	Mercy Healthcare	$ 76,300	1	0.59%
Nevada Joint Union High School District	121,312	2	0.78%	Sierra Pines MHP	61,554	2	0.47%
Mercy Healthcare	102,463	3	0.66%	Forest Springs LLC	57,904	3	0.45%
Forest Springs LLC	88,036	4	0.56%	Nevada Joint Union High School District	56,036	4	0.43%
City of Grass Valley	79,318	5	0.51%	Rock Creek MHP	54,530	5	0.42%
Ponderosa Pines MHP	63,039	6	0.40%	Sierra Joint Community College District	52,485	6	0.40%
Oregon Investors	60,450	7	0.39%	City of Grass Valley	49,764	7	0.38%
Sutter Medical Foundation	58,797	8	0.38%	Grass Valley School District	45,933	8	0.35%
Grass Valley School District	55,654	9	0.36%	Ponderosa Pines MHP	45,533	9	0.35%
Edgewood Village & Associations LLC	53,043	10	0.34%	Bear River High School	44,399	10	0.34%
Total	**$ 804,339**		**5.1%**	**Total**	**$ 544,438**		**4.2%**
Total Treated Water Sales	**15,619,647**				**$12,986,505**		

Raw Water	**2019**			***Raw Water***	**2013[2]**		
Customer	**Total Sales**	**Rank**	**% of Sales[1]**	**Customer**	**Total Sales**	**Rank**	**% of Sales**
Placer County Water Agency	$ 311,895	1	4.66%	Placer County Water Agency	$ 361,390	1	7.41%
City of Grass Valley	275,946	2	4.12%	City of Grass Valley	281,520	2	5.77%
Hofman, C	61,783	3	0.92%	South Sutter Water District	219,209	3	4.50%
Lake Wildwood Association	57,124	4	0.85%	City of Lincoln	71,527	4	1.47%
Lake of the Pines Association	54,860	5	0.82%	City of Nevada City	67,317	5	1.38%
Ellis Family Enterprises LP	50,774	6	0.76%	Lake of the Pines Association	60,304	6	1.24%
ACAT LLC	46,788	7	0.70%	Hofman, C	55,053	7	1.13%
California Department of Fish & Wildlife	46,007	8	0.69%	Lake Wildwood Association	41,118	8	0.84%
City of Nevada City	38,359	9	0.57%	Lincoln Hills Golf Management LLC	36,537	9	0.75%
Freddi, M	27,404	10	0.41%	California Department of Fish & Wildlife	34,874	10	0.72%
Total	**$ 970,940**		**14.50%**	**Total**	**$ 1,228,849**		**25.20%**
Total Raw Water Sales	**6,695,915**			**Total Raw Water Sales**	**$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.

