

**BYRON BETHANY
IRRIGATION DISTRICT**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended December 31, 2020**

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Independent Auditor's Report

To the Board of Directors
Byron Bethany Irrigation District
Byron, California

Report on the Financial Statements

We have audited the accompanying financial statements of Byron Bethany Irrigation District, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Byron Bethany Irrigation District as of December 31, 2020, and the respective changes in financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Management has omitted the Management's Discussion and Analysis. Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the other required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents 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.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Robert W. Johnson, C.A. Anthony Corporation

Citrus Heights, California
January 24, 2022

BYRON BETHANY IRRIGATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2020

ASSETS AND DEFERRED OUTFLOWS

Current assets:		
Cash (Note 3)		\$ 3,454,371
Receivables - water		90,550
- other		16,061
Prepaid expenses		<u>36,760</u>
Total current assets		3,597,742
Capital assets, at cost (Notes 4 and 5)	\$50,970,555	
Less accumulated depreciation	<u>16,923,391</u>	
	34,047,164	
Work in progress	<u>452,290</u>	
		34,499,454
Net OPEB asset (Note 7)		569,581
Restricted assets (Note 3):		
Cash	9,129,879	
LAIF	<u>1,934,456</u>	
		11,064,335
Deferred outflows (Note 6):		
Pension related amounts		<u>232,893</u>
		<u>\$49,964,005</u>

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current liabilities:

Current portion of long-term debt (Note 5)		\$ 510,000
Accounts payable and accrued liabilities		35,090
Compensated absences		75,393
Construction and customer deposits		<u>45,000</u>

Total current liabilities		665,483
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Non-current liabilities:

Long-term debt, net of current portion (Note 5)	\$ 5,689,000	
Net pension liability (Note 6)	<u>695,201</u>	
		<u>6,384,201</u>

Total liabilities		7,049,684
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Deferred inflows (Notes 6 and 7):

Pension related amounts	87,624	
OPEB related amounts	<u>298,924</u>	
		386,548

Net position (Note 8):

Net investment in capital assets	28,300,454	
Restricted	2,600,000	
Unrestricted	<u>11,627,319</u>	
		<u>42,527,773</u>
		<u>\$49,964,005</u>

BYRON BETHANY IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
for the year ended December 31, 2020

Operating revenues:		
Water sales		\$ 2,881,870
Stand-by charges		80,959
Water transfers		929,858
O & M charges		194,081
Other		<u>111,812</u>
Total operating revenues		4,198,580
Operating expenses:		
Source of supply	\$ 843,828	
Pumping	258,201	
Transmission and distribution	1,780,440	
Administrative	1,697,194	
Depreciation	<u>1,199,722</u>	
Total operating expenses		<u>5,779,385</u>
Operating loss		(1,580,805)
Non-operating income (expense):		
Property tax revenue	4,750,252	
Investment income	179,364	
Reimbursements	558,665	
Bureau (cost)/recovery	367,377	
State/Federal representation expense	(63,171)	
Interest expense	<u>(200,697)</u>	<u>5,591,790</u>
Income before contributions		4,010,985
Capital contributions		<u>-</u>
Change in net position (carried forward)		4,010,985

See notes to financial statements

BYRON BETHANY IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, continued
for the year ended December 31, 2020

Change in net position (brought forward)	\$ 4,010,985
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Total net position:

Beginning of year	<u>38,516,788</u>
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End of year	<u>\$42,527,773</u>
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See notes to financial statements

BYRON BETHANY IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
for the year ended December 31, 2020

