YUBA COUNTY WATER AGENCY
MARYSVILLE, CALIFORNIA

AUDITED FINANCIAL STATEMENTS

For the Years Ended
June 30, 2021 and 2020

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YUBA COUNTY WATER AGENCY
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YUBA COUNTY WATER AGENCY
Agency Officials
June 30, 2021

BOARD OF DIRECTORS

NAME	OFFICE	TERM EXPIRES
Andy Vasquez	Chairman	December 2022
Gary Bradford	Vice Chairman	December 2024
Brent Hastey	Director	December 2022
Randy Fletcher	Director	December 2022
Seth Fuhrer	Director	December 2024
Don Blaser	Director	December 2024
Charlie Mathews	Director	December 2024

OTHER AGENCY OFFICIALS

Willie Whittlesey	General Manager
Phillip Cantarinha	Power Systems Manager
Kurtis Crawford	Finance Manager
Terri Daly	Administrative Manager

FINANCIAL SECTION

RICHARDSON & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Yuba County Water Agency
Marysville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Yuba County Water Agency (the Agency), a component unit of the County of Yuba, as of and for the years ending June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Agency'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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America,the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency as of June 30, 2021 and 2020, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions to the pension plan, schedule of changes in the net OPEB liability and related ratios and schedule of contributions to the OPEB plan, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The supplementary 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.

The supplementary 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

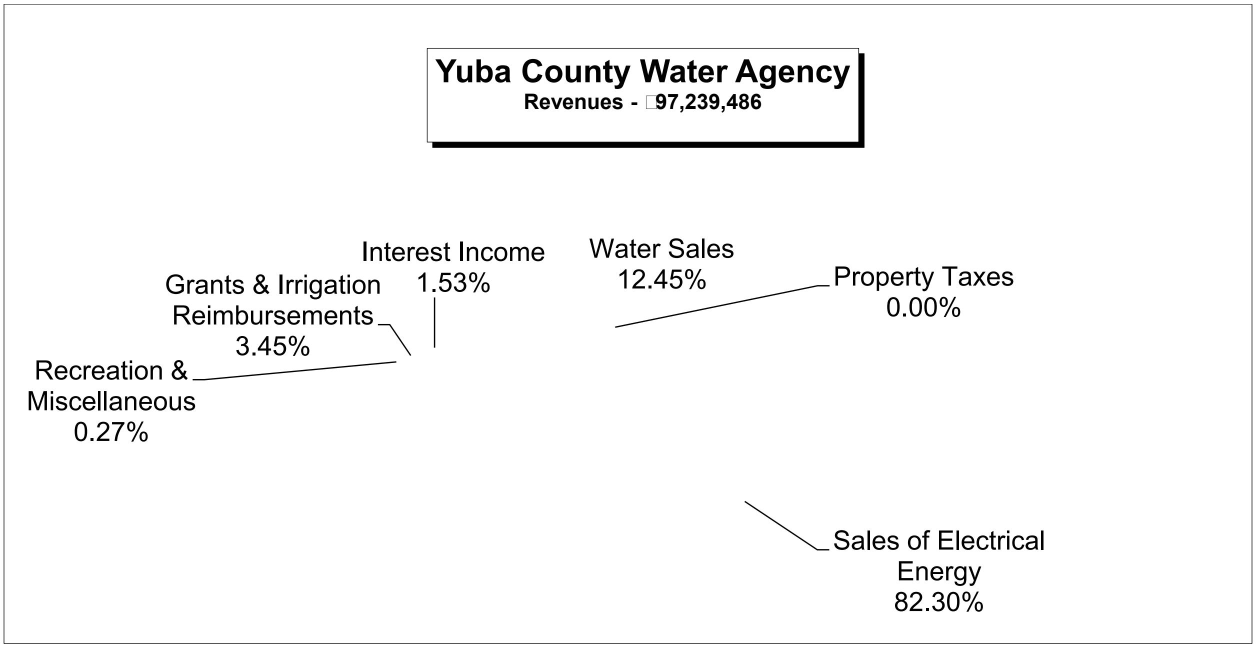
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

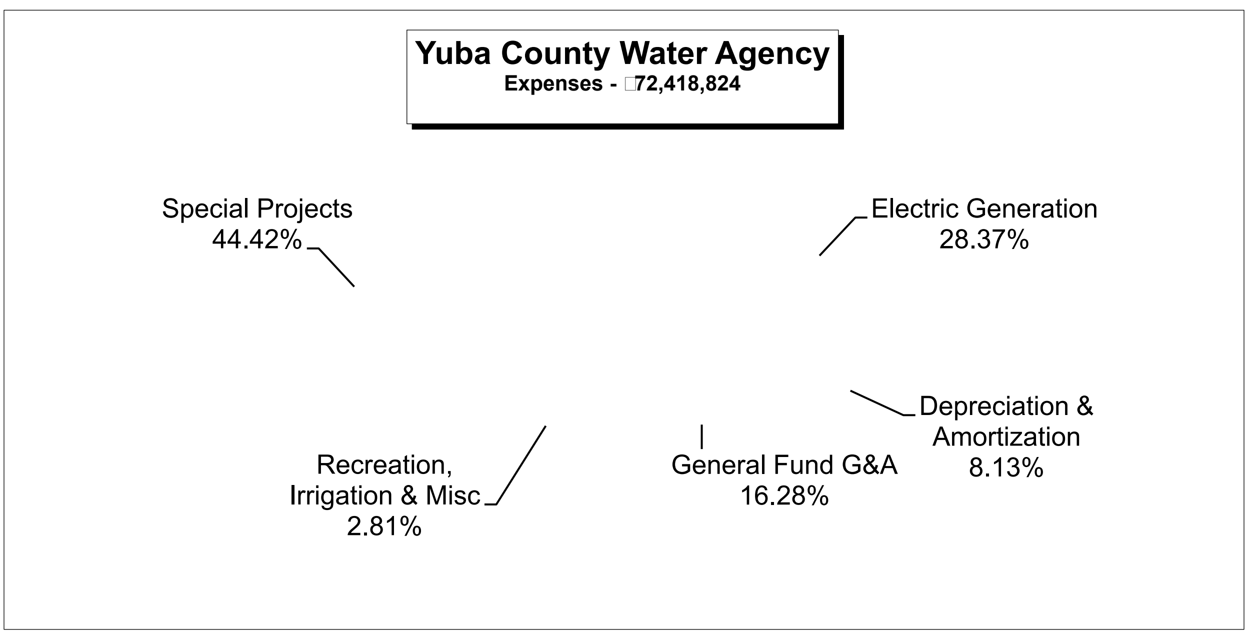
Richardson & Company, LLP

December 10, 2021

The following chart illustrates the revenues of the Agency for the fiscal year ended June 30, 20[illegible]1[illegible]



The following chart illustrates the expenses of the Agency for the fiscal year ended June 30, 20[illegible]1[illegible]



[illegible]

As can be seen in [illegible], the Agency's capital assets, net of accumulated depreciation, increased by $13.41 million to $223.05 million due to the completion of several ongoing projects. Construction in progress was $63.06 million for FY 2020-21. Depreciable capital assets increased $[illegible] million following a $[illegible]14 million increase in FY 2019-20. Major projects still underway include FERC Relicensing ($44[illegible]3[illegible]), and Secondary Spillway ($[illegible]4[illegible]). A summary of the Agency's capital assets are as follows:

TABLE 3
CAPITAL ASSETS, NET
As of June 30

	2021	2020	Increase (Decrease)	Percent Change	2019	Increase (Decrease)	Percent Change
Nondepreciable capital assets:							
Land and land rights	$ 3,482,248	$ 3,482,248	$ -	0.00%	$ 3,444,359	$ 37,889	1.10%
Water rights	204,075	204,075	-	0.00%	85,835	118,240	137.75%
Canals	4,605,454	4,605,454	-	0.00%	4,605,454	-	0.00%
Construction in progress	63,059,512	53,546,983	9,512,529	17.76%	45,147,885	8,399,098	18.60%
	71,351,289	61,838,760	9,512,529		53,283,533	8,555,227	16.06%
Depreciable capital assets:							
Recreation facilities	6,531,750	1,628,215	4,903,535	301.16%	1,628,215	-	0.00%
General plant	23,298,227	22,356,644	941,583	4.21%	21,225,940	1,130,704	5.33%
Irrigation canals	17,498,940	17,498,940	-	0.00%	17,498,940	-	0.00%
Hydrolic Production	237,957,813	234,143,580	3,814,233	1.63%	233,137,314	1,006,266	0.43%
Electric plant acquisition	4,485,248	4,485,248	-	0.00%	4,485,248	-	0.00%
Transmission equipment	9,795,173	9,795,173	-	0.00%	9,795,173	-	0.00%
Intangible assets	248,292	248,292	-	0.00%	248,292	-	0.00%
	299,815,443	290,156,092	9,659,351	3.33%	288,019,122	2,136,970	0.74%
Less: accumulated depreciation	(148,115,639)	(142,356,756)	(5,758,883)	4.05%	(136,498,320)	(5,858,436)	4.29%
Net Capital Assets	$ 223,051,093	$ 209,638,096	$ 13,412,997	6.40%	$ 204,804,335	$ 4,833,761	2.36%

[illegible]

Since May 1, [illegible]01[illegible], the Agency has contracted with Shell Energy of North America (SENA) to be the Agency's Scheduling Coordinator with the California Independent System Operator (CAISO) for the sale of electricity and related energy products from the Colgate and Narrows Powerhouses. Beginning July 1, [illegible]01[illegible], a revised contract between the Agency [illegible] SENA was implemented to simplify an equitable fee structure that is a result of adapting to the ever-changing energy market. The Agency has experienced favorable financial impacts as a result of the change in terms. Power Systems continues to refine and implement the multi-year capital improvement plan, which includes projects such as the Tunnel Outage Planning ahead of the scheduled [illegible]0[illegible]3 tunnel outage which encompasses several major capital improvements which will take place concurrently, a new Warehouse and Administration Building, and a continued focus on dam safety projects. The positive progress made on the quality of the multi-year capital improvement plan will allow the continuation of a [illegible]-year budget cycle and increased reliability of the Agency's long-range forecast focused on projecting future reserve and cash balances. Routine maintenance and operation expenses in Power Systems remain mostly flat, therefore, fluctuations in expenses from year-to-year are driven by the timing of the large and capital projects scheduled in the multi-year capital improvement plan.

Despite a below average hydrologic year, the Agency was able to generate $□0.03 million in Sales of Electric Energy, representing the upper end of the anticipated Electric Energy revenue range. The amount of Electric Energy revenues is primarily dependent on the amount of precipitation and the market price for electricity, both of which are not controlled by the Agency. However, increased market value for Resource Adequacy and engaging proactively in bidding strategy has allowed the Agency to maximize the revenue per unit of energy generated. The experienced range of average Sales of Electric Energy is between $□0-□5 million.

The Agency is continuing to support work on several flood risk reduction and community water projects. In October 2020, the Board of Directors adopted the "Community Impact Grant Program" policy which outlines a $10 million per fiscal year investment target in project across the Agency's core mission areas. This funding is designed to engage and support other community stakeholders in achieving objectives that advanced the Agency priorities defined in the Strategic Plan.

