GLENN-COLUSA IRRIGATION DISTRICT

AUDITED FINANCIAL STATEMENTS

September 30, 2019 and 2018

GLENN-COLUSA IRRIGATION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Glenn-Colusa Irrigation District
Willows, California

Report on the Financial Statements

We have audited the accompanying financial statements of Glenn-Colusa Irrigation District (the District), which comprise the statements of net position as of September 30, 2019 and 2018, and the related statements of revenues, expenses, changes in net position, and cash flows for the years then ended and the related notes to the financial statements.

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 and 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

To the Board of Directors
Glenn-Colusa Irrigation District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2019 and 2018 and the results of its operations and cash flows for the years then ended in conformity 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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, Schedule of Changes in the Net OPEB Liability and Related Ratios and Schedule of Contributions to the OPEB Plan 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 District's financial statements. The accompanying supplementary information consisting of the statement of pension plan net assets, the pension plan income and expenses, the fair value of the pension plan invested assets, and the pension plan contributions and plan participant information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The pension plan information is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly we do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Richardson & Company, LLP

February 5, 2020

Overview
The following management discussion and analysis of the Glenn-Colusa Irrigation District (GCID or District) provides an overview of the financial activities and transactions for fiscal years 2019 and 2018 in the context of the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended. This discussion and analysis should be read in conjunction with the District's audited financial statements and accompanying notes.

Financial Reporting
The District's accounting records are maintained in accordance with Generally Accepted Accounting Principles as prescribed by GASB. The financial activities of GCID are accounted for in a single enterprise fund and GCID is financed and operated in a manner similar to that of a private business enterprise. GCID uses the economic resources measurement focus and the accrual basis of accounting. Under this method, all economic assets available are measured, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Description of Basic Financial Statements
Glenn-Colusa Irrigation District operates as a utility enterprise. The basic financial statements include statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows. The statements of net position include all of GCID's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. The statements of revenues, expenses and changes in net position report all of GCID's revenues and expenses during the periods indicated. The statements of cash flows show the amount of cash received and paid out for operating activities, as well as cash received from taxes and investment income, annexation fees, grant funding, cash used for construction projects, as well as cash received and paid out pursuant to various third party water sales.

- **Statements of Net Position**

  The Statements of Net Position provide information about assets, liabilities, deferred inflows and outflows of resources, and net position of the District at a specific point in time. Assets are economic resources the District owns that have value and can either be sold or used by the District to produce products or services that can be sold. Assets include pumping plants, fish screens, vehicles, equipment, inventory, cash and investments, and customer accounts receivable.

  Liabilities are amounts of money that the District owes to others. This includes money owed to suppliers for materials, payments due to landowners participating in water transfers, deposits from other agencies and amounts due to the District's pension plan.

  A deferred outflow (inflow) is a consumption (acquisition) of net assets that is applicable to a future reporting period.

  Net Position is the estimated resources that would remain if the District ceased operations, satisfied all liabilities, and liquidated all remaining assets.

- **Statements of Revenues, Expenses and Changes in Net Position**

The Statements of Revenues, Expenses and Changes in Net Position, more commonly known as the Income Statement, provides information regarding the District's operations including income earned and expenses incurred over a one year period. The bottom line of the statement shows the District's end of year net position.

- **Statements of Cash Flows**

The Statements of Cash Flows reports the District's inflows and outflows of cash. This report provides management with information regarding cash on hand and the ability to pay expenses and purchase assets.

A cash flow statement reflects changes over time rather than absolute dollar amounts at a particular point in time. The bottom line of the cash flow statement shows the net increase or decrease in cash for the period. Cash flow statements are divided into four activities: (1) operating activities; (2) noncapital financing activities; (3) capital financing activities; and (4) investing activities.

1. Operating Activities – analyzes the cash flow from operational activities (operating revenues and expenses). This section of the cash flow statement reconciles the operating revenues to the actual cash GCID received from or used in its operating activities.

2. Noncapital Financing Activities – reflects the cash flows from non-operating activities such as third party water sales, annexations, and grant activity.

3. Capital Financing Activities – shows the cash flows from all financing activities. Typical cash flows from financing activities include funds received from borrowing, debt service payments, and the purchase and/or sale of capital assets.

4. Investing Activities – reflects the cash flow from all investment activities including investment income and purchases or sales of investment securities.

CONDENSED STATEMENT OF NET POSITION

	September 30, 2019	2018	2017
Assets and Deferred Outflows of Resources:			
Current Assets	$ 20,659,337	$ 21,158,329	$ 22,581,719
Capital Assets Net of Depreciation	$ 45,212,340	$ 50,886,052	$ 53,204,607
Deferred Outflows of Resources	$ 6,079,095	$ 6,315,913	$ 6,275,298
Total Assets & Deferred Outflows of Resources	**$ 71,950,772**	**$ 78,360,294**	**$ 82,061,624**
Liabilities and Deferred Inflows of Resources:			
Current Liabilities	$ 2,148,956	$ 1,480,262	$ 1,638,064
Long-Term Liabilities	$ 7,695,035	$ 7,495,690	$ 2,849,561
Deferred Inflows of Resources (OPEB)	$ 840,230	$ 1,132,555	$ -
Total Liabilities and Deferred Inflows of Resources	**$ 10,684,221**	**$ 10,108,507**	**$ 4,487,625**
Net Position:			
Net Position - Investment in Capital Assets	$ 45,212,340	$ 50,886,052	$ 53,204,607
Net Position - Unrestricted	$ 16,054,211	$ 17,365,735	$ 24,369,392
Total Net Position	**$ 61,266,551**	**$ 68,251,787**	**$ 77,573,999**
Total Liabilities, Deferred Inflows and Net Position	**$ 71,950,772**	**$ 78,360,294**	**$ 82,061,624**

Current Assets

Current assets include cash and equivalents, accounts receivable, grants receivable, interest receivable, inventory and prepaid expenses.

Fiscal Year 2019 Compared to 2018. At September 30, 2019, current assets totaled $20.7 million, which was approximately $499,000 lower than the prior year. The decrease was primarily due to a $942,000 reduction in cash and cash equivalents netted against an increase in accounts receivable of $622,000 compared to the prior year. The decrease in cash and cash equivalents was driven by slightly higher operational expenses across a range of categories, while the increase in accounts receivable was primarily related to a $652,000 receivable from the United States Bureau of Reclamation for the true-up of 2018 Project water costs.

Fiscal Year 2018 Compared to 2017. At September 30, 2018, current assets totaled $21.2 million which was $1.4 million lower than the prior year. The decrease was primarily due to an $835,000 reduction in cash and cash equivalents, and a decrease in accounts receivable of $444,000 at September 30, 2018 as compared to the same date in 2017.

Capital Assets Net of Depreciation
Capital assets net of depreciation include construction in progress; plus property, plant and equipment net of all accumulated depreciation.

Fiscal Year 2019 Compared to 2018. At September 30, 2019, net capital assets totaled $45.2 million which was down approximately $5.7 million from the prior year. This reduction was the result of two primary factors. First, the District expensed $3.6 million in capital assets related to the Gradient Facility improvements (please see Notes D and I in the Notes to the Financial Statements). Second, an additional year of depreciation was recorded, amounting to $3.3 million. Partially offsetting these reductions were purchases of capital assets totaling $1.1 million.

Fiscal Year 2018 Compared to 2017. At September 30, 2018, net capital assets totaled $50.9 million which was down approximately $2.3 million from the prior year. During fiscal year 2018, a total of $374,000 was added to construction in progress for the Sites Reservoir Project and $704,000 in new capital assets were added, but these additions were offset by a reduction due to an additional year of depreciation of $3.2 million, and assets with a net book value of $113,000 being retired.

Deferred Outflows of Resources
Deferred outflows of resources are primarily related to the $9.2 million that GCID paid to the United States Bureau of Reclamation in 2004 to pay off the operations and maintenance deficit that had accrued during the term of the previous Settlement contract. The total is being amortized using the straight-line method over the life of the new contract (40 years, 2005 through 2045). Beginning in fiscal year 2018, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in additional deferred outflows of resources related to contributions made after the measurement date.

Fiscal Year 2019 Compared to 2018. At September 30, 2019, the total deferred outflows were $6.1 million, a $236,000 dollar net decrease over the prior year, primarily due to the amortization of the operations and maintenance deficit payment to the United States Bureau of Reclamation.

Fiscal Year 2018 Compared to 2017. At September 30, 2018, the total deferred outflows were $6.3 million, a $41,000 dollar net increase over the prior year. During fiscal year 2018, deferred outflows decreased by $231,000 due to amortization of the operations and maintenance deficit prepayment, and increased by $271,000 due to the implementation of GASB Statement No. 75.

Current Liabilities
Current liabilities represent District obligations that are due within one year. They include accounts payable, deposits, and the current portion of long-term liabilities.

Fiscal Year 2019 Compared to 2018. At September 30, 2019, current liabilities totaled $2.1 million, an increase of $669,000 from the prior year. The main driver of the increase was a $574,000 increase in accounts payable.

Fiscal Year 2018 Compared to 2017. At September 30, 2018, current liabilities totaled $1.5 million, a decrease of $158,000 from the prior year. The main drivers of the difference were a decrease in accounts payable of $185,000, a decrease of $88,000 in payables related to the Regional Planning effort being administered by GCID (Deposits), and an increase of $120,000 in the current portion of accrued compensated absences.

