



Financial Statements
and
Independent Auditor's Reports
December 31, 2019 and 2018

BROWNS VALLEY IRRIGATION DISTRICT

Financial Statements December 31, 2019 and 2018

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BROWNS VALLEY IRRIGATION DISTRICT

Management's Discussion and Analysis

December 31, 2019 and 2018

This discussion and analysis are intended to be a summarized analysis and interpretation of the Browns Valley Irrigation District's financial activities for the years ended December 31, 2019, based on currently known facts, decisions, or conditions.

2019 was a good year for the Browns Valley Irrigation District. The District was blessed with plenty of water, Collins Lake was able to deliver a full irrigation season with no shortages. However, despite good water supplies, the District actually suffers in most wet years from a shortage of revenue resulting from the lack of a Conserved Water Transfer from the Yuba River. 2019 was such a year when we were not able to transfer any water. Fortunately, however, the District was able to draw from reserves set aside in previous years for such shortfalls. These reserves ensure the District remains financially stable, especially when coupled with the proposed rate increases that help offset uncertain revenues in 2020 and beyond.

Basic Financial Statements:

The District's basic financial statements include four components:

- Statement of Net Position
- Statement of Activities, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to the Financial Statements

The statement of net position includes all of the District's assets and liabilities, with the difference between the two reported as net position.

The statement of net position provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The statement of activities and changes in net position presents information, which shows how, the District's net position changed during each year. All of the year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of activities and changes in net position measure the success of the District's operations during the year and determine whether the District has recovered its costs through user fees and other charges.

The statement of cash flows provides information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

- Operating
- Non-capital financing

BROWNS VALLEY IRRIGATION DISTRICT

Management's Discussion and Analysis

December 31, 2019 and 2018

Basic Financial Statements: (Continued)

- Capital financing and related financing
- Investing

This statement differentiates from the statement of activities and changes in net position by only accounting for transactions that result in cash receipts or cash disbursements.

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

District Financial Statements:

The statement of net position includes all the District's assets and liabilities and provides information about the nature and amount of investments in resources and the obligation to creditors. This statement provides the basis for evaluating the capital structure and assessing the liquidity and the financial flexibility of the District.

A summary of the District's statement of net position is presented as follows:

	<u>Statement of Net Position</u>			
	<u>12/31/19</u>	<u>12/31/18</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current Assets	\$ 5,848,125	\$ 5,494,331	\$ 353,794	6.44%
Capital Assets	6,907,927	7,122,566	(214,639)	-3.01%
Construction in Progress	1,356,647	1,356,647	-	0.00%
Other Assets	<u>342,258</u>	<u>604,835</u>	<u>(262,577)</u>	<u>-43.41%</u>
Total Assets	<u>\$ 14,454,957</u>	<u>\$ 14,578,379</u>	<u>\$ (123,422)</u>	<u>-0.85%</u>
Liabilities	\$ 1,700,577	\$ 1,741,873	\$ (41,296)	-2.37%
Net Position:				
Contributed Capital	540,440	540,440	-	0.00%
Invested in Capital Assets	8,264,574	8,479,213	(214,639)	-2.53%
Unrestricted/Unassigned	<u>3,949,366</u>	<u>3,816,853</u>	<u>132,513</u>	<u>3.47%</u>
Total Liabilities and Net Position	<u>\$ 14,454,957</u>	<u>\$ 14,578,379</u>	<u>\$ (123,422)</u>	<u>-0.85%</u>

BROWNS VALLEY IRRIGATION DISTRICT

Management's Discussion and Analysis

December 31, 2019 and 2018

District Financial Statements: (Continued)

Condensed Statement of Activities and Changes in Net Position

	<u>12/31/19</u>	<u>12/31/18</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating Revenues	\$ 2,119,408	\$ 3,007,214	\$ (887,806)	-29.52%
Less Operating Expenses	(1,517,590)	(1,964,826)	(447,236)	-22.76%
Less Administrative Expenses	(903,470)	(778,978)	124,492	-15.98%
Less Depreciation	(247,128)	(244,434)	2,694	-1.10%
Add Non-Operating Revenues (Expenses)	<u>466,654</u>	<u>524,777</u>	<u>(58,123)</u>	<u>11.08%</u>
Increase (Decrease) in Net Position	(82,126)	543,753	(625,879)	115.10%
Net Position - Beginning of year	<u>12,836,506</u>	<u>12,292,753</u>	<u>543,753</u>	<u>4.42%</u>
Net Position - End of year	<u>\$ 12,754,380</u>	<u>\$ 12,836,506</u>	<u>\$ (82,126)</u>	<u>-0.64%</u>

During the year ended December 31, 2019 the District's operating revenues decreased by 29.52% due to decrease in the District's other water District's and power sales.