Effort underway in the area of flood risk reduction by the Agency include Marysville levee improvements and continued operation and improvement of the Forecasted Coordinated Operations and Forecasted Informed Operations programs. The next major flood risk reduction project is the New Bullards Bar (NBB) Secondary Spillway with an estimated cost of $□□5 million. This project provides substantial flood mitigation improvement and enhances dam safety via spillway redundancy. The FY20□□ budget approved by the Board of Directors includes $3□4 million of the towards for the next phase of the project which includes the □0□ design and onboarding of a construction management contractor.

In the area of Water Supply & Management, the Agency petitioned the California Department of Water Resources (DWR) to become a Groundwater Sustainability Agency for the North Yuba and South Yuba groundwater subbasins in accordance with the Sustainable Groundwater Management Act (SGMA) of 2014. A successful petition has resulted in the Agency beginning implementation of SGMA within Yuba County. The Agency has continued the grant funded Groundwater Sustainability Plan (GSP) that will be compliant with SGMA. Work begins to ramp up on the design and permitting needed for the new fish screen for the South Canal Diversion. The Agency has a legal obligation to move forward on a new fish screen to replace the existing screen as part of a lawsuit settlement. The 201□ water supply agreements with the South Member Units call for them to pay either 50% or □0% of the cost of a new screen, depending on the type of screen constructed. The Agency is obligated to pay the remainder of the cost of a new screen and offer financing for the South Member Units' share of the project costs. Preliminary study results indicate there may be a screen option in the $1□-15 million range.

The Agency is continuing to increase the number of projects underway in the areas of watershed resilience and habitat restoration which include the nearly $50 million Hallwood habitat restoration project that consists of training wall removal, grading, and riparian planting to enhance fish habitat, as well as, the support of multiple forest health projects, totaling approximately $1□ million, leveraging partnerships with CalFire, United States Forest Service, Boy Scouts of America, Blue Forest Conservation and others. The Agency was granted a 50-year license to operate the Yuba River Project for generation of electricity. Federal Energy Regulatory Commission (FERC) License □□4□ expired on April 30, 201□. HDR Engineering, Inc. has been retained to lead the Agency through the □-year FERC relicensing effort. A cash reserve sufficient to cover anticipated costs has been established, though, regulatory variables in the application process remain undefined. The Final License Application was filed with FERC on April □□, 2014 with an Amended Final License Application filed June 201□. Due to FERC's consideration of work completed during the relicensing process when determining length of the new license to be issued, the Agency will begin investing in the NBB Secondary Spillway project. FERC issued an annual license for 2021 and will continue to issue annual licenses until a new license is issued.

The Reserves Policy, revised in June 2020, includes four reserve designations: Operating ($3.1 million), Emergency ($1.0 million), Levee Bond Payment ($5[illegible] million), Non-Routine & Large Capital Projects ($14.3 million), totaling to a $[illegible] million target. The designations are to be filled in order, and as of June 30, 2021, the first three reserve designations are fully funded with significant progress made on the final designation for Non-Routine & Large Capital Projects. Sound fiscal management and long-term planning is allowing the Agency to save for unforeseen impacts and known, upcoming large capital projects as identified by the Agency multi-year project plans.

[illegible]

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Yuba County Water Agency, Department of Financial Services at 1220 F Street, Marysville, CA 95901.

YUBA COUNTY WATER AGENCY
STATEMENTS OF NET POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 159,519,532	$ 139,976,352
Receivables:		
Accounts receivable	7,381,346	4,322,873
Interest receivable	241,986	709,683
Due from other governments	1,101,489	2,377,862
Prepaid expenses and other current assets	938,216	777,734
Total Current Assets	169,182,569	148,164,504
Noncurrent Assets:		
Restricted cash and cash equivalents	477,794	
Restricted investment		234,851
Loans receivable from other governments	22,956,693	38,292,922
Other postemployment benefits (OPEB) asset	946,290	821,263
Capital Assets:		
Non-depreciable	71,351,289	61,838,760
Depreciable, net	151,699,804	147,799,336
Total Capital Assets, Net	223,051,093	209,638,096
Total Noncurrent Assets	247,431,870	248,987,132
Total Assets	416,614,439	397,151,636
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	2,105,401	1,969,583
Other postemployment benefits (OPEB)	708,387	700,695
Total Deferred Outflows of Resources	2,813,788	2,670,278
LIABILITIES		
Current Liabilities:		
Accounts payable and other liabilities	7,239,995	4,589,578
Salaries and benefits payable	267,752	185,467
Compensated absences - current	807,778	801,758
Due to other governments	75,000	75,000
Deposits payable	718,501	621,785
Unearned revenue - current	211,298	6,389,098
Total Current Liabilities	9,320,324	12,662,686
Noncurrent Liabilities:		
Unearned revenue - noncurrent		2,466,150
Compensated absences - noncurrent	252,472	298,263
Net pension liability	3,243,191	2,529,141
Total Noncurrent Liabilties	3,495,663	5,293,554
Total Liabilities	12,815,987	17,956,240
DEFERRED INFLOWS OF RESOURCES		
Pension plan	392,962	467,018
Other postemployment benefits (OPEB)	518,361	518,401
Total Deferred Inflows of Resources	911,323	985,419
NET POSITION		
Investment in capital assets	223,051,093	209,638,096
Unrestricted	182,649,824	171,242,159
Total Net Position	$ 405,700,917	$ 380,880,255

The accompanying notes are an integral part of these financial statements.

YUBA COUNTY WATER AGENCY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenues		
Sale of electrical energy	$ 80,026,625	$ 60,062,436
Water sales	12,104,817	530,886
Total Operating Revenues	92,131,442	60,593,322
Operating Expenses		
Hydropower generation	9,247,908	11,268,114
Administration and general	3,689,040	3,313,921
Maintenance	7,605,884	8,519,199
Depreciation and amortization	5,890,780	5,999,175
Total Operating Expenses	26,433,612	29,100,409
Net Income From Operations	65,697,830	31,492,913
Nonoperating Revenues (Expenses)		
Property taxes	334	2,739
Interest income	1,488,384	3,875,017
Rental income	24,000	24,000
Grants and reimbursements		
Flood damage reimbursements		
Federal	1,103,672	37,749
State	294,052	143,442
Other state and local	1,955,296	4,066,324
Miscellaneous income (expenses)	12,873	11,929
Recreation and camping fees	207,930	207,598
Gain on disposal of capital assets	21,503	26,413
General administration	(11,787,399)	(10,790,027)
Recreation and irrigation	(2,032,092)	(3,192,562)
Special projects expense	(32,165,721)	(11,019,985)
Total Nonoperating Revenues (Expenses)	(40,877,168)	(16,607,363)
Change in Net Position	24,820,662	14,885,550
Net Position, Beginning of Year	380,880,255	365,994,705
Net Position, End of Year	$ 405,700,917	$ 380,880,255

The accompanying notes are an integral part of these financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4) Capital Assets (Continued)

Expenses incurred for construction projects and major repairs and betterments are accumulated and, when projects are complete, are capitalized and subsequently depreciated over the project's estimated useful life.

5) Compensated Absences

Employees are paid for 100% of their accumulated vacation, compensatory time-off upon retirement or other separation. In addition, 45% of the sick leave benefits are paid to employees with ten or more years of service upon retirement or termination up to a maximum accrual of 1,040 hours. The Agency has accrued a liability for vacation and sick leave, which has been earned, but not taken, by Agency employees. This liability is recognized when incurred.

6) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

Deferred inflows and outflows of resources include amounts deferred for the Agency's pension plan under GASB Statement No. 68 as described in Note 8 and for the Agency's OPEB plan under GASB Statement No. 75 as described in Note 10.

7) Net Position

Net position is segregated into the investment in capital assets, restricted and unrestricted.

Investment in Capital Assets – The investment in capital assets represents capital assets, net of accumulated depreciation and amortization.

Restricted – Restricted net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grants, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The Agency had no restrictions of net position.

Unrestricted – Designations of unrestricted net position are imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended, or removed by Board action.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The designations of net position included the following at June 30:

	2021	2020
Operating reserves	$ 36,100,000	$ 32,500,000
Emergency reserves	12,000,000	8,000,000
Levee bond payment reserves	5,600,000	5,500,000
Non-routine and capital projects reserves	128,949,824	125,242,159
Subtotal - designated	182,649,824	171,242,159
Undesignated		
Total Unrestricted Net Position	$ 182,649,824	$ 171,242,159

- Designated for Operating Reserves – to segregate a portion of net position to allow for ongoing operations under conditions of significantly reduced revenue. Target is $36.1 million, which is an estimate of one full year of operating revenues.
- Designated for Emergency – to segregate a portion of net position to recover and restore operational capability in the event of an unforeseen catastrophic event. Target is $12.0 million to cover an estimate of $5.0 general category failure and $7.0 million for higher level unexpected emergencies such as flood or fire.
- Levee Bond Payment – to segregate a portion of net position for commitment to the payment of the Yuba Levee Financing Authority bond, which financed the local share of levee improvements. Target is $5.6 million, covering one year of payments.
- Non-Routine and Capital Projects – to segregate a portion of net position to support the completion of essential capital projects of the five-year reserve horizon. Target is $146.3 million, which is an estimate based on the Agency's Capital Improvement Plans.

8) Use of Estimates

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

9) Pension Plan

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

10) Other Postemployment Benefits Plan (OPEB)

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11) New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the lease guidance, unless specifically excluded in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances disclosures about capital assets and the cost of borrowing for a reporting period and simplifies the accounting for interest cost incurred before the end of a construction period. Interest cost incurred before the end of a construction period will be recognized as an expense rather than being recorded as part of the cost of capital assets in a business-type activity or enterprise fund and interest cost incurred by a fund using the current financial resources measurement focus before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The Statement indicates an issuer of a conduit debt obligation should not report a liability for the conduit debt obligation, but requires an issuer to report a liability associated with an additional commitment or a voluntary commitment to support the debt. Additional commitments by an issuer to support the debt include extending a moral obligation pledge, appropriation pledge or financial guarantee or pledging the issuer's own property, revenue or assets as security for the debt. The Statement also provides criteria for issuers to determine whether they should record assets acquired or constructed with proceeds of arrangements identified as leases related to conduit debt obligations. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2021.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This Statement addresses a number of practice issues identified during the implementation of certain GASB Statements, including 1) the effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-03, Leases, for interim financial statements; 2) reporting of intra-entity transfers between a primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan; 3) the applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits; 4) the applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements; 5) measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; 6) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; 7) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and 8) terminology used to refer to derivative instruments. This Statement is applicable for items 1) and 7) above upon its issuance and is effective for the other items above for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement addresses issues related to public-private and public-public partnership arrangements (PPPs). PPPs are arrangements in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This statement requires that PPPs that meet the definition of a lease apply guidance in Statement No. 87, Leases, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of a service concession arrangement. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement No. 87, as amended. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements that include an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement is effective for reporting periods beginning after June 15, 2022.

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

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs to a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

established in Statement No. 87, Leases, as amended. This statement is effective for fiscal years beginning after June 15, 2022.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan* to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plan, defined contribution other postemployment benefit (OPEB) plan, and employee benefit plan other than pension plan or OPEB plan (other employee benefit plan) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plan (Section 457 plan) that meet the definition of a pension plan and for benefits provided through those plan. This Statement is effective for reporting periods beginning after June 15, 2021.