Source: Nevada Irrigation District Finance and Operations Department

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

2018-2019					2014-2015				
Taxpayer	Primary Land Use	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxpayer	Primary Land Use	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
EREP Auburn Village I LP	Commercial Store	$ 33,061,104	0.22%	1	RI-Grass Valley LLC	Commercial Store	$ 20,699,842	0.17%
JPS Development LLC	Commercial Store	24,988,076	0.16	2	FW CA Auburn Village LLC	Commercial Store	19,430,000	0.16
RI-Grass Valley LLC	Commercial Store	22,320,515	0.15	3	Kanmawr-Nevada City LLC	Office Building	17,595,830	0.14
Kenmawr-Nevada City LLC	Office Building	18,957,220	0.13	4	Target Corporation	Commercial Store	17,508,642	0.14
Lowes HIW Inc.	Commercial Store	18,585,997	0.12	5	Longs Drug Stores California Inc.	Office Building	16,389,985	0.13
Target Corporation	Commercial Store	18,407,516	0.12	6	GVSC LLC	Commercial Store	15,760,634	0.13
Longs Drug Stores California Inc.	Commercial Store	17,077,501	0.11	7	JPS Development LLC	Shopping Center	15,598,213	0.13
GVSC LLC	Commercial Store	16,980,027	0.11	8	VTR Quail Ridge LP	Assisted Living Facility	12,500,000	0.10
Winterfell Auburn Oaks CA Owner LP	Assisted Living Facility	16,221,918	0.11	9	Irish Patricia, Trustee	Industrial	12,375,631	0.10
Sterling Point Station LLC	Commercial Store	15,999,147	0.11	10	Lowes HIW Inc.	Commercial Store	12,000,000	0.10
HD Development of Maryland Inc.	Commercial Store	15,227,419	0.10	11	HD Development of Maryland Inc.	Commercial Store	11,841,850	0.10
Safeway Inc.	Commercial Store	13,744,720	0.09	12	Safeway Inc.	Commercial Store	10,505,376	0.09
Raley's	Commercial Store	13,520,201	0.09	13	Cresleigh Homes Corporation	Residential	10,381,650	0.08
VTR Quail Ridge LP	Assisted Living Facility	13,467,124	0.09	14	3830 Bronx Blvd. Associates LLC	Commercial Store	9,990,149	0.08
Andrew L. and Shana A. Laursen, Trustees	Residential	12,416,567	0.08	15	Auburn Plaza LLC	Shopping Center	9,217,950	0.07
Auburn Plaza LLC	Shopping Center	12,234,090	0.08	16	Mahogany Investments LLC	Commercial Store	8,973,054	0.07
Auburn RE LLC	Assisted Living Facility	11,900,000	0.08	17	Nine Plus LLC, et. Al.	Industrial	8,779,036	0.07
Cresleigh Homes Corporation	Residential Development	11,448,945	0.08	18	Emerichip Emerald Hills LLC	Assisted Living Facility	8,474,270	0.07
3830 Bronx Blvd. Associates LLC	Commercial Store	10,763,086	0.07	19	Andrew L. and Shana A. Laursen, Trustees	Residential	8,458,230	0.07
Grass Valley Glade MHP Assoicates LP	Mobile Home Park	10,179,000	0.07	20	Grass Valley Glade MHP Assoicates LP	Mobile Home Park	8,297,000	0.07
Total		**$ 327,500,173**	**2.16%**		**Total**		**$ 254,777,342**	**2.06%**
Total Secured Assessed Valuation:		**$ 15,163,693,237**			**Total Secured Assessed Valuation:**		**$ 12,354,631,861**	

Source: California Municipal Statistics, Inc.

Nevada Irrigation District

Table 10: Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Yuba Bear River Development Bonds	State of California DWR Loans	Certificates of Participation 1997	Certificates of Participation 2002	Certificates of Participation 2005	2011 Revenue Bonds	2016 Revenue Bonds	Note Payable	Total Debt	% of Personal Income	Per Capita	Imp District Bonds(1)
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	-	-	-	20,450,833	22,777,801	-	48,999,653	0.15%	98.87	449,400
2019	-	5,288,888	-	-	-	19,104,348	23,275,689	-	46,265,606	N/A	93.87	428,500

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

(1) The $428,500 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, 2019

2018-19 Assessed Valuation: $15,468,092,412

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 12/31/2019	% Applicable (1)	District's Share of Debt 12/31/2019
Sierra Joint Community College District School Facilities Improvement District No. 2	$25,867,590	84.79%	$21,932,612
Sierra Joint Community College District School Facilities Improvement District No. 4	80,000,000	7.30%	5,841,600
Western Placer Unified School District	114,725,000	26.76%	30,703,852
Nevada Joint Union High School District	53,895,000	84.29%	45,426,479
Placer Union High School District	22,162,376	15.96%	3,536,894
Placer Union High School District School Facilities Improvement District No. 1	22,000,000	35.59%	7,829,800
Placer Union High School District School Facilities Improvement District No. 2	21,000,000	4.92%	1,032,150
Grass Valley School District	18,025,000	78.64%	14,175,401
Loomis Union School District	2,350,000	0.08%	1,904
Nevada Irrigation District	**0**	**100.00%**	**0**
City of Lincoln Community Facilities District No. 2003-1	62,260,000	19.86%	12,361,723
Western Placer Unified School District Community Facilities District No. 1	10,373,511	0.29%	30,192
City of Grass Valley and Lincoln 1915 Act Bonds	22,190,000	29.03%	6,442,613
California Statewide Communities Development Authority 1915 Act Bonds	1,569,093	65.01%	1,020,122
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			$150,335,342
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Nevada County Certificates of Participation	$32,064,381	53.96%	$17,301,619
Nevada County Board of Education Certificates of Participation	966,892	53.96%	521,725
Placer County General Fund Obligations	22,815,000	6.36%	1,451,034
Placer County Board of Education Certificates of Participation	910,000	6.36%	57,876
Sierra Joint Community College District Certificates of Participation	3,196,000	15.44%	493,494
Western Placer Unified School District Certificates of Participation	124,750,000	24.61%	30,703,852
Auburn Union School District Certificates of Participation	39,125,460	38.32%	14,994,050
Other School District General Fund Obligation	1,693,516	3.38%	57,232
City of Auburn Pension Obligation Bonds	2,840,000	3.07%	87,046
City of Lincoln General Fund Obligations	15,025,000	22.74%	3,416,385
City of Grass Valley General Fund Obligations	4,122,276	59.29%	2,444,180
City of Grass Valley Pension Obligation Bonds	685,000	59.29%	406,150
Placer County Mosquito & Vector Control District Certificates of Participation	2,666,000	6.36%	169,558
TOTAL OVERLAPPING GENERAL FUND DEBT			$72,104,201
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):			
Placer County Tax Allocation Bonds	$18,155,000	8.88%	$1,612,346
City of Grass Valley Tax Allocation Bonds	7,685,000	13.55%	1,041,625
City of Grass Valley Lease Revenue Bonds	535,000	13.55%	72,514
TOTAL OVERLAPPING TAX INCREMENT DEBT			$ 2,726,485
TOTAL DIRECT DEBT			**$0**
TOTAL OVERLAPPING DEBT			$ 227,849,019
COMBINED TOTAL DEBT			$ 227,849,019 (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 2018-19 Assessed Valuation:
Direct Debt……………………………………………………………………….……..0.00%
Total Direct and Overlapping Tax and Assessment Debt…………...……………0.97%
Combined Total Debt…………………………….……………………………..…..1.47%