During the year ended December 31, 2018 the District's operating revenues increased by 72.67% due to increase in the District's water sales to other water District's and power sales.

Financial Highlights – 2019

- The assets of the District exceeded its liabilities at the close of the year ended December 31, 2019 by \$12,754,380. Of this amount, \$3,949,366 is in *Unrestricted/Unassigned Net Position*.
- The District's total net position decreased by \$80,376 from the previous year.
- The District's operating expenses totaled \$2,668,188 for the current year and decrease of \$321,800 over previous year. Included in total operating expense is \$247,128 and \$244,438 depreciation expenses for 2019 and 2018, respectively.
- The District's current year total revenues decreased compared to the prior year by \$945,929 to a total of \$2,586,062 for the year ended December 31, 2019. Total revenue for the prior year was \$3,531,991. *Out of District Water Sales* decreased by \$1,045,902 in 2019 compared to the prior year.
- The cash and investment balance available at the end of the current year was \$5,485,298, an increase of \$117,007 from the prior period.

BROWNS VALLEY IRRIGATION DISTRICT

Management's Discussion and Analysis

December 31, 2019 and 2018

District Financial Statements: (Continued)

Financial Highlights – 2018

- The assets of the District exceeded its liabilities at the close of the year ended December 31, 2018 by \$12,836,506. Of this amount, \$3,816,853 is in *Unrestricted/Unassigned Net Position*.
- The District's total net position increased by \$543,753 from the previous year.
- The District's operating expenses totaled \$2,743,804 for the current year an increase of \$591,299 over previous year. Included in total operating expense was \$479,455 for the Dry Creek Capital Project abandonment.
- The District's current year total revenues increased compared to the prior year by \$1,595,873 to a total of \$3,531,991 for the year ended December 31, 2018. Total revenue for the prior year was \$1,936,118. *Out of District Water Sales* increased by \$1,042,709 in 2018 compared to the prior year. Grant revenues received during 2018 were \$309,968.
- The cash and investment balance available at the end of the current year was \$5,368,291, an increase of \$1,115,791 from the prior period.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of the following components: 1) Independent Auditor's Report, 2) Management's Discussion and Analysis, 3) Statement of Net Position, 4) Statement of Activities, 5) Statement of Cash Flows, and 6) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements. Items 3, 4, 5 and the supplemental statement of operating expenses are in comparative format, showing both the current year and the prior year.

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 to the financial statements can be found on pages 12-20 of this report.

Supplemental Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information: 1) Schedule of Operating Expenses and 2) Statement of Revenue and Expenditures -Budget and Actual. These reports can be found on pages 19 and 20.

BROWNS VALLEY IRRIGATION DISTRICT

Management's Discussion and Analysis

December 31, 2019 and 2018

Budgetary Highlights - 2019

- 2019 revenues of the District were less than the budgeted revenues by \$505,648 mainly due to decreased in water transfer sales.
- Management and general expenses were more than budgeted amounts by \$11,205.
- Operations expenditures were less than the budgeted amounts by \$220,188 primarily due to decreased capital project expenditures.

Budgetary Highlights - 2018

- 2018 revenues of the District were more than the budgeted revenues by \$613,965 mainly due to increased water sales.
- Management and general expenses were lower than budgeted amounts by \$136,082.
- Operations expenditures were less than the budgeted amounts by \$119,285 primarily due to decreased capital project expenditures.

Capital Assets

The District owns real property at its office and yard location on Browns Valley School Road. The District also owns the Collins Lake recreation area, including the dam and powerhouse. Also owned are a fish screen and a pumping facility on the Yuba River, miscellaneous booster pumps, a hydro powered lift pump, and an open ditch and pipeline delivery system. In addition, the District owns a considerable number of vehicles and District maintenance equipment. These fixed assets, along with additions, deletions, and accumulated depreciation, are detailed in the Notes to the Financial Statements, Note 3.

The Table below provides a comparative Summary:

Capital Asset Activity:

<u>Description</u>	<u>Capital Assets</u>			
	<u>Balance December 31, 2019</u>	<u>Balance December 31, 2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Property and Equipment:				
Distribution System	\$ 11,611,091	\$ 11,611,091	\$ -	0.00%
Building/Equipment	1,976,130	1,968,640	7,490	0.38%
Recreation Property	11,508	11,508	-	0.00%
Fish Screens	204,819	204,819	-	0.00%
Construction in Progress	1,356,647	1,356,647	-	0.00%
Accumulated Depreciation	<u>(6,895,621)</u>	<u>(6,673,492)</u>	<u>(222,129)</u>	<u>3.33%</u>
Total Property, Plant and Equipment - Net	<u>\$ 8,264,574</u>	<u>\$ 8,479,213</u>	<u>\$ (214,639)</u>	<u>-2.53%</u>

BROWNS VALLEY IRRIGATION DISTRICT

Management's Discussion and Analysis

December 31, 2019 and 2018

Capital Debt:

At December 31, 2019, the District had no bonds outstanding. The District has no expected need for future capital debt.