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

NOTE 2 CASH AND INVESTMENTS

Cash and investments are reported at fair value, with the exception of the restricted certificate of deposit at June 30, 2020 that is reported at face value plus accrued interest receivable due to immateriality of the fair value adjustment. Cash and investments consisted of the following at June 30:

	2021	2020
Unrestricted cash and cash equivalents:		
Cash on hand	$ 525	$ 525
Deposits in financial institutions	9,518,150	12,087,536
Cash and investments with County of Yuba Treasurer	150,000,857	127,888,291
Total cash and cash equivalents	159,519,532	139,976,352
Restriced cash and cash equivalents		
Restricted deposits in financial institutions	477,794	
Restricted investment - certificate of deposit		234,851
Total cash and investments	$ 159,997,326	$ 140,211,203

Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

At June 30, 2021 and 2020, the carrying amount of the Agency's unrestricted and restricted deposits was $9,995,944 and $12,322,387, and the balances in financial institutions were $10,979,600 and $13,432,270, respectively. Of the balances in financial institutions at June 30, 2021 and 2020, $500,000 and $484,796, respectively, was covered by federal depository insurance each year and the remaining amounts were collateralized as required by state law (Government Code §53630) by the pledging financial institution with assets held in a common pool for the Agency and other governmental agencies. State law requires that the market value of the common pool of collateral be equal to or greater than 110% of all public deposits with the pledging financial institution if governmental securities are used, or 150% if mortgages are used as collateral. The collateral is not held by or in the name of the Agency.

NOTE 2 CASH AND INVESTMENTS (Continued)

The Agency's investment in the investment pool maintained by the County of Yuba, California's (the County) Treasurer is stated at fair value. The Agency maintains a significant portion of its cash in County's cash and investment pool. The County apportions interest and changes in fair value to the Agency's funds quarterly based upon average cash balances. Investments held in the County's cash and investment pool are available on demand to the Agency and are stated at fair value. Information regarding categorization of investments can be found in the County's financial statements at www.co.yuba.ca.us under the Auditor-Controller Department page. The County's cash and investment pool is not registered with the Securities and Exchange Commission as an investment company and is in accordance with the applicable laws and regulations of the State of California. The fair value of the Agency's position in the pool is the same as the value of its pool shares and is available on demand. The County has neither provided nor obtained any legally binding guarantees to support the value of the accounts.

Investment policy – Pursuant to Board Resolution 2019-001, the Agency reaffirmed the County's investment policy as the Agency's investment policy. Under the County's policy, the permissible investments for the years ended June 30, 2021 and 2020, included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Federal Agency obligations	5 Years	None	None
U.S. Treasury bills	5 Years	None	None
State of California obligations	5 Years	None	None
Local agency bonds and obligations	5 Years	None	None
Banker's acceptances	180 Days	40%	30%
Commercial paper - selected agencies	270 Days	40%	10%
Negotiable certificates of deposit	5 Years	30%	None
Nonnegotiable certificates of deposit	5 Years	30%	None
Repurchase agreements	1 Year	None	None
Reverse repurchase agreements	92 Days	20%	None
Medium-term corporate notes	5 Years	30%	None
Money market mutual funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
California Asset Management Program (CAMP)	N/A	None	None

Investments authorized by debt agreements – Investments held by a bond fiscal agent (trustee) are governed by the provisions of the debt indenture agreement rather than the provisions of the Agency's investment policy of the California Government Code. The Agency did not have any investments that were invested according to the provisions of debt indenture agreements at June 30, 2021 and 2020.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2021 and 2020, the weighted average maturity of the investments in the County's investment pool was 342 and 240 days, respectively.

Credit risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County pool is not rated, but specific credit risk ratings for individual investments held for the Agency by the County are provided in the County's financial statements. The certificate of deposit at June 30, 2020 was not rated.

Concentration of credit risk — The Agency does not have a policy that limits the amount that can be invested in any one issuer beyond what is specified in the California Government Code. A majority of the Agency's investments are held with the County pool where the concentration of credit risk is not determinable.

NOTE 2 CASH AND INVESTMENTS (Continued)

Pledged Account – The restricted cash and investments is pledged under a letter of credit with Mechanics Bank to support the permitting of the sediment removal projects at Our House and Log Cabin diversion dams.

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30:

	2021	2020
Sales of electric energy receivable	$ 6,722,173	$ 3,812,824
Irrigation and gauging receivables	582,172	424,764
Due from marina operations	69,293	47,743
Due from Pacific Gas & Electric	7,708	26,864
Other		10,678
Totals	$ 7,381,346	$ 4,322,873

NOTE 4 LOANS AND LEASES RECEIVABLE FROM OTHER GOVERNMENTS

Loans and leases receivable activity consisted of the following during the years ended June 30:

	Balance July 1, 2020	Additions	Payments	Elimination	Balance June 30, 2021	Interest Receivable
Yuba County RDA/County of Yuba as Successor Agency	$ 935,476	$ 12,673	$ (13,147)		$ 935,002	$ 196,060
Dry Creek Mutual Water Company	1,191,752	17,687	(113,500)		1,095,939	
City of Marysville Levee District	2,992,719	96,199			3,088,918	683,937
Camptonville Community Services District	15,830	415	(4,373)		11,872	1,246
Yuba County TRLIA Bond loan	12,965,160	4,395,597		$ (17,360,757)		
Yuba County lease receivable	8,579,560		(686,076)		7,893,484	
Yuba County UAL loan	896,736	10,882,510	(11,777,768)		1,478	1,478
Yuba County SB1 advance	8,215,000		(835,000)		7,380,000	
Reclamation Districts 817 & 784 FSRP	689		(689)			
Wheatland - SCFRRP short-term	500,000		(500,000)			
TRLIA short-term loan	2,000,000	2,000,000	(2,000,000)		2,000,000	
TRLIA short -term loan - Hallwood NTW		550,000			550,000	
Totals	$ 38,292,922	$ 17,955,081	$ (15,930,553)	$ (17,360,757)	$ 22,956,693	$ 882,721

	Balance July 1, 2019	Additions	Payments	Elimination	Balance June 30, 2020	Interest Receivable
Yuba County RDA/County of Yuba as Successor Agency	$ 920,096	$ 15,380			$ 935,476	$ 196,534
Dry Creek Mutual Water Company	1,204,967	85,785	$ (99,000)		1,191,752	8,289
City of Marysville Levee District	2,897,004	95,715			2,992,719	587,738
City of Marysville Levee District - DWR short term	10,951		(10,951)			
Camptonville Community Services District	19,788	415	(4,373)		15,830	1,662
Yuba County TRLIA Bond loan	9,175,366	3,789,794			12,965,160	
Yuba County lease receivable	9,220,542	184,411	(825,393)		8,579,560	
Yuba County UAL loan	734,598	9,699,113	(9,536,975)		896,736	96,520
Yuba County SB1 advance	9,032,438	166,125	(983,563)		8,215,000	
Reclamation Districts 817 & 784 FSRP	23,593		(22,904)		689	
Wheatland - SCFRRP short-term	500,000				500,000	
T TRLIA short-term loan		2,000,000			2,000,000	
Totals	$ 33,739,343	$ 16,036,738	$ (11,483,159)	$ -	$ 38,292,922	$ 890,743

Each loan accrues interest at a rate established by the Agency as agreed to in the originating loan agreement. The amounts reported above include interest receivable. Typically, the interest rate is based on an average of the interest rate paid by the County of Yuba Treasurer on the investment pool for the preceding 12 months. The interest rates ranged from 0.65% to 4.00% at June 30, 2021 and 0.84% to 4.00% at June 30, 2020.

NOTE 4 LOANS AND LEASES RECEIVABLE FROM OTHER GOVERNMENTS (Continued)

The Yuba County TRLIA Bond Loan represented debt service payments made by the Agency on the portion of the payments on Refunding Revenue Bonds, 2017 Series A and B for which the County was responsible as described in Note 16. Payments were made by the Agency under the Funding Agreement relating to Yuba Levee Financing Authority Bonds (the Agreement) that requires the Agency to make bond payments on behalf of the County through March 2, 2025 if there is a shortfall in levee impact fees that are the primary source of debt service payments. In July 2021, as part of the Plumas Lake CFD Workout Plan Agreement between the Agency, County and TRLIA, the Agency agreed to waive its right to receive impact fees that were the source of repayment of the loan from the County, including any related interest receivable. As a result, the loan was considered to be uncollectible during the year ended June 30, 2021 and was written-off. See Note 20 for additional information.

Yuba County Redevelopment Agency loan - The state Redevelopment Dissolution Act (AB 1X 26) dissolved the Redevelopment Agency on February 1, 2012. On March 27, 2012, the Yuba County Board of Supervisors adopted Resolution No. 2012-20 designating the Board of Supervisors of the County of Yuba to serve as the Successor Agency of the Yuba County Redevelopment Agency (Successor Agency). As a result of this legislation, the Successor Agency was required to obtain formal approval for the recognition of the obligation to repay outstanding debts. On May 27, 2012, the California Department of Finance issued a letter to the successor agency approving the obligation for repayment of the loan made by Yuba County Water Agency to the Yuba County Redevelopment Agency.

Leases receivable

Yuba County Lease Receivable - In December 2016, as part of the refunding of the Yuba Levee Financing Authority (the Authority) Bonds, 2008 Series A and Taxable Revenue Bonds, 2008 Series B described in Note 16, two lease agreements were executed with the County of Yuba related to the County's solar equipment. The first lease agreement provided for the lease of the solar equipment to the Agency and the second agreement provided for a lease of the equipment back to the County. The Agency prepaid the $11,057,939 amount due to the County under the first lease agreement to provide funding to the County to pay-off certain other debt to facilitate the refunding of the Authority's 2008 bonds. The County will sub-lease the equipment from the Agency through June 1, 2031 under the second lease. The County began making payments to the Agency under the second agreement in May 2017. Interest is computed at 2%.

Yuba County SB1 Advance - In May 2019, the County of Yuba entered into a letter agreement with the County of Yuba resulting in the County assigning the rights under the County of Yuba Public Facilities Corporation (Corporation) lease agreement dated May 1, 2019 between the County and Corporation, including its rights to the lease payments made by the County to the Corporation from Senate Bill 1 (SB1) gas tax funds. The purpose of the lease was to provide funds to the County for road improvements that would be repaid with SB1 funds. The Agency prepaid the $9,000,000 purchase price of the Corporation's obligations that will be used by the County to finance infrastructure improvements within the County. The advance will be repaid in semi-annual interest payments ranging from $11,194 to $101,250 each November 1 and May 1 beginning November 1, 2019 and annual principal payments listed below each May 1 beginning May 1, 2020. Interest will be computed at 2.25%.