Cash flows from operating activities:		
Receipts from customers and others		\$ 4,840,597
Payments to suppliers		(5,511,636)
Payments to employees		<u>(1,178,325)</u>
Net cash provided to operating activities		(1,849,364)
Cash flows from noncapital financing activities:		
Receipts from property taxes and other nonoperating income		5,308,917
Cash flows from capital and related financing activities:		
Purchase of capital assets	\$(2,844,960)	
Principal reduction on long-term debt	(2,675,612)	
Interest paid on capital debt	(200,697)	
Other expense	<u>(63,171)</u>	(5,784,440)
Cash flows from investing activities:		
Investment income		<u>179,364</u>
Net decrease in cash and cash equivalents		(2,145,523)
Cash and cash equivalents:		
Beginning of year		<u>16,664,229</u>
End of year		<u>\$14,518,706</u>
Reconciliation of cash and cash equivalents to statement of cash position:		
Cash – operations and 2018 Bond		
Proceeds Fund		\$ 3,454,371
Restricted		<u>11,064,335</u>
		<u>\$14,518,706</u>

See notes to financial statements

BYRON BETHANY IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS, continued
for the year ended December 31, 2020

Reconciliation of operating income (loss) to net cash provided to operating activities:	
Operating loss	\$(1,580,805)

Adjustments to reconcile operating loss
to net cash provided to operating activities:

Depreciation expense	\$ 1,199,722
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Changes in operating assets, liabilities, deferred
inflows and deferred outflows:

Receivables	83,352
Prepays	(415)
Accounts payable	(1,438,571)
Compensated absences	(434)
Net OPEB liability and related deferreds	58,785
Net pension liability and related deferreds	(170,998)

Total adjustments	(268,559)
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Net cash provided to operating activities	\$(1,849,364)
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Supplementary information:

Cash paid for interest	\$ <u>200,697</u>
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See notes to financial statements

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
for the year ended December 31, 2020

1. Organization:

Byron Bethany Irrigation District (the "District") is a multi-county special district serving parts of Alameda, Contra Costa and San Joaquin Counties across 47 square miles and 30,000 acres. The District was formed in 1919.

2. Summary of Significant Accounting Policies:

Method of Accounting

The basic financial statements of Byron Bethany Irrigation 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 more significant of the District's accounting policies are described below.

Fund Accounting

The District is an enterprise fund. All operations are accounted for as an enterprise fund.

Enterprise Fund – The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund. An enterprise fund is used to account for operations that are financed and operated in a manner similar to a private business enterprise, 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, or where the governing body has decided that periodic determination of revenues earned and/or expenses incurred. Net position represents the amount available for future operations. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the District are included on the Statements of Net Position. Net position is segregated into net investment in capital assets, restricted, and unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

2. Summary of Significant Accounting Policies, continued:

Basis of Accounting

The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. 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. 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.

Property Taxes

The District receives property taxes from Alameda, Contra Costa and San Joaquin Counties. Property tax revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period.

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

2. Summary of Significant Accounting Policies, continued:

Depreciation

Utility plant and equipment are recorded on the basis of purchase cost. Assets acquired by contributions are recorded at estimated cost or fair market value at the date of acquisition.

Depreciation is calculated by the straight-line method over the estimated useful lives of the respective assets as follows:

General properties	5 – 100 years
Pumping plant	5 – 50 years
Equipment	5 – 40 years
Autos	5 – 10 years
PL 984 project	30 – 100 years
CVPSA distribution system	5 – 50 years

Investments

Investments consist of LAIF (State of California pooled investment fund) and various bank savings accounts. Investments are stated at fair value. Such investments are within the State statutes and the District's investment policy.

Budget and Budgetary Accounting

The Board of Directors annually adopts an operating budget. The operating budget is prepared on the accrual basis to match the operating statements.

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

2. Summary of Significant Accounting Policies, continued:

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents, including restricted assets. Cash in banks, deposits in the State of California Local Agency Investment Fund (LAIF) and deposits with fiscal agents are considered to be cash and cash equivalents.

Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as a current liability. Sick pay is not vested.