Economic Factors:

2019 - The District shows a net position decrease of \$82,126 for the calendar year ended December 31, 2019 due to expenses exceeding revenue.

2018 - The District shows a net position increase of \$543,753 for the calendar year ended December 31, 2018 due to revenue exceeding expenses.

Debt Administration:

There was no new debt incurred during the current year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Browns Valley Irrigation District, General Manager at P.O. Box 6, Browns Valley, CA 95918.



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Browns Valley Irrigation District
Browns Valley, California

Report on the Financial Statements

We have audited the accompanying financial statements of Browns Valley Irrigation District as of and for the year's ended December 31, 2019 and 2018 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's *Minimum Audit Requirements for California Special District*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Browns Valley Irrigation District, as of December 31, 2019 and 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 6, statement of revenues and expenditures – budget vs actual (pages 22-23), and schedule of required supplementary information- Miscellaneous pension plan (page 24) to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Blomberg & Griffin A.C.
Stockton, CA
May 20, 2020

BROWNS VALLEY IRRIGATION DISTRICT

Statement of Net Position December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash & Investments (Note 2)	\$ 5,485,298	\$ 5,368,291
Accounts Receivable	254,109	25,006
Interest Receivable	27,081	22,670
Inventory	35,600	37,350
Prepaid Insurance	46,037	41,014
Total Current Assets	<u>5,848,125</u>	<u>5,494,331</u>
Property and Equipment - Net of Accumulated		
Depreciation (Note 3)	8,264,574	8,479,213
Sources of Deferred Outflows of Resources		
Pension Contributions (Note 5)	342,258	604,835
Total Assets	<u>\$ 14,454,957</u>	<u>\$ 14,578,379</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable & Accrued Payroll	\$ 44,328	\$ 47,637
Accord Conjunctive Liability (Note 4)	104,533	102,283
Compensated Absences	175,906	164,779
Total Current Liabilities	<u>324,767</u>	<u>314,699</u>
LONG-TERM LIABILITIES		
Net Pension Liability (Note 5)	1,182,765	1,209,624
Sources of Deferred Inflows of Resources		
Pension Plan Deferred (Note 5)	193,045	217,550
Total Long-Term Liability	<u>1,375,810</u>	<u>1,427,174</u>
NET POSITION		
Contributed Capital (Note 8)	540,440	540,440
Invested in Capital Assets, (Note 8)	8,264,574	8,479,213
Unrestricted/Unassigned (Note 8)	3,949,366	3,816,853
Total Net Position	<u>12,754,380</u>	<u>12,836,506</u>
Total Liabilities and Net Position	<u>\$ 14,454,957</u>	<u>\$ 14,578,379</u>

See accompanying notes to financial statements.

BROWNS VALLEY IRRIGATION DISTRICT
Statement of Activities and Changes in Net Position
For the Years Ended December 31, 2019 and 2018

	2019	2018
OPERATING REVENUES:		
Water Sales:		
Other Water Agencies	\$ 13,761	\$ 1,059,663
Accord Conjunctive Use	7,980	145,900
Landowners	1,149,921	1,085,914
Hydro-electric Sales	878,373	657,513
Standby Charges	4,851	6,851
Pipeline Income	64,522	51,373
Total Operating Revenues	2,119,408	3,007,214
Operating Expenses	2,421,060	2,743,804
Operating Income (Loss) Before Depreciation	(301,652)	263,410
Depreciation	(247,128)	(244,434)
Total Operating Income (Loss)	(548,780)	18,976
NON-OPERATING REVENUE AND EXPENSE:		
Grant Income	17,078	309,968
Annexation Income	200,717	-
Interest Income	111,888	63,531
Redhill East Assessment	5,280	5,160
Rental Income	8,653	12,766
Miscellaneous Income	4,271	7,616
Refunds	17,499	39,959
Recreation	91,268	85,777
Sale of Assets	10,000	-
Net Non-Operating Revenue and Expenses	466,654	524,777
Net Income (Net Loss)	(82,126)	543,753
Net Position - Beginning of Year	12,836,506	12,292,753
Net Position - End of Year	\$ 12,754,380	\$ 12,836,506

See accompanying notes to financial statements.