Future payments under the leases will be as follows at June 30, 2021:

Year Ending	Yuba County Lease Receivable			Yuba County SB1 Advance		
June 30:	Principal	Interest	Total	Principal	Interest	Total
2022	$ 818,514	$ 157,870	$ 976,384	$ 860,000	$ 165,825	$ 1,025,825
2023	868,411	141,499	1,009,910	870,000	146,700	1,016,700
2024	920,883	124,131	1,045,014	890,000	127,125	1,017,125
2025	981,053	105,714	1,086,767	910,000	107,100	1,017,100
2026	1,039,051	86,092	1,125,143	930,000	86,625	1,016,625
2027-2031	3,265,572	216,211	3,481,783	2,920,000	132,413	3,052,413
	$ 7,893,484	$ 831,517	$ 8,725,001	$ 7,380,000	$ 765,788	$ 8,145,788

NOTE 5 CAPITAL ASSETS

Capital asset activity consisted of the following during the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
CAPITAL ASSETS NOT BEING DEPRECIATED:					
General Fund:					
Land and land rights	$ 312,309				$ 312,309
Canals	4,605,454				4,605,454
Construction in progress					
FERC general relicensing	40,753,100	$ 3,974,264			44,727,364
FERC second spillway project	4,669,768	2,967,237			7,637,005
Other	344,638			$ (296,268)	48,370
Total General Fund	50,685,269	6,941,501		(296,268)	57,330,502
Power Systems Fund:					
Land and land rights	3,169,939				3,169,939
Water rights	204,075				204,075
Construction in progress					
General	7,137,599	7,740,096		(4,230,922)	10,646,773
Recreation	641,878	4,261,656		(4,903,534)	
Total Power Systems Fund	11,153,491	12,001,752		(9,134,456)	14,020,787
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	61,838,760	18,943,253		(9,430,724)	71,351,289
CAPITAL ASSETS BEING DEPRECIATED:					
General Fund:					
General plant	8,585,707	178,566	$ (21,984)	296,268	9,038,557
Irrigation canals	17,498,940				17,498,940
Total General Fund	26,084,647	178,566	(21,984)	296,268	26,537,497
Power Systems Fund:					
Hydraulic production	234,143,580		(61,407)	3,875,640	237,957,813
Electric plant acquisition	4,485,248				4,485,248
Transmission equipment	9,795,173				9,795,173
General plant	13,770,937	181,958	(48,506)	355,281	14,259,670
Recreation facilities	1,628,215			4,903,535	6,531,750
Intangible assets	248,292				248,292
Total Power Systems Fund	264,071,445	181,958	(109,913)	9,134,456	273,277,946
TOTAL CAPITAL ASSETS BEING DEPRECIATED	290,156,092	360,524	(131,897)	9,430,724	299,815,443
ACCUMULATED DEPRECIATION AND AMORTIZATION:					
General Fund:					
General plant	(3,614,592)	(481,174)	21,984		(4,073,782)
Irrigation canals	(4,963,145)	(602,685)			(5,565,830)
Total General Fund	(8,577,737)	(1,083,859)	21,984		(9,639,612)
Power Systems Fund:					
Hydraulic production	(115,472,861)	(3,770,494)	61,407		(119,181,948)
Electric plant acquisition	(4,485,248)				(4,485,248)
Transmission equipment	(3,275,502)	(458,605)			(3,734,107)
General plant	(8,770,867)	(568,680)	48,506		(9,291,041)
Recreation facilities	(1,526,249)	(9,142)			(1,535,391)
Intangible assets	(248,292)				(248,292)
Total Power Systems Fund	(133,779,019)	(4,806,921)	109,913		(138,476,027)
TOTAL ACCUMULATED DEPRECIATION	(142,356,756)	(5,890,780)	131,897		(148,115,639)
Total capital assets being depreciated, net	147,799,336	(5,530,256)		9,430,724	151,699,804
CAPITAL ASSETS, NET	$ 209,638,096	$ 13,412,998	$ -	$ -	$ 223,051,093

NOTE 5 CAPITAL ASSETS (Continued)

Capital asset activity consisted of the following during the year ended June 30, 2020:

	Balance July 01, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
CAPITAL ASSETS NOT BEING DEPRECIATED:					
General Fund:					
Land and land rights	$ 312,309				$ 312,309
Canals	4,605,454				4,605,454
Construction in progress					
FERC general relicensing	38,042,668	$ 2,710,432			40,753,100
FERC second spillway project	2,068,809	2,600,959			4,669,768
Other	296,268	48,370			344,638
Total General Fund	45,325,508	5,359,761			50,685,269
Power Systems Fund:					
Land and land rights	3,132,050	37,889			3,169,939
Water rights	85,835	118,240			204,075
Construction in progress					
General	4,362,999	3,715,318		$ (940,718)	7,137,599
Recreation	377,141	264,737			641,878
Total Power Systems Fund	7,958,025	4,136,184		(940,718)	11,153,491
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	53,283,533	9,495,945		(940,718)	61,838,760
CAPITAL ASSETS BEING DEPRECIATED:					
General Fund:					
General plant	7,717,452	891,699	$ (23,444)		8,585,707
Irrigation canals	17,498,940				17,498,940
Total General Fund	25,216,392	891,699	(23,444)		26,084,647
Power Systems Fund:					
Hydraulic production	233,137,314	445,292		560,974	234,143,580
Electric plant acquisition	4,485,248				4,485,248
Transmission equipment	9,795,173				9,795,173
General plant	13,508,488		(117,295)	379,744	13,770,937
Recreation facilities	1,628,215				1,628,215
Intangible assets	248,292				248,292
Total Power Systems Fund	262,802,730	445,292	(117,295)	940,718	264,071,445
TOTAL CAPITAL ASSETS BEING DEPRECIATED	288,019,122	1,336,991	(140,739)	940,718	290,156,092
ACCUMULATED DEPRECIATION AND AMORTIZATION:					
General Fund:					
General plant	(3,192,203)	(445,833)	23,444		(3,614,592)
Irrigation canals	(4,353,899)	(609,246)			(4,963,145)
Total General Fund	(7,546,102)	(1,055,079)	23,444		(8,577,737)
Power Systems Fund:					
Hydraulic production	(111,799,862)	(3,672,999)			(115,472,861)
Electric plant acquisition	(4,485,248)				(4,485,248)
Transmission equipment	(2,796,887)	(478,615)			(3,275,502)
General plant	(8,156,931)	(731,231)	117,295		(8,770,867)
Recreation facilities	(1,464,998)	(61,251)			(1,526,249)
Intangible assets	(248,292)				(248,292)
Total Power Systems Fund	(128,952,218)	(4,944,096)	117,295		(133,779,019)
TOTAL ACCUMULATED DEPRECIATION	(136,498,320)	(5,999,175)	140,739		(142,356,756)
Total capital assets being depreciated, net	151,520,802	(4,662,184)		940,718	147,799,336
CAPITAL ASSETS, NET	$ 204,804,335	$ 4,833,761	$ -	$ -	$ 209,638,096

NOTE 5 CAPITAL ASSETS (Continued)

East-side Canal Extension (Yuba Wheatland Canal Project) – The East-side Canal Extension (Yuba Wheatland Canal Project) was the result of a contractual arrangement between the Agency and Wheatland Water District (WWD). The original agreement was executed on January 27, 2004 and was subsequently amended on February 13, 2007 and again on May 25, 2010. The agreement and subsequent amendments contained cost allocation, ownership, and payment provisions. During the year ended June 30, 2014, the Agency capitalized $16,613,796 in costs attributable to the project and began depreciation.

On September 5, 2014, the Agency and WWD entered into an agreement whereby WWD will reimburse the Agency $1,394,080 for project costs related to improvements made within the WWD boundaries. The parties anticipate that this amount will be repaid over a thirty (30) year period with annual principal and interest payments due no later than each December 15th. WWD has the option of reimbursing these costs over a shorter time period. Interest on the unpaid reimbursement balance will be at a rate equal to the average rate of return earned by the Agency on funds invested with the Treasurer of the County of Yuba. Under the agreement, WWD agreed to pay retroactive interest to December 31, 2010. Upon full repayment by WWD, title to certain improvements will be transferred from the Agency to WWD. As of June 30, 2021 and 2020, the undepreciated cost of these improvements totaled $7,881,523.

During the year ended June 30, 2021 WWD repaid the Agency $128,800, including interest of $32,084. During the year ended June 30, 2020 WWD did not make any payments. As of June 30, 2021 and 2020, the unreimbursed amount due to the Agency totaled $731,722 and $847,481, respectively, including accrued interest. At June 30, 2021 and 2020, the Agency reported the cumulative principal payments received of $668,501 and $571,785, respectively, as a deposit liability rather than as payments on a loan receivable in the accompanying financial statements under GASB Statement No. 62 because title to the facilities will not be transferred until the loan is fully collected.

NOTE 6 LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the fiscal years ended June 30:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Current	Noncurrent
Compensated absences	$ 1,100,021	$ 761,989	$ (801,760)	$ 1,060,250	$ 807,778	$ 252,472
Net pension liability	2,529,141	714,050		3,243,191		3,243,191
Totals	$ 3,629,162	$ 1,476,039	$ (801,760)	$ 4,303,441	$ 807,778	$ 3,495,663

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Current	Noncurrent
Compensated absences	$ 1,067,216	$ 823,758	$ (790,953)	$ 1,100,021	$ 801,758	$ 298,263
Net pension liability	1,919,897	609,244		2,529,141		2,529,141
Totals	$ 2,987,113	$ 1,433,002	$ (790,953)	$ 3,629,162	$ 801,758	$ 2,827,404

NOTE 7 UNEARNED REVENUE

During the year ended June 30, 2008, the Agency entered into a water transfer agreement with the Department of Water Resources. On December 5, 2014, Amendment No. 5 to the water transfer agreement was executed that extended the water transfer period through December 31, 2025. As a result of this amendment, the Agency received a $20 million unearned prepayment toward future water transfers that were earned using fluctuating rates per acre foot specified in the agreement ranging from $50 to $350 per acre foot that are based on whether the water is transferred in years classified as wet to consecutive dry or critical years.

NOTE 7 UNEARNED REVENUE (Continued)

During the year ended June 30, 2021, the Agency transferred the remaining water and earned the remaining unearned water transfer revenue. The following is a summary of unearned water transfer revenue at June 30:

	2021	2020
Water transfer accord		$ 8,643,950
Less: current portion		(6,177,800)
Noncurrent portion	$ -	$ 2,466,150

The remaining $211,298 of current unearned revenue at June 30, 2021 and 2020 represents unearned receipts related to the member units well efficiency program.

NOTE 8 RETIREMENT PLANS

Defined Benefit Pension Plan

A. General Information About the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Agency's cost-sharing multiple employer defined benefit pension plan (Plan), which is administered by the California Public Employees' Retirement System (CalPERS). The Agency participates in the Miscellaneous Risk Pool and two rate plans, the Classic Miscellaneous Rate Plan and the PEPRA Miscellaneous Rate Plan. Benefit provisions under the Plan are established by State statute and local government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit and 1959 survivor benefit, level 3. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions to be provided to new employees hired after January 1, 2013. Consequently, the Classic Miscellaneous Rate Plan is closed to new members that were not CalPERS-eligible participants as of December 31, 2012.

The Plan's provisions and benefits in effect at June 30 are summarized as follows:

	2021		2020	
Hire date	Prior to January 1, 2013	On or After January 1, 2013	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.0% @ 55	2% @ 62	2.0% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-63	52-67	50-63	52-67
Monthly benefits as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%	1.426% to 2.000%	1.0% to 2.5%
Final average compensation period	1 years	3 years	1 years	3 years
Required employee contribution rates	7.000%	6.750%	7.000%	6.750%
Required employer contribution rates	11.031%	7.732%	10.221%	6.985%

NOTE 8 RETIREMENT PLANS (Continued)

In addition to the contribution rates above, the Agency contributed $153,886 and $89,866 during the years ended June 30, 2021 and 2020, respectively.