Use of Estimates

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

Pensions

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

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

2. Summary of Significant Accounting Policies, continued:

Other Postemployment Benefits ("OPEB")

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the net position of the District's OPEB plan and additions to/deductions from the OPEB plan's net position have been determined on the same basis as they are reported by the plan. For this purpose, the OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Gains and losses related to changes in total OPEB liability and net position are recognized in OPEB expense systematically over time. The amortized amounts are recognized in OPEB expense for the year gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

2. Summary of Significant Accounting Policies, continued:

Net Position

Net position is classified in the following categories:

Net Investment in capital assets – groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted – presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – represents the net position of the District, which are not restricted or invested in capital assets net of related debt.

3. Cash and Cash Equivalents:

At year-end the carrying amount of the District's deposits was \$7,671,250 and the bank balance was \$5,609,630. The bank balance was covered by Federal depository insurance and was covered by collateral held in the pledging bank's trust department as mandated by state law.

	Balance, December 31, <u>2020</u>
Checking accounts	\$ 7,671,050
Petty cash	<u>200</u>
	<u>\$ 7,671,250</u>

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

3. Cash and Cash Equivalents, continued:

Investments:

California statutes authorize the District to invest in a variety of credit instruments as provided for in the California Government Code Section 53600, Chapter 4 – Financial Affairs. The Government Code allows investments in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, medium-term corporate notes, mutual funds and the State Treasurer's Local Agency Investment Fund (LAIF). The investments at December 31, 2020 consist of:

	<u>Carrying Amount</u>	<u>Maturity - 12 Months or Less</u>
LAIF	\$ <u>6,847,456</u>	\$ <u>6,847,456</u>

Pursuant to Government Accounting Standards Board Statement 3, the investment in LAIF is not classified in categories of credit risk. The District's funds in LAIF are invested in a diversified portfolio (of underlying investment e.g. U.S. Treasury obligations) such that it considers the risk of material loss to be minimal. The funds held in LAIF can be withdrawn on demand.

Cash		\$ 7,671,250
LAIF		<u>6,847,456</u>
		<u>\$14,518,706</u>
Operations		\$(1,458,629)
2018 Bond Proceeds Fund		4,913,000
Restricted reserves	\$1,600,000	
Board designated reserves	<u>9,464,335</u>	
		<u>11,064,335</u>
		<u>\$14,518,706</u>

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

4. Capital Assets:

Changes in capital assets for the year ended December 31, 2020 are as follows:

	<u>Balance</u> <u>1/1/20</u>	<u>Additions/</u> <u>Transfers</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/20</u>
Land	\$ 1,837,509	\$ -	\$ -	\$ 1,837,509
Canal system	17,769,886	11,922	-	17,781,808
Pumping plants	15,033,122	5,149,252	-	20,182,374
Office equipment	144,243	-	-	144,243
Autos	1,006,177	643,339	99,025	1,550,491
Tools	1,505,905	32,098	-	1,538,003
PL-984 project	2,166,723	-	-	2,166,723
CVPSA distribution system	792,083	-	-	792,083
Telemetry	261,167	-	-	261,167
Mariposa Energy Plant	<u>4,716,154</u>	<u>-</u>	<u>-</u>	<u>4,716,154</u>
	<u>\$45,232,969</u>	<u>\$5,836,611</u>	<u>\$ 99,025</u>	<u>\$50,970,555</u>
	<u>Balance</u> <u>1/1/20</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance</u> <u>12/31/20</u>
Work in progress	\$ <u>3,443,938</u>	<u>\$2,900,458</u>	<u>\$5,892,106</u>	\$ <u>452,290</u>

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

5. Long-term Debt:

Long-term debt activities for year ended December 31, 2020 are as follows:

	<u>Balance 1/1/20</u>	<u>Debt Retired</u>	<u>Balance 12/31/20</u>	<u>Current Portion</u>
Revenue Bonds	\$ 4,755,000	\$ 275,000	\$ 4,480,000	\$ 280,000
Bureau:				
Construction costs	2,409,570	2,409,570	-	-
Intertie	133,419	133,419	-	-
Series 2017 Revenue Refunding Bonds	<u>1,944,000</u>	<u>225,000</u>	<u>1,719,000</u>	<u>230,000</u>
	<u>\$ 9,241,989</u>	<u>\$3,042,989</u>	<u>\$ 6,199,000</u>	<u>\$ 510,000</u>

Revenue Bonds

On October 30, 2018 the District (through the entity known as the "Byron Bethany Joint Powers Authority") issued \$5,000,000 in Series 2018 Enterprise Revenue Bonds. The Bonds were issued to provide permanent long-term financing for the acquisition and construction of certain new pump station and water line improvements. The Bonds bear interest at the rate of 3.260% and principal on the bonds is due each October 1 through 2033.

