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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, each major fund and the aggregate remaining fund information of Nevada Irrigation District (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the District, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension related schedules and OPEB related schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying capacity fee schedule, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the capacity fee schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.

Sacramento, California
November 9, 2022

Management's Discussion and Analysis

This section presents management's discussion and analysis of the Nevada Irrigation District's (the District) financial condition and activities as of and for the year ended December 31, 2021. The analysis serves as an introduction to the District's audited basic financial statements and compliments the readers understanding of those financial statements.

ORGANIZATION AND BUSINESS

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, part-time and temporary employees implement policy. The District also generates renewable hydroelectric energy and provides outdoor recreation. Electric power is produced at various hydroelectric facilities and is sold to Pacific Gas and Electric Utility Company (PG&E) and Northern California Power Agency (NCPA) under various purchase agreements. Unique in many respects, NID collects water from its own high mountain watershed, operates a network of six water treatment plants, generates renewable hydroelectric energy, maintains in its water system 475 miles of canals and 411 miles of pipeline and provides outdoor recreation at the District's reservoirs to customers in Nevada, Placer and Yuba counties.

Today, the District serves 19,782 treated water connections and 5,237 irrigation water customers located within its 287,000-acreage boundary. The six water treatment plants have a peak capacity of 41.4 MGD (million gallons per day). About ninety percent of the District's average 120,000 acre-feet of raw water supplied per year is used for local irrigation. NID also generates electricity from seven power plants, which have a combined generation capacity of 82.2 megawatts. Finally, NID's mountain and foothill reservoirs provide recreational experiences, which are important economic attractions for the local tourism industry.

Financial Highlights

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows by $463,315,618 *(net position)*. Of this amount, $392,120,277 represents the District's net investment in capital assets, $9,817,110 is restricted by statute and for debt service, and $61,378,231 is unrestricted. (See Note 7)

- The District increased its total net position in 2021 by $20.2 million, a 4.6% increase over 2020. Even with the lingering impacts of the COVID-19 pandemic and ongoing drought conditions, operating revenues (Water, Electric, and Recreation) still contributed with an increase of $3.4 million. The District's other non-operating revenues stayed relatively flat with an overall minor decrease of $.04 million. Even though property tax revenue increased by $.7 million and intergovernmental revenue increased by $.3 million, the drastic reduction in investment income of $1.4 million overshadowed the increases causing non-operating revenue to be flat. Facility capacity charges and special assessment capital charges posted a minor $.02 million increase with other capital contributions contributing an additional $1.0 million. The District includes two blended component units in its water fund financial statements, Cement Hill Community Facilities District and Rodeo Flat Assessment District. (See Note 3). Revenue from the blended component units is recorded under Special Assessments – Capital.

- The District's working capital, current assets of $22,006,580 minus current liabilities of $8,405,670 is a positive $13,600,910, but significantly lower than 2020 by $65.1 million. Inventories increased by $.6 million to prepare for supply chain disruptions and due to the decrease in internal capital project work, and accounts receivable increased by $.8 million due to pandemic related customer collection decreases. And while current liabilities decreased by $.8 million overall with the paydown of construction related retention liabilities, accounts payable and payroll/benefits payable, the significant driver of the decrease in working capital is due to the conversion of $68.1 million in short term cash to longer term investments.

- Investments of the District increased $75.7 million, as idle cash sitting in the general funds were converted and invested in longer term investments.

- Operating expenses increased by $2.4 million driven by a $.9 million increase in water treatment expenditures due largely to a planned water purchase of $.7 million and an increase of $1.5 million in depreciation as a result of an overall $39.2 million increase in depreciable assets (net of retirements).

- The District's Other Post-Employment Benefits (OPEB) liability is actuarially determined each year. This year, the liability decreased by $3.6 million for a liability of $1.2 million recorded for the current year. The District holds funding for the OPEB benefits in the California Employer's Retirees Benefit Trust (CERBT) administered by CalPERS. The District is not currently using trust assets to pay for retiree benefits and paid OPEB benefits of $1.3 million this year on a pay-go basis outside of the trust. (See Note 9)

- During 2021, Nevada Irrigation District's total liabilities and deferred inflows decreased by $10.1 million with noncurrent liabilities posting a significant decrease of $21.1 million offset by deferred inflows posting a large increase of $11.9 million. Decreases in noncurrent liabilities were driven by a significant decrease in the net pension liability of $14.1 million, a major reduction in other post-employment benefits of $3.6 million, and a long-term debt reduction of $3.5 million from principal payments. Deferred inflows posted very large increases in pension and OPEB related to the net difference between projected and actual earnings on plan investments. Current liabilities decreased $.8 million as mentioned previously.

- As more fully detailed in Note 12, the District's significant contractual obligations as of December 31, 2021 is $5.8 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 like those used by companies in the private sector. The financial statements provide separate information for the water, electric, and recreation operations. These financial statements include the following:

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

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

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

The **Statement of Net Position** discloses the financial position of the District at a specific point in time, December 31, 2021. 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 statement of net position 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, 2021. 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 statement of net position 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 statement of net position and the statement of revenues, expenses, and changes in net position detailing the sources of District receipts and uses of District disbursements.

The **Fiduciary Fund Statements** reflect the net position and changes in net position of fiduciary activities.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes provide a narrative description of certain items contained in the financial statements to enhance the understanding of those items. The notes to the financial statements commence on page 18 and conclude on page 43 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 44-49 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 50.

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 $463,315,618 at the close of the fiscal year. (See Table 1)

By far the largest portion of the Nevada Irrigation District's net position (84.6% percent), consists of its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The District maintains these capital assets to provide excellent services to the citizens of its community and consequently are unavailable to cover liabilities.

Table 1
Statements of Net Position

	2021	2020	Change
Assets			
Current and other assets	$ 124,325,101	$ 114,738,149	$ 9,586,952
Capital assets (net of accumulated depreciation)	434,862,887	435,120,809	(257,922)
Total assets	559,187,988	549,858,958	9,329,030
Deferred outflows of resources			
Deferred outflows	7,494,162	6,614,930	879,232
Total deferred outflows	7,494,162	6,614,930	879,232
Total assets and deferred outflows	$ 566,682,150	$ 556,473,888	$ 10,208,262
Liabilities			
Current Liabilities	$ 8,405,670	$ 9,251,974	$ (846,304)
Long-Term Liabilities	79,290,637	100,422,887	(21,132,250)
Total liabilities	87,696,307	109,674,861	(21,978,554)
Deferred inflows of resources			
Deferred inflows of resources	15,670,225	3,758,145	11,912,080
Total deferred inflows	15,670,225	3,758,145	11,912,080
Total liabilities and deferred inflows	$ 103,366,532	$ 113,433,006	$ (10,066,474)
Net Position			
Net investment in capital assets	$ 392,120,277	$ 392,225,818	$ (105,541)
Restricted for capacity expansion	8,865,517	7,472,041	1,393,476
Restricted for improvements	340,413	319,380	21,033
Restricted for debt service	611,180	611,180	-
Unrestricted	61,378,231	42,412,463	18,965,768
Net Position	$ 463,315,618	$ 443,040,882	$ 20,274,736

The District's restricted net position of $9,817,110 represents resources that are subject to statutory restrictions and debt service requirements. The remaining balance of its' net position, $61,378,231 serves to meet all short and long-term annual liabilities. Unrestricted cash and investments are at $92.6 million with $2.2 million in near term cash and $90.4 in longer term investments. The District's cash and investments are 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 and has been consistently positive for many years.