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

	2021	2020
Contributions - employer	$ 1,077,077	$ 842,398

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources

As of June 30, 2021, and 2020, the Agency reported a net pension liability of $3,243,191 and $2,529,141, respectively, for its share of the net pension liability of the Plan. The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan for the years ended June 30, 2021 and 2020 was measured as of June 30, 2020 and 2019, and the total pension liability for each rate plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and 2018, rolled forward to June 30, 2020 and 2019, using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers (actuarially determined). The Agency's proportionate share of the net pension liability for the Plan as of June 30 as compared to the prior year, were as follows:

	2021	2020
Proportion - June 30, 2020	0.06316%	
Proportion - June 30, 2021	0.07689%	
Change - increase (decrease)	0.01373%	
Proportion - June 30, 2019		0.05094%
Proportion - June 30, 2020		0.06316%
Change - increase (decrease)		0.01222%

NOTE 8 RETIREMENT PLANS (Continued)

During the years ended June 30, 2021 and 2020, the Agency recognized pension expense (benefit) of $1,581,253 and $992,680, respectively. At June 30, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,077,077		$ 842,398	
Differences between actual and expected experience	167,131		175,660	$ (13,610)
Changes in assumptions		$ (23,132)	120,601	(42,752)
Differences between the employer's contributions and the employer's proportionate share of contributions		(369,830)		(366,438)
Change in employer's proportion	764,849		830,924	
Net differences between projected and actual earnings on plan investments	96,344			(44,218)
Totals	$ 2,105,401	$ (392,962)	$ 1,969,583	$ (467,018)

The amount 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows for the year ended June 30:

Year Ending June 30:	2021	2020
2021		$ 441,794
2022	$ 285,465	161,500
2023	180,868	47,938
2024	122,820	8,935
2025	46,209	
	$ 635,362	$ 660,167

Actuarial Assumptions – The total pension liability in the June 30, 2019 and 2018, actuarial valuations used during the years ended June 30 were determined using the following actuarial assumptions:

	2021	2020
Valuation date	June 30, 2019	June 30, 2018
Measurement date	June 30, 2020	June 30, 2019
Actuarial cost method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount rate (1)	7.15%	7.15%
Inflation	2.50%	2.50%
Projected salary increase (2)	.4% - 8.5%	.4% 8.5%
Mortality	Derived using CalPERS membership data	

(1) Net of pension plan investment expenses, including inflation.
(2) Depending on entry age and service.

NOTE 8 RETIREMENT PLANS (Continued)

The underlying mortality assumptions were developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP2016. Mortality at the June 30, 2020 and 2019 measurement dates was based on the December 2017 CalPERS experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

Change of Assumptions – During the year ended June 30, 2020, the demographic assumptions and inflation rate were change in accordance with the CalPERS study and Review of Actuarial Assumptions in December 2017.

Discount Rate – The discount rate used by CalPERS to measure the total pension liability was 7.15% in the June 30, 2020 and 2019 accounting valuations used for the years ended June 30, 2021 and 2020. 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 7.15% discount rate used was appropriate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate 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 best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11 - 60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the 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 rates of return are net of administrative expenses.

	2021			2020		
Asset Class	New Strategic Allocation	Real Return Years 1-10 [(a)]	Real Return Years 11+ [(b)]	New Strategic Allocation	Real Return Years 1-10 [(a)]	Real Return Years 11+ [(b)]
Global equity	50.0%	4.80%	5.98%	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)	1.0%	0.00%	(0.92%)
	100.0%			100.0%		

[(a)] An expected inflation of 2.00% used for this period.

[(b)] An expected inflation of 2.92% used for this period.

NOTE 8 RETIREMENT PLANS (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Agency's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Agency'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:

	2021			2020		
	1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
Discount rate	6.15%	7.15%	8.15%	6.15%	7.15%	8.15%
Net pension liability	$ 6,929,070	$ 3,243,191	$ 197,666	$ 6,048,924	$ 2,529,141	$ (376,191)

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

Payables to the Pension Plan – At June 30, 2021, the Agency reported payables for the outstanding amount of employer contributions to the plan of $28,078. There were no significant payables to the pension plan as of June 30, 2020.

Defined Contribution Retirement Plan

On December 17, 2002, the Agency established an Internal Revenue Code (IRC) Section 401(a) plan (401(a) Plan) with the MissionSquare Retirement. The Agency selects optional benefits through state statute and agency resolutions. The Board of Directors establishes and may change benefit terms subject to bargaining agreements. Employees are eligible from hire date. Employees may make voluntary contributions up to the lesser of the maximum contributions allowed by the Internal Revenue Code or 25% of compensation. The Agency contributes 7.65% of covered salaries for each employee who does not participate in the 457 Plan described below. Employer contributions vest over 5 years and employee contributions are immediately vested. Forfeitures are used for employer contributions. No significant forfeitures occurred during the years ended June 30, 2021 and 2020. During the year ended June 30, 2021, the Agency contributed $403,729 and the employees contributed $387,882 to the 401(a) Plan. During the year ended June 30, 2020, the Agency contributed $282,932 and the employees contributed $277,657 to the 401(a) Plan.

NOTE 9 DEFERRED COMPENSATION PLAN

In lieu of Social Security, the Agency also offers its employees a deferred compensation plan created in accordance with IRC Section 457 (457 Plan). The 457 Plan is administered by MissionSquare Retirement. The 457 Plan is available to all regular employees at their option and permits participants to defer a portion of their salary until future years. The Agency contributes 7.65% of covered salaries for each employee that does not participate in the 401(a) Plan above. For the fiscal year ended June 30, 2021, the Agency contributed $367,567 and the employees contributed $550,508 to the 457 Plan. During the year ended June 30, 2020, the Agency contributed $372,569 and the employees contributed $486,502 to the 457 Plan.

NOTE 10 POST-EMPLOYMENT HEALTH CARE BENEFITS

Plan Description – The Yuba County Water Agency's Retiree Healthcare Plan (the Plan) is an agent multiple-employer postemployment benefits plan administered by CalPERS through the California Public Employers' Retiree Benefit Trust (CERBT) Fund. The Agency provides medical benefits to eligible retirees. Benefit provisions are established and may be amended by the Board of Directors, subject to the Agency's labor agreements. On May 12, 2009, the Board approved a policy to pre-fund retiree health care benefits through contributions to the CERBT and authorized the agreement and election of the Agency to pre-fund other post-employment benefits through CalPERS. CERBT is a tax-qualified irrevocable trust organized under IRC

NOTE 10 POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Section 115 to administer retiree healthcare benefits and collectively invest plan assets of all trust members. CERBT issues publicly available financial statements according to GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, in aggregate with the other CERBT participating employers. CERBT financial statements can be obtained from the CalPERS website at www.calpers.ca.gov. The Agency's Plan does not issue separate financial statements.

Benefits Provided – Under the Plan, the Agency pays health insurance premiums for employees, surviving spouses and family members of employees retiring directly from the Agency under CalPERS with a maximum monthly benefit of $1,600, limited to the cost of the Agency-sponsored low-cost health insurance plan for active employees, 2-party or family. Employees hired after December 31, 2007 must have 10 years of Agency service for full benefits. Employees hired after December 31, 2007 that have less than 10 years of Agency service are provided Public Employees' Medical & Hospital Care Act (PEMHCA) minimum benefits ($143 per month in 2020 and $139 per month in 2020).

Employees Covered by Benefit Terms – At the measurement date, the following employees were covered by the benefit terms:

	2021	2020
Inactive employees or beneficiaries currently receiving benefit payments	28	23
Inactive employees entitled to but not yet receiving benefits	5	5
Active employees	85	71
Total	118	99

Contributions – The Board of Directors has the authority to establish and amend the contribution requirements of the District and employees under powers granted to it under the 1959 Act establishing the Agency, subject to the Agency's Memorandum of Understanding with the employee bargaining unit. The contributions are contractually rather than actuarially determined, as described above. Employees are not required to contribute to the plan. For fiscal years ended June 30, 2021 and 2020, the Agency contributed a total of $708,387 and $700,695, respectively.

Net OPEB Liability – The Agency's net OPEB liability at June 30, 2021 and 2020 was measured as of June 30, 2020 and 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 for both years.

Actuarial Assumptions – The total OPEB liability at the June 30, 2020 and 2019 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	2021	2020
Valuation date	June 30, 2019	June 30, 2019
Measurement date	June 30, 2020	June 30, 2019
Actuarial cost method	Entry-age normal cost method	Entry-age normal cost method
Actuarial assumptions:		
Discount rate	5.75%	5.75%
Inflation	2.75%	2.75%
Aggregate salary increases	3.00%	3.00%
Investment rate of return	5.75%	5.75%
Mortality, disability, termination, and retirement rates	Derived using CalPERS 1997-2015 Experience Study	Derived using CalPERS 1997-2015 Experience Study
Mortality improvement	Society of Actuaries mortality improvement Scale MP-19	Society of Actuaries mortality improvement Scale MP-19
Healthcare cost trend rates	7.25% and 6.30% in the first year for pre-65 and post-65, respectively, trending down to 4.00% in 2076 and later.	7.25% and 6.30% in the first year for pre-65 and post-65, respectively, trending down to 4.00% in 2076 and later.

NOTE 10 POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) was used and developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	2021		2020	
Investment Class	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Global equity	40.00%	4.82%	40.00%	4.82%
Fixed income	43.00%	1.47%	43.00%	1.47%
TIPS	5.00%	1.29%	5.00%	1.29%
Commodities	4.00%	0.84%	4.00%	0.84%
REITs	8.00%	3.76%	8.00%	3.76%
Total	100.00%		100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability was 5.75% for the years ended June 30, 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that Agency contributions will continue based upon the current funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make projected future benefit payments for current members for all future years. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability (Asset):

	2021 Increase (Decrease)			2020 Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at July 1	$ 7,563,907	$ 8,385,170	$ (821,263)	$ 7,287,985	$ 7,522,563	$ (234,578)
Changes for the year:						
Service cost	706,260		706,260	605,878		605,878
Interest on the OPEB liability	464,814		464,814	444,134		444,134
Differences between expected and actual experience				(379,005)		(379,005)
Changes in assumptions	(151,012)		(151,012)	(55,489)		(55,489)
Contribution - employer		700,696	(700,696)		667,721	(667,721)
Net investment income		449,346	(449,346)		537,234	(537,234)
Benefit payments	(372,888)	(372,888)		(339,596)	(339,596)	
Administrative expense		(4,953)	4,953		(2,752)	2,752
Net changes	647,174	772,201	(125,027)	275,922	862,607	(586,685)
Balance at June 30	$ 8,211,081	$ 9,157,371	$ (946,290)	$ 7,563,907	$ 8,385,170	$ (821,263)

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

NOTE 10 POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

	2021			2020		
	1% Decrease 4.75%	Current Discount Rate 5.75%	1% Increase 6.75%	1% Decrease 4.75%	Current Discount Rate 5.75%	1% Increase 6.75%
Net OPEB liability (asset)	$ 320,246	$ (946,290)	$ (1,970,864)	$ 319,897	$ (821,263)	$ (1,745,302)

The following presents the net OPEB liability of the Agency, as well as what the Agency's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	2021			2020		
	1% Decrease (6.25%/5.30% decreasing to 3%)	Current Healthcare Cost Trend Rates (7.25%/6.30% decreasing to 4%)	1% Increase (8.25%/7.30% decreasing to 5%)	1% Decrease (6.25%/5.30% decreasing to 3%)	Current Healthcare Cost Trend Rates (7.25%/6.30% decreasing to 4%)	1% Increase (8.25%/7.30% decreasing to 5%)
Net OPEB liability (asset)	$ (2,197,571)	$ (946,290)	$ 650,006	$ (1,882,574)	$ (821,263)	$ 522,341

OPEB Plan Fiduciary Net Position – Detailed information about the Plan’s fiduciary net position is available in the separately issued CERBT financial report at www.calpers.ca.gov.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the years ended June 30, 2021 and 2020, the Agency recognized OPEB expense of $575,629 and $525,304, respectively. At June 30, 2021 and 2020, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 708,387		$ 700,695	
Differences between actual and expected experience		$ (292,867)		$(335,936)
Changes in assumptions		(176,729)		(49,183)
Net differences between projected and actual earnings on OPEB plan investments		(48,765)		(133,282)
Total	$ 708,387	$ (518,361)	$ 700,695	$ (518,401)

Amounts reported as deferred outflows and inflows of resources above will be recognized in OPEB expense as follows:

Year Ended June 30	2021	2020
2021		$ (92,704)
2022	$ (99,567)	(92,704)
2023	(82,368)	(75,505)
2024	(76,732)	(69,869)
2025	(56,238)	(49,375)
2026	(66,535)	(138,244)
Thereafter	(136,921)	
	$ (518,361)	$ (518,401)

Payables to the OPEB Plan – There were no significant payables to the OPEB plan at June 30, 2021 and 2020.