Long-Term Liabilities
Long-term liabilities include the long-term portion of accrued compensated absences and the other post-employment benefit (OPEB) liability. Accrued compensated absences are accrued benefits such as annual leave and sick leave that are owed to employees and the OPEB liability relates to the post-employment health insurance promise the District has made to certain employees.

Fiscal Year 2019 Compared to 2018. At September 30, 2019, the long-term liability total was $7.7 million, an increase of approximately $200,000 from the prior year. This increase was due to an increase in the OPEB liability of $270,000 coupled with a decrease in accrued compensated absences of $70,000.

Fiscal Year 2018 Compared to 2017. At September 30, 2018, the long-term liability total was $7.5 million, an increase of $4.6 million. Accrued compensated absences decreased by $61,000, and the OPEB liability increased by a net total of $4.7 million. Adoption of GASB Statement No. 75, resulted in a prior period (September 30, 2017) $5.1 million increase in the OPEB liability.

Deferred Inflows of Resources
A deferred inflow of resources is defined as an acquisition of net assets by the government that is applicable to a future reporting period.

Fiscal Year 2019 Compared to 2018. At September 30, 2019, deferred inflows of resources totaled $840,000, a decrease of $292,000 compared to the prior year. The total of deferred inflows of resources as of September 30, 2019, is related to the GASB 75 requirement that changes in actuarial assumptions be reported as deferred inflows of resources and be amortized over future time periods, as described more fully in Note H to the Financial Statements.

Fiscal Year 2018 Compared to 2017. The adoption of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for fiscal year 2018 resulted in $1.1 million in deferred inflows of resources being added to the Statement of Net Position as of September 30, 2018.

Net Position – Investment in Capital Assets
The capital asset portion of the net position represents the historical cost of the District's property, plant, and equipment, net of depreciation; plus construction in progress; less any outstanding debt related to the capital assets. The District had no capital asset debt as of September 30, 2019, and therefore, the capital asset portion of the net position was equal to the asset category Capital Assets Net of Depreciation at September 30, 2019, as described above.

Net Position – Unrestricted
Unrestricted net position is a measure of equity that consists of the excess of non-capital assets minus liabilities.

Fiscal Year 2019 Compared to 2018. At September 30, 2019, unrestricted net position was $16.1 million, a decrease of $1.3 million over the balance at the end of fiscal year 2018. The decline in net position--unrestricted was due to higher operating expenses across a range of categories coupled with generally flat total revenue.

Fiscal Year 2018 Compared to 2017. At September 30, 2018, unrestricted net position was $17.4 million, a decrease of $7 million over the balance at the end of fiscal year 2017. The decline in net position was primarily due to the restatement of the September 30, 2017 net position as a result of adopting GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, together with the fact that the District operated at a net loss of $4.2 million in fiscal year 2018.

Total Net Positon
Total net position is a measure of equity that is comprised of the difference between total assets and total liabilities.

Fiscal Year 2019 Compared to 2018. The total net position at the end of fiscal year 2019 was $61.3 million, a decline of $7.0 million from the balance at the end of fiscal year 2018. Net position was reduced by $3.6 million due to the write-off of the Gradient Facility improvements (please see Notes D and I in the Notes to the Financial Statements). Also, an additional year of depreciation was recorded, amounting to $3.3 million. Last, the District experienced higher operating expenses across a range of categories coupled with generally flat total revenue.

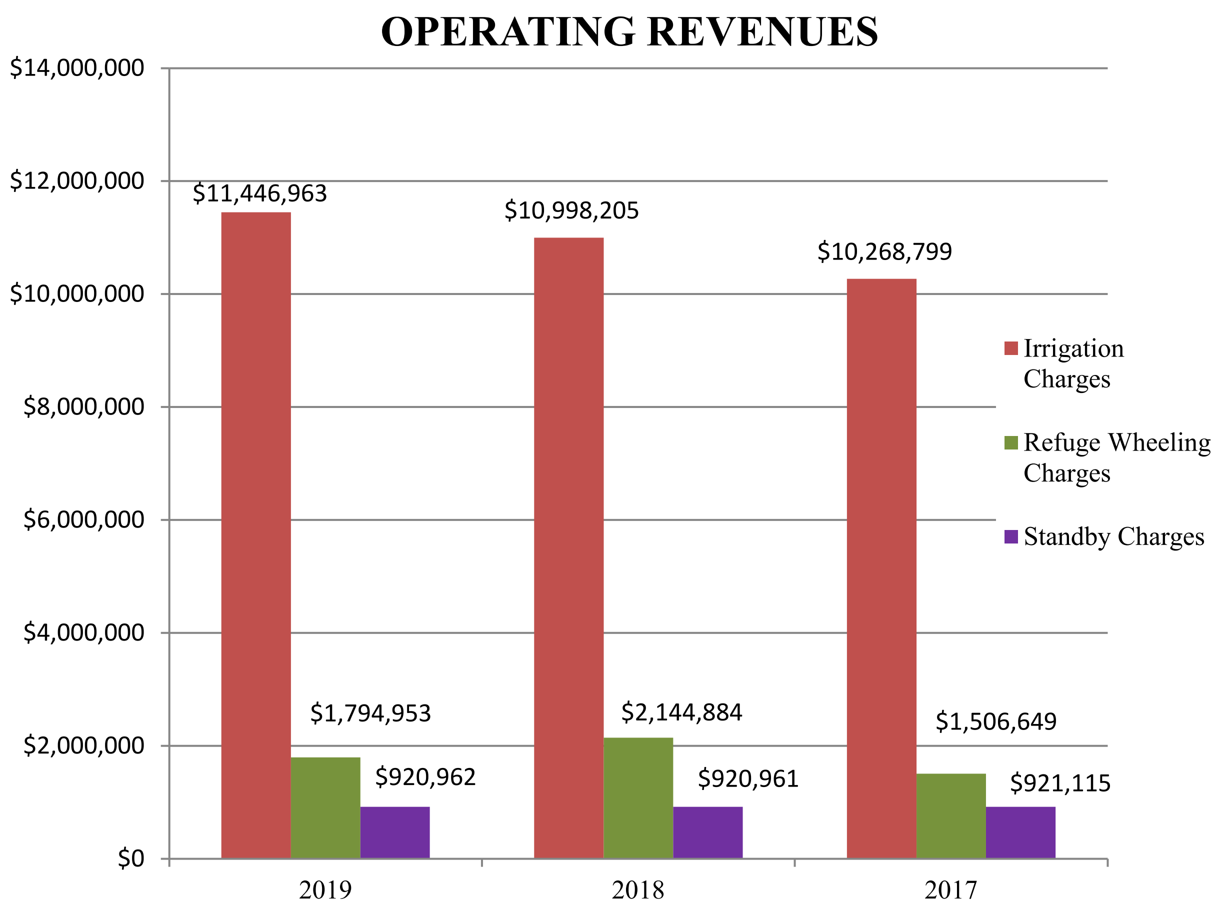
Fiscal Year 2018 Compared to 2017. The total net position at the end of fiscal year 2018 was $68.3 million, a decline of $9.3 million from the balance at the end of fiscal year 2017. Net position was reduced by $5.1 million due to a restatement that was the result of a change in application of an accounting principle. In addition, the District incurred a net loss of $4.2 million in fiscal year 2018.

CONDENSED SCHEDULE OF REVENUES, EXPENSES & CHANGES IN NET POSITION

	September 30, 2019	2018	2017
Operating Revenues			
Irrigation Charges	$ 11,446,963	$ 10,998,205	$ 10,268,799
Refuge Wheeling Charges	$ 1,794,953	$ 2,144,884	$ 1,506,649
Standby Charges	$ 920,962	$ 920,961	$ 921,115
Total Operating Revenues	$ 14,162,878	$ 14,064,050	$ 12,696,563
Nonoperating Revenues - Third Party Water Sales	$ 742,958	$ 690,867	$ 1,213,908
Other Nonoperating Revenues	$ 1,873,073	$ 2,203,906	$ 1,389,793
Total Revenues	**$ 16,778,909**	**$ 16,958,823**	**$ 15,300,264**
Operating Expenses			
Source of Supply	$ 4,015,291	$ 5,037,763	$ 4,290,570
Pumping Plant	$ 1,092,049	$ 1,010,731	$ 914,678
Transmission & Distribution	$ 4,694,649	$ 4,493,341	$ 4,211,361
Administration & General	$ 6,977,779	$ 7,309,111	$ 6,259,553
Depreciation	$ 3,336,886	$ 3,283,130	$ 3,297,386
Total Operating Expenses	$ 20,116,654	$ 21,134,076	$ 18,973,548
Nonoperating Expenses - Third Party Water Sales	$ 2,510	$ 6,049	$ 8,954
Nonoperating Expenses - Other	$ 41,893	$ 37,401	$ 28,910
Total Expenses	**$ 20,161,057**	**$ 21,177,526**	**$ 19,011,412**
Extraordinary Item			
Gradient Facility write-off (Note I)	**$ (3,603,088)**	**$ -**	**$ -**
Change in Net Position	**$ (6,985,236)**	**$ (4,218,703)**	**$ (3,711,148)**
Net Position, Beginning of Year	$ 68,251,787	$ 77,573,999	$ 81,285,147
Restatement for Change in Accounting Principle		$ (5,103,509)	$ -
Net Position, End of Year	**$ 61,266,551**	**$ 68,251,787**	**$ 77,573,999**