BROWNS VALLEY IRRIGATION DISTRICT

Statement of Cash Flows

For the Year's ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ (548,780)	\$ 18,976
Non-Cash Items Included in Operating Income:		
Depreciation	247,128	244,434
Writeoff Capital Project (Note 3)	-	479,455
Changes in Current Assets and Liabilities:		
(Increase) Decrease in Receivables	(229,103)	15,399
(Increase) Decrease in Prepaid Insurance	(5,023)	751
(Increase) Decrease in Inventory	1,750	(6,200)
Increase (Decrease) in Pension Liability	211,213	4,682
Increase (Decrease) in Accounts and Payroll Payables	(1,059)	(51,693)
Increase (Decrease) in Accord Groundwater Liability	-	37,050
Increase (Decrease) in Compensated Absences	11,127	(78,948)
Net Cash Provided (Used) by Operating Activities	<u>(312,747)</u>	<u>663,906</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Income	<u>107,477</u>	<u>53,747</u>
Cash Flows From Non-Capital Financing Activities:		
Grant Income	17,078	309,968
Annexation Income	200,717	-
Redhill East Assessment	5,280	5,160
Rental Income	8,653	12,766
Miscellaneous Income	4,271	7,616
Refunds	17,499	39,959
Recreation Property Income	91,268	85,778
Net Cash Flows Provided by Non-Capital Financing Activities	<u>344,766</u>	<u>461,247</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchases of Fixed Assets	(32,489)	(63,109)
Proceeds from the Sale of Assets	10,000	-
Net Cash Provided by (Used in) Capital Financing Activities	<u>(22,489)</u>	<u>(63,109)</u>
Increase (Decrease) in Cash and Cash Equivalents	117,007	1,115,791
Cash and Cash Equivalent at Beginning of Year	<u>5,368,291</u>	<u>4,252,500</u>
Cash and Cash Equivalent at End of Year	<u><u>\$ 5,485,298</u></u>	<u><u>\$ 5,368,291</u></u>

See accompanying notes to financial statements.

BROWNS VALLEY IRRIGATION DISTRICT

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Browns Valley Irrigation District (the District), all of which conform to generally accepted accounting principles as applicable to government units:

Reporting Entity: The District was established in 1888 to provide irrigation services in Yuba County, California. The District serves water to pasture and orchard lands as well as family orchards and gardens over an area of 55,000 acres, with 200 miles of open ditch and 70 miles of pipeline.

The financial reporting entity (the District) includes all funds of the District. As a Special District, Browns Valley Irrigation District is self-governed by an elected board of directors.

The State of California, The County of Yuba, the Public Employees Retirement System (PERS), and various school and other districts provide services within the District. Each of these agencies is dependent on an independently elected board other than the Board of Directors of the District. As a result, financial information for these agencies is not included within the scope of these financial statements.

Government-Wide Statements: The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information of the District's activities as a whole. The District only engages in enterprise activities, which are normally supported by sales revenue and supplemented by county tax revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers within the District or other districts/users who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus and Basis of Accounting: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All events and transactions that occurred during the fiscal period being reported that affect the economic condition of the entity are recorded in that fiscal period. Revenues are reported when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

BROWNS VALLEY IRRIGATION DISTRICT

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other government entities or imposed by law through enabling legislature. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

During the year 2013, the District adopted the provision of GASB statement number 45 and 63 in the reporting of net equity position (fund balance). The Governing Board has not delegated authority to either commit or assign fund balance.

Budgets and Budgetary Accounting: The District's Governing Board must adopt a final budget no later than April 30 of the current fiscal year. The budget is revised by the District during the year to give recognition to unanticipated income or expenditures.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the District considers all temporary cash investments with a maturity of three months or less to be cash equivalents.

Accounts Receivable: The District uses the direct write-off method for bad debts. The method does not materially differ from the allowance method.

Capital Assets: Capital assets purchased by the District are recorded at historical cost or estimated historical cost when the original cost is not available. Donated capital assets are recorded at market value on the date donated. Repair and maintenance items that do not significantly extend the useful life of an asset are expensed when incurred.

Capital improvements to the distribution system can be under construction for multiple years. Improvements or additions to the distribution system that are partially completed at the end of the fiscal year are capitalized in Construction in Progress. When the project is completed, the total costs, minus any unused inventory, are removed from Construction in Progress, capitalized in the Distribution System account and depreciated over the life of the asset.

Depreciation of capital assets is computed and recorded on the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Distribution System	30 - 100 Years
Buildings	10 - 40 Years
Equipment	7 - 15 Years
Vehicles	7 - 10 Years

BROWNS VALLEY IRRIGATION DISTRICT

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory: Inventory is valued at cost using the First in/First out (FIFO) method.

General Liability Insurance: The District is a member of Association of California Water Agencies (ACWA) under a Joint Powers Insurance Authority (JPIA). The authority provides general liability insurance under a self-insured program.