Bureau of Reclamation

The total liability of \$2,901,720 (District's share of constructing Central Valley Project plus share of construction of Delta-Mendota Canal/California Aqueduct Intertie). Payments are to be made through future deliveries (50 years) of water. No interest is being charged on this liability.

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

5. Long-term Debt, continued:

The WIIN Act of 2016 has a section which address early pay outs for Construction loans for Water Services Contractors. The Act allows for the converted contracts to set the current allocation of water to a permanent status and offers a discount for early pay off. Once pay outs are executed, the “paid out” District will no longer be under the Reclamation Reform Act (RRA) if the District has no other interest free obligations with United States Bureau of Reclamation.

On December 15, 2020, pursuant with the WIIN Act, the District paid off their share of the Delta-Mendota Canal/Intertie allocated construction costs and interest-bearing deficit loans. The District made the construction obligation payment of \$2,175,612 to pay off the contract.

Refunding Bonds:

On February 9, 2017 the District issued \$2,606,000 in series 2017 Revenue Refunding Bonds. The bonds were issued to provide financing for the refunding and defeasance of Prior Obligations. The bonds bear interest at 2.35% and principal is due each October 1 through 2027.

The bonds are secured by and payable solely from revenues of the District. The Term Bonds are subject to redemption prior to maturity as specified in the bond resolution.

These loans mature as follows:

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
4/1/21	\$ -	\$ 93,222	\$ 93,222
10/1/21	510,000	93,222	603,222
4/1/22	-	85,956	85,956
10/1/22	525,000	85,956	610,956
4/1/23	-	78,468	78,468
10/1/23	539,000	78,467	617,467
4/1/24	-	70,769	70,769
10/1/24	553,000	70,769	623,769
4/1/25	-	62,861	62,861
10/1/25	572,000	62,861	634,861
2026-2030	2,290,000	392,834	2,682,834
2031-2033	<u>1,210,000</u>	<u>79,708</u>	<u>1,289,708</u>
	<u>\$ 6,199,000</u>	<u>\$ 1,255,093</u>	<u>\$ 7,454,093</u>

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

6. Defined Benefit Retirement Plan:

Plan Description

The District contributes to the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer defined benefit pension plan. The District participates in the miscellaneous 2% at 60 pool. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS require agencies with less than 100 active members in the plan to participate in the risk pool. All District full-time employees are eligible to participate in the System. Benefits vest after five years of service. District employees who retire at age 50 to 63 and with over 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.426 to 2.418 percent of their average salary during their last 36 months of employment. A menu of benefits provision as well as other requirements is established by State Statutes within the Public Employees Retirement Law. The plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through District resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS executive Office, 400 P Street, Sacramento, California, 95814.

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

6. Defined Benefit Retirement Plan, continued:

A. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

As of December 31, 2020, the District reported net pension liability as follows:

Net pension liability	\$ <u>695,201</u>
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The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of December 30, 2020 was as follows:

	<u>Misc. Plan</u>
Proportion – December 31, 2019	0.01493%
Proportion – December 31, 2020	<u>0.01648%</u>
Change – Increase/(Decrease)	<u>0.00155%</u>

For the year ended December 31, 2020, the District recognized pension expense of \$160,847.