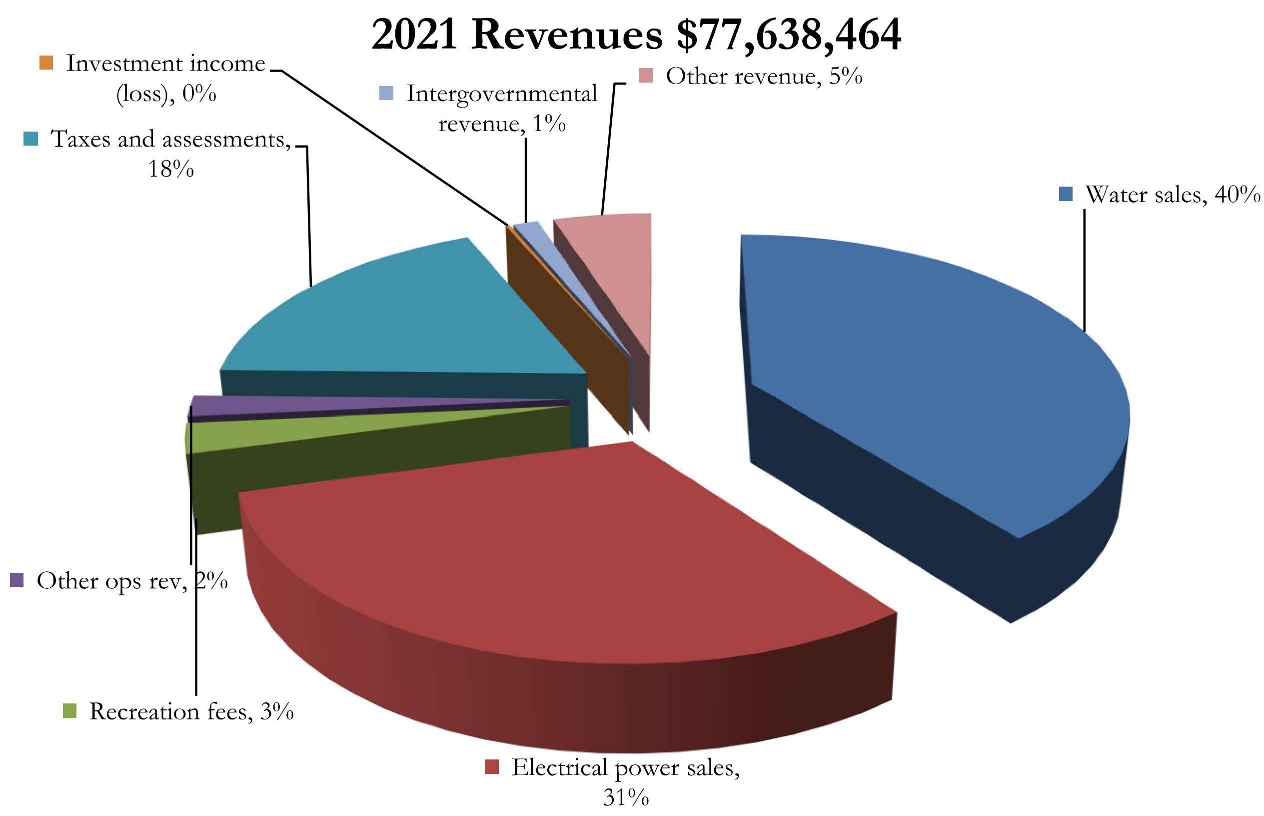
Table 2
Statement of Revenues, Expenses and Changes in Net Position

	2021	2020	Change
Operating Revenues			
Water Sales	$ 30,927,958	$ 27,876,917	$ 3,051,041
Electrical Power Sales	24,268,428	24,022,283	246,145
Recreation Fees	2,109,000	1,437,822	671,178
Other revenue	1,443,186	2,000,604	(557,418)
Total Operating Revenues	58,748,572	55,337,626	3,410,946
Non-Operating Revenues			
Taxes and Assessments	14,188,393	13,452,475	735,918
Investment Income (Loss)	(168,271)	1,271,584	(1,439,855)
Intergovernmental Revenue	997,635	654,276	343,359
Loss on disposal of assets	(52,546)	(165,523)	112,977
Rents and leases	190,165	170,889	19,276
Debt issuance costs	-	(184,194)	184,194
Total Non-Operating Revenues	15,155,376	15,199,507	(44,131)
Total Revenues	73,903,948	70,537,133	3,366,815
Operating Expenses			
Water	44,620,062	40,567,795	4,052,267
Electric	8,628,083	10,337,060	(1,708,977)
Recreation	2,563,914	2,482,649	81,265
Total Operating Expenses	55,812,059	53,387,504	2,424,555
Non-Operating Expenses			
Interest Expense	1,551,669	1,341,559	210,110
Total Non-Operating Expenses	1,551,669	1,341,559	210,110
Total Expenses	57,363,728	54,729,063	2,634,665
Income (Loss) Before Capital Contributions	16,540,220	15,808,070	732,150
Capital Contributions			
Facility Capacity Charges	1,564,981	1,384,151	180,830
Special Assessments - Capital	428,879	371,034	57,845
Other Capital Contributions & Transfers	1,740,656	676,998	1,063,658
Total Transfers and Capital Contributions	3,734,516	2,432,183	1,302,333
Change in Net Position	20,274,736	18,240,253	2,034,483
Net Position - Beginning of Year	443,040,882	424,800,629	18,240,253
Net Position - End of Year	$ 463,315,618	$ 443,040,882	$ 20,274,736