Ratios to Redevelopment Successor Agency Incremental Valuation ($166,428,021):
Total Overlapping Tax Increment Debt………………………….………………..…..1.74%

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

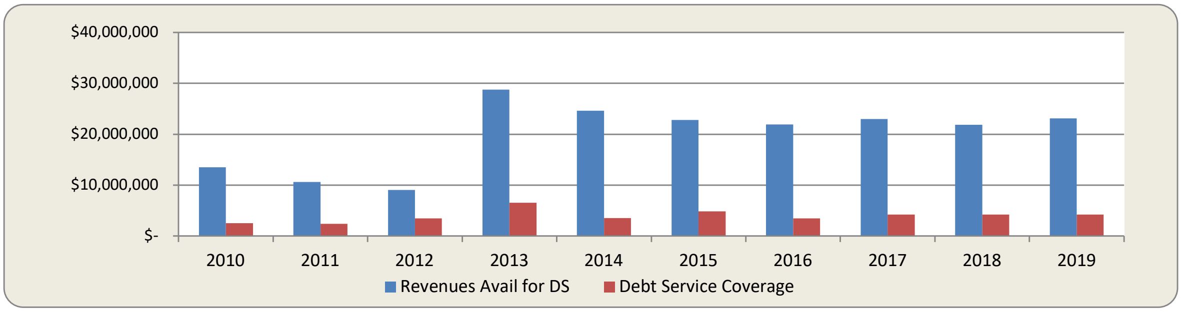
Fiscal Year	Principal	Interest	Total Debt Service	Total Operating Expenses	Ratio of Debt Service to Total Operating Expenses
2010	$ 4,287,662	$ 821,327	$ 5,108,989	$ 30,503,677	16.75%
2011	10,672,031	207,418	10,879,449	31,655,408	34.37%
2012	5,188,113	1,551,584	6,739,697	36,462,832	18.48%
2013	5,670,628	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%
2019	2,352,130	1,837,419	4,189,549	57,130,515	7.33%