NOTE 11 POWER PURCHASE CONTRACTS

On September 22, 2015, the Agency Board of Directors approved two power purchase agreements with Shell Energy of North America for sales of Colgate and Narrows 2 electric energy and related products. Sale of electric energy totaled $79,942,868 and $60,034,729 under these agreements during the years ended June 30, 2021 and 2020, respectively.

All electric power generated through the Mini Hydro plant is sold to PG&E under the terms of a Renewable Market Adjusting Tariff power purchase agreement between the Agency and PG&E. The unit is rated for 150kW and PG&E pays for the net energy output at a set price of .08923 per kWh. Power delivery started on September 30, 2016 and the contract is valid for 15 years. The Agency received payments totaling $104,359 and $122,627 under the contract during the fiscal years ended June 30, 2021 and 2020, respectively.

NOTE 12 ECONOMIC DEPENDENCY

The Agency's operating revenues represent the sale of electric energy and water transfer revenues that are dependent upon the availability of water. A long-term reduction in water available to transfer or generate electric energy could have a significant impact on the Agency's financial condition.

NOTE 13 COMMITMENTS AND CONTINGENCIES

Litigation

The Agency is a party to other claims and lawsuits arising in the ordinary course of business. The Agency's management and legal counsel are of the opinion that the ultimate liability, if any, arising from these claims will not have a material adverse impact on the financial position of the Agency.

The Agency is also a party to a number of lawsuits against and administrative proceedings by the State Water Resources Control Board, National Marine Fisheries Service and U.S. Army Corps of Engineers related to water quality issues in the Sacramento-San Joaquin Bay-Delta and alleging violations of the federal Endangered Species Act relating to the protection of special status fish in the Yuba River. The actions do not seek monitory damages but seek to establish requirements to protect water quality and endangered fish that could result in operational changes that limit the Agency's ability to operate in a manner that would maximize power generation and use of water in the Yuba River.

Grant and Contractual Contingencies

Amounts received or receivable from grantor agencies and electric sales are subject to audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the Agency. The amount(s), if any, of expenditures that may be disallowed by these entities cannot be determined at this time, although the Agency expects such amounts, if any, to be immaterial.

Contract Commitments

The Agency had the following contract commitments at June 30:

NOTE 13 COMMITMENTS AND CONTINGENCIES (Continued)

	2021	2020
New Bullards Bar Dam maintenance	$ 1,581,891	
Disadvantaged Community Involvement (DACI) program	1,478,833	$ 161,000
Narrows 2 generator step up (GSU) transformer	1,213,236	940,517
FERC secondary spillway	743,933	2,458,048
Colgate 1 & Colgate 2 high lift skid replacement	608,813	147,873
Crane truck	441,278	
Yuba IRWMP management	182,444	
Wheatland FEMA levee analysis and mapping (LAMP) study	156,927	119,877
South canal	142,811	601,255
Warehouse/administration building		858,099
Hallwood side channel		612,497
Penstock tunnel outage		271,757
Cottage Creek		178,825
Security system upgrade		108,838
Total	$ 6,550,166	$ 6,458,586

NOTE 14 RISK MANAGEMENT

The Agency participates in the Association of California Water Agencies Joint Powers Insurance Authority (JPIA), a public entity risk pool of water agencies in California, for general, automobile, public officials' errors and omissions liability, property damage and business interruption coverage. Through its membership in the JPIA, the Agency is provided coverage through JPIA with excess coverage through commercial insurance. Loss contingency reserves established by the JPIA are funded by contributions from member agencies. The Agency pays an annual premium to the JPIA that includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjustment and legal costs, and administrative and other costs to operate the JPIA. Financial statements for the JPIA may be obtained at 5630 Birdcage Street, Suite 200, Citrus Heights, California 95610-7632 or www.acwajpia.com.

NOTE 14 RISK MANAGEMENT (Continued)

Insurance coverage obtained through the JPIA is as follows:

Amount	Coverage provider	Payment Source
CRIME:		
$ 1,000	Self-Insured	Agency Funds
100,000	ACWA JPIA	Shared risk pool
None	Commercial Insurance	Shared risk pool
EXCESS CRIME PROGRAM		
$ 100,000	Self-Insured	Agency Funds
None	ACWA JPIA	Shared risk pool
3,000,000	Commercial Insurance	Shared risk pool
GENERAL AND AUTO LIABILITY CLAIMS:		
None	Self-Insured	Agency Funds
$ 5,000,000	ACWA JPIA	Shared risk pool
50,000,000	Commercial Insurance	Shared risk pool
PUBLIC OFFICIALS ERRORS AND OMISSIONS LIABILITY:		
None	Self-Insured	Agency Funds
$ 5,000,000	ACWA JPIA	Shared risk pool
50,000,000	Commercial Insurance	Shared risk pool
PROPERTY PROTECTION CLAIMS:		
$ 5,000 - $ 100,000	Self-Insured	Agency Funds
100,000	ACWA JPIA	Shared risk pool
500,000,000	Commercial Insurance	Shared risk pool
WORKERS' COMPENSATION:		
None	Self-Insured	Agency Funds
$ 4,000,000	ACWA JPIA	Shared risk pool
Statutory	Commercial Insurance	Shared risk pool
CYBER LIABILITY:		
$ 10,000 - $ 50,000	Self-Insured	Agency Funds
None	ACWA JPIA	Shared risk pool
5,000,000	Commercial Insurance	Shared risk pool
DAM FAILURE LIABILITY:		
$ 1,000,000	Self-Insured	Agency Funds
None	ACWA JPIA	Shared risk pool
4,000,000	Commercial Insurance	Shared risk pool

There have not been any significant reductions in insurance coverage compared to the prior year. Settlements have not exceeded the insurance coverage for the past three fiscal years.

NOTE 15 RELICENSING

The Agency has been working on the relicensing of its Power Projects as required by the Federal Energy Regulatory Commission (FERC). In connection with the relicensing, the Agency has incurred expenses, entered into service contracts, and established cash reserves to pay for anticipated costs. Costs incurred for the relicensing are being capitalized in accordance with GASB Statement No. 51 and will be amortized over the life of the new license period once it has been issued by FERC. Total costs capitalized as of June 30, 2021 and 2020, amounted to $52,364,369 and $45,422,868, respectively. Total funds designated for the relicensing process, at June 30, 2021 and 2020, amounted to $559,322 and $552,515, respectively. Contract commitments for the secondary spillway project totaled $743,933 at June 30, 2021. The Agency submitted the final license application to FERC on April 28, 2014. The relicensing process will take several years to complete. The current FERC license expired on April 30, 2016 and the Agency is operating under an annual license that will be renewed until FERC issues a new license. While the total cost of the relicensing cannot be determined, the Agency anticipates it will have sufficient resources to complete the relicensing process.

In July 2020, the State Water Resources Control Board issued a water quality certification under federal Clean Water Act Section 401 for the Agency's expected FERC license for the Yuba River Development Project (YRDP) that establishes many onerous terms and conditions that would adversely affect the Agency and its operation of the YRDP. The Agency filed lawsuits to seek relief from the conditions.

NOTE 16 CONDUIT DEBT

On January 1, 2017, Yuba Levee Financing Authority (the Authority) Refunding Revenue Bonds, 2017 Series A (Yuba County Levee Refinancing Project) in the amount of $58,845,000 and Taxable Refunding Revenue Bonds, 2017 Series B (Yuba County Levee Refinancing Project) in the amount of $14,035,000 were issued to refund the Yuba Levee Financing Authority Revenue Bonds, 2008 Series A and Taxable Revenue Bonds, 2008 Series B. The Authority is reported as a blended component unit of the County. The primary purpose of the agreement is to provide financial assistance to facilitate improvements to the levee system in the County. As part of the agreement, the Agency agreed to purchase certain assets from the Authority under an installment sale agreement to provide semi-annual installment payments from Agency water revenues as defined sufficient to make one-half of the related debt service payments that will be used as one of the primary sources of repayment of the Bonds. The County only has the obligation to make debt service payments from impact fees collected and there is no obligation to make payments from any other Authority or County funds. The installment payments are payable from the Agency's water system revenues if not paid with development-related levee impact fees as defined in the agreement. On December 6, 2016, to facilitate the refunding of the Bonds, the Agency approved a lease of certain County solar equipment from the County and a second lease of the same solar equipment from the Agency back to the County in the amount of $11,057,939. The Agency prepaid its entire lease obligation to the County prior to June 30, 2017 and the County is making payments to the Agency, as described in Note 4.

The Refunding Revenue Bonds Official Statement indicates that the obligation of the Agency to make installment payments does not constitute a debt of the Agency and the Official Statement indicates there is no obligation for the Agency to levy or pledge any form of taxation for the installment payments. However, the Authority has in the past agreed to fund the unpaid debt service payments on the Bonds due to the shortfall in levee impact fees and, as discussed in Note 20, the Agency has agreed to forgive the loan receivable from the County for those payments. Because the Agency has voluntarily funded a portion of the debt service payments not covered by levee impact fees, the Agency would normally report a portion of the Bonds as a liability on its statement of net position. However, the County has reported the full amount of the Bonds as County governmental activity debt. As a result, the debt is not reported as a liability in the financial statements of the Agency.