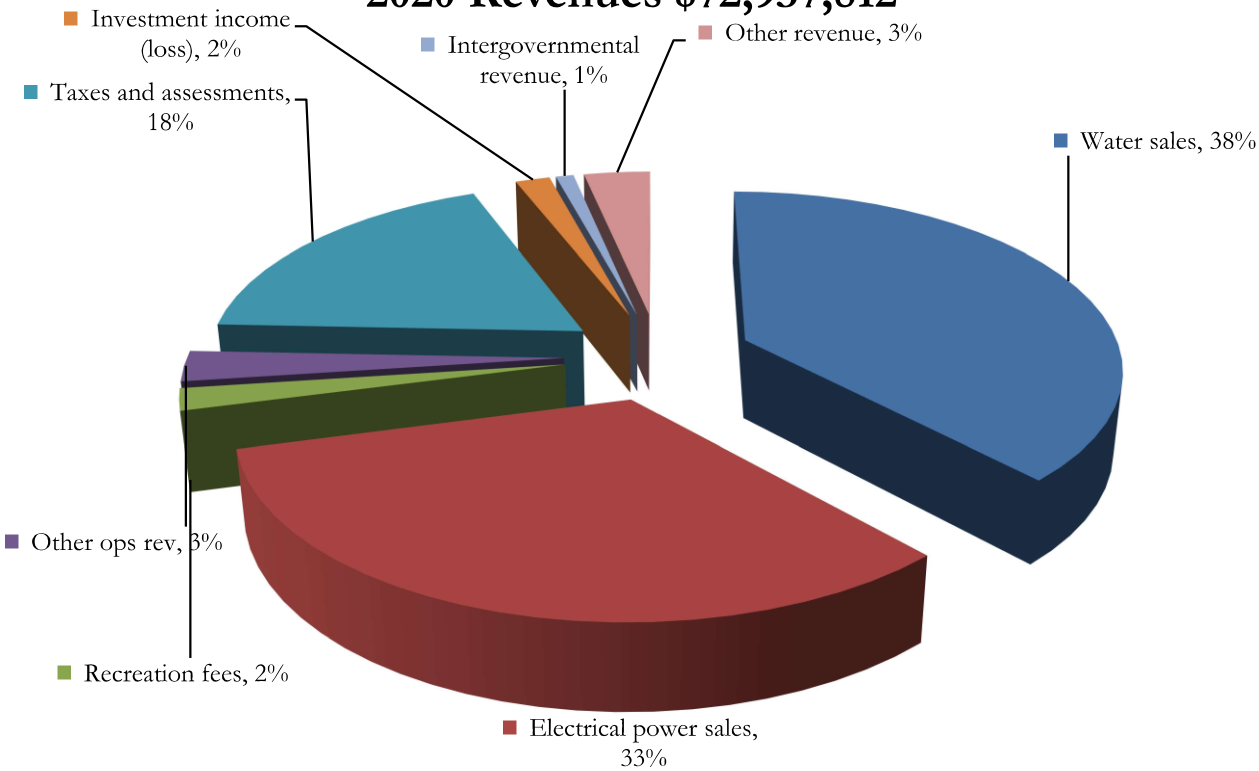
The District's total net position increased by $20.3 million in 2021 performing $2.0 million better than the $18.2 million in the prior year. Total revenues of $73.9 million outpaced total expenses of $57.4 million by $16.5 million being driven by increases in both operating and nonoperating revenue despite increases in operating expenses and interest expense. The District saw increased water sales and other revenue of $3.4 million, along with increased taxes and assessments of $.7 million, generating an increase in total revenue of $3.4 million, despite the reduction in investment income of $1.4 million. The District did incur an increase in expenses of $2.6 million with increases in both operating and non-operating expenses. This year's capacity fees and capital contributions were healthy, contributing $3.7 million, an increase over the prior year of $1.3 million, to arrive at the change in net position of $20.3 million.

Operating expenses increased in 2021 by $2.4 million due to a $.9 million increase in water treatment expenses and a $1.5 million increase in depreciation expense. A one-time purchase of water for $.7 million and labor and benefit increases accounted for the increase in water treatment expenses. New investments in infrastructure of $39.2 million drove the increase in depreciation. The District received $1.6 million in capacity fee charges as reflected in the Government Code 66013 report, which is $181 thousand more than the prior year. The District has extended financing options for these fees.

The chart displays revenues (including capital contributions) for 2021 and 2020 as follows:



2020 Revenues $72,937,812



Capital Assets. The District's capital assets as of December 31, 2021 was $434,862,887 as compared to $435,120,809 (net of accumulated depreciation) for 2020. This investment in capital assets includes land, utility plants in service, recreation facilities, machinery and equipment and construction in progress. Nondepreciable capital assets decreased by $30.6 million with the completion and transfer of several capital projects in 2021 from Construction in Progress (CIP) to depreciable assets, contributing to the $42.0 million increase this year in depreciable assets. 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

	2021	2020
Nondepreciable capital assets	$ 135,946,263	$ 166,527,210
Depreciable capital assets	503,050,908	461,000,941
Less: Accumulated depreciation	(204,134,284)	(192,407,342)
Net Depreciable Capital Assets	298,916,624	268,593,599
Net Capital Assets	$ 434,862,887	$ 435,120,809

Long-Term Liabilities. This year, the District had long-term liabilities outstanding (including the current portion) of $83,373,000 comprised of net pension and OPEB liabilities, compensated absences, HRA liability, revenue bonds and state loans, a decrease of $20.7 million from the prior period. $17.7 million of the decrease is attributable to the reduction in the pension and OPEB liabilities from the outstanding investment performance of the underlying investment assets. The remaining $3.0 million decrease is the payment of principal on the bonds and the state loan. (See Note 5 for additional information on long term liabilities.)

Long-Term Liabilities and Total Debt
(Includes current portion)

	2021	2020
Other postemployment benefits	$ 1,218,028	4,789,462
Compensated absences	2,939,697	2,865,699
Health reimbursement arrangement (HRA)	688,746	709,118
Net pension liability	38,302,451	52,441,738
2016A Revenue Bonds	19,966,507	20,936,938
2020A Revenue Bonds	15,998,131	17,589,454
State of California Loans	4,259,440	4,784,523
Total Outstanding	$ 83,373,000	$ 104,116,932

Economic Factors and Next Year's Rates

The District will initiate the rate setting process in 2023 for raw and treated water rates and will be required to prepare a new Proposition 218 rate increase notice for any proposed rate increase subsequent to 2023. It is anticipated that a water rate study will be completed in late 2023.

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 $16.7 million through December 31, 2021 in relicensing efforts.

The District's 2021 budget considered the above results. The District adopts its budget in accordance with California Government Codes Section 53900 – 53901, Water Code Division 11 Section 20500 – 29978 and District policy and prudent practice.

Requests for Information

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

NEVADA IRRIGATION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Water	Electric	Recreation	Total Business-type Activities
ASSETS				
Current assets				
Cash and cash equivalents (Note 2)	$ 1,794,786	$ 293,723	$ 118,190	$ 2,206,699
Accounts receivable	3,823,344	2,373,074	5,824	6,202,242
Interest receivable	104,820	-	-	104,820
Assessments receivable	8,000,059	-	-	8,000,059
Grants receivable	1,017,725	-	-	1,017,725
Inventory	2,214,177	356,718	4,432	2,575,327
Prepaid expenses and other current assets	1,464,140	330,858	25,611	1,820,609
Deposits	79,099	-	-	79,099
Total current assets	18,498,150	3,354,373	154,057	22,006,580
Noncurrent assets				
Restricted cash and cash equivalents (Note 2)	943,152	-	-	943,152
Restricted investments (Note 2)	8,865,517	-	-	8,865,517
Investments (Note 2)	29,246,102	60,516,589	850,419	90,613,110
Loans receivable	1,896,742	-	-	1,896,742
Capital assets				
Non-depreciable (Note 4)	54,872,608	53,166,719	27,906,936	135,946,263
Depreciable, net (Note 4)	252,747,748	40,041,545	6,127,331	298,916,624
Total capital assets	307,620,356	93,208,264	34,034,267	434,862,887
Total noncurrent assets	348,571,869	153,724,853	34,884,686	537,181,408
Total Assets	367,070,019	157,079,226	35,038,743	559,187,988
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan (Note 8)	4,979,542	1,019,831	220,150	6,219,523
Other postemployment benefits (OPEB) plan (Note 9)	1,089,424	163,819	21,396	1,274,639
Total Deferred Outflows of Resources	$ 6,068,966	$ 1,183,650	$ 241,546	$ 7,494,162

See accompanying notes to the basic financial statements.