Operating Revenues

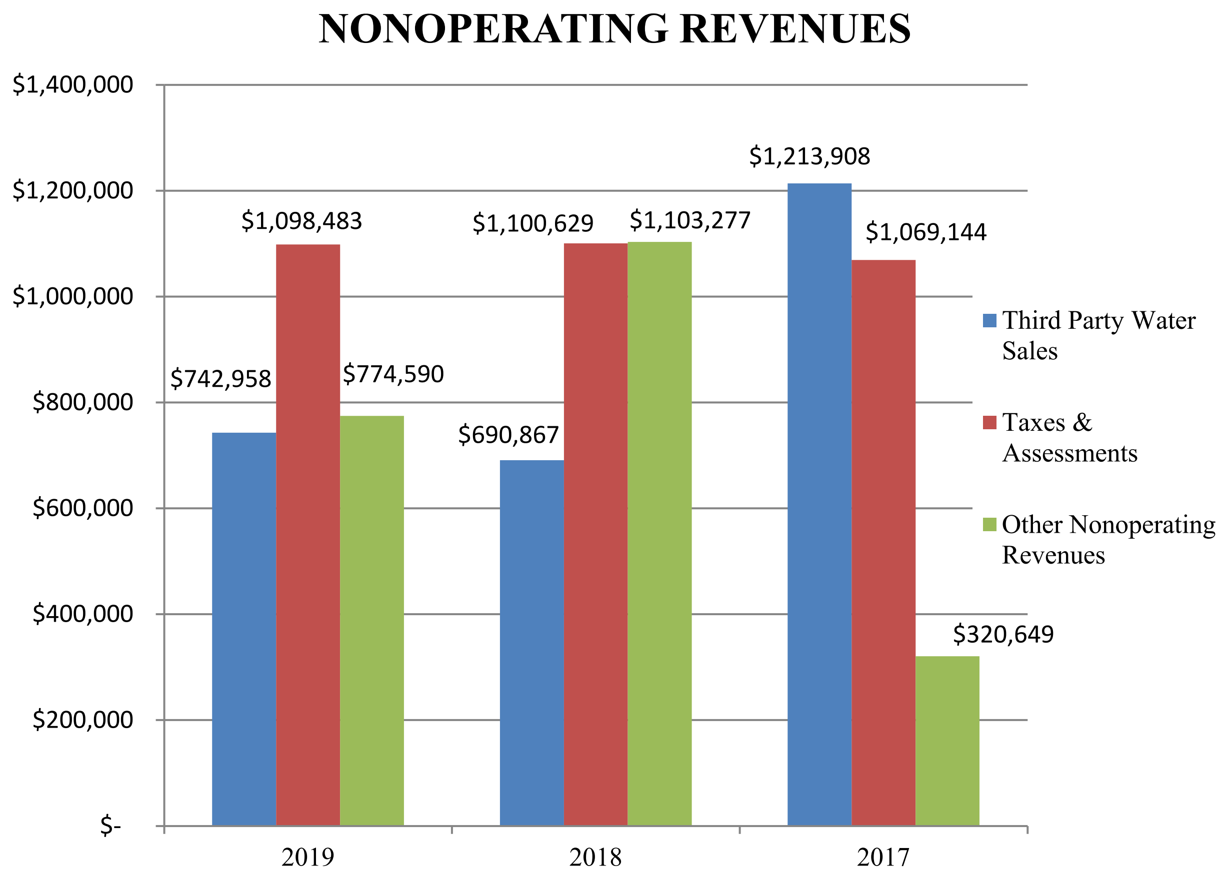
Glenn-Colusa Irrigation District's principal source of revenue is from water sales, which typically account for approximately 80 percent of operating revenues. GCID's primary sources of water are pre-1914 senior water rights and Central Valley Project water diverted from the Sacramento River under the District's Sacramento River Settlement Contract with the United States Bureau of Reclamation. Operating revenues also include a land-based standby charge as well as wheeling revenue the District receives to deliver the Federal Government's water supply to three Federal Wildlife Refuges located within the District's boundary.



Fiscal Year 2019 Compared to 2018. Fiscal year 2019 operating revenues were $14.2 million, an increase of $100,000 as compared to fiscal year 2018. Irrigation revenues increased by approximately $450,000, primarily as a result of a 5% water rate increase in 2019. Refuge wheeling revenues decreased by $350,000 due to lower water usage at the refuges.

Fiscal Year 2018 Compared to 2017. Fiscal year 2018 operating revenues were $14.1 million, an increase of nearly $1.4 million as compared to fiscal year 2017. Irrigation revenues increased by $729,000 during fiscal year 2018 compared to fiscal year 2017, primarily as a result of a 5% water rate increase in 2018. Refuge wheeling revenues increased by $638,000 due to an increase in the wheeling rate, and the fact that the early months of 2018 were very dry, causing the refuges to use more water than normal.

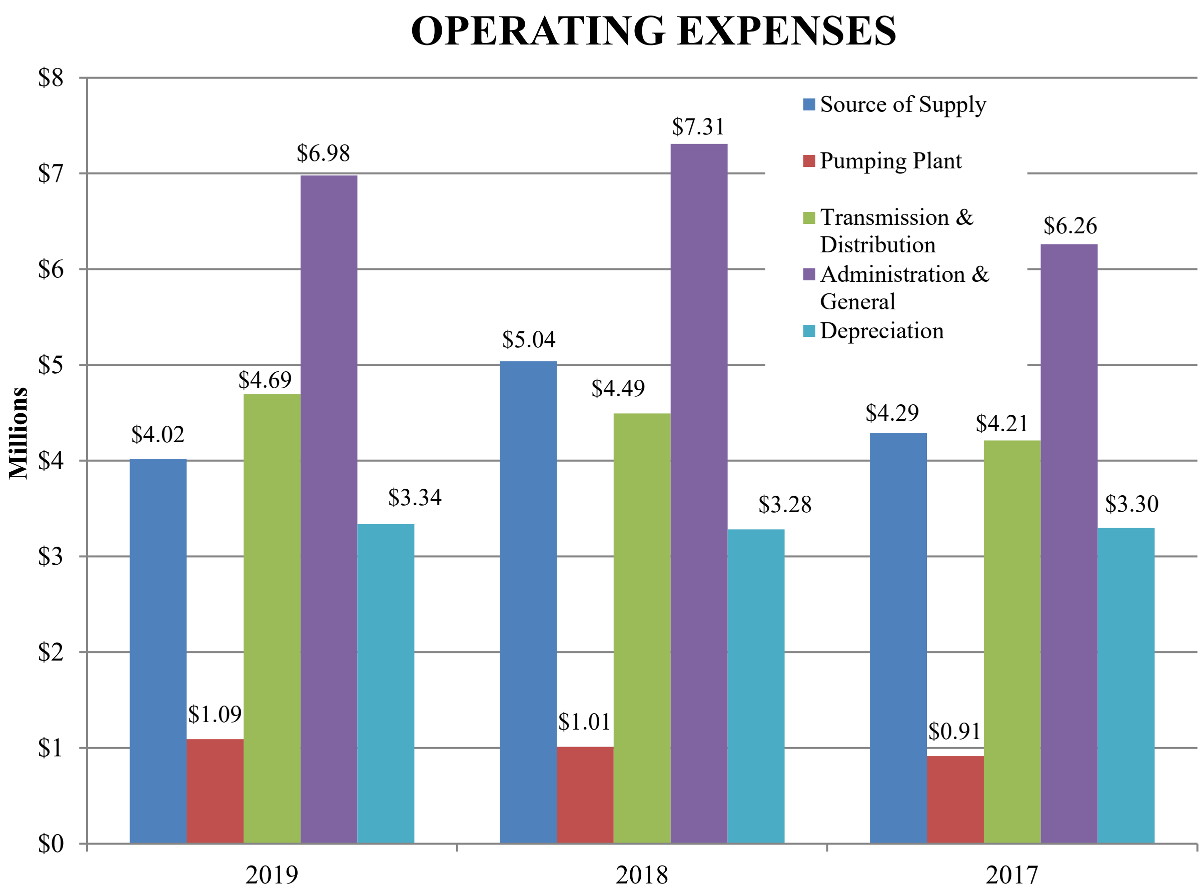
Non-operating Revenues
The primary sources of non-operating revenue for GCID are county property taxes, assessments and third party water sales.



Fiscal Year 2019 Compared to 2018. Non-operating revenues for fiscal year 2019 were $2.6 million, a net decrease of approximately $300,000 over fiscal year 2018. The primary reason for the decrease were significantly lower payments in fiscal year 2019 than in fiscal year 2018 from the Association of California Water Agencies and the Power and Water Resources Pooling Authority that result from prior year true-ups for insurance and power costs, respectively, and also there being no reimbursement received from the Federal Emergency Management Agency, whereas there was a reimbursement in the prior year. Investment income, however, increased by approximately $200,000.