Source: Nevada Irrigation District Finance Department

Nevada Irrigation District

Table 13: Debt Service Coverage

Last Ten Fiscal Years



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Water Operating Revenue										
Water Sales	$ 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	$ 23,380,147
Other Sales	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	3,736,699
Total Operating	$ 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	$ 27,116,846
Other Revenues[1]										
1% Property Taxes	$ 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	$ 13,092,532
Interest Earned	1,716,104	573,703	474,070	419,444	633,073	446,313	(51,388)	1,534,099	1,281,588	1,701,402
Grants	-	-	-	-	412,468	937,659	1,501,698	1,102,666	2,165,910	3,629,278
Other Revenues	74,295	39,706	94,201	84,148	73,439	165,016	206,283	157,512	228,510	172,268
Total Other	$ 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	$ 18,595,480
Total Water Revenues	$ 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	$ 45,712,326
Water O & M Costs[2]	$ 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	$ 37,988,003
Net Water Revenues	$ 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	$ 7,724,323
Hydro Revenues	$ 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	$ 24,467,350
Hydro O & M[3]	-	-	-	5,006,891	5,610,905	6,622,660	7,775,377	9,200,564	8,870,840	9,106,265
Net Hydro Revenues	$ 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	$ 15,361,085
Revenues Avail for DS	$ 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	$ 23,085,408
Debt Service										
2002 COPs	$ 1,396,975	$ 1,252,763	$ 1,086,750	$ 1,060,875	$ -	$ -	$ -	$ -	$ -	$ -
2005 COPs	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	2,077,269
2016A Revenue Bonds	-	-	-	-	-	-	354,787	1,503,850	1,500,725	1,500,225
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	611,180
Total Debt Service	$ 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	$ 4,188,674
Debt Service Coverage	5.33	4.45	2.63	4.40	7.03	4.70	6.36	5.49	5.22	5.51

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

Fiscal Year 2019				Fiscal Year 2010			
		%	No. of Employed			%	No. of Employed
Industry Title	**Rank**			**Industry Title**	**Rank**		
Service Providing	1	41%	2,170,680	Service Providing	1	40%	1,635,490
Trade, Transportation and Utilities	2	8%	448,470	Trade, Transportation and Utilities	2	9%	364,890
Educational and Health Services	3	8%	425,950	Government	3	7%	301,230
Leisure and Hospitality	4	7%	352,350	Educational and Health Services	4	7%	283,160
Goods Producing	5	6%	327,130	Retail Trade	5	7%	275,070
Government	6	6%	326,350	Local Government	6	7%	270,430
Retail Trade	7	6%	321,990	Leisure and Hospitality	7	7%	270,160
Total Private	8	6%	314,050	Total Private	8	6%	264,260
Professional and Business Services	9	6%	300,160	Goods Producing	9	6%	226,800
Local Government	10	6%	299,090	Private Service Providing	10	5%	218,560
Total, All Industries		100%	5,286,220			100%	4,110,050

Sources: EDD Labor Market Information Top 10

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

	Population		Total Personal Income		Per Capita Personal		Unemployment	
	Nevada County	Placer County	Nevada County	Placer County	Nevada County	Placer County	Nevada County	Placer County
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	$ 6,161,090,000	$ 26,223,081,000	$ 61,799	$ 66,700	3.50%	3.10%
2019	99,696	393,149	Not Available	Not Available	Not Available	Not Available	3.30%	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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Facilities:										
# of Treatment Plants	7	7	7	7	7	7	7	7	6	6
Plant Capacity (MGD)	33.7	41.7	41.7	41.7	41.7	41.7	41.7	41.7	41.4	41.4
# of Reservoirs	10	10	10	10	10	10	10	9	9	9
# of Hydroelectric Power Plants	7	7	7	7	7	7	7	7	7	7
Canals (miles)	400	400	475	475	475	475	475	475	475	475
Pipelines (miles)	300	300	400	400	400	400	400	401	405	406
# of Fire Hydrants (1)						2,449	2,478	2,514	2,554	2,566
# of Valves (1)						3,643	3,689	3,798	3,814	3,848
# of Pumping Stations (1)						21	22	24	24	24
Water Supply Available (AF):										
Watershed Runoff	267,369	335,773	223,069	89,763	120,041	77,378	253,180	582,626	172,966	256,853
Carryover Storage	202,490	177,077	211,955	147,408	179,724	149,930	242,431	211,776	177,141	199,872
PG&E Contract Water	59,361	59,361	59,361	59,361	34,400	25,716	59,361	59,361	59,361	59,361
Total Water Supply	**529,220**	**572,211**	**494,385**	**296,532**	**334,165**	**253,024**	**554,972**	**853,763**	**409,468**	**516,086**
Water Supply Delivered: (AF)										
Treated	9,201	8,672	9,908	9,496	8,410	8,521	7,202	7,892	8,189	8,015
Raw	135,741	132,551	123,090	112,970	117,566	118,641	119,385	121,025	121,173	118,204
Total Water Supply Delivered	**144,942**	**141,223**	**132,998**	**122,466**	**125,976**	**127,162**	**126,587**	**128,917**	**129,362**	**126,219**
Connections:										
Treated Water	18,760	18,735	18,777	18,701	18,991	19,077	19,135	19,282	19,432	19,519
Irrigation	5,018	4,927	4,909	4,661	4,913	4,963	5,128	5,220	5,186	5,188
Total Connections	**23,778**	**23,662**	**23,686**	**23,362**	**23,904**	**24,040**	**24,263**	**24,502**	**24,618**	**24,707**