NEVADA IRRIGATION DISTRICT
STATEMENT OF NET POSITION (continued)
DECEMBER 31, 2021

	Water	Electric	Recreation	Total Business-type Activities
LIABILITIES				
Current liabilities				
Accounts payable and other liabilities	$ 1,526,675	$ 388,763	$ 58,666	$ 1,974,104
Accrued payroll and benefits	524,071	118,388	24,370	666,829
Refundable deposits	508,166	-	621	508,787
Retention payable	248,682	59,746	-	308,428
Unearned revenue	397,692	-	637	398,329
Accrued interest payable	466,830	-	-	466,830
Compensated absences and HRA liability, due within one year (Note 5)	824,306	205,738	48,718	1,078,762
Long-term liabilities, due within one year (Note 5)	3,003,601	-	-	3,003,601
Total current liabilities	7,500,023	772,635	133,012	8,405,670
Noncurrent liabilities				
Compensated absences and HRA liability, net of current portion (Note 5)	1,874,323	530,387	144,971	2,549,681
Long-term liabilities, net of current portion (Note 5)	37,220,477	-	-	37,220,477
Net pension liability (Note 8)	29,941,026	6,867,629	1,493,796	38,302,451
Net OPEB liability (Note 9)	1,063,309	114,612	40,107	1,218,028
Total noncurrent liabilities	70,099,135	7,512,628	1,678,874	79,290,637
Total Liabilities	77,599,158	8,285,263	1,811,886	87,696,307
DEFERRED INFLOWS OF RESOURCES				
Deferred amount on refunding of debt (Note 6)	353,027	-	-	353,027
Pension plan (Note 8)	7,921,716	1,817,019	395,224	10,133,959
OPEB plan (Note 9)	4,440,851	673,608	68,780	5,183,239
Total Deferred Inflows of Resources	12,715,594	2,490,627	464,004	15,670,225
NET POSITION				
Net investment in capital assets	266,574,625	91,511,386	34,034,266	392,120,277
Restricted for capacity expansion	8,865,517	-	-	8,865,517
Restricted for improvements	340,413	-	-	340,413
Restricted for debt service	611,180	-	-	611,180
Unrestricted (Note 7)	6,432,498	55,975,600	(1,029,867)	61,378,231
Total Net Position	$ 282,824,233	$ 147,486,986	$ 33,004,399	$ 463,315,618

See accompanying notes to the basic financial statements.

NEVADA IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

	Water	Electric	Recreation	Total Business-type Activities
OPERATING REVENUE				
Water sales	$ 30,927,958	$ -	$ -	$ 30,927,958
Electric power sales	-	24,268,428	-	24,268,428
Standby charges	150,133	-	-	150,133
Reimbursements	137,836	50,422	-	188,258
New connections and installations	616,641	-	-	616,641
Recreation fees	-	-	2,109,000	2,109,000
Other revenue	484,933	-	3,221	488,154
Total operating revenues	32,317,501	24,318,850	2,112,221	58,748,572
OPERATING EXPENSES				
Administration and general	14,847,408	6,622,086	2,263,350	23,732,844
Water treatment	8,678,225	-	-	8,678,225
Transmission and distribution	10,488,119	-	-	10,488,119
Pumping	1,071,868	-	-	1,071,868
Depreciation and amortization	9,534,442	2,005,997	300,564	11,841,003
Total operating expenses	44,620,062	8,628,083	2,563,914	55,812,059
OPERATING INCOME (LOSS)	(12,302,561)	15,690,767	(451,693)	2,936,513
NONOPERATING REVENUE (EXPENSE)				
Tax and assessments	14,188,393	-	-	14,188,393
Investment income (loss)	709,754	(878,025)	-	(168,271)
Intergovernmental revenue	997,635	-	-	997,635
Rents and leases	105,801	384	83,980	190,165
Loss on disposal of capital assets	(35,146)	(17,400)	-	(52,546)
Interest expense	(1,551,591)	(76)	(2)	(1,551,669)
Total nonoperating revenue (expense)	14,414,846	(895,117)	83,978	13,603,707
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	2,112,285	14,795,650	(367,715)	16,540,220
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Facility capacity charges	1,564,981	-	-	1,564,981
Special assessments - capital	428,879	-	-	428,879
Other capital contributions	1,740,656	-	-	1,740,656
Transfers in	6,665,751	123,705	315,117	7,104,573
Transfers out	(292,021)	(6,809,073)	(3,479)	(7,104,573)
CHANGE IN NET POSITION	12,220,531	8,110,282	(56,077)	20,274,736
TOTAL NET POSITION, BEGINNING OF YEAR	270,603,702	139,376,704	33,060,476	443,040,882
TOTAL NET POSITION, END OF YEAR	$ 282,824,233	$ 147,486,986	$ 33,004,399	$ 463,315,618

See accompanying notes to the basic financial statements.

NEVADA IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Water	Electric	Recreation	Total Business-type Activities
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 31,594,432	$ 24,348,847	$ 2,144,195	$ 58,087,474
Payments to suppliers	(27,594,634)	(3,172,670)	(1,016,283)	(31,783,587)
Payments to employees	(15,040,954)	(4,614,142)	(1,319,369)	(20,974,465)
Rents and leases	105,801	384	83,980	190,165
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(10,935,355)	16,562,419	(107,477)	5,519,587
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES				
Assessments received	14,268,210	-	-	14,268,210
Intergovernmental revenues received	707,751	-	-	707,751
Amounts received/(paid) from/(to) other funds	6,373,730	(6,685,368)	311,638	-
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	21,349,691	(6,685,368)	311,638	14,975,961
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(14,856,844)	(3,726,231)	(23,600)	(18,606,675)
Interest paid on long-term debt	(1,411,178)	-	-	(1,411,178)
Principal paid on long-term debt	(2,625,083)	-	-	(2,625,083)
Facility capacity charges received	1,564,981	-	-	1,564,981
Contributed capital	1,740,656	-	-	1,740,656
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(15,587,468)	(3,726,231)	(23,600)	(19,337,299)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	739,433	-	-	739,433
Purchase of investments	(70,593,540)	(111,168,499)	(934,573)	(182,696,612)
Proceeds from sale of investments	39,245,442	65,823,498	-	105,068,940
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(30,608,665)	(45,345,001)	(934,573)	(76,888,239)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(35,781,797)	(39,194,181)	(754,012)	(75,729,990)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	38,519,735	39,487,904	872,202	78,879,841
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,737,938	$ 293,723	$ 118,190	$ 3,149,851

See accompanying notes to the basic financial statements.