NOTE 17 GRANT, PROJECT AND OTHER FUNDING PROVIDED WITHIN THE COUNTY OF YUBA

The Board of Directors has made a commitment to spend up to $10 million per year on community impact grants, the majority of which are to reduce flood risk and protect water supply, which are the two primary missions of the Agency. Eligible recipients are local agencies, tax-exempt nonprofits and Native American tribes within Yuba County. Funding provided during the fiscal years ended June 30 was as follows:

	2021	2020
Grants:		
Ollivehurst Public Utility District - wastewater Infrastructure	$ 1,604,626	
CalFire healthy forest grant	1,054,309	$ 11,594
Hallwood north training wall	900,000	18,792
North Yuba Water District - phase 1: Orleve Ditch piping	480,000	
Reclamation District 784 - mile 4.66 storm drain pipe	417,283	
Water education curriculum	380,008	27,997
Water Education Center	369,186	
City of Wheatland - wastewater treatment	329,844	
Blue Forest resilience bond	300,000	300,000
Yuba County Sheriff	285,213	265,214
Browns Valley Irrigation District sicard pipeline	251,675	385,645
Yuba County - waterway cleanup	250,000	
Yuba County Office of Emergency Services staff grant	206,708	165,120
Yuba County storm readiness	186,534	180,046
City of Marysville - Ellis Lake improvement project	170,884	49,614
Bay Area Council - forest resilience	169,000	
Camptonville Community Services District grant	121,893	19,291
Regional Housing Authority water coordination program	97,581	109,812
South Yuba River Citizens League salmon tours	67,032	45,692
City of Wheatland comprehensive water project	62,522	31,109
Yuba County fire safe program	56,316	57,444
Yuba County - water conservation program to reduce water usage	50,000	
Bill Shaw rescue equipment and training grant	38,300	84,725
Wheatland FEMA levee analysis and mapping (LAMP) study	35,951	2,743
City of Marysville 200 year report	26,914	1,864
Marysville ring levee - 17th Street pump station	15,973	3,169
Yuba County wildlife service program (EIR)	13,250	16,899
City of Marysville - vegetation management program	11,713	
Yuba County Sheriff - environmental crimes	6,186	
Reclamation District 2103 & 817 consolidation evaluation	3,732	24,745
Yuba County - property tax shift	3,073	
Reclamation District 784 - DWR Prop 1: improve flood risk reduction	1,748	
Marysville Levee Commission - continued levee support	1,216	2,766
Reclamation District 817 - Bear River setback levee		1,000,000
Three Rivers levee improvement - reduce flood risk program		500,000
Yuba County 2017 storm repair, local match		347,210
South Yuba River Citizens League watershed coordinators		235,000
Yuba Watershed Fire Council		112,867
City of Marysville - quick attack vehicle		100,000
Reclamation District 784 218 benefit assessment election		69,367
Camptonville Community Partnership grant		47,449
Olivehurst Public Utility District potable water study		47,000
Yuba Sutter Arts - Yuba River education program		46,704
Olivhurst Public Utility District - disadvantaged community involvement program		10,197
North Yuba Water District income survey - Forbestown Ditch		7,520
Museum of Forgotten Warriors - two water pressure tanks		3,100
Total Grant Funding	7,968,670	4,330,695
Projects:		
Yuba County Public Works construction	1,669,996	1,402,570
Yuba County Public Works Department	718,105	475,000
Reclamation District 10 - toe access corridor	205,451	308,744
Reclamation District 10 preliminary levee problem study		216,673
Total Project Funding	2,593,552	2,402,987
Total Grant and Project Funding Provided	$ 10,562,222	$ 6,733,682

NOTE 18 RELATED PARTY TRANSACTIONS

As discussed in Note 1.A., the Agency is a component unit of the County of Yuba, California and participates in the Yuba Levee Finance Authority, which is also a component unit of the County. The Agency maintains investments in the County Treasury as described in Note 2, has loans receivable from the County and the Successor Agency to the former Yuba County Redevelopment Agency as described in Note 4 and provides grants to and participates in projects with the County as described in Note 17. More information about the Agency's participation in the Yuba Levee Finance Authority debt is reported in Note 16.

Additionally, the Agency entered into an agreement with the County to provide funding for the County's unfunded actuarial pension liability (UAL). More information about this contract is reported in Notes 4 and 21.

NOTE 19 FLOOD DAMAGE

During January and February 2017, the Agency suffered significant flood damage and impacts to a number of its facilities, including five separate slides on Lake Francis Road, slides on Burma Road and Penstock Road, sedimentation that blocked the 60-inch valve at Our House Dam and Log Cabin Diversion, damage to Waterway 13 Headworks and woody debris that needed to be removed from New Bullards Bar Reservoir. No expenses were incurred during the year ended June 30, 2020. Expenses incurred through June 30, 2020 to repair the flood damage totaled $10,455,076. The Agency applied for Federal Emergency Management Agency (FEMA) reimbursements for the flood damage expenses through the California Office of Emergency Services (CalOES). During the years ending June 30, 2021 and 2020, the Agency recognized reimbursements totaling $1,103,672 and $37,749 from FEMA and $294,052 and $143,442 from CalOES, respectively, for flood damage repairs to the facilities above. The Agency received Project Worksheets from FEMA after June 30, 2021 approving approximately $1.44 million of additional reimbursements expenses incurred in prior years. The Agency did not recognize this revenue at June 30, 2021 as it was considered contingent revenues under GASB Statement No. 62.

NOTE 20 CHANGES IN ESTIMATES

During July 2021, the Agency entered into the Plumas Lake CFD Workout Plan Agreement with the County and the Three Rivers Levee Improvement Authority (TRLIA) to help reduce the levee impact fees from developers to incentivize additional development and construction in, eliminate or refund and reduce the builder bond obligations, and reduce the special taxes paid by homeowners within County Community Facilities Districts No. 2006-1 and 2006-2. To meet these goals, the Agency agreed to waive its right to receive levee impact fees collected by the County that were the source of repayment of the TRLIA Bond note receivable from the County. Considering there is no remaining source of repayment for the loan receivable, the loan was considered uncollectible and was written-off by the Agency during the year ending June 30, 2021. The loan was previously considered collectible as it would be paid from future levee impact fees that were considered an adequate source of repayment over the long-term.

The Agency accrued Forecast-Informed Reservoir Operations (FIRO) grant revenues from the California Department of Water Resources (DWR) during the year ended June 30, 2020 for expenses incurred as of that date that were expected to be reimbursed by the DWR. Under the agreement, 50% of the costs incurred would be the local share of the grant and 50% would be reimbursed by the DWR. However, during the year ended June 30, 2021, the DWR determined the expenses incurred in 2020 would be considered the Agency's local share of the grant expenses and that the DWR would pay the contractor directly for the remaining costs. As a result, the Agency wrote off the June 30, 2020 grant receivable of $808,740 as a reduction of June 30, 2021 state grants and reimbursements revenue.

NOTE 21 <u>SUBSEQUENT EVENTS</u>

In June 2021, the Agency approved a 5-year agreement with the County for funding of ongoing operations and maintenance in the areas of Public Works, Emergency Services and CDSA Drainage and one-time capital improvement projects in the amount of $3.5 million annually with a 2% escalator each year. This action eliminates the needs for ongoing yearly approvals of County projects.

In June 2021, the Agency approved grants under its Community Impact Grant and Loan Program Policy totaling approximately $5.1 million, including $3.43 million to Marysville Levee District for utility pole relocation as part of the Marysville Ring Levee Project and $1.1 million to Three-Rivers Levee Improvement Authority (TRLIA) for the North Training Wall Project engineering and design as grant matching funds. In addition, the Authority approved a cash-flow loan of approximately $1.4 million to Camptonville Community Partners for the cost of its biomass plant interconnection with PG&E.

In July 2021, the Agency agreed to loan $12,786,132 to the County to fund the County's UAL pension contribution to CalPERS due for the year ended June 30, 2022. The loan is subject to interest at the same rate earned on the Agency's investment in the County investment pool until it is repaid. It is scheduled to be repaid in monthly installments of $1,065,511 plus interest through June 30, 2022. The County may pay the loan in full with no prepayment penalty.

In September 2021, the Agency approved a grant to Reclamation District 10 for work on the toe access corridor along the Feather River north of Marysville to increase access for maintenance, inspections and flood fight operations in the amount of $1,050,000.

In October 2021, the Agency approved the purchase of the following land purchases:

- 20 acres of land in Dobbins, California for $400,000 for a future administration office and warehouse facility known as the Power Systems Headquarters.
- 665 acres of land near Smartsville, California for $4.9 million for possible future river restoration, environmental mitigation, or other uses. The particular use has not yet been determined.
- 270 acres north of the Colgate Powerhouse for $1.775 million for possible future improved road access to the powerhouse facilities. The particular use has not yet been determined.

In November 2021, the Agency approved a grant for $495,000 to Reclamation District 2103 for Grasshopper Slough levee improvements needed to secure certification of a 100-year level of flood protection from FEMA.

In November 2021, the Agency approved a grant for $142,000 to the City of Marysville for the Ellis Lake water quality improvement project.

In November 2021, the Agency approved a grant for $104,000 to the North Yuba Water District for a quantification of water conservation and water marketing feasibility study.

In November 2021, the Agency approved a grant for $700,000 to Yuba College to develop and implement a Watershed Management program specific to the Yuba River watershed that could facilitate the education and training needed for workforce development in the greater Sacramento region related to watershed resilience and economic development.

In November 2021, the Agency approved a ten-year loan of $350,000 to the City of Wheatland to aid in the application of State grant funds for the construction of an aquatic center and approved a commitment of $65,000 per year for ten years for operations of the pool if the City if the aquatic center is approved.

In December 2021, the Agency approved a water transfer agreement with Contra Costa Water District and East Bay Municipal Utility District to sell at least 10,000 acre-feet of water, and potentially more if the conditions allow, during the spring and summer of 2022. The Agency will receive market rates for water transfers made under the agreement.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Proportionate Share of the Net Pension Liability - Miscellaneous Plan (Unaudited)
Last 10 Years

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.07689%	0.06316%	0.05094%	0.05276%	0.04364%	0.10608%	0.11904%
Proportionate share of the net pension liability	$ 3,243,191	$ 2,529,141	$ 1,919,897	$ 2,079,933	$ 1,516,006	$ 2,910,127	$ 2,942,238
Covered - employee payroll - measurement period	$ 8,819,722	$ 7,877,205	$ 6,897,867	$ 6,483,987	$ 5,568,429	$ 4,364,287	$ 3,765,735
Proportionate share of the net pension liability as percentage of covered payroll	36.77%	32.11%	27.83%	32.08%	27.23%	66.68%	78.13%
Plan fiduciary net position	$ 24,454,437	$ 23,639,651	$ 21,764,879	$ 19,587,254	$ 17,615,198	$ 14,895,426	$ 13,727,225
Plan fiduciary net position as a percentage of the total pension liability	88.29%	90.34%	91.89%	90.40%	92.08%	83.66%	82.35%

Notes to schedule:

Change in benefit terms: The figures above do not include any liability impact that may have resulted from plan changes with occurred after June 30, 2014 as they have minimal cost impact.

Changes in assumptions:

Discount rate changes in accounting valuation	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%

Schedule of Contributions to the Pension Plan - Miscellaneous Plan (Unaudited)
Last 10 Years

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution in Agency's fiscal year (actuarially determined)	$ 1,077,077	$ 842,398	$ 692,941	$ 560,806	$ 534,831	$ 565,710	$ 548,810
Contributions in relation to the actuarially determined contributions	(1,077,077)	(842,398)	(692,941)	(592,945)	(534,831)	(3,039,825)	(596,168)
Contribution deficiency (excess)	$ -	$ -	$ -	$ (32,139)	$ -	$ (2,474,115)	$ (47,358)
Covered - employee payroll - Agency's fiscal year	$ 10,285,006	$ 8,819,772	$ 7,877,205	$ 6,897,867	$ 6,483,987	$ 5,568,429	$ 4,364,287
Contributions as a percentage of covered - employee payroll	10.47%	9.55%	8.80%	8.60%	8.25%	54.59%	13.66%

Notes to schedule:

Contributions for the year ended June 30, 2018, 2016 and 2015 include additional payments made against the Agency's unfunded liability in addition to required contributions. These contributions reduce the net pension liability and will be reflected in the subsequent valuation. CalPERS reflected a $833,222 additional amount contributed on July 1, 2016 as a June 30, 2016 contribution, so it was added to the June 30, 2016 contributions in relation to the actuarially determined contributions line above.