Fiscal Year 2018 Compared to 2017. Non-operating revenues for fiscal year 2018 were $2.9 million, a net increase of approximately $300,000 over fiscal year 2017. Third party water sales revenue was down $523,000 due to the fact that there was one-time revenue from the sale of water to the United States Bureau of Reclamation in fiscal year 2017 that was absent in fiscal year 2018 (Delta Smelt water delivered in fiscal year 2016, and paid in fiscal year 2017). Other non-operating revenues were up by $814,000 in fiscal year 2018 as compared to 2017 due to refunds from the Association of California Water Agencies and the Power and Water Resources Pooling Authority as a result of prior year true-ups for insurance and power costs, respectively, and also for a reimbursement received from the Federal Emergency Management Agency.

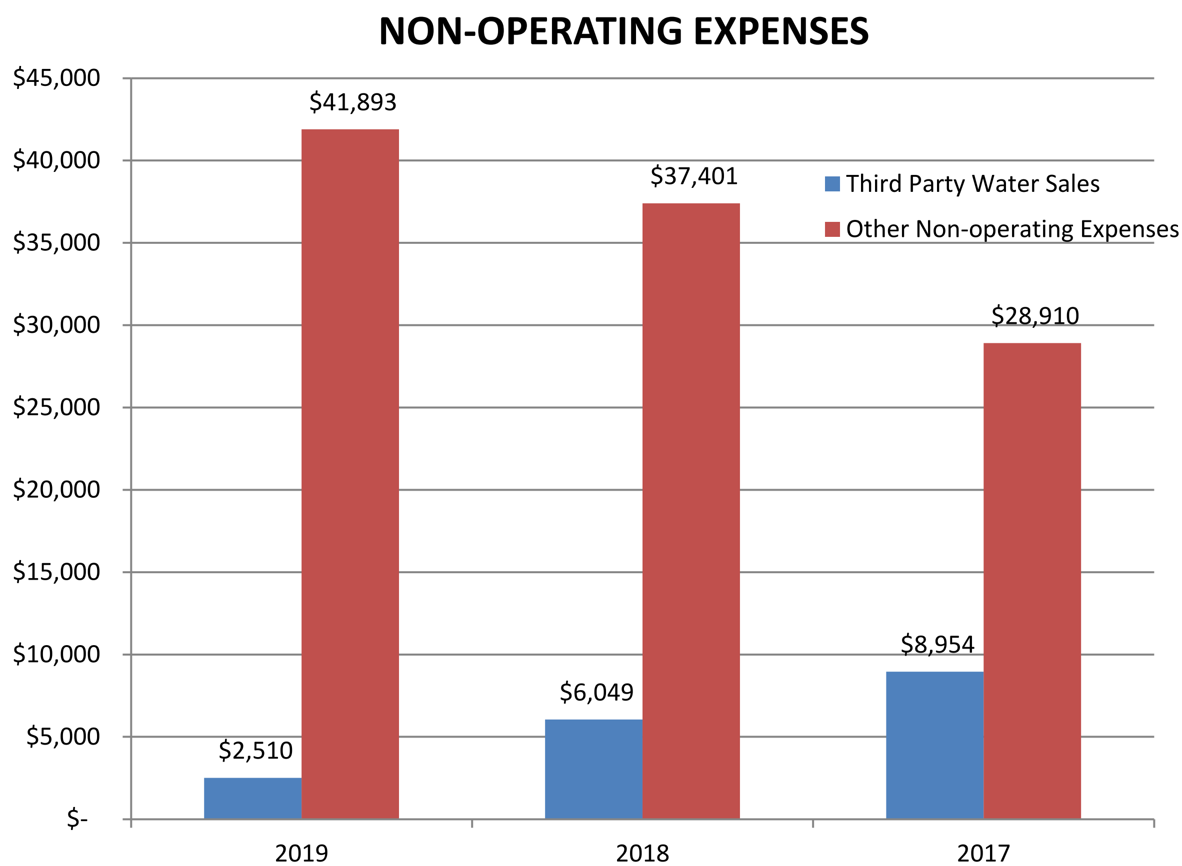
Operating Expenses
Operating expenses fall into five major cost centers: (1) source of supply, (2) pumping plant, (3) transmission and distribution, (4) administration and general, and (5) depreciation.



Fiscal Year 2019 Compared to 2018. Total operating expenses were $20.1 million in fiscal year 2019, a decrease of $1.0 million from fiscal year 2018. Source of supply expenses decreased by $1.0 million due to a decrease in the cost of Central Valley Project water from the United States Bureau of Reclamation. Transmission and distribution expenses increased by approximately $200,000, mainly due to increased aquatic herbicide usage in water conveyance structures, while administration and general expenses decreased by $330,000, largely due to adjustments related to OPEB.

Fiscal Year 2018 Compared to 2017. Total operating expenses were $21.1 million in fiscal year 2018 as compared to $19 million in fiscal year 2017. Administration and general expenses increased by slightly more than $1 million due to legal costs related to ongoing litigation in two separate cases. Source of supply expenses increased in fiscal year 2018 by $747,000, primarily due to higher costs for the purchase of Central Valley Project water from the United States Bureau of Reclamation.

Non-operating Expenses
Non-operating expenses include interest expenses, third party water transfer expenses, cost of sales to landowners and employees and grant expenses.



Fiscal Year 2019 Compared to 2018. Non-operating expenses in fiscal year 2019 did not change significantly from fiscal year 2018.

Fiscal Year 2018 Compared to 2017. Non-operating expenses in fiscal year 2018 totaled $43,000, an increase of $5,000 over fiscal year 2017. The increase was due to an uptick in private landowner work performed by the District in fiscal year 2018.

Currently Known Facts
Issues that are currently known that could have an impact on the financial position of the District include future water rate increases, water supply outlook, and ongoing litigation with regard to the District's Settlement Contract and Gradient Facility.

Water Rates
The District held a hearing on February 6, 2020, pursuant to the procedures of Proposition 218, for the purpose of increasing water rates by no more than a total of 10% over the 2020 and 2021 water years. Rates were increased by 5% in 2019, and a 5% rate increase has been budgeted for 2020. The District's water rates remain comparable to those of other Sacramento River Settlement Contractor Districts.

Water Supply Outlook
Current projections of inflow to Shasta Lake for the water year that began October 1, 2019, indicate that the District can reasonably expect to receive a 100% supply for 2020 under the terms of its contract with the United States Bureau of Reclamation.

GCID's Sacramento River Settlement Contract
The District executed a renewal of its Sacramento River Settlement Contract in January 2005 and is now operating under the terms of the new contract. The term of the District's renewal contract is 40 years. Various environmental groups have directly and indirectly challenged the Sacramento River Settlement Contracts by filing suit against the Federal Government's environmental review, which was an integral part of the renewal process. The District will continue to operate under the terms and conditions of the renewal contract while the legal issues are resolved. At this time, it is unknown what impact, if any, these legal challenges may ultimately have on the District's renewal contract.

Gradient Facility
The District is involved in an ongoing dispute with the United States Army Corps of Engineers regarding the Riverbed Gradient Facility at the Glenn-Colusa Irrigation Intake, as described in more detail in Note I to the Financial Statements. The two parties are currently engaged in settlement negotiations, and if those negotiations fail, a trial date is set for May 12, 2020. The potential financial impact of the outcome is uncertain at this time; however, costs related to the facility that were capitalized by the District totaling $3.60 million, net of accumulated depreciation, were written off as of September 30, 2019.

Designation of Unrestricted Net Position
Note F in the Notes to the Financial Statements lists the specific designations of unrestricted net position that have been established by the Board of Directors of GCID. Currently, the designation listed as the Depreciation, Amortization, and Operating Reserve has a negative balance for the years ending September 30, 2019 and 2018. All of the District's unrestricted net position has been designated as being in one of eight different reserves, so no portion of the District's unrestricted net position is unreserved or undesignated. As a result, when the operations of the District result in a loss in net position for the year, one of the existing designations must be reduced. Per the District's Reserve Policy, the Depreciation, Amortization, and Operating Reserve is reduced when the District realizes a loss in net position for the year.

Financial Contact
This financial report is intended to provide the District's customers, creditors, investors and other interested parties an overview of the District's financial operations and financial condition. Should the reader have questions regarding information included in this report, or wish to request additional financial information, please contact the Glenn-Colusa Irrigation District Finance Director at P.O. Box 150, Willows, California 95988.