NEVADA IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2021

	Water	Electric	Recreation	Total Business-type Activities
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Unrestricted cash and cash equivalents	$ 1,794,786	$ 293,723	$ 118,190	$ 2,206,699
Restricted cash and cash equivalents	943,152	-	-	943,152
TOTAL CASH AND CASH EQUIVALENTS	$ 2,737,938	$ 293,723	$ 118,190	$ 3,149,851
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	$ (12,302,561)	$ 15,690,767	$ (451,693)	$ 2,936,513
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	9,534,442	2,005,997	300,564	11,841,003
Net change in deferred outflows and inflows	8,689,431	1,958,687	408,373	11,056,491
Rent and lease receipts	105,801	384	83,980	190,165
(Increase) decrease in:				
Accounts receivable	(850,782)	29,997	33,864	(786,921)
Inventory	(265,126)	(350,391)	1,671	(613,846)
Prepaid expenses and other current assets	(191,556)	34,323	2,749	(154,484)
Deposits	(67,041)	-	-	(67,041)
Loans receivable	149,837	-	-	149,837
Increase (decrease) in:				
Accounts payable	(488,614)	158,172	18,363	(312,079)
Accrued payroll and benefits	(254,289)	(94,462)	(22,570)	(371,321)
Refundable deposits	(77,392)	-	(499)	(77,891)
Retention payable	(697,116)	29,495	-	(667,621)
Unearned revenue	55,268	-	(1,391)	53,877
Compensated absences and HRA liability	40,073	20,769	(7,216)	53,626
Net pension liability	(11,220,494)	(2,498,465)	(420,328)	(14,139,287)
Net OPEB liability	(3,095,236)	(422,854)	(53,344)	(3,571,434)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ (10,935,355)	$ 16,562,419	$ (107,477)	$ 5,519,587
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (decrease) in fair value of investments	$ (407,943)	$ (876,797)	$ -	$ (1,284,740)
Noncash capital contributions	-	200,888	88,173	200,888
Amortization of bond premiums and discounts	(461,754)	-	-	(461,754)
Deferred amount on refunding	353,027	-	-	353,027
Amortization of deferred amount on refunding	(23,643)	-	-	(23,643)
Total Non-Cash Investing, Capital, and Financing Activities	$ (540,313)	$ (675,909)	$ 88,173	$ (1,216,222)

See accompanying notes to the basic financial statements.

NEVADA IRRIGATION DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2021

	Custodial Fund
ASSETS	
Investments (Note 2)	$ 565,671
Total Assets	565,671
NET POSITION	
Restricted for improvements	565,671
Total net position	$ 565,671

See accompanying notes to the basic financial statements.

NEVADA IRRIGATION DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

	Custodial Fund
ADDITIONS	
Interest income	$ -
Total Additions	-
Change in Fiduciary Net Position	-
Fiduciary Net Position, Beginning of Year	565,671
Fiduciary Net Position, Enf of Year	$ 565,671

See accompanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The District currently encompasses approximately 287,000 acres and provides raw and treated water to approximately 25,000 customers in Nevada and Placer Counties (the "Counties") and in a small portion of Yuba County. The District's water system includes 9 storage reservoirs containing a capacity of approximately 280,085 acre-feet and approximately 475 miles of canal. Treated water facilities include six treatment plants, 43 storage tanks and reservoirs and approximately 411 miles of pipeline.

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

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

The District's financial statements also include Community Facilities District (CFD) No. 2007-1 (Cement Hill) and Assessment District (AD) 2008-1 (Rodeo Flat), which are separate special districts formed under the California Government Code. CFD No. 2007-1 and AD 2008-1 are considered blended component units of the District because the District's Board of Directors acts as the Board of Directors of, can impose its will on and has a financial benefit relationship with CFD No. 2007-1 and AD 2008-1. The special assessments collected from property owners within CFD No. 2007-1 and AD 2008-1 are to repay the District for capital improvements financed by the District. The activity of CFD No. 2007-1 and AD 2008-1 is reported on a blended basis with the Water Fund. CFD No. 2007-1 and AD 2008-1 do not issue separate financial statements.

B. Measurement Focus, Basis of Accounting and Presentation

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

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

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

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

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

The District reports three major funds, Water, Electric, and Recreation, which are all accounted for as enterprise funds. The Water fund is used to account for the District's general water operations for both raw and treated water systems, the Electric fund is used to account for the District's hydroelectric operations, and the Recreation fund is used to account for the District's general recreation operations.

C. 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.

D. Restricted Assets

Certain capital expansion fees as well as certain resources set aside for debt repayment, improvements financed with special assessments, contract retention 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.

E. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Accounts Receivable

Accounts receivable arise from billings to customers for water usage and certain improvements made to customers' property and billings to PG&E and other entities for electric power sales. The District determined that as of December 31, 2021, an allowance for doubtful accounts was not needed, as all amounts are considered collectible. The District also has loans receivable related to connection fees that are paid over a period of time by property owners.

G. Inventory

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

H. Prepaid Expenses

Prepaid expenses are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year and mainly consisted of prepaid insurance at December 31, 2021.

I. Deposits

The District's deposits consist of funds held on account with various entities for several purposes. The deposits include funds held with the property management firm for the District's rental properties and tenants' deposits, Health Reimbursement Arrangement (HRA) claims administrator to process employee and retiree debit card HRA transactions and a deposit on the purchase of equipment.

J. Property and Equipment

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

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

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

K. Budgets and Budgetary Accounting

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Property taxes

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.

M. Bond Discounts, Premiums, Issuance Costs and Deferred Amounts on Refunding

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

N. Compensated Absences

The liability for employee accrued vacation, sick leave and compensatory time off (CTO) is computed annually at year-end, and the change in the liability is charged to expense in the applicable 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 up to a maximum of 52 days accrued vacation depending on their individual annual accrual rate.

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

O. 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.

P. Pension Plan

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

Q. Other Postemployment Benefits (OPEB) Plan

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Deferred Outflows and Inflows of Resources

The statement of net position includes a separate section for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expenditures/expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the District's pension plan as described in Note 8 and OPEB Plan as described in Note 9.

S. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

T. Implementation of Government Accounting Standards Board Statements

Effective January 1, 2021, the District implemented the following accounting and financial reporting standards:

Governmental Accounting Standards Board Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires interest costs incurred before the end of a construction period to be recorded as an expenditure in the applicable period. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. There was no significant financial impact to the District as a result of implementation.

U. Future Government Accounting Standards Board Statements

These statements are not effective until January 1, 2022 or later and may be applicable for the District. However, the District has not determined what impact, if any, these pronouncements will have on the financial statements.

Governmental Accounting Standards Board Statement No. 87

In June 2017, 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 of 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 ending December 31, 2022.

Governmental Accounting Standards Board Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of the Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The requirements of this Statement are effective for the year ended December 31, 2022.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Accounting Standards Board Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the District's fiscal year ending December 31, 2023.