Contribution Valuation Date:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Reporting Valuation Date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Reporting Measurement Date:	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Method	Entry age normal cost method						
Amortization Method	Level percentage of payroll, closed						
Remaining Amortization Period	Varies by rate plan, not more than 30 years						
Asset Valuation Method	Market value						
Inflation	2.500%	2.625%	2.750%	2.750%	2.750%	2.750%	2.750%
Salary Increases	Varies depending on entry age and service						
Investment rate of return and discount rate	7.000%	7.250%	7.375%	7.500%	7.500%	7.500%	7.500%
Retirement Age	50-67 Years. Probabilities of retirement are based on the most recent CalPERS Experience Study						
Mortality	Most recent CalPERS Experience Study						

Omitted Years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Future years will be added prospectively as they become available.

YUBA COUNTY WATER AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

Schedule of Changes in the Net OPEB Liability and Related Ratios (Unaudited)
Last Ten Years

	2021	2020	2019	2018
Total OPEB liability				
Service cost	$ 706,260	$ 605,878	$ 588,231	$ 556,000
Interest	464,814	444,134	403,721	363,000
Differences between expected and actual experience		(379,005)		
Changes in assumptions	(151,012)	(55,489)		
Benefit payments	(372,888)	(339,596)	(273,967)	(209,000)
Net change in total OPEB liability	647,174	275,922	717,985	710,000
Total OPEB liability - beginning	7,563,907	7,287,985	6,570,000	5,860,000
Total OPEB liability - ending (a)	$ 8,211,081	$ 7,563,907	$ 7,287,985	$ 6,570,000
Plan fiduciary net position				
Contributions - employer	$ 700,696	$ 667,721	$ 600,967	$ 450,000
Investment income	449,346	537,234	419,113	444,000
Benefit payments	(372,888)	(339,596)	(273,967)	(209,000)
Administrative expenses	(4,953)	(2,752)	(12,550)	(3,000)
Net change in plan fiduciary net position	772,201	862,607	733,563	682,000
Plan fiduciary net position - beginning	8,385,170	7,522,563	6,789,000	6,107,000
Plan fiduciary net position - ending (b)	$ 9,157,371	$ 8,385,170	$ 7,522,563	$ 6,789,000
Net OPEB liability (asset) - ending (a)-(b)	$ (946,290)	$ (821,263)	$ (234,578)	$ (219,000)
Plan fiduciary net position as a percentage of the total OPEB liability	111.52%	110.86%	103.22%	103.33%
Notes to schedule:				
Valuation date	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Benefit changes	None	None	None	None

Changes in assumptions:

Change in discount rate	5.75% in June 30, 2017 valuation. 6.75% in June 30, 2015
Change in healthcare rate trend	7.25%/6.3% declining to 4% in June 30, 2019 valuation. 7%/7.2% declining to 5% in June 30, 2017 valuation.

Note: Contributions are not based on a measure of payroll so the covered payroll and contributions as a percentage of covered payroll were removed in accordance with GASB Statement No. 85.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

Schedule of Contributions to the OPEB Plan (Unaudited)
Last Ten Years

	2021	2020	2019	2018
Actuarially determined contributions - employer fiscal year	$ 591,000	$ 611,000	$ 594,000	$ 551,931
Contributions in relation to the actuarially determined contributions	(708,387)	(700,696)	(667,721)	(551,931)
Contribution deficiency (excess)	$ (117,387)	$ (89,696)	$ (73,721)	$ -
Notes to Schedule:				
Valuation date	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Methods and assumptions used to determine contribution rates:				
Actuarial cost method	Entry Age Normal Cost Method			
Amortization method/period - level percentage of payroll over a closed period as follows:	6 years	7 years	8 years	8 years
Asset valuation method	Investment gains/losses spread over 5-year rolling period with 20% market value corridor.			
Inflation	2.75%	2.75%	2.75%	2.75%
Payroll growth	3.00%	3.00%	3.00%	3.00%
Discount rate/investment rate of return	5.75%	5.75%	5.75%	5.75%
Healthcare cost-trend rate				
Intial rate (pre-65/post-65)	7.25%/6.3%	7.25%/6.3%	7.5%/6.5%	7%/7.2%
Trending down to	4%	4%	4%	5%
Mortality, disability, termination and retirement rates	Derived using CalPERS 1997-2015 Experience Study			

Note: Contributions are not based on a measure of payroll so the covered payroll and contributions as a percentage of covered payroll were removed in accordance with GASB Statement No. 85.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

OTHER SUPPLEMENTARY INFORMATION

YUBA COUNTY WATER AGENCY
COMBINING SCHEDULE OF NET POSITION BY UNIT
JUNE 30, 2021
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020

	General Fund	Power Systems Fund	Total	Eliminating Entries	Totals 2021	Totals 2020
ASSETS						
Current Assets:						
Cash and cash equivalents	$ 148,548,737	$ 10,970,795	$ 159,519,532		$ 159,519,532	$ 139,976,352
Receivables:						
Accounts receivable	582,172	6,799,174	7,381,346		7,381,346	4,322,873
Interest receivable	239,602	2,384	241,986		241,986	709,683
Due from other units	2,866,348	251,578	3,117,926	$ (3,117,926)		
Due from other governments	936,198	165,291	1,101,489		1,101,489	2,377,862
Prepaid expenses and other current assets	20,788	917,428	938,216		938,216	777,734
Total Current Assets	153,193,845	19,106,650	172,300,495	(3,117,926)	169,182,569	148,164,504
Noncurrent Assets:						
Restricted cash and cash equivalents		477,794	477,794		477,794	
Restricted investment						234,851
Loans receivable from other governments	22,956,693		22,956,693		22,956,693	38,292,922
Other postemployment benefits (OPEB) asset	378,516	567,774	946,290		946,290	821,263
Capital Assets:						
Non-depreciable	57,330,502	14,020,787	71,351,289		71,351,289	61,838,760
Depreciable, net	16,897,885	134,801,919	151,699,804		151,699,804	147,799,336
Total Capital Assets, Net	74,228,387	148,822,706	223,051,093		223,051,093	209,638,096
Total Noncurrent Assets	97,563,596	149,868,274	247,431,870		247,431,870	248,987,132
TOTAL ASSETS	250,757,441	168,974,924	419,732,365	(3,117,926)	416,614,439	397,151,636
DEFERRED OUTFLOWS OF RESOURCES						
Pension plan	842,160	1,263,241	2,105,401		2,105,401	1,969,583
Other postemployment benefits (OPEB)	283,355	425,032	708,387		708,387	700,695
Total Deferred Outflows of Resources	1,125,515	1,688,273	2,813,788		2,813,788	2,670,278
LIABILITIES						
Current Liabilities:						
Accounts payable and other liabilities	3,618,524	3,621,471	7,239,995		7,239,995	4,589,578
Salaries and benefits payable		267,752	267,752		267,752	185,467
Compensated absences - current	314,707	493,071	807,778		807,778	801,758
Due to other units	277,578	2,840,348	3,117,926	(3,117,926)		
Due to other governments		75,000	75,000		75,000	75,000
Deposits payable	718,501		718,501		718,501	621,785
Unearned revenue - current	211,298		211,298		211,298	6,389,098
Total Current Liabilities	5,140,608	7,297,642	12,438,250	(3,117,926)	9,320,324	12,662,686
Noncurrent Liabilities:						
Unearned revenue - noncurrent						2,466,150
Compensated absences - noncurrent	196,503	55,969	252,472		252,472	298,263
Net pension liability	1,297,276	1,945,915	3,243,191		3,243,191	2,529,141
Total Noncurrent Liabilities	1,493,779	2,001,884	3,495,663		3,495,663	5,293,554
Total Liabilities	6,634,387	9,299,526	15,933,913	(3,117,926)	12,815,987	17,956,240
DEFERRED INFLOWS OF RESOURCES						
Pension plan	157,185	235,777	392,962		392,962	467,018
Other postemployment benefits (OPEB)	207,344	311,017	518,361		518,361	518,401
Total Deferred Inflows of Resources	364,529	546,794	911,323		911,323	985,419
NET POSITION						
Investment in capital assets	74,228,387	148,822,706	223,051,093		223,051,093	209,638,096
Unrestricted	170,655,653	11,994,171	182,649,824		182,649,824	171,242,159
Total Net Position	$ 244,884,040	$ 160,816,877	$ 405,700,917	$ -	$ 405,700,917	$ 380,880,255

YUBA COUNTY WATER AGENCY
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Power Systems Fund	Total	Eliminating Entries	Totals 2021	Totals 2020
Operating Revenues						
Sale of electrical energy		$ 80,026,625	$ 80,026,625		$ 80,026,625	$ 60,062,436
Water sales	$ 12,104,817		12,104,817		12,104,817	530,886
Total Operating Revenues	12,104,817	80,026,625	92,131,442		92,131,442	60,593,322
Operating Expenses						
Hydropower generation		9,247,908	9,247,908		9,247,908	11,268,114
Administration and general	773,518	2,915,522	3,689,040		3,689,040	3,313,921
Maintenance		7,605,884	7,605,884		7,605,884	8,519,199
Depreciation and amortization	1,083,859	4,806,921	5,890,780		5,890,780	5,999,175
Total Operating Expenses	1,857,377	24,576,235	26,433,612		26,433,612	29,100,409
Net Income from Operations	10,247,440	55,450,390	65,697,830		65,697,830	31,492,913
Nonoperating Revenues (Expenses)						
Property taxes	334		334		334	2,739
Interest income	1,454,287	34,097	1,488,384		1,488,384	3,875,017
Rental income	24,000		24,000		24,000	24,000
Grants and reimbursements						
Flood damage reimbursements						
Federal		1,103,672	1,103,672		1,103,672	37,749
State		294,052	294,052		294,052	143,442
Other state and local	1,955,296		1,955,296		1,955,296	4,066,324
Miscellaneous income (expenses)	3,444	9,429	12,873		12,873	11,929
Recreation and camping fees		207,930	207,930		207,930	207,598
Gain on disposal of capital assets	8,281	13,222	21,503		21,503	26,413
General administration	(11,606,210)	(181,189)	(11,787,399)		(11,787,399)	(10,790,027)
Recreation and irrigation	(957,046)	(1,075,046)	(2,032,092)		(2,032,092)	(3,192,562)
Special projects expense	(32,165,721)		(32,165,721)		(32,165,721)	(11,019,985)
Total Nonoperating Revenues (Expenses)	(41,283,335)	406,167	(40,877,168)		(40,877,168)	(16,607,363)
Income (Loss) Before Operating Transfers	(31,035,895)	55,856,557	24,820,662		24,820,662	14,885,550
Operating Transfers						
Transfers in	61,501,084	2,000,000	63,501,084	$ (63,501,084)		
Transfers out	(12,000,000)	(51,501,084)	(63,501,084)	63,501,084		
Total Operating Transfers	49,501,084	(49,501,084)				
Change in Net Position	18,465,189	6,355,473	24,820,662		24,820,662	14,885,550
Net Position, Beginning of Year	226,418,851	154,461,404	380,880,255		380,880,255	365,994,705
Net Position, End of Year	$ 244,884,040	$ 160,816,877	$ 405,700,917	$ -	$ 405,700,917	$ 380,880,255

COMPLIANCE REPORT

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

To the Board of Directors
Yuba County Water Agency
Marysville, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Yuba County Water Agency (the Agency) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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