GLENN-COLUSA IRRIGATION DISTRICT

STATEMENTS OF NET POSITION

September 30, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and equivalents	$ 18,353,450	$ 19,296,197
Accounts receivable and due from other governments	1,663,916	1,041,963
Assessments receivable	215,325	212,607
Interest receivable	114,632	110,237
Inventory	171,067	247,412
Prepaid expenses	140,947	249,913
TOTAL CURRENT ASSETS	20,659,337	21,158,329
CAPITAL ASSETS		
Not being depreciated	1,737,964	2,721,048
Being depreciated	43,474,376	48,165,004
TOTAL CAPITAL ASSETS, NET	45,212,340	50,886,052
TOTAL ASSETS	65,871,677	72,044,381
DEFERRED OUTFLOW OF RESOURCES		
CVP O&M deficit - contract renewal, net	5,812,908	6,044,103
Related to OPEB	266,187	271,810
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,079,095	6,315,913
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,308,258	734,734
Regional Plan participants payable	30,373	53,550
Accrued payroll and benefits payable	188,521	182,618
Due to pension plan	50,430	32,043
Deposits	88,564	34,157
Current portion of accrued compensated absences	482,810	443,160
TOTAL CURRENT LIABILITIES	2,148,956	1,480,262
LONG-TERM LIABILITIES		
Accrued compensated absences	130,653	201,978
Other-post employment benefits (OPEB) obligation	7,564,382	7,293,712
TOTAL LONG-TERM LIABILITIES	7,695,035	7,495,690
TOTAL LIABILITIES	9,843,991	8,975,952
DEFERRED INFLOWS OF RESOURCES		
Related to OPEB	840,230	1,132,555
NET POSITION		
Net investment in capital assets	45,212,340	50,886,052
Unrestricted	16,054,211	17,365,735
TOTAL NET POSITION	$ 61,266,551	$ 68,251,787

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

GLENN-COLUSA IRRIGATION DISTRICT

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

For the years ended September 30, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Irrigation charges	$ 11,446,963	$ 10,998,205
Refuge wheeling charges	1,794,953	2,144,884
Standby charges	920,962	920,961
TOTAL OPERATING REVENUES	14,162,878	14,064,050
OPERATING EXPENSES		
Source of supply	4,015,291	5,037,763
Pumping plant	1,092,049	1,010,731
Transmission and distribution	4,694,649	4,493,341
Administration and general	6,977,779	7,309,111
Depreciation	3,336,886	3,283,130
TOTAL OPERATING EXPENSES	20,116,654	21,134,076
NET LOSS FROM OPERATIONS	(5,953,776)	(7,070,026)
NON-OPERATING REVENUE (EXPENSES)		
Taxes and assessments	1,098,483	1,100,629
Investment income	531,262	319,444
Other non-operating revenue	137,462	648,997
Third party water sales	742,958	690,867
In-basin water transfers	74,790	71,490
Gain on sales of capital assets	31,076	63,346
Third party water sales expenses	(2,510)	(6,049)
Other non-operating expense	(41,893)	(37,401)
TOTAL NON-OPERATING REVENUES (EXPENSES)	2,571,628	2,851,323
EXTRAORDINARY ITEM		
Gradient facility write-off - Note I	(3,603,088)	
CHANGE IN NET POSITION	(6,985,236)	(4,218,703)
Net position, beginning of year	68,251,787	72,470,490
NET POSITION AT END OF YEAR	$ 61,266,551	$ 68,251,787

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

GLENN-COLUSA IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS

For the years ended September 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 13,957,431	$ 15,039,095
Cash paid to suppliers for goods and services	(11,934,275)	(13,945,384)
Cash paid to employees for services	(4,264,156)	(3,901,017)
NET CASH USED BY OPERATING ACTIVITIES	(2,241,000)	(2,807,306)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes received	1,095,765	1,088,643
Third party water sales received	742,958	690,867
Other nonoperating (expense) revenue	170,359	677,213
Federal and state grant funding received		257,217
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	2,009,082	2,713,940
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(1,266,262)	(1,077,849)
Proceeds from sale of capital assets	31,076	71,380
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,235,186)	(1,006,469)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	524,357	264,571
NET CASH PROVIDED BY INVESTING ACTIVITIES	524,357	264,571
DECREASE IN CASH	(942,747)	(835,264)
Cash and cash equivalents at beginning of year	19,296,197	20,131,461
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 18,353,450	$ 19,296,197

(Continued)

GLENN-COLUSA IRRIGATION DISTRICT

STATEMENTS OF CASH FLOWS (Continued)

For the years ended September 30, 2019 and 2018

	2019	2018
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net loss from operations	$ (5,953,776)	$ (7,070,026)
Adjustments to reconcile net loss from operations to net cash provided by operating activities:		
Depreciation and amortization	3,568,081	3,755,343
Changes in operating assets and liabilities:		
Accounts receivables and due from other governments	(621,953)	549,290
Inventory	76,345	(37,043)
Prepaid expenses	108,966	(9,415)
Deferred outflows	5,623	(271,810)
Accounts payable	573,524	(185,178)
Regional Plan participants payable	(23,177)	(16,236)
Accrued payroll and benefits payable	5,903	8,677
Due to pension plan	18,387	3,074
Deposits	54,407	(87,769)
Other post-employment benefits	270,670	(637,301)
Compensated absences payable	(31,675)	58,533
Deferred inflows	(292,325)	1,132,555
NET CASH USED BY OPERATING ACTIVITIES	$ (2,241,000)	$ (2,807,306)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Insurance proceeds receivable		$ 105,240

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

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Glenn-Colusa Irrigation District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. When GASB does not provide guidance on a particular issue, the District follows Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989. The more significant of the District's accounting policies are described below.

Reporting Entity: The Glenn-Colusa Irrigation District was organized on March 2, 1920, as a successor to several public and private irrigation projects dating back to 1887. The District is organized and operated under authority of the California Water Code. The District provides water for irrigation purposes to an area of approximately 170,000 gross acres.

Joint Powers Authorities: The District is in three joint ventures under joint powers agreements (JPAs):

- Sites Project Joint Powers Authority (SPJPA), which is described in Note K
- Power and Water Resources Pooling Authority (PWRPA) manages power assets and loads
- Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) provides insurance coverage for health, general and auto liability, errors and omissions, property, boiler and machinery, employee dishonesty and workers' compensation.

The JPAs are governed by boards consisting of representatives from member districts. Each board controls the operations of their JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes. In the event of the dissolution of SPJPA or PWRPA, the District will receive a pro-rata share of the assets and liabilities of these organizations. In the event of the dissolution of ACWA/JPIA, the District is only liable for unpaid insurance premiums and is neither entitled to nor obligated for any assets or liabilities of ACWA/JPIA. Annual audited financial information can be obtained by contacting each JPA's management.

During the year ended September 30, 2019 and 2018, the District paid PWRPA $1,113,850 and $988,206, respectively. These payments are made based on pro-forma budgeted rates, which are reconciled to actual costs. The District received a credit of $187,920 related to the 2017 calendar year reconciliation during the year ended September 30, 2018.

Basis of Presentation: The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that period determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position represents the amount available for future operations.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows associated with the operation of the fund are included on the balance sheet. Net position is segregated into amounts invested in capital assets, net of related debt, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The District uses the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services. Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the District may fund certain programs with a combination of cost-reimbursement grants and general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal operations. The principal operating revenues of the District are charges to customers for water sales. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments: For the purposes of the Statement of Cash Flows, the District's cash and cash equivalents include cash on hand or on deposit, and demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables: Receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts, if applicable, and estimated refunds due. The District reports utilities, reimbursements, and interest earnings as major receivables. No allowance was deemed necessary at September 30, 2019 and 2018.

Property Taxes: Property tax revenue is recognized in the fiscal year for which the tax and assessment is levied. The Counties of Glenn and Colusa levy, bill and collect property taxes and special assessments for the District. Under the County's "Teeter Plan", the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Property tax revenues are recognized by the District in the fiscal year they are assessed. Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on January 1. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31.

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories and Prepaid Items: Inventories consist primarily of materials and supplies used in the maintenance and improvement of the District's irrigation system. Inventories are valued using an average cost method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Capital Assets: Capital assets are valued at historical cost. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Capital assets are currently defined by the District as assets with an initial individual cost of more than $15,000 and an estimated useful life in excess of one year. Land acquisitions are capitalized regardless of the amount. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation is provided over the useful lives of assets using the straight-line method. Estimated useful lives of depreciable assets range from 3 to 50 years.

Compensated Absences: The District policy allows employees to accumulate earned but unused annual leave (up to a maximum of 60 days), which will be paid to employees upon separation from the District's service. The cost of annual leave is recognized in the period earned.

Net Position: The net position amount is the difference between assets and liabilities. Net investment in capital assets are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by the District or external restrictions by other governments, creditors or grantors.

Deferred Outflows and Inflows of Resources: In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earning process is complete. Deferred outflows and inflows of resources represent amounts deferred related to the District's OPEB plan as described in Note H, and the CVP O&M deficit as described in Note C.

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Pronouncements: In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying and disclosing fiduciary activities of state and local governments. The focus of the criteria is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements of the government. Where applicable, up to four fiduciary funds should be reported under this statement: Pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. This Statement is effective for periods beginning after December 15, 2018.

The District is currently analyzing the impact of the required implementation of these new statements.

NOTE B – CASH AND INVESTMENTS

Cash and cash equivalents consisted of the following at September 30:

	2019	2018
Cash on hand	$ 100	$ 100
Deposits with financial institutions	179,279	134,200
Total cash	179,379	134,300
Local Agency Investment Fund	18,174,071	19,161,897
Total investments	18,174,071	19,161,897
Total cash and investments	$ 18,353,450	$ 19,296,197

Investment policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. During the year ended September 30, 2019, the District's permissible investments included in the following instruments:

NOTE B – CASH AND INVESTMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates and Time Deposit	5 years	30%	None
Repurchase Agreements	92 days	20%	None
Medium Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
LAIF	N/A	None	None

The District complied with the provisions of the California Government Code pertaining to the types of investments held, the institutions in which deposits were made and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District's investment in LAIF has an average maturity of 185 days as of September 30, 2019.

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. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk: The investment policy of the District limits the amount that can be invested by any one issuer to those limits specified in the California Government Code. There are no investments in any one issuer (other than external investment pools) that represent 5% or more of total District investments.