Governmental Accounting Standards Board Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, Leases, as amended. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement are effective for the District's fiscal year ending December 31, 2023.

Governmental Accounting Standards Board Statement No. 97

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans an Amendment of GASB Statements No. 14 and No. 84, and a Supercession of GASB Statement No. 32.* The primary objectives of this Statement are 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 plan) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plan. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement related to the accounting and financial reporting for Section 457 plans are effective for the District's fiscal year ending December 31, 2022.

Governmental Accounting Standards Board Statement No. 99

In April 2022, GASB issued Statement No. 99, Omnibus 2022. The primary objectives of the Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement related to leases, PPPs, and SBITAs are effective for the District's fiscal year ending December 31, 2023 and the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for the District's fiscal year ending December 31, 2024.

Governmental Accounting Standards Board Statement No. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*. The primary objective of the Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the District's fiscal year ending December 31, 2024.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Accounting Standards Board Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for the District's fiscal year ending December 31, 2024.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of December 31, 2021 were reported in the financial statements as follows:

Water	$ 40,849,557
Electric	60,810,312
Recreation	968,609
Total Business-type Activities	102,628,478
Custodial fund	565,671
Total Cash and Investments	$ 103,194,149

Cash and investments as of December 31, 2021 consisted of the following:

Cash and cash equivalents:	
Unrestricted:	
Cash on hand	$ 5,250
Unrestricted deposits in financial institutions	2,201,449
Total unrestricted cash and cash equivalents	2,206,699
Restricted:	
Restricted deposits in financial institutions	943,152
Total restricted cash and cash equivalents	943,152
Total cash and cash equivalents	3,149,851
Investments:	
Unrestricted:	
Investments in Local Agency Investment Fund (LAIF)	2,720,114
U.S. Agency securities	84,287,120
Negotiable certificates of deposit	1,240,457
Medium term corporate notes	2,931,090
Total unrestricted investments	91,178,781
Restricted:	
Investments in Local Agency Investment Fund (LAIF)	8,865,517
Total restricted investments	8,865,517
Total investments	100,044,298
Total cash and investments	$ 103,194,149

NOTE 2: CASH AND INVESTMENTS (continued)

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 identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The 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%	30%
Commercial paper	270 days	A-1	25%	10%
Negotiable certificates of deposit	5 Years	A	30%	30%
Local Agency Investment Fund (LAIF)	N/A	N/A	None	$75,000,000
Municipal bonds	5 Years	A	30%	30%
Medium term corporate notes	5 Years	A	30%	30%
Money market mutual funds	N/A	AAA	15%	15%
Mortgage pass-through security	5 Years	A	20%	20%

Investments Authorized by Debt Agreements

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, 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 as of December 31, 2021:

			Investment Maturities (in years)		
Investment Type	Interest Rates	Fair Value	Less than 1	1-2	3-5
LAIF	Variable	$ 11,585,631	$ 11,585,631	$ -	$ -
U.S. Agency securities	.32% - 1.13%	84,287,120	-	10,835,500	73,451,620
Negotiable certificates of deposit	.65% - 1.15%	1,240,457	-	497,615	742,842
Medium term corporate notes	1.20%	2,931,090	-	-	2,931,090
		$ 100,044,298	$ 11,585,631	$ 11,333,115	$ 77,125,552

NOTE 2: CASH AND INVESTMENTS (continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of December 31, 2021 for each investment type.

Investment Type	Total	Minimum Legal Rating	Ratings as of fiscal year end: Moody's	Ratings as of fiscal year end: S&P
LAIF	$ 11,585,631	N/A	Not rated	Not rated
U.S. Agency securities	77,917,335	N/A	Aaa	AA+
U.S. Agency securities	6,369,785	N/A	Aaa	N/A
Negotiable certificates of deposit	495,273	A	N/A	Not rated
Negotiable certificates of deposit	745,184	A	Not rated	Not rated
Medium term corporate notes	2,931,090	A	A2	A-
	$ 100,044,298			

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investor's investment in a single issuer. To limit this risk, the District places a limit on the amount that can be invested in any one issuer to the amount stipulated by the California Government Code. As of December 31, 2021, the District had the following investments which each represented 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	%
FHLMCMTN	U.S. Agency security	6,369,785	6 %
Federal Farm Credit Bank	U.S. Agency security	25,065,665	25 %
Federal Home Loan Bank	U.S. Agency security	52,851,670	53 %

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 governmental 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 bye pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At December 31, 2021, the carrying amount of the District's deposits were $3,149,851 and the balance in financial institutions was $4,130,113. Of the balance in financial institutions, $976,595 was covered by federal depository insurance and $3,153,518 was collateralized by securities pledged by the financial institution.

NOTE 2: CASH AND INVESTMENTS (continued)

Investment in LAIF

The District is a voluntary participant in LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. 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 investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire 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 is recorded on an amortized cost basis.

Investment Valuation

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: 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. The District does not have any investments that are measured using Level 1 and 3 inputs.

Following is a description of the valuation methodologies used to estimate the fair value of investments. There have been no changes in the valuation techniques used at December 31, 2021. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while District management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

U.S. Agency securities, Negotiable Certificates of Deposit, and Medium Term Corporate Notes: Fair values are based 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.

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of December 31, 2021.

	Level 1	Level 2	Level 3	Total
LAIF	$ -	$ -	$ -	$ 11,585,631
U.S Agency securities	-	84,287,120	-	84,287,120
Negotiable certificates of deposit	-	1,240,457	-	1,240,457
Medium term corporate notes	-	2,931,090	-	2,931,090
Total assets at fair value	$ -	$ 88,458,667	$ -	$ 100,044,298

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

At December 31, 2021, the District had the following amounts due from Community Facilities District (CFD) 2007-1 (Cement Hill) and Assessment District (AD) 2008-1 (Rodeo Flat):

CFD 2007-1 (Cement Hill)	$ 2,333,842
AD 2008-1 (Rodeo Flat)	383,800
Total	$ 2,717,642

NOTE : ACCOUNTS RECEIVABLES AND AMOUNT DUE FROM GOVERNMENATL AGENCIES (continued)