Workers Compensation Insurance: The District is covered as a member of ACWA-JPIA for workers compensation insurance. The authority provides a funding pool for self-insurance for workers compensation insurance for ACWA members.

Vacation and Sick Pay: Vacation pay is vested to the employees as it accrues and is payable upon retirement or termination. Sick leave does not vest to the employees until employed for ten years and is payable only when sick leave is taken. There is no maximum on sick leave. One half of any unused accumulated sick leave can be converted to additional service credit after retirement in PERS. The District pays 50% of accrued, but unpaid sick leave upon termination or retirement.

NOTE 2: CASH AND INVESTMENTS

At December 31, cash and investments consisted of the following:

	<u>2019</u>	<u>2018</u>
Petty Cash	\$ 200	\$ 200
General Checking	390,216	180,658
County Treasurer Savings	4,551,669	3,644,956
Money Market Accounts	<u>543,213</u>	<u>1,542,477</u>
Unrestricted Cash and Investments	<u>\$ 5,485,298</u>	<u>\$ 5,368,291</u>

Funds of the District deposited in the general checking and savings are insured by federal depository insurance up to \$250,000 and collateralized for the remainder of the total deposits. The funds held by the Yuba County Treasurer consist of a pooled fund of diversified investments in accordance with investment policies complying with the California Government Code. Pooled funds are not required to be categorized by risk. There was no restricted cash as of December 31, 2019 and 2018.

Collateral for Deposits

Under the provisions for the California Government Code, California banks and savings and loan associations are required to secure a District's deposits by pledging government securities as collateral. The market value of the pledged securities must equal at least 110% of a District's deposits. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of a District's total deposits.

BROWNS VALLEY IRRIGATION DISTRICT

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Authorized Investments

In accordance with California Government Code Section 53601, the District may invest in the following types of investments:

- Bonds issued by the State of California and/or any local agency within the State of California.
- Securities of the U.S. Government, or its agencies
- Certificates of Deposit (or Time Deposits) placed with commercial banks or savings and loan companies.
- Negotiable Certificates of Deposit
- Bankers' Acceptance
- Commercial Acceptances
- Local Agency Investment Fund (State Pool) Demand Deposits
- Repurchase Agreements

NOTE 3: PROPERTY AND EQUIPMENT

A summary of changes in capital assets for the years ended December 31, 2019 and 2018 follows:

<u>December 31, 2019</u>	<u>12/31/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2019</u>
Distribution System	\$ 11,611,091	\$ -	\$ -	\$ 11,611,091
Building/Equipment	1,968,640	32,489	25,000	1,976,129
Recreation Property	11,508	-	-	11,508
Fish Screens	204,819	-	-	204,819
Construction in Progress	1,356,647	-	-	1,356,647
Total	15,152,705	32,489	25,000	15,160,194
Less Accumulated Depreciation	<u>(6,673,492)</u>	<u>(247,128)</u>	<u>25,000</u>	<u>(6,895,620)</u>
Net Capital Assets	<u>\$ 8,479,213</u>	<u>\$ (214,639)</u>	<u>\$ 50,000</u>	<u>\$ 8,264,574</u>
<u>December 31, 2018</u>	<u>12/31/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2018</u>
Distribution System	\$ 11,611,091	\$ -	\$ -	\$ 11,611,091
Building/Equipment	1,950,931	17,709	-	1,968,640
Recreation Property	11,508	-	-	11,508
Fish Screens	204,819	-	-	204,819
Construction in Progress	1,790,702	45,400	479,455	1,356,647
Total	15,569,051	63,109	479,455	15,152,705
Less Accumulated Depreciation	<u>(6,429,058)</u>	<u>(244,434)</u>	<u>-</u>	<u>(6,673,492)</u>
Net Capital Assets	<u>\$ 9,139,993</u>	<u>\$ (181,325)</u>	<u>\$ 479,455</u>	<u>\$ 8,479,213</u>

Depreciation in the amount of \$247,128 and \$244,434 was charged to operating expense for the years ended December 31, 2019 and 2018, respectively.

BROWNS VALLEY IRRIGATION DISTRICT

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 4: ACCORD CONJUNCTIVE FUNDS RECEIVABLE/LIABILITY

The District entered into an agreement known as the Yuba Accord Conjunctive Use Agreement to implement the District's groundwater substitution water transfer program. The agreement also provides for groundwater pumping by Member Units of the District when required to implement the Sacramento Valley Water Management Agreement. Under the agreement, the District receives funds from the Yuba County Water Agency to distribute to landowners in the District who participate in the pumping program. The District also participates in the pumping program and receives income for the number of acre-feet of water it pumps, and a fee based on the total water pumped for administering the program.