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 possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure of custodial risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must be equal to at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

NOTE B – CASH AND INVESTMENTS (Continued)

At September 30, 2019, the carrying amount of the District's deposits was $179,279 and the balances in financial institutions was $317,644, of which $67,644 was not covered by federal depository insurance. At September 30, 2018, the carrying amount of the District's deposits was $134,200 and the balances in financial institutions was $147,131. The total amount of $147,131 in the financial institutions was covered by federal depository insurance.

Investment in LAIF: LAIF is stated at fair value. The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE C – CVP O&M DEFICIT

As part of the District's 2004 Central Valley Project Sacramento River Settlement Contract renewal with the United States Bureau of Reclamation (Bureau), the District was required to fund its share of the Operations and Maintenance deficit that had accumulated during the term of the previous contract. The District decided to fund this obligation in a lump-sum amount as opposed to making payments over the term of the new contract, with interest charges accumulating on the unpaid balance. During the fiscal year ended September 30, 2004, the District deposited a total of $9,697,352 with the Bureau for this purpose. During the fiscal year ended September 30, 2005, it was determined that the District had paid $449,545 more than required for the contract renewal and this amount was refunded to the District. The revised charge of $9,247,807 is being amortized, using the straight-line method, over the life of the new contract and is reported as a deferred outflow of resources on the Statement of Net Position. The new contract, executed on April 1, 2005, will remain in effect until March 31, 2045.

NOTE D – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows:

	Balance at October 1, 2018	Additions	Write-offs/ Disposals	Transfers	Balance at September 30, 2019
Capital assets, not being depreciated:					
Land and other land rights	$ 520,410				$ 520,410
Construction in progress	2,200,638	$ 194,695	$ (1,177,779)		1,217,554
Total capital assets, not being depreciated	2,721,048	194,695	(1,177,779)		1,737,964
Capital assets, being depreciated:					
Fish screen and related improvements	45,273,351		(4,850,618)		40,422,733
Source of supply	2,546,062				2,546,062
Pumping plant	13,722,276	521,817			14,244,093
Transmission and distribution	34,541,404				34,541,404
General plant	7,119,125	57,414	(6,200)		7,170,339
Equipment	5,993,660	492,336	(308,608)		6,177,388
Total capital assets being depreciated	109,195,878	1,071,567	(5,165,426)		105,102,019
Less: accumulated depreciation:					
Fish screen and related improvements	(15,078,828)	(1,514,938)	2,425,309		(14,168,457)
Source of supply	(2,201,801)	(26,821)			(2,228,622)
Pumping plant	(10,454,315)	(385,275)			(10,839,590)
Transmission and distribution	(22,340,532)	(994,232)			(23,334,764)
General plant	(6,560,133)	(93,355)	6,200		(6,647,288)
Equipment	(4,395,265)	(322,265)	308,608		(4,408,922)
Total accumulated depreciation	(61,030,874)	(3,336,886)	2,740,117		(61,627,643)
Total capital assets being depreciated, net	48,165,004	(2,265,319)	(2,425,309)		43,474,376
CAPITAL ASSETS, NET	$ 50,886,052	$ (2,070,624)	$ (3,603,088)	$ -	$ 45,212,340

NOTE D – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended September 30, 2018 was as follows:

	Balance at October 1, 2017	Additions	Deletions	Transfers	Balance at September 30, 2018
Capital assets, not being depreciated:					
Land and other land rights	$ 520,410				$ 520,410
Construction in progress	1,826,852	$ 373,786			2,200,638
Total capital assets, not being depreciated	2,347,262	373,786			2,721,048
Capital assets, being depreciated:					
Fish screen and related improvements	45,273,351				45,273,351
Source of supply	2,546,062				2,546,062
Pumping plant	13,513,646	208,630			13,722,276
Transmission and distribution	34,427,453	113,951			34,541,404
General plant	7,120,429	40,002	$ (41,306)		7,119,125
Equipment	5,962,480	341,480	(310,300)		5,993,660
Total capital assets being depreciated	108,843,421	704,063	(351,606)		109,195,878
Less: accumulated depreciation:					
Fish screen and related improvements	(13,563,890)	(1,514,938)			(15,078,828)
Source of supply	(2,174,981)	(26,820)			(2,201,801)
Pumping plant	(10,096,694)	(357,621)			(10,454,315)
Transmission and distribution	(21,341,634)	(998,898)			(22,340,532)
General plant	(6,516,189)	(85,247)	41,303		(6,560,133)
Equipment	(4,292,688)	(299,606)	197,029		(4,395,265)
Total accumulated depreciation	(57,986,076)	(3,283,130)	238,332		(61,030,874)
Total capital assets being depreciated, net	50,857,345	(2,579,067)	(113,274)		48,165,004
CAPITAL ASSETS, NET	$ 53,204,607	$ (2,205,281)	$ (113,274)	$ -	$ 50,886,052

Fish Screen and Related Improvements: During the fiscal year ended September 30, 2005, the District capitalized and began depreciating Fish Screen and Related Improvement costs previously included as a component of Construction in Progress. The costs capitalized in 2005 totaled $20,223,428. During the fiscal year ended September 30, 2012, the District capitalized an additional $1,332,521 in project costs.

On December 15, 2011, the District's Board of Directors executed an agreement with the United States Department of Interior, Bureau of Reclamation to transfer title to improvements made to the District's Fish Screen and Fish Screen Recovery Facility associated with the Hamilton City Pumping Plant. In the agreement, the United States transferred all rights, title, and interest in the Fish Screen and Fish Screen Recovery Facilities.

However, the District has not received ownership title to the Gradient Facility improvements, which are a significant component of this overall project. During the year ended September 30, 2019, the District's attorneys have advised the District it will not receive ownership title to the Gradient Facility improvements. As a result, costs incurred by the District on the Gradient Facility improvements recorded

NOTE D – CAPITAL ASSETS (Continued)

as construction in progress as of September 30, 2019 totaling $1,177,779 and previously capitalized costs related to the Fish Screen Improvement project totaling $4,850,618, and related depreciation of $2,425,309, were also written off. Additional information regarding the Gradient Facility improvements is contained in Note I.

NOTE E – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2019:

	October 1, 2018	Additions	Reductions	September 30, 2019	Due Within One Year
Compensated absences	$ 645,138	$ 436,277	$ (467,952)	$ 613,463	$ 482,810
Other post-employment benefits	7,293,712	798,570	(527,900)	7,564,382	
Total Long-Term Liabilities	$ 7,938,850	$ 1,234,847	$ (995,852)	$ 8,177,845	$ 482,810

The following is a summary of changes in long-term liabilities for the year ended September 30, 2018:

	October 1, 2017	Additions	Reductions	September 30, 2018	Due Within One Year
Compensated absences	$ 586,605	$ 441,974	$ (383,441)	$ 645,138	$ 443,160
Other post-employment benefits	7,931,013	1,249,732	(1,887,033)	7,293,712	
Total Long-Term Liabilities	$ 8,517,618	$ 1,691,706	$ (2,270,474)	$ 7,938,850	$ 443,160

NOTE F – NET POSITION

Designations: Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action. Designations included the following as of September 30:

	2019	2018
Fish Screen/Gradient Facility/Sacramento River Capital Improvement and Monitoring Reserve	$ 1,791,426	$ 2,348,761
Rate Stabilization Reserve	3,570,308	3,405,307
Capital Replacement and Improvement Reserve	2,791,371	3,000,000
Vehicle and Equipment Replacement Reserve	1,000,000	1,000,000
Power and Water Resource Pooling Authority Power Reserve	750,000	750,000
Depreciation, Amortization, and Operating Reserve	(905,840)	(823,956)
Drought Contingency Reserve	3,000,000	3,000,000
Water Supply Protection and Regional Sustainability Reserve	4,056,946	4,685,623
Total Unrestricted Net Position	$ 16,054,211	$ 17,365,735

NOTE F – NET POSITION (Continued)

The designations are for the following:

Designated for Fish Screen/Gradient Facility/Sacramento River Capital Improvement and Monitoring Reserve represents an account established to fund future capital improvements and monitoring on the Sacramento River in conjunction with the District's diversion works, including, but not limited to, the Fish Screen, Gradient Facility, and River Mile 208 upstream of the diversion works.

Designated for Rate Stabilization Reserve represents an account established to maintain a prudent level of financial resources to protect against the reduction of service levels or raising of charges and fees because of temporary revenue shortfalls or unpredicted onetime expenditures.

Designated for Capital Replacement and Improvement Reserve represents an account established to provide partial funding for the eventual replacement of infrastructure assets.

Designated for Vehicle and Equipment Replacement Reserve represents an account established to earmark funds for the planned replacement of vehicles and heavy equipment.

Designated for Power and Water Resource Pooling Authority (PWRPA) Power Reserve represents an account established to provide funding for unexpected fluctuations in the cost of power.

Designated for Depreciation, Amortization, and Operating Reserve represents an account established to provide working capital sufficient to meet the District's cash flow needs and funding to offset annual depreciation and amortization expenses that are not budgeted and recovered completely through user charges.

Designated for Drought Contingency Reserve represents an account established to provide funding to cover extraordinary costs related to a cutback in the District's water supply in a Shasta Critical Year.