The $2,333,842 due from CFD 2007-1 represents the CFD's share of the State loan used to finance the construction of the Cement Hill pump zone extension. The CFD is responsible for approximately half of the repayment of this loan. The full amount of the State loan is reflected as a liability in the Water fund. The $383,800 due from AD 2008-1 represents the AD's share of the 2008 Rodeo Flat Improvement Bonds used to finance certain water system improvements made by the District in the Rodeo Flat area. Because the CFD and AD are considered blended component units of the District, the amounts due to the District and the liabilities in CFD 2007-1 and AD 2008-1 are eliminated with a consolidating entry and the amounts are not reported in the Water fund. However, the amounts represent long-term liabilities from the property owners within CFD 2007-1 and AD 2008-1 to the District financed with special tax assessments.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	January 1, 2021	Additions	Retirements	Transfers	December 31, 2021
Water Fund					
Capital assets not being depreciated					
Land	$ 18,624,152	$ -	$ -	$ 3,300,227	$ 21,924,379
Bear River water rights	681,644	-	-	-	681,644
Construction in progress	67,898,757	12,193,807	(6,959,862)	(40,866,117)	32,266,585
Total capital assets not being depreciated	87,204,553	12,193,807	(6,959,862)	(37,565,890)	54,872,608
Capital assets being depreciated					
Water plant in service	277,665,305	883,263	(73,929)	32,820,110	311,294,749
Electric plant in service	222,672	-	-	-	222,672
Structures and improvements	13,152,816	-	-	4,456,723	17,609,539
Dams and reservoirs	41,897,041	867,970	-	-	42,765,011
General equipment	10,630,321	288,447	(51,488)	(104,579)	10,762,701
Transportation equipment	6,747,208	623,357	-	23,386	7,393,951
Total capital assets being depreciated	350,315,363	2,663,037	(125,417)	37,195,640	390,048,623
Less accumulated depreciation:					
Water plant in service	(106,556,750)	(7,333,456)	41,750	-	(113,848,456)
Electric plant in service	(26,721)	(4,453)	-	-	(31,174)
Structures and improvements	(3,368,999)	(392,864)	-	-	(3,761,863)
Dams and reservoirs	(9,288,413)	(433,202)	-	-	(9,721,615)
General equipment	(5,296,205)	(758,657)	48,522	104,579	(5,901,761)
Transportation equipment	(3,400,810)	(611,810)	-	(23,386)	(4,036,006)
Total accumulated depreciation	(127,937,898)	(9,534,442)	90,272	81,193	(137,300,875)
Total capital assets being depreciated, net	222,377,465	(6,871,405)	(35,145)	37,276,833	252,747,748
Capital assets, net	$ 309,582,018	$ 5,322,402	$ (6,995,007)	$ (289,057)	$ 307,620,356

NOTE 4: CAPITAL ASSETS (continued)

	January 1, 2021	Additions	Retirements	Transfers	December 31, 2021
Electric Fund					
Capital assets not being depreciated					
Land	$ 45,395,375	$ -	$ -	$ 379,473	$ 45,774,848
Power rights	1,568,942	-	-	-	1,568,942
Construction in progress	4,440,177	3,367,968	(6,667)	(1,978,549)	5,822,929
Total capital assets not being depreciated	51,404,494	3,367,968	(6,667)	(1,599,076)	53,166,719
Capital assets being depreciated					
Electric plant in service	52,607,127	19,656	-	1,277,539	53,904,322
Bowman power project	2,887,922	-	-	-	2,887,922
Structures and improvements	4,462,495	27,621	-	494,357	4,984,473
Dams and reservoirs	30,465,575	-	-	-	30,465,575
General equipment	4,287,215	134,484	(38,981)	28,065	4,410,783
Transportation equipment	1,911,692	176,502	-	(23,386)	2,064,808
Total capital assets being depreciated	96,622,026	358,263	(38,981)	1,776,575	98,717,883
Less accumulated depreciation:					
Electric plant in service	(35,472,859)	(889,252)	-	-	(36,362,111)
Bowman power project	(2,107,508)	(70,292)	-	-	(2,177,800)
Structures and improvements	(2,442,777)	(119,241)	-	-	(2,562,018)
Dams and reservoirs	(14,291,806)	(345,080)	-	-	(14,636,886)
General equipment	(1,510,454)	(389,691)	21,081	-	(1,879,064)
Transportation equipment	(889,404)	(192,441)	-	23,386	(1,058,459)
Total accumulated depreciation	(56,714,808)	(2,005,997)	21,081	23,386	(58,676,338)
Total capital assets being depreciated, net	39,907,218	(1,647,734)	(17,900)	1,799,961	40,041,545
Capital assets, net	$ 91,311,712	$ 1,720,234	$ (24,567)	$ 200,885	$ 93,208,264

NOTE 4: CAPITAL ASSETS (continued)

	January 1, 2021	Additions	Retirements	Transfers	December 31, 2021
Recreation Fund					
Capital assets not being depreciated					
Land	$ 27,900,659	$ -	$ -	$ -	$ 27,900,659
Construction in progress	17,504	16,125	(4,020)	(23,332)	6,277
Total capital assets not being depreciated	27,918,163	16,125	(4,020)	(23,332)	27,906,936
Capital assets being depreciated					
General plant	17,843	-	-	-	17,843
Structures and improvements	13,139,268	-	(2,703)	111,504	13,248,069
General equipment	747,827	7,475	-	104,579	859,881
Transportation equipment	158,614	-	-	-	158,614
Total capital assets being depreciated	14,063,552	7,475	(2,703)	216,083	14,284,407
Less accumulated depreciation:					
General plant	(1,071)	(357)	-	-	(1,428)
Structures and improvements	(7,484,672)	(240,075)	2,703	-	(7,722,044)
General equipment	(126,719)	(49,157)	-	(104,579)	(280,455)
Transportation equipment	(142,174)	(10,975)	-	-	(153,149)
Total accumulated depreciation	(7,754,636)	(300,564)	2,703	(104,579)	(8,157,076)
Total capital assets being depreciated, net	6,308,916	(293,089)	-	111,504	6,127,331
Capital assets, net	$ 34,227,079	$ (276,964)	$ (4,020)	$ 88,172	$ 34,034,267

Depreciation expense for the year ended December 31, 2021 was charged to the different activities as follows:

Water	$ 9,534,442
Electric	2,005,997
Recreation	300,564
	$ 11,841,003

NOTE 5: LONG TERM LIABILITIES

During the year ended December 31, 2021, the following changes occurred in long-term liabilities:

	January 1, 2021	Additions	Reductions	December 31, 2021	Current Portion
Revenue Bonds, Series 2016A	$ 17,845,000	$ -	$ (670,000)	$ 17,175,000	$ 705,000
Revenue Bonds, Series 2020A	15,015,000	-	(1,430,000)	13,585,000	1,320,000
State of California loan - Cement Hill	4,784,523	-	(525,083)	4,259,440	516,846
Total	37,644,523	-	(2,625,083)	35,019,440	2,541,846
Unamortized premiums	5,666,392	-	(461,754)	5,204,638	461,755
Total Bonds and Loans	43,310,915	-	(3,086,837)	40,224,078	3,003,601
Health reimbursement arrangement (HRA) liability	709,116	-	(20,370)	688,746	344,374
Compensated absences	2,865,701	1,973,356	(1,899,360)	2,939,697	734,388
Total HRA and Compensated Absences	3,574,817	1,973,356	(1,919,730)	3,628,443	1,078,762
Total	$ 46,885,732	$ 1,973,356	$ (5,006,567)	$ 43,852,521	$ 4,082,363

A description of the long-term liabilities at December 31, 2021 follows:

Revenue Bonds (Direct Placements)

In April 2016, the Nevada Irrigation District Joint Powers Authority sold $20,210,000 of Revenue Bonds, Series 2016A, with interest rates ranging from 4% to 5%. The proceeds were used to finance the acquisition of the Combie Phase 1 Canal and Bear River Siphon Replacement Project; preliminary engineering and environmental studies related to the Centennial Reservoir; and to acquire certain land and interest in land for mitigation of various District projects. Principal payments ranging from $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, 2032.

