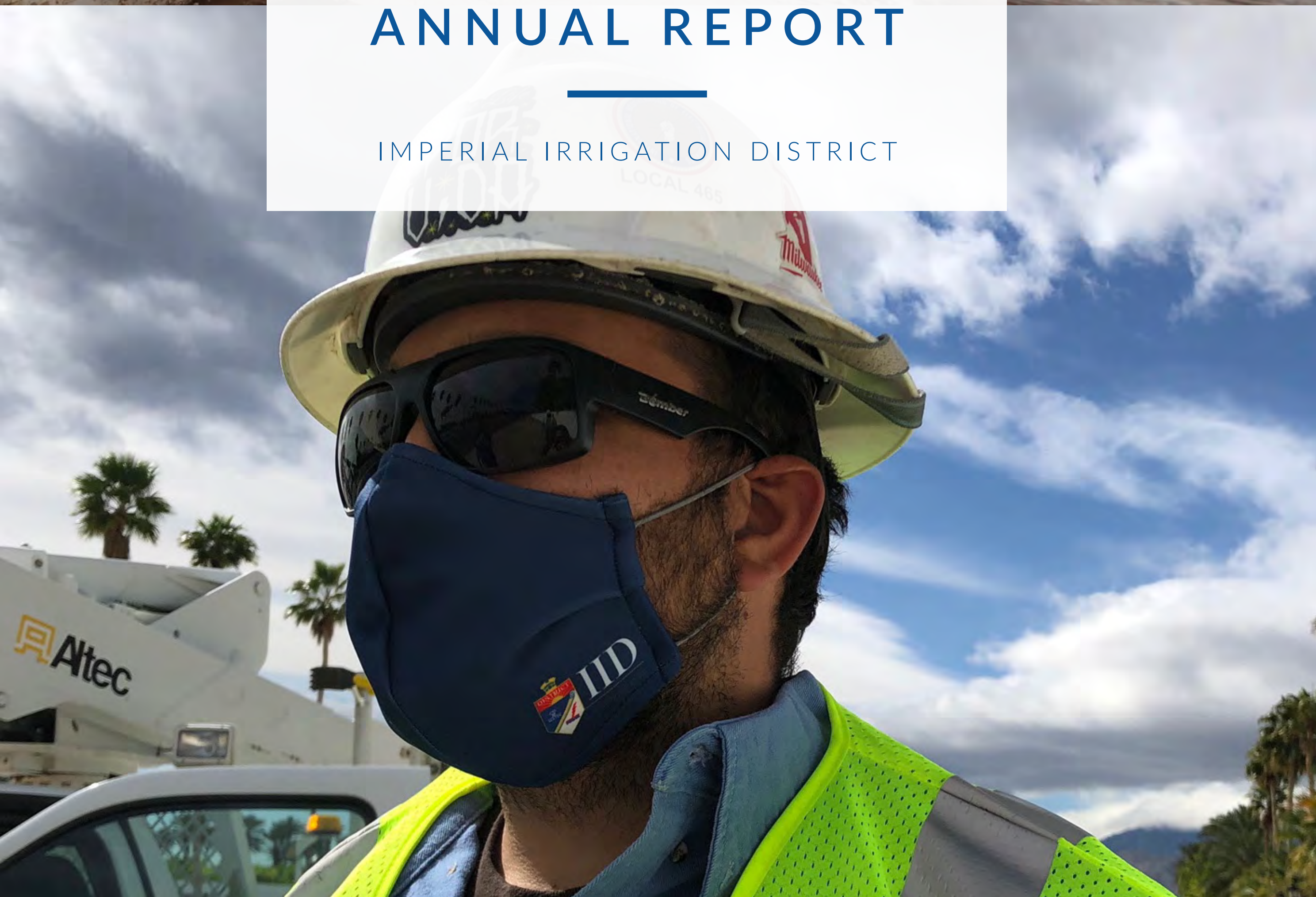
2020

ANNUAL REPORT

IMPERIAL IRRIGATION DISTRICT



IID

A century of service.

ON THE COVER: (Top) IID Zanjero Andres Curiel delivers water to Imperial Valley agricultural water users on the Evergreen/Newside run. (Below) Journeyman Lineman Myles Mendivil, donning his personal protective equipment, made the cover of the California Municipal Utilities Association's summer 2020 edition, which noted the district's standout work to deliver reliable water and power during the COVID-19 pandemic.

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BOARD OF DIRECTORS

James C. Hanks
President, Division 3

JB Hamby
Vice President, Division 2

Alex Cardenas
Division 1

Javier Gonzalez
Division 4

Norma Sierra Galindo
Division 5

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Assistant General Manager

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Water Department Manager

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Human Resources Manager

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Internal Auditor

Antonio Ortega
Governmental Affairs & Communications Officer

Florentino Zaragoza
Reliability Compliance Officer

IN DEDICATED SERVICE, IID STANDS AND DELIVERS

Dear customers, stakeholders and friends,

What an incredibly important time it is to be at the helm of the Imperial Irrigation District. Despite the slew of challenges and opportunities each one of us has faced during a tumultuous 2020, your IID is proud to be your local electrical and irrigation services provider, continuing to be at your side every step of the way.