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

6. Defined Benefit Retirement Plan, continued:

A. *Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, continued:*

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumption	\$ -	\$ 7,244
Differences between expected and actual experiences	52,343	-
Net differences between projected and actual earnings on pension plan investment	30,173	-
Difference between actual and proportionate share	-	80,380
Changes in proportion	88,532	-
Pension contributions subsequent to measurement date	<u>61,845</u>	<u>-</u>
	<u>\$ 232,893</u>	<u>\$ 87,624</u>

\$61,845 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31</u>	
2021	\$ 12,858
2022	33,685
2023	22,408
2024	14,472
2025	-
Thereafter	-

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

6. Defined Benefit Retirement Plan, continued:

Actuarial Assumptions – The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase	3.3%-14.2%
Investment Rate of Return	7.15%

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 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 will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

6. Defined Benefit Retirement Plan, continued:

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

The table below reflects the expected real rate of return by asset class.

<u>Asset Class (a)</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1-10(b)</u>	<u>Real Return Years 11+(c)</u>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	<u>1.0%</u>	0.00%	-0.92%
Total	<u>100%</u>		

(a) In the System's AFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.00% used for this period.

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

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

6. Defined Benefit Retirement Plan, continued:

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

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$1,110,180
Current Discount Rate	7.15%
Net Pension Liability	\$ 695,201
1% Increase	8.15%
Net Pension Liability	\$ 352,317

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

7. Other Post Employment Benefits (OPEB):

Plan Description

OPEB provided: The District provides medical coverage to qualified retirees, subject to certain conditions.

Access to Coverage and Benefits: Healthcare benefits are currently provided through ACWA Joint Powers Insurance Authority. A full-time District employee may become eligible for those benefits after meeting one of the following conditions:

1. A regular employee hired by the District prior to January 1, 1992 covered by an approved District health plan retires from the District at or after age 55 with no less than fifteen (15) years of continuous District service.
2. A regular employee hired by the District on or after January 1, 1992 covered by an approved District health plan retires from the District at or after age 60 with no less than twenty (20) years of continuous District service.
3. If a retiree reaches age 65 and becomes eligible for Medicare or otherwise becomes entitled to governmentally provided or mandated health benefits, the District may replace its then existing approved healthcare plan with supplemental health insurance of a type and amount to be determined by the District.
4. No insurance will be provided to a Director whose term in office that begins on or after January 1, 1995 unless the retiree participates on a self-pay basis.

The District pays 100% of medical premiums for the covered retiree only. The District does not contribute toward medical premiums for spouses and/or dependents. There is no fixed cap on the District's contribution toward retiree medical coverage. The District allows retirees to retain medical coverage until their death. Coverage ends for the spouse and/or other dependents at the retiree's death. No survivor coverage is available other than as required by COBRA.

Retirement from the District is a condition of eligibility; the District must be the last employer prior to retirement. An employee who retires from the District but does not meet the age and service requirements for the District-paid health benefits cannot continue the coverage (beyond COBRA) by paying the full premium. The District does not waive the standard age or service requirement for eligibility for retiree medical benefits if an employee were to qualify for a disability retirement.

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

7. Other Post Employment Benefits (OPEB), continued:

The District does not provide any medical subsidies to an otherwise qualified retiree who does not elect medical coverage through the District. In addition, no time lapse is permitted in enrolling in the District health benefits after retirement. If an otherwise eligible retiree does not take the District coverage at the time of retirement, future retiree medical coverage and benefits are forfeited.

A qualified pre-Medicare spouse may enroll in the District health benefits if the full premiums are paid by the retiree.

The contribution requirements of Plan members and the District are established and may be amended by the Board of Directors.

Net OPEB Liability

The District's net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020.

Actuarial Assumptions

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Discount rate	7.05%
Inflation	2.50%
Payroll Increase	3.0%
Healthcare Trend	Developed using Getzen Model 2021-b; January 1, 2021 rate 5.8%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.05%. The discount rate is based on the expected long-term rate of return on the invested assets.