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

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

State of California Loan - Cement Hill (Direct Borrowing)

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

NOTE 5: LONG TERM LIABILITIES (continued)

Principal and interest maturities of long-term debt are as follows:

Years ending December 31,	Revenue Bonds, Series 2016A			Revenue Bonds, Series 2020A		
	Principal	Interest	Total	Principal	Interest	Total
2022	$ 705,000	$ 798,225	$ 1,503,225	$ 1,320,000	$ 532,450	$ 1,852,450
2023	1,490,000	743,350	2,233,350	640,000	483,450	1,123,450
2024	1,565,000	666,975	2,231,975	670,000	450,700	1,120,700
2025	1,650,000	586,600	2,236,600	700,000	416,450	1,116,450
2026	1,730,000	502,100	2,232,100	745,000	380,325	1,125,325
2027 - 2031	10,035,000	1,128,575	11,163,575	4,305,000	1,296,100	5,601,100
2032 - 2036	-	-	-	5,205,000	389,150	5,594,150
	$ 17,175,000	$ 4,425,825	$ 21,600,825	$ 13,585,000	$ 3,948,625	$ 17,533,625

Years ending December 31,	State Loan			Total		
	Principal	Interest	Total	Principal	Interest	Total
2022	$ 516,846	$ 94,335	$ 611,181	$ 2,541,846	$ 1,425,010	$ 3,966,856
2023	528,716	82,464	611,180	2,658,716	1,309,264	3,967,980
2024	540,859	70,322	611,181	2,775,859	1,187,997	3,963,856
2025	553,280	57,900	611,180	2,903,280	1,060,950	3,964,230
2026	565,987	45,193	611,180	3,040,987	927,618	3,968,605
2027 - 2031	1,553,752	56,388	1,610,140	15,893,752	2,481,063	18,374,815
2032 - 2036	-	-	-	5,205,000	389,150	5,594,150
	$ 4,259,440	$ 406,602	$ 4,666,042	$ 35,019,440	$ 8,781,052	$ 43,800,492

Pledged Revenues:

The District has pledged all water system revenues, all hydroelectric revenues, all property taxes, and any other amounts not restricted by statute or otherwise, net of specified operating expenses to repay its Revenue bonds, Series 2020A and 2016A in the original amounts of $15,015,000 and $20,210,000, respectively. Net revenues of the District, as defined, are required to equal 125% of the debt service payable in each fiscal year. Proceeds of the Bonds were used to refund certain debt issuances as described above and to fund acquisition improvements to the District's water systems. Annual principal and interest payments on the Bonds are expected to require approximately 125% of net revenues. Total principal and interest remaining to be paid on the Bonds was $39,134,450 at December 31, 2021. Cash basis principal and interest paid on the Bonds was $3,348,023 and total District net revenues calculated in accordance with the covenants for the Bonds was $31,558,361 during the year ending December 31, 2021.

NOTE 6: PRIOR ADVANCE REFUNDING

The District advance refunded $17,145,000 of outstanding Revenue Bonds, Series 2011A, by depositing the net proceeds from the issuance of the Revenue Bonds, Series 2020A, in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Revenue Bonds, Series 2011A, are considered defeased and the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

The advance refunding resulted in a reduction of total future debt service payments and an economic gain (difference between the present values of the old and new debt service payments) that is reported as a deferred inflow of resources and is being amortized over the life of the new debt. Amortization expense for the year ended December 31, 2021 totaled $23,643. At December 31, 2021, $353,027 was reported as deferred amount on refunding.

NOTE 7: NET POSITION

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

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

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

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

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

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

The District's unrestricted net position consists of the following at December 31, 2021:

	Water	Electric	Recreation	Total
Designated				
Accrued leave	$ 1,349,315	$ 368,063	$ 96,845	$ 1,814,223
Operating reserve	7,597,305	8,825,238	368,714	16,791,257
Capital improvement replacement reserve	22,000,000	-	-	22,000,000
Watershed stewardship reserve	500,000	-	-	500,000
Hydroelectric relicense	-	35,000,000	-	35,000,000
Capital improvement reserve	-	15,000,000	500,000	15,500,000
Insurance and catastrophic reserve	-	2,500,000	-	2,500,000
Total Designated	31,446,620	61,693,301	965,559	94,105,480
Undesignated	(25,014,122)	(5,717,701)	(1,995,426)	(32,727,249)
Total Unrestricted Net Position	$ 6,432,498	$ 55,975,600	$ (1,029,867)	$ 61,378,231

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

NOTE 8: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Plan, an agent multiple-employer defined benefit pension plan (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 publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided

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

The rate plan's provisions and benefits in effect at December 31, 2021, are summarized as follows:

	Miscellaneous Plan		
	Hired prior to May 1, 2010	Hired on or after May 1, 2010 and Prior to January 1, 2013	Hired on or after January 1, 2013
Benefit Formula (at full retirement)	2.5% at 55	2.0% at 55	2.0% at 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% - 2.5%	1.426% - 2.418%	1.0% - 2.5%
Required Employee Contribution Rate			
January 1 to December 31	8.000%	7.000%	6.750%
Required Employer Contribution Rate*			
January 1 to June 30	35.025%	35.025%	35.025%
July 1 to December 31	36.97%	36.97%	36.97%

*Employer contribution rate is the sum of the employer normal cost rate and the employer unfunded accrued liability.

Employees Covered

At December 31, 2021, the following employees were covered by the benefit terms for the Miscellaneous Plan:

Inactive employees or beneficiaries currently receiving benefits	230
Inactive employees entitled to but not yet receiving benefits	101
Active employees	200
Total	531

NOTE 8: PENSION PLAN (continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan 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. The District's contributions to the Plan for the year ended December 31, 2021 were $7,939,263.

B. Net Pension Liability

The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability of the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures.

The District's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The changes in the net pension liability for the Plan were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at January 1, 2021	$ 143,461,111	$ 91,019,373	$ 52,441,738
Changes during the year:			
Service cost	2,821,775	-	2,821,775
Interest on total pension liability	10,071,537	-	10,071,537
Differences between actual and expected experience	40,099	-	40,099
Contributions - employer	-	5,651,628	(5,651,628)
Contributions - employee	-	1,204,407	(1,204,407)
Net investment income	-	20,307,586	(20,307,586)
Benefit payments, including refunds of employee contributions	(8,102,857)	(8,102,857)	-
Administrative expenses	-	(90,923)	90,923
Net changes	4,830,554	18,969,841	(14,139,287)
Balance at December 31, 2021	$ 148,291,665	$ 109,989,214	$ 38,302,451

For the year ended December 31, 2021, the District recognized pension expense of $2,762,402. At December 31, 2021, 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 the measurement date	$ 5,115,789	$ -
Difference between actual and expected experience	1,103,734	94,115
Changes in assumptions	-	80,485
Net difference between projected and actual earning on plan investments	-	9,959,359
Total	$ 6,219,523	$ 10,133,959