NOTE 5: - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN)

The District provides eligible employee's pension plans benefits through the Brown Valley Irrigation District – Miscellaneous Plan (The Plan).

Plan Description, Benefits Provided and Employees Covered

The plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees; Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2018 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2018 actuarial valuation report. This report is a publically available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and contribution rate of employees. For the measurement period ended June 30, 2018 (the measurement date); the active employee contribution rate is 6.902 percent of annual pay, and the average employer's contribution rate is 10.152 percent of annual payroll. For the PEPRA Plan, the annual pay, the active employee contribution is 6.500 percent and the average employer's contribution rate is 6.908 percent of annual pay. Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution

BROWNS VALLEY IRRIGATION DISTRICT

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 5: - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2018 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. Both the June 30, 2018 total pension liability and the June 30, 2017 total pension liability were based on the following actuarial methods and assumptions.

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Delivered using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies,

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely results in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

BROWNS VALLEY IRRIGATION DISTRICT

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 5: - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (Continued)

The following presents the net pension liability/(assets) of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	<u>Discount Rate - 1% (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>Discount Rate + 1% (8.15%)</u>
Plan's Net Pension Liability/(Assets) -2019	\$ 1,827,982	\$ 1,182,765	\$ 650,149
Plan's Net Pension Liability/(Assets) - 2018	\$ 1,820,695	\$ 1,209,624	\$ 703,524

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

PENSION EXPENSE AND DEFERRED OUTFLOWS AND DEFERRED INFLOWS

For the fiscal year ended December 31, 2019 and 2018, pension expense recognized is as follows:

	<u>2019</u>	<u>2018</u>
Service Cost	\$ 127,756	\$ 120,234
Interest on Total Pension Liability	357,056	330,666
Changes of Benefit Terms	210	593
Recognized Changes of Assumption	47,115	53,696
Recognized Differences b/w Projected and Actual Experience	9,121	(6,515)
Net Plan to Plan Resource Movement	(36,889)	7,993
Employee Contribution	(55,496)	(51,618)
Projected Earnings on Pension Plan Investments	(270,599)	(238,278)
Recognized Differences b/w Projected and Actual Earnings on Plan Investment	(11,602)	(942)
Other Miscellaneous Expenses	11,062	-
Administrative Expenses	5,825	4,996
Pension Expense (Income)	<u>\$ 183,559</u>	<u>\$ 220,825</u>

BROWNS VALLEY IRRIGATION DISTRICT

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 5: - DISTRICT EMPLOYEES RETIREMENT PLAN (DEFINED BENEFIT PENSION PLAN) (Continued)

	Deferred Outflows of Resources 2019	Deferred Inflows of Resources 2019	Inflows/ (Outflows) of Resources 2018
Difference expected and Actual Experience	\$ 45,381	\$ 15,443	\$ (19,912)
Changes of Assumptions	134,839	33,046	171,246
Difference between projected and Actual			
Investment Earnings	5,847	-	41,926
Proportionate Share of Contribution	-	119,553	(140,387)
Changes in Employer's Proportion	52,930	25,003	246,268
Pension Contributions made Subsequent to Measurement Date	103,261	-	88,143
Total	\$ 342,258	\$ 193,045	\$ 387,284

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30,	Deferred Outflows/(Inflows) of Resources 2019	Deferred Outflows/(Inflows) of Resources 2018
2019	-	221,719
2020	78,829	89,643
2021	68,281	84,780
2022	(28,564)	46,927
2023	10,014	-
Thereafter	20,652	-

NOTE 6: DEFERRED COMPENSATION

The District sponsors an IRS Code Section 457 Plan ("Plan") for all eligible employees. The Plan is administered by CalPERS. The District matches employee contributions by 10%.

NOTE 7: SUBSEQUENT EVENTS

The management has evaluated subsequent events through May 20, 2020, the date these financial statements were available to be issued, and determined that there were no events occurring subsequent to December 31, 2019, that would have material impact on the District's result of operations of the financial position.

BROWNS VALLEY IRRIGATION DISTRICT

Notes to Financial Statements

December 31, 2019 and 2018

NOTE 8: NET POSITION (FUND BALANCES)

Fund Equity - 2019

Fund equity was segregated as follows for the year ended December 31, 2019:

Description Segregated Amounts	Contributed Capital	Invested In Capital Assets	Unrestricted	Total
Connection Fees	\$ 234,676	\$ -	\$ -	\$ 234,676
Grant for Mahle Ditch	305,764	-	-	305,764
Investment in Fixed Assets	-	8,264,574	-	8,264,574
Remaining Unreserved Balance	-	-	3,949,366	3,949,366
Total Fund Equity	\$ 540,440	\$ 8,264,574	\$ 3,949,366	\$ 12,754,380