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

7. Other Post Employment Benefits (OPEB), continued:

Change in Net OPEB Liability as of December 31, 2020

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability (Asset)</u>
Measurement balance at December 31, 2019	\$1,194,245	\$1,407,817	\$(213,572)
Changes recognized for the measurement period:			
Service cost	26,147	-	26,147
Interest on total OPEB liability	84,092	-	84,092
Employer contributions	-	118,738	(118,738)
Net investment income	-	101,467	(101,467)
Benefit payments	(55,182)	(55,182)	-
Administrative and other expenses	-	(703)	703
Investment experience	-	97,444	(97,444)
Plan experience	(112,900)	-	(112,900)
Assumption changes	(36,402)	-	(36,402)
Net changes during January 1 to December 31, 2020	<u>94,245</u>	<u>261,764</u>	<u>(356,009)</u>
Balance at December 31, 2020 (Measurement Date)	<u>\$1,100,000</u>	<u>\$1,669,581</u>	<u>\$(569,581)</u>

Sensitivity of the Net OPEB liability to changes in the discount rate

The following presents the net OPEB liability/(asset) with a discount rate 1% higher and 1% lower than assumed in the valuation:

	<u>Discount Rate 1% Lower 6.05%</u>	<u>Valuation Discount Rate 7.05%</u>	<u>Discount Rate 1% Higher 8.05%</u>
Net OPEB liability/ (asset)	\$(431,854)	\$(569,581)	\$(683,735)

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

7. Other Post Employment Benefits (OPEB), continued:

Sensitivity of the Total OPEB liability to changes in healthcare cost trend rates

The following presents the total OPEB liability/(asset) with a healthcare cost trend rate 1% higher and 1% lower than assumed in the valuation:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Total OPEB liability/(asset)	\$ <u>(692,560)</u>	\$ <u>(569,581)</u>	\$ <u>(417,267)</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended December 31, 2020 the District recognized OPEB income of \$52,260. The values of deferred outflows and inflows of resources related to OPEB as of December 31, 2020 are:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 101,285
Changes of assumptions	-	32,657
Net difference between projected and actual earnings on OPEB plan investments	-	164,982
District contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
	\$ <u>-</u>	\$ <u>298,924</u>

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

7. Other Post Employment Benefits (OPEB), continued:

Amounts reported as deferred outflows and inflows of resources related to OPEB as of December 31, 2020 will be recognized in OPEB expense as follows:

Year Ended
December 30

2021	\$(61,735)
2022	(61,736)
2023	(68,103)
2024	(34,848)
2025	(15,360)
Thereafter	(57,142)

Funding Policy

The District's funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. "Prefunding" is the term used when an agency consistently contributes an amount based on an actuarially determined contribution (ADC) each year. GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. Pay-as-you-go, or "PAYGO", is the term used when an agency only contributes the required retiree benefits when due. When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.

The District has been and continues to prefund its OPEB liability, contributing 100% or more of the Actuarially Determined Contributions each year. The discount rate was developed consistent with the expected rates of return published by CERBT for its assets allocation Strategy 1 investments, reflecting the projected benefit cash flows under the District's retiree health program. With the District's approval, the discount rate used in this valuation is 7.05%, the expected return on OPEB trust assets.

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

8. Net Position:

Components of net position as of December 31, 2020 are analyzed as follows:

Net investment in capital assets	\$28,300,454
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Restricted:

2017 series debt payment	\$1,600,000	
2018 revenue bonds debt payment	<u>1,000,000</u>	2,600,000

Unrestricted:

Board designated:

Capital improvement project plan	1,476,085
Insurance/SIR	105,000
Rolling stock repl't.	100,000
Construction eq. repl't.	100,000
Groundwater mgt.	200,000
RWSA infrastructure repl.	2,000,000
SLDMWA-DHCCP reserve	1,000,000
CVP Service Area Cap. Imp.	50,000
PERS contribution	500,000
OME & GA reserve	2,933,250
Legal reserve	<u>1,000,000</u>

Undesignated	<u>2,162,984</u>	<u>11,627,319</u>
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\$42,527,773

9. Risk of Loss:

Byron Bethany Irrigation District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2020 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

10. Subsequent Events:

Management has evaluated subsequent events through January 24, 2022, the date these December 31, 2020 financial statements were available to be issued.