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	2019
Management											
Administration	4	4	4	4	4	4	5	5	6	6	5
Central Files	2	3	2	3	3	3	3	3	3	4	3
Human Resources	2	2	2	2	2	2	2	2	3	3	3
Safety			1	1	1	1	1	1	1	2	2
Watershed								1	1	1	1
Engineering	13	18	19	21	20	20	19	20	18	19	20
Finance											
Accounting	4	5	6	5	6	6	7	7	6	7	7
Information Technology	4	4	3	2	2	3	3	3	3	3	3
Purchasing	6	5	5	4	5	6	5	5	5	5	5
Hydroelectric	23	24	24	26	25	22	21	24	25	28	31
Recreation	1	2	4	4	5	6	7	9	7	9	9
Maintenance											
Operations	52	54	52	50	52	55	61	62	65	66	56
Shop Operations	1	2	2	2	2	2	3	3	3	3	4
Vegetation										6	6
Water											
Operations/Treatment	41	40	36	28	31	29	34	45	43	46	41
Cashiering	2	2	2	1	1	1	2	2	2	2	2
Customer Service (Indludes Dispatchers)	4	4	5	5	3	5	6	6	7	9	10
Total FTEs	**159**	**169**	**167**	**158**	**162**	**165**	**179**	**197**	**198**	**219**	**208**

Sources:
Nevada Irrigation District Finance Department/Human Resources Department

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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, 2019, 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 list below 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 October 27, 2020, on the financial statements of the District.

Accounting Procedure Manual and Trained Staff

We have recommended in past years that the District prepare an accounting procedure manual. The District is in the process of creating a detailed written accounting procedures manual that covers various accounting functions. However, since the District is in the process of converting to a new accounting system, they have placed the development of the manual on hold as processes will change with the change in system. 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 once this conversion is complete. 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.

Recording of Capital Projects Upon Completion

We noted capital projects were completed in prior years but not transferred from construction-in-progress (CIP) to an asset until the current year. As a result, depreciation expense reported in the current year is overstated due to the District accruing depreciation from the date the asset was placed in service. This situation is due to miscommunication between departments and turnover in District personnel over the past few years. We recommend the District improve communication between departments so information regarding capital projects is provided and received timely. We understand that the District has been working on this and recommend that project statuses continue to be tracked regularly to ensure projects are capitalized and depreciation is accrued in the correct period.

* * * * * *

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.

Richardson & Company, LLP

October 27, 2020

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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, 2019, and have issued our report thereon dated October 27, 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 Report on Internal Control 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. No new accounting policies were adopted and the application of existing policies was not changed during 2019.

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 two years.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements include, the 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 2019 audit, as documented in the Schedule of Prior Year Findings, and results from the large number of adjustments during the audit process primarily due to not all accounting analyses being completed prior to the start of 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 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 65 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 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 has been provided to management.

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 October 27, 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.

Richardson & Company, LLP

October 27, 2020

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Water, Recreation and Electric Funds and the Agency Funds of the Nevada Irrigation District (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 27, 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.

Richardson & Company, LLP

October 27, 2020

NEVADA IRRIGATION DISTRICT

SCHEDULE OF FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2019

MATERIAL WEAKNESSES IN INTERNAL CONTROL

No new material weaknesses identified in 2019.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROLS

No new significant deficiencies identified in 2019.

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 issues, contributed to the delay in closing the books and the large number of adjustments. Areas requiring adjustment after the audit commenced that consisted of the following:

- Recording of new term payments related to capacity fees including current year activity.
- Record receivable for reimbursable projects billed during the current year.
- Proper accrual of all retentions payable by the District at December 31, 2019.
- 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.
- Updating reserve balances.
- 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.
- Calculate and adjust accrued compensated absences.
- Reclass of restricted cash balances.
- Recording change in Fund Balance for amount invest in capital assets net of related debt.
- Reconcile payroll clearing accounts.