Designated for Water Supply Protection and Regional Sustainability Reserve represents an account established to provide a source of funding for defending the District's Sacramento River Settlement Contract, water transfer monitoring and mitigation, development of groundwater supplies, fishery restoration efforts, and Sites Reservoir development.

NOTE G – PENSION PLAN

The District is the sponsor of a defined contribution retirement plan that covers all eligible full-time employees of the District with at least one year of credited service. The District contributed 10.0% of the participants' annual base salary to the plan in 2019 and 9.5% in 2018. The nature of a defined contribution retirement plan is not to guarantee a specific retirement benefit but to define an annual contribution to the plan for each employee. Total District contributions to the plan during the years ended September 30, 2019 and 2018 were $402,025 and $382,765, respectively.

NOTE G – PENSION PLAN (Continued)

Employee (participant) vesting provisions under the plan are as follows:

Years of Credited Service	Percent Vested
Less than 3	0%
3	20%
4	40%
5	60%
6	80%
7 or more	100%

Plan forfeitures can occur when a participant separates from employment with the District before the participant's account is fully vested. Forfeitures incurred during a plan year are used to reduce the District's contributions to the plan for the next following plan year. There were no forfeitures during the years ended September 30, 2019 and 2018.

NOTE H – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Description of the Plan: The District administers a single-employer defined benefit other postemployment healthcare (OPEB) plan providing health plan coverage to eligible retired employees and their eligible dependents. Employees hired by the District prior to March 1, 2005, and Directors whose first term began prior to January 1, 1995, are eligible for the benefits. The District offers retirees the option to obtain coverage under the same medical plans as its active employees if such coverage is offered by the plan, with the eligible participants and the District sharing the cost of the coverage in approximately the same proportions as active employees and the District. Health insurance benefits are payable for the lifetime of the retiree, subject to the retiree making any required monthly contributions. Employees become eligible to retire and receive healthcare benefits after age 65 unless an earlier retirement is approved by the Board, as provided for by the District's "Policies and Rules" employee manual. The OPEB Plan does not issue a publicly available financial report.

Employees Covered by Benefit Terms: As of the October 1, 2017 valuation date, the following current and former employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	27
Active employees	43
Total	70

Contributions: The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. Although a Trust has been established into which contributions are and have been made, the District is currently funding the OPEB plan primarily on a pay-as-you-go basis, as the retiree premiums are due. The District has a trust with Public Agency Retirement Services (PARS) for the purpose of prefunding obligations for past services as funds are available. During the fiscal year ended September 30, 2019 and 2018, the District's benefit payments were $271,810 and $241,018, respectively. No contributions were made to the trust during the year ended September 30, 2019 and 2018.

NOTE H – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Net OPEB Liability: The District's net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of October 1, 2017. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions: The total OPEB liability in the September 30, 2018 and 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	2019	2018
Valuation date	October 1, 2017	October 1, 2017
Measurement date	September 30, 2018	September 30, 2019
Actuarial cost method	Entry-age normal cost method	Entry-age normal cost method
Actuarial assumptions:		
Discount rate	6.0%	6.0%
Municipal Bond-20-Year High Grade Rate Index	3.83%	3.35%
Salary increases	3.0% per year	3.0% per year
Investment rate of return	6.0%	6.0%
Healthcare trend rate	(1)	(1)

(1) 6% for 2016 and 5% for 2017 and later

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 6%.

Discount Rate: The discount rate used to measure the total OPEB liability was 6%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE H – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the OPEB Liability: The changes in the net OPEB liability for the plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at September 30, 2018	$ 10,822,276	$ 3,528,564	$ 7,293,712
Changes in the year:			
Service cost	145,217		145,217
Interest	641,301		641,301
Contributions - employer		271,810	(271,810)
Net investment income		256,090	(256,090)
Difference between expected and actual experience			-
Benefit payments	(271,810)	(271,810)	-
Administrative expenses		(12,052)	12,052
Net changes	514,708	244,038	270,670
Balance at September 30, 2019 (measurement date September 30, 2018)	$ 11,336,984	$ 3,772,602	$ 7,564,382

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at September 30, 2017	$ 11,084,388	$ 3,153,375	$ 7,931,013
Changes in the year:			
Service cost	658,294		658,294
Interest	582,241		582,241
Differences between expected and			-
actual experience			-
Changes in assumptions			-
Changes in benefit terms	-		
Contributions - employer		241,018	(241,018)
Net investment income		384,386	(384,386)
Difference between expected and actual experience	(1,261,629)		(1,261,629)
Administrative expenses		(9,197)	9,197
Benefit payments	(241,018)	(241,018)	-
Net changes	(262,112)	375,189	(637,301)
Balance at September 30, 2018 (measurement date September 30, 2017)	$ 10,822,276	$ 3,528,564	$ 7,293,712

NOTE H – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

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 District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 5%	Current Discount Rate 6%	1% Increase 7%
Net OPEB liability	$ 9,136,832	$ 7,564,382	$ 6,251,912

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

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	$ 6,019,385	$ 7,564,382	$ 9,452,045

OPEB Plan Fiduciary Net Position: PARS issues a publicly available financial report that may be obtained from the Public Agency Retirement Services, 4350 Von Karman Ave, Newport Beach, CA 92660.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended September 30, 2019 and 2018, the District recognized OPEB expense of $250,155 and $736,272, respectively. At September 30, 2019 and 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 266,187		$ 271,810	
Difference between expected and actual experience		$ (700,905)		$ (981,267)
Net differences between projected and actual earnings on plan investments		(139,325)		(151,288)
Total	$ 266,187	$ (840,230)	$ 271,810	$ (1,132,555)

NOTE H – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

The $266,187 and $271,810 reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net OPEB liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30,		
2020	$	(324,649)
2021		(324,649)
2022		(184,468)
2023		(6,464)
	$	(840,230)

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years. All other amounts are recognized over the expected average remaining service lifetime (EARSL), which was 7.3 years at September 30, 2019 and 4.5 years at September 30, 2018.

NOTE I – POTENTIAL CLAIM OR LITIGATION – GRADIENT FACILITY

The District has an ongoing dispute with the United States Army Corps of Engineers (COE) regarding the Riverbed Gradient Facility for the Sacramento River at the Glenn-Colusa Irrigation District Intake (GF). The Project Cooperation Agreement (PCA) between the COE and the District addresses the parties' rights and obligations regarding the GF. Under the PCA, the COE was required to design and build the GF. The District was required to contribute a certain percentage of the costs of the project, provide necessary lands and materials, and upon completion of the GF, assume responsibility for its "operation, maintenance, repair, replacement, and rehabilitation" (OMRR&R).

However, the GF required major repairs and rehabilitation almost immediately. The GF's deficiencies were not resolved, and the condition of the facility continues to deteriorate. At this point in time, it is unknown what remedial efforts may be necessary to correct the GF's design and performance deficiencies, but it is expected that the costs of those efforts could exceed $25 million.

NOTE I – POTENTIAL CLAIM OR LITIGATION – GRADIENT FACILITY

By a letter dated March 22, 2013, the COE informed the District of its view that the GF was complete in an attempt to shift to the District the obligation of the GF's OMRR&R. In January 2017, the District filed a Complaint against the COE (Case No. 2:17-at-0057) in the United States District Court for the Eastern District of California. The District Court Complaint alleges breach of contract causes of action against the COE and seeks money damages in addition to declaratory and injunctive relief. The COE filed a motion to dismiss the Complaint, but it was denied by the Court.

Trial was scheduled to begin October 8, 2019 but was postponed to May 12, 2020 in order to give the parties additional time to discuss possible settlement. Regardless of the outcome of the litigation, it should be noted that the District will not take ownership (i.e. title) to the GF at the conclusion of the litigation. The District had approximately $1.18 million in District expenses related to the Gradient Facility that had been carried in Capital Assets (not being depreciated), as well as $4.9 million in capitalized assets and $2.4 million of related depreciation, which were expensed during the year ended September 30, 2019, as discussed in Note D.

NOTE J – SIGNIFICANT CALIFORNIA LEGISLATION – WATER METERING

Senate Bill X7-7 was enacted by the California legislature in November 2009, requiring all water suppliers to increase water use efficiency. The law requires that agricultural water suppliers, in exceedance of 10,000 irrigable acres, prepare and adopt agricultural water management plans by December 31, 2012, and update those plans by December 31, 2015, and every five years thereafter.

The law further required that on or before July 31, 2012, agricultural water suppliers shall (1) measure the volume of water delivered to customers and (2) adopt a pricing structure for water customers based at least in part on quantity delivered and (3) implement additional efficient management practices. Agencies found to be out of compliance with the legislative requirements are not eligible for state water grants or loans.