11. Consolidation with The West Side Water District:

In 2016, the District, along with The West Side Irrigation District (WSID), adopted a concurrent resolution to consolidate the districts. In December 2016, the Districts entered into an agreement to provide administrative and operational support to WSID. On September 2, 2020, the San Joaquin County Local Agency Formation Commission recorded the Certificate of Completion approving and finalizing the consolidation. The effective date of the newly consolidated, successor district, Byron Bethany Irrigation District was January 1, 2021.

12. WIIN Act Loan Conversion and Pay-Off:

The Water Infrastructure Improvements for the Nation Act (WIIN Act) allows CVP contractors to convert their Water Service Contracts to Repayment 9(d) Contracts. Byron Bethany Irrigation District requested the United States to convert the District's existing Contract for water service to a permanent repayment contract, pursuant to Section 4011 (a)(1) of the WIIN Act. On September 29, 2020 the Board of Directors adopted Resolution 2020-09 authorizing execution of Repayment Contract 14-06-200-758-LTR1-P between the United States and Byron Bethany Irrigation District. The Repayment Contract also requires the District to pay the remaining amount of construction costs and/or other capitalized costs associated with the CVP that are allocable to BBID (BBID Repayment Obligation), which is estimated at \$2,175,612. On December 15, 2020, the Board adopted Resolution 2020-16 authorizing the use of undesignated funds to fund the BBID Repayment Obligation.

In 2021, the Board adopted Resolution 2021-1, approving the issue of Series 2021 Enterprise Revenue Bonds (WIIN Act Refinancing and Water Supply Project) for \$4,500,000. The proceeds of which will be used to reimburse the District for the payment made on the WIIN Contract, and to finance the acquisition and construction of public improvement projects within the District.

BYRON BETHANY IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
for the year ended December 31, 2020

13. COVID-19:

In March 2020, the World Health Organization declared a global health pandemic of the Coronavirus Disease COVID-19. The District is committed to maintaining water delivery services to customers in its community. To date there has been no adverse effect on the District's financial position.

14. Drought Outlook:

In 2020, California faced a third straight year of drought and water shortages. The District continues to protect and preserve its water rights and the ability to maintain a supply of water to its customers.

REQUIRED SUPPLEMENTARY INFORMATION

BYRON BETHANY IRRIGATION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY
As of December 31, 2020
Last 10 years (1)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Proportion of the net pension liability	0.00608%	0.01147%	0.01338%	0.00521%
Proportionate share of the net pension liability	\$ 166,938	\$ 398,459	\$ 527,590	\$ 501,864
Covered – employee payroll	\$ 275,182	\$ 670,080	\$ 780,034	\$1,100,282
Proportionate Share of the net pension liability as percentage of covered-employee payroll	60.664%	59.464%	67.637%	45.612%
Plan's fiduciary net position	\$3,277,310	\$3,226,795	\$3,534,206	\$3,753,018
Plan fiduciary net position as a percentage of the total pension liability	95.15%	89.01%	87.01%	88.20%

Notes to Schedule:

Changes in assumptions: None

(1) GASB Statement No. 68 was implemented during the year ended December 31, 2015. No information was available prior to this date.

<u>2019</u>	<u>2020</u>
0.01493%	0.1648%
\$ 597,819	\$ 695,201
\$1,568,957	\$1,058,131
38.103%	65.701%
\$3,738,168	\$3,860,840
86.21%	84.74%

BYRON BETHANY IRRIGATION DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR PENSIONS
As of December 31, 2020
Last 10 years (1)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution (actuarially determined)	\$ 56,967	\$ 13,078	\$ 13,153	\$ 57,232
Contributions in relation to the actuarially determined contributions	<u>69,986</u>	<u>13,078</u>	<u>13,153</u>	<u>57,232</u>
Contribution deficiency (excess)	\$ <u>13,019</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered – employee payroll	\$275,182	\$670,080	\$780,034	\$1,100,282
Contributions as a percentage of covered employee payroll	25.43%	2.0%	1.69%	5.20%
Notes to Schedule:				
Valuation date:	6/30/14	6/30/15	6/30/16	6/30/17