Fund Equity—2018

Fund equity was segregated as follows for the year ended December 31, 2018:

Description Segregated Amounts	Contributed Capital	Invested In Capital Assets	Unrestricted	Total
Connection Fees	\$ 234,676	\$ -	\$ -	\$ 234,676
Grant for Mahle Ditch	305,764	-	-	305,764
Investment in Fixed Assets	-	8,479,213	-	8,479,213
Remaining Unreserved Balance	-	-	3,816,853	3,816,853
Total Fund Equity	\$ 540,440	\$ 8,479,213	\$ 3,816,853	\$ 12,836,506

Effective October 1, 1979, the District adopted a self-funded group liability property program administered by the Joint Power Insurance Authority (JPIA). The District also purchased workers compensation and unemployment coverage from JPIA. The District is insured by the pool for the first \$1,000,000 on each general liability, \$1,000,000 for each property claim and \$100,000 for fidelity coverage against the District. Amounts in excess of this are covered by other insurance carriers purchased by the pool up to a maximum amount of \$60,000,000 for liability, and \$60,000,000 for property. Workers Compensation coverage is provided up to \$2,000,000 by the pool and from \$2,000,000 to statutory limits by outside carriers. The District management has determined that there is no need for a reserve at year end for any potential liability of the District.

BROWNS VALLEY IRRIGATION DISTRICT

Schedules of Operating Expenses

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Management and General:		
Management and Administrative Payroll	\$ 321,488	\$ 370,047
Payroll Burden	292,564	155,685
Consulting	20,257	25,877
Dues and Memberships	106,325	73,778
Annexation/LAFCO	5,825	16,000
Insurance	64,265	58,214
Legal and Accounting	25,297	27,542
Miscellaneous Employee Expense	9,954	11,485
Office Maintenance	22,210	3,261
Office Supplies	31,994	34,012
Office Utilities	1,726	2,580
Other Fees	1,565	1,603
	<u>903,470</u>	<u>780,084</u>
Operations:		
Operations Payroll	537,873	623,190
Payroll Burden	398,119	230,000
Water Sales Costs	4,995	33,117
Purchased Water	23,750	25,035
Hydro Expense	143,547	39,165
Fuel and Oil	38,822	35,933
Repairs and Maintenance	171,571	290,462
Small Tools	6,289	3,260
Utilities	192,484	203,901
Radio Expense	140	203
Capital Project Writeoff (Dry Creek Project)	-	479,454
	<u>1,517,590</u>	<u>1,963,720</u>
Total Operating Expenses (Excluding Depreciation)	<u>\$ 2,421,060</u>	<u>\$ 2,743,804</u>

See independent auditor's report

BROWNS VALLEY IRRIGATION DISTRICT
Statement of Revenue and Expenditures-Budget vs Actual
2019

	Budget	Actual	Over (Under) Budget
REVENUES:			
Water Sales-In District	\$ 1,174,450	\$ 1,149,921	\$ (24,529)
Water sales-Out of District	5,000	3,761	(1,239)
Redhill East Assessment	5,280	5,280	-
Accord Conjunctive Use	7,980	7,980	-
Hydro-Electric Sales	675,000	878,374	203,374
Standby Charges	2,000	4,851	2,851
Pipeline Income	40,000	64,521	24,521
Annexation Income	-	200,717	200,717
Interest Income	45,000	111,888	66,888
Rental Income	10,000	8,653	(1,347)
Miscellaneous Income/Refunds	15,000	21,769	6,769
Recreation	85,000	91,268	6,268
Grant Income		17,078	17,078
Sale of Assets	12,000	10,000	(2,000)
Trust Funds	75,000	-	(75,000)
Conserved Water Transfer	940,000	10,000	(930,000)
	3,091,710	2,586,062	(505,648)
EXPENDITURES:			
Management & General:			
Management and Administrative Payroll	362,810	321,488	(41,322)
Payroll Burden	234,000	292,564	58,564
Consulting	5,000	20,257	15,257
Dues and Memberships	86,755	106,325	19,570
Annexation/LAFCO	34,000	5,825	(28,175)
Insurance	70,000	64,265	(5,735)
Legal and Accounting	40,000	25,297	(14,703)
Miscellaneous Employee Expense	16,000	9,954	(6,046)
Office Maintenance	3,000	22,210	19,210
Office Supplies	35,000	31,994	(3,006)
Office Utilities	3,000	1,726	(1,274)
Other Fees (Includes History Book)	2,700	1,565	(1,135)
	892,265	903,470	11,205
Operations:			
Operational Payroll	565,744	537,873	(27,871)
Payroll Burden	201,000	398,119	197,119
Maintenance-Equipment	15,000	15,432	432
Maintenance-Pumps	2,000	34,816	32,816
Maintenance-Trucks	12,000	9,080	(2,920)
Distribution Maintenance	65,000	80,306	15,306
Hydro Expense	140,045	143,547	3,502
Utilities - Electric Pumps	250,000	192,484	(57,516)
Fuel and Oil	40,000	38,822	(1,178)
Small Tools	2,500	6,289	3,789
Radio Expense	250	140	(110)
Water Purchases	25,000	28,745	3,745
Capital Projects	419,169	31,936	(387,233)
	1,737,708	1,517,590	(220,118)
	2,629,973	2,421,060	(208,913)
Total Expense	2,629,973	2,421,060	(208,913)
Excess of Revenue Over (Under) Expenditures	\$ 461,737	\$ 165,002	\$ (296,735)