The District adopted its Agricultural Water Management Plan (AWMP) on February 14, 2013 and submitted it to the California Department of Water Resources (DWR) on March 7, 2013. DWR received this submittal on March 11, 2013, and later acknowledged that the required legislative elements were addressed in a response letter dated October 18, 2013. Since then the District has been gradually installing Senate Bill X7-7 (SB X7-7) compliant measurement devices at District sites as a pilot project under Phase I of the AWMP. This effort yields critical capital cost and performance information, which will be utilized to prepare a District-wide implementation plan and an associated detailed budget in Phase 2 of the AWMP. Metering flows in the District's delivery system is difficult due to its earthen open channel configuration, which features a variety of irrigation water conveyance infrastructure, varied flow regimes over the course of an irrigation season, as well as weedy and silty hydraulic conditions. The District plans to continue to search for a cost-effective measurement solution that will satisfy the requirements of Senate Bill X7-7. On September 22, 2016, the District received long-anticipated written approval from the U.S. Bureau of Reclamation for the 2012 Sacramento Valley Regional Water Management Plan (SVRWMP). The Glenn-Colusa Irrigation District Board of Directors subsequently adopted the latest AWMP on December 1, 2016, which is comprised of the 2012 SVRWMP, District water balances for 2013-2015, and a Drought Management Plan. This AWMP was then submitted to DWR for approval on December 16, 2016. DWR acknowledged receipt of the District AWMP on the aforementioned date in its September 2017 report entitled, "Submittal of 2015 Agricultural Water Management Plans and Implementation of Efficient Water Management Practices Report."

NOTE J – SIGNIFICANT CALIFORNIA LEGISLATION – WATER METERING (Continued)

The District was previously one of the plaintiffs in a writ of mandamus action filed on February 10, 2015, to challenge a decision by the CA Commission on State Mandates that denied the District's and the other plaintiffs' claims for reimbursement for their costs to comply with the SB X7-7 agricultural water management measurement requirements. (Paradise Irrigation District, et al. v. Commission on State Mandates, et al., Sacramento County Superior Court Case No. 34-2015-80002016.) The District and the other plaintiffs claimed that the measurement requirements constitute an unfunded state mandate, and as such, they are entitled to reimbursement under the California Constitution and related statutory provisions.

On February 8, 2016, the trial court issued its final decision denying the petition. In April 2016, the District again joined with the other districts and appealed the trial court's denial of the petition to the California Court of Appeal, Third Appellate District (Case No. CO81929). On March 20, 2019, the court of appeal issued its Amended Opinion affirming the trial court's decision, and on June 19, 2019, the California Supreme Court denied review of the court of appeal's decision. Accordingly, the District and the other districts did not prevail. As a result, the District will continue to be responsible for the costs to comply with the measurement requirements and will need to consider any changes in water rates that may be necessary to cover the costs of compliance.

NOTE K – SITES PROJECT JOINT POWERS AUTHORITY

The District is a member of the Sites Project Joint Powers Authority (the Authority) which was established in August 2010. Currently, the Authority consists of a total of thirteen (13) Authority member agencies. The Authority was created with the purpose to effectively study, promote, develop, design, finance, acquire, construct, manage, and operate the proposed Sites Reservoir and related facilities. The purposes of pursuing and developing Sites Reservoir are to: (a) increase surface water storage and enhance water management flexibility in the Sacramento Valley, (b) provide flood control benefits, (c) improve conditions for fish and wildlife in the Sacramento Valley, and (d) improve the operation of the State of California's water system.

To further the objectives of the Authority, each participating agency is required to provide financial contributions to the Authority. During the fiscal year ended September 30, 2019, the District contributed $355,000, of which $55,000 was expensed for membership dues, and $75,000 recorded as prepaid to the Authority. During the year ended September 30, 2018, $377,000 was contributed. A total of $1,529,715 has been contributed as of September 30, 2019. As of September 30, 2018, the District was subscribed to 20,000 acre-feet of capacity. At a District Board meeting held on January 25, 2019, the District Board decided to reduce its level of participation to 5,000 acre-feet as Phase 2 of the project begins. This reduction of 15,000 acre-feet resulted in a refund of approximately $167,161 in 2019.

Additional information relating to the Authority can be obtained at the following mailing address: Sites Project JPA, P.O. Box 517, Maxwell, CA 95955.

NOTE L – RISK MANAGEMENT

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public officials' liability, property damage, fidelity insurance, cyber liability, employer's liability, and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group-purchased commercial excess insurance is obtained.

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The District's deductibles and maximum coverage are as follows:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General and Auto Liability (Includes public officials and auto liability)	$ 5,000,000	$ 55,000,000	(1)
Property	100,000	500,000,000	$ 500 to 50,000
Workers' Compensation Liability	2,000,000	Statutory	None
Employees Fidelity	100,000		1,000
Cyber Liability		3,000,000 per occurrence/	10,000 to 50,000
Employer's Liability	2,000,000	2,000,000	None

(1) The District is self-insured up to and is responsible for the first $25,000 for each general and auto liability claim.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE M – COMMITMENTS AND CONTINGENCIES

The District has participated in federal and state assisted grant and cooperative agreement programs. These programs are subject to program compliance audits by the grantors. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

As of September 30, 2019, there was one pending claim assessed against the District. The District anticipates that this claim will not materially affect the financial position of the District.

In the District's water rights settlement contract with the USBR, the District is required to take delivery or otherwise pay for 78,750 acre-feet of water from the Central Valley Project at the annual rates determined by the USBR, through March 31, 2045. The rate for 2019 was approximately $35.30 for a total cost of $2,779,875.

REQUIRED SUPPLEMENTARY INFORMATION

GLENN-COLUSA IRRIGATION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

For the Years Ended September 30, 2019 and 2018

Fiscal Period	2019	2018
Total OPEB liability:		
Service cost	$ 145,217	$ 658,294
Interest	641,301	582,241
Differences between expected and actual experience		(1,261,629)
Benefit payments	(271,810)	(241,018)
Net change in total OPEB liability	514,708	(262,112)
Total OPEB liability - beginning	10,822,276	11,084,388
Total OPEB liability - ending (a)	$ 11,336,984	$ 10,822,276
Plan fiduciary net position:		
Contributions - employer	$ 271,810	$ 241,018
Net investment income	256,090	384,386
Benefit payments	(271,810)	(241,018)
Administrative expenses	(12,052)	(9,197)
Net change in plan fiduciary net position	244,038	375,189
Plan fiduciary net position - beginning	3,528,564	3,153,375
Plan fiduciary net position - ending (b)	$ 3,772,602	$ 3,528,564
Net OPEB liability - ending (a)-(b)	$ 7,564,382	$ 7,293,712
Plan fiduciary net position as a percentage of the total OPEB liability	33.28%	32.60%
Covered-employee payroll - measurement period	$ 2,420,352	$ 2,442,978
Net OPEB liability as percentage of covered-employee payroll	312.53%	298.56%

Notes to schedule:

Valuation date	October 1, 2017	October 1, 2017
Measurement period - fiscal year ended	September 30, 2018	September 30, 2018

Benefit changes. None.

Changes in assumptions. None.

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)

For the Years Ended September 30, 2019 and 2018

	2019	2018
Actuarially determined contribution - employer fiscal year	$ 524,184	$ 758,080
Contributions in relation to the actuarially determined contributions		
Contribution deficiency (excess)	$ 524,184	$ 758,080
Covered-employee payroll - employer fiscal year	$ 2,440,271	$ 2,420,352
Contributions as a percentage of covered-employee payroll	0.00%	0.00%

Notes to Schedule:

Valuation date	October 1, 2017	October 1, 2017
Measurement period - fiscal year ended	September 30, 2018	September 30, 2018

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

SUPPLEMENTARY INFORMATION

GLENN-COLUSA IRRIGATION DISTRICT

SUPPLEMENTARY INFORMATION

September 30, 2019 and 2018

Schedule of Pension Plan Net Assets
As of September 30, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	$ 318,162	$ 211,358
Receivables:		
Contributions	50,430	32,043
Investments	4,687	5,329
Investments at fair value	8,020,276	8,832,924
TOTAL ASSETS	8,393,555	9,081,654
NET ASSETS AVAILABLE FOR BENEFITS	$ 8,393,555	$ 9,081,654

Summary of Pension Plan Income and Expenses
For the Years Ended September 30, 2019 and 2018

	2019	2018
REVENUES		
Employer contributions	$ 402,025	$ 382,765
Investment earnings:		
Interest	232,151	201,537
Dividends	265,191	350,733
Net increase (decrease) in the fair value of investments	(319,636)	231,345
TOTAL REVENUES	579,731	1,166,380
EXPENSES		
Pension benefits paid	1,087,448	36,167
Administrative expenses	111,287	109,893
Realized loss	62,615	
Foreign tax expense	6,480	6,098
TOTAL EXPENSES	1,267,830	152,158
NET INCOME (LOSS)	$ (688,099)	$ 1,014,222

Fair Value of the Pension Plan Invested Assets
As of September 30, 2019 and 2018

	2019	2018
Common stock	$ 4,441,404	$ 5,002,767
Exchange traded and closed-end funds	1,122,173	1,258,334
Mutual funds	1,625,895	1,675,148
Corporate bonds	339,315	364,313
Government securities	491,489	532,362
TOTAL	$ 8,020,276	$ 8,832,924

Contribution and Participant Information
For the Years Ended September 30, 2019 and 2018

	2019	2018
Total District Payroll	$ 4,263,092	$ 4,142,597
Covered Payroll	$ 4,035,950	$ 3,982,052
District Contribution - 10%	$ 402,025	$ 382,765
Participants:		
Active	70	70
Retiree	0	0

OTHER REPORTS

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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
Glenn-Colusa Irrigation District
Willows, California

We have audited, in accordance with the 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 Glenn-Colusa Irrigation District (the District) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 5, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

To the Board of Directors
Glenn-Colusa Irrigation District

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

February 5, 2020