Methods and assumptions used to determine contribution rates:

Amortization method	Entry Age Normal Cost Method
Remaining amortization period	15 years
Asset valuation method	Market Value
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.15% Net of Pension Plan Investment and Admin. Expenses

(1) GASB Statement No. 68 was implemented during the year ended December 31, 2015. No information was available prior to this date.

<u>2019</u>	<u>2020</u>
\$ 114,956	\$ 113,581
<u>114,956</u>	<u>113,581</u>
\$ <u>-</u>	\$ <u>-</u>
\$1,568,957	\$1,058,131
7.33%	10.734%
6/30/18	6/30/19

BYRON BETHANY IRRIGATION DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR OPEB
As of December 31, 2020
Last 10 years (1)

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution (actuarially determined)	\$ 30,707	\$ 28,544	\$ 26,704
Contributions in relation to the actuarially determined contributions	<u>63,556</u>	<u>95,860</u>	<u>118,738</u>
Contribution deficiency (excess)	<u>\$(32,849)</u>	<u>\$(67,316)</u>	<u>\$(92,034)</u>
Covered – employee payroll	\$1,568,957	\$1,065,089	\$1,058,131
Contributions as a percentage of covered employee payroll	4.05%	9.00%	11.22%
Notes to Schedule:			
Valuation date:	12/31/18	12/31/19	12/31/20

(1) Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years s information becomes available.

BYRON BETHANY IRRIGATION DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY
As of December 31, 2020

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability:			
Service cost	\$ 24,527	\$ 25,324	\$ 26,147
Interest on total OPEB liability	78,044	80,795	84,092
Benefit payments	(63,556)	(65,153)	(55,182)
Net change in total OPEB liability	39,015	40,966	55,057
Total OPEB liability, beginning	<u>1,114,264</u>	<u>1,153,279</u>	<u>1,194,245</u>
Total OPEB liability, ending	<u>\$1,153,279</u>	<u>\$1,194,245</u>	<u>\$1,249,302</u>
Plan fiduciary net position			
Contributions - employer	\$ 63,556	\$ 95,860	\$ 118,738
Net investment income	44,779	247,052	198,911
Benefits paid to retirees	(63,556)	(65,153)	(55,182)
Administrative and other expense	(2,032)	(631)	(703)
Net change in plan fiduciary net position	42,747	277,128	261,764
Plan fiduciary net position - beginning	<u>1,087,942</u>	<u>1,130,689</u>	<u>1,407,817</u>
Plan fiduciary net position - ending	<u>\$1,130,689</u>	<u>\$1,407,817</u>	<u>\$1,669,581</u>
Net OPEB liability/(asset) - ending	<u>\$ 22,590</u>	<u>\$ (213,572)</u>	<u>\$ (569,581)</u>
Plan fiduciary net position as a percentage of Total OPEB liability	98.04%	117.88%	113.64%
Covered-employee payroll	\$1,568,957	\$1,605,089	\$1,058,131
Net OPEB liability as a percentage of covered-employee payroll	1.44%	(20.05)%	(53.83)%

Notes to Schedule:

Changes in assumptions: none

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

SUPPLEMENTAL DATA

BYRON BETHANY IRRIGATION DISTRICT
PRINCIPAL OFFICIALS
for the year ended December 31, 2020

BOARD OF DIRECTORS

Russell Kagehiro	President
Tim Maggiore	Vice President
Jeffrey Brown	
Charles Tusio	
Mark Maggiore	
Felix Musco	
Larry Enos, Jr.	
Jack Alvarez	
Tom Pereira	

OPERATIONS

Rick Gilmore	General Manager
Kelley Geyer	Assistant General Manager/ Director of Administration