BROWNS VALLEY IRRIGATION DISTRICT
Statement of Revenue and Expenditures-Budget vs Actual
2018

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES:			
Water Sales-In District	\$ 1,019,100	\$ 1,085,914	\$ 66,814
Water sales-Out of District	6,900	8,413	1,513
Redhill East Assessment	5,280	5,160	(120)
Accord Conjunctive Use	7,980	145,900	137,920
Hydro-Electric Sales	600,000	657,513	57,513
Standby Charges	2,000	6,851	4,851
Pipeline Income	40,000	51,373	11,373
Interest Income	30,000	63,531	33,531
Rental Income	10,000	12,766	2,766
Miscellaneous Income/Refunds	10,000	47,575	37,575
Recreation	80,000	85,778	5,778
Grant Income	10,000	309,968	299,968
Sale of Assets	2,500	-	(2,500)
Trust Funds	154,267	-	(154,267)
Conserved Water Transfer	940,000	1,051,250	111,250
	<u>2,918,027</u>	<u>3,531,992</u>	<u>613,965</u>
EXPENDITURES: Management & General:			
Management and Administrative Payroll	347,929	321,488	(26,441)
Payroll Burden	220,000	292,564	72,564
Consulting	34,000	20,257	(13,743)
Dues and Memberships	82,262	106,325	24,063
Annexation/LAFCO	20,475	5,825	(14,650)
Insurance	75,000	64,265	(10,735)
Legal and Accounting	50,000	25,297	(24,703)
Miscellaneous Employee Expense	16,000	9,954	(6,046)
Office Maintenance	3,000	22,210	19,210
Office Supplies	31,000	31,994	994
Office Utilities	5,000	1,726	(3,274)
Other Fees (Includes History Book)	31,500	1,565	(29,935)
	<u>916,166</u>	<u>903,470</u>	<u>(12,696)</u>
Operations:			
Operational Payroll	615,539	623,190	7,651
Payroll Burden	230,000	230,000	-
Maintenance-Equipment	15,000	18,075	3,075
Maintenance-Pumps	1,500	5,525	4,025
Maintenance-Trucks	15,000	7,948	(7,052)
Distribution Maintenance	61,500	86,093	24,593
Hydro Expense	122,000	39,165	(82,835)
Utilities - Electric Pumps	145,000	203,901	58,901
Fuel and Oil	45,000	35,933	(9,067)
Small Tools	5,020	3,260	(1,760)
Radio Expense	600	203	(397)
Water Purchases	45,000	58,152	13,152
Capital Projects	365,500	235,929	(129,571)
	<u>1,666,659</u>	<u>1,547,374</u>	<u>(119,285)</u>
	<u>2,582,825</u>	<u>2,450,844</u>	<u>(131,981)</u>
Excess of Revenue Over (Under) Expenditures	<u>\$ 335,202</u>	<u>\$ 1,081,148</u>	<u>\$ 745,946</u>

BROWNS VALLEY IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION- MISCELLANEOUS PLAN
December 31, 2019, 2018, 2017 and 2016

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date in Relation to PERF C

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.00700%	0.00755%	0.00646%	0.00587%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 1,182,765	\$ 1,209,624	\$ 929,780	\$ 770,619
Plan's Covered-Employee Payroll	\$ 814,719	\$ 753,347	\$ 601,662	\$ 612,290
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	145.17%	160.57%	154.54%	125.86%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	0.021236%	0.020185%	0.028906%	0.00%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ -	\$ -	\$ -	\$ -

Schedule of Plan Contributions

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 167,176	\$ 75,371	\$ 72,695	\$ 63,451
Contributions in Relation to the Actuarially Determined Contribution	(167,176)	(75,371)	(72,695)	(63,451)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 814,719	\$ 753,347	\$ 612,290	\$ 612,290
Contributions as a Percentage of Covered-Employee Payroll	20.52%	10.00%	11.87%	10.36%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2017 as they have minimal cost impact.

Change in Assumptions: None