Recommendation: We recommend that the District continue to streamline accounting processes to create timely, accurate financial reporting. Monthly procedures should be in place to prepare reconciliations of all balance sheet accounts, and post required journal entries monthly as needed, thereby decreasing the time required to prepare for the start of the audit. The review function should include monitoring compliance with District 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, most importantly, a new accounting system. Management has been working diligently to meet or exceed the recommendations to close this finding and has taken several steps since the year of this finding to achieve this goal. One of the first significant steps taken in 2016 was to complete an overhaul of the chart of accounts and implement a streamlined general ledger account structure that created a uniform chart of accounts across all divisions. It required a significant investment of staff resources to retool processes and retrain personnel to code transactions and that training and refining effort continues today. With this step at completion, the ability to summarize transactions for reporting has significantly improved and reporting has been enhanced. In fiscal years 2017 and 2018, the District continued pursuing audit recommendations and instituted several more changes. Additional in depth process improvements in the cash receipt, revenue billing, and payroll systems were implemented to ensure not only agreement of the postings to the appropriate general ledger accounts but also enhanced timing of the recording of the transactions in accordance with accrual based GAAP. As recommended, heightened daily monitoring, and review processes and systems were implemented to review for policy and GAAP compliance. The District continues to seek qualified temporary and permanent staff resources with accrual based accounting training and/or experience to fill vacancies and meet short term staffing needs. Properly trained staffing resources is another important step to reducing lengthy cash to accrual conversions at year-end. Since fiscal year 2018 and moving forward into fiscal year 2019, the District contracted a consultant to assist with the selection and implementation of an integrated ERP system. Final selections were made from a highly competitive bid process. The Board of Directors provided approval and budget allocations and the District successfully secured a purchase contract for the new ERP system. Design work for the new system was initiated in 2020. The 2020 COVID-19 pandemic has slowed progress on design and implementation, however, the project continues to be the highest priority for the Finance Department. The new system, with proper design and implementation, is expected to provide greater recording, summarizing and reporting functionalities thereby eliminating or significantly reducing much of the time consuming and burdensome manual processes that hinders the current accounting environment.

Finding 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.
- 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 2019.

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. Planning for electronic cash registers began with the design of processes for Recreation to use the existing accounting software cash receipts program providing additional oversight. As previously discussed in Finding 2014-1, the installation of the new ERP system at the Recreation campsites is specifically designed and targeted to provide the best in electronic cash controls for greater control over input of transactions, proper general ledger posting using accrual accounting methodologies and timeliness of reporting. Management secured an accounting consultant to prepare and plan for the design and implementation of Recreation's use of the new system. The new system will incorporate enhanced POS capabilities and cash controls developed specifically to reduce Recreation weaknesses.

NEVADA IRRIGATION DISTRICT

Auditor Presentation of 2019 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 availability, system limitations and external factors
- Some recommendations carried over from 2013 audit

Discussion of Financial Statements

- Positive unrestricted net position (equity) of $34 million (page 14)
- Negative unrestricted net position in Water & Recreation Funds
  - Not sufficient to cover Board designations (page 35)
- Net income for most funds (page 15)
  - Water $ 12,588M (includes $12.9 million transfers from Electric)
  - Electric 1,847M

Discussion of Financial Statements (Continued)

- Capital expenditures of $22.2 million (pages 30 to 32)
- No new debt issued
- Debt repayments of $2.3 million (page 33)
- Increased pension liability of $2.0 million (page 38) (Totals $49.5 million)
- Decreased OPEB liability of $0.5 million (page 42) (Totals $8.3 million)

Net Position by Fund December 31, 2019

Net Position	Water	Electric	Recreation
		in thousands	
Invested in Capital Assets	$ 263,588	$ 89,626	$ 34,182
Restricted for capital improvement	6,229		
Restricted for debt service	611		
Unrestricted	(15,345)	49,420	(483)
Total Net Position	$ 255,083	$ 139,046	$ 33,699
Pension and OPEB Liabilities	$ 46,405	$ 9,564	$ 1,819

Report on Compliance and Internal Control

No new comments

Carryover comments from 2013 audit

- 2 items remaining

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, COVID-19 and fires contributed to delays
- Cumbersome accounting processes and systems also caused delays

Audit Adjustments

- 65 adjustments/closing entries identified
- Reduction from 119 adjustments in 2017 audit
- Slightly higher than 45 adjustments in 2018 audit
- No unadjusted audit difference

Management Letter

Prior Year Recommendations, in progress

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

New Recommendations

- Capital projects to be transferred to asset category upon completion