I believe I'd be correct in saying that our time together, recently, has been unlike any other. As we worked to navigate through 2020, the district continued to put customers first during the COVID-19 pandemic as your IID remains committed to proudly stepping up to keep the lights on and water flowing while maintaining some of the lowest rates in California.

It's been a time of courage and resilience, requiring keen leadership and direction. We appreciate your patience and willingness to work with us as we continue to make good on delivering the services you've come to rely on and expect, as well as our commitment in setting the direction for the district, which includes developing a new strategic plan.

As the largest irrigation district in the United States and a top public power provider in California, your IID remains dedicated to championing causes for the people we represent. This includes setting the direction to protect the Imperial Valley's coveted water rights, protecting our energy balancing authority, protecting the full authority of the IID Board of Directors and our relentless support for the Salton Sea, among many others causes.

In addition to the challenges of 2020, we have seen a number of successes and a literal hotbed of activity. The state created a blue ribbon commission to explore lithium development at the Salton Sea. In my role on this commission I am representing you and our region in looking into the viability of recovering lithium from geothermal brine, an exciting and significant new opportunity that has the potential to unleash millions in new economic infrastructure development and job creation while helping meet clean energy and environmental goals.

This past year the state's Salton Sea, too, received federal attention with a congressional hearing, the first in 23 years. IID provided testimony and is anxious to see more federal commitment and

state action at this troubled body of water.

While a multitude of issues remain, such as a historic drought on the Colorado River, higher temperatures and increased energy demand, climate change and the COVID-19 pandemic, your IID works to address them all. Further, we remain committed to navigating the best actions forward to keep the lights on and the water flowing while meeting the needs for growth, development, and sustainability for the region's overall prosperity.

Your IID was created over a century ago by and for the people it represents, and your IID Board remains committed to getting the public's business done, even if it takes some hard work and difficult decisions to drive the public's business forward. At the end of day, with pride as a public service provider, we remain standing tall in our commitment to serve our customers.

Thank you,

James C. Hanks

James C. Hanks, President, IID Board of Directors, 2021

IID Troubleshooter Nick Villanueva.

COVID-19

RELIABLY DELIVERING ESSENTIAL SERVICES IN A RAPIDLY CHANGING ENVIRONMENT

During 2020, the nation was hit hard by the coronavirus pandemic. COVID-19 affected every community and the IID service area was no exception.

Businesses closed. People lost jobs. Thousands across the service area were infected. While many recovered, others were much less fortunate.

It was a difficult time. Despite the circumstances, the employees of the Imperial Irrigation District, led by the IID Board of Directors and senior management team, worked to put customers first in every way by maintaining reliable water and energy service without interruption.

Actions taken by the district were made for the protection of the public and for IID employees to ensure the delivery of these essential services. In March, the Board held a special Saturday meeting to declare a local emergency, determining that no customer would be without electricity despite their account status.

Designated as an essential service provider and its public employees deemed disaster service workers, the California Emergency Services Act covered the district's actions to ensure the continuation of critical electrical and water services.

Social-distancing became the norm. IID employees were readily equipped with face masks, hand sanitizer, gloves, antiseptic wipes, COVID-19 disinfectant, etc. and daily temperature screenings to protect themselves and the public. The district also made a slew of changes, including having many employees telework from home, moving public and staff meetings to online formats and postponing tours, in-person training, travel and public events.

IID continued to work with customers to meet their needs. Out of an abundance of caution, customer payment center hours were modified, a drive-through payment window was opened, use of payment drop boxes was encouraged, contacts were made over the phone and online, use of the IID Customer Connect web portal and mobile app increased and more business was done online or through email.

"The employees of the Imperial Irrigation District, led by the IID Board of Directors and senior management team, worked to put customers first in every way by maintaining reliable water and energy service without interruption."

The district's Human Resources Department worked closely with employees to provide guidance and follow-ups as issues arose to keep employees current on developments related to safe working practices.

AN EXTRA MILE

Shortly after the emergency declaration, and with summer fast approaching, the district adopted a voluntary shelter-in-place program designed to support uninterrupted water and energy operations while keeping the employees who work in these critical areas safe.

In April, 30 employees remained at their job sites 24-hours a day, working 12-hour shifts for three weeks. Having only social-distancing contact with coworkers and no outside personal contact, other than by phone, text or online, they were housed in temporary living quarters on-site. This continued in May and concluded by the end of June.

Although understandable at such critical times in the water and energy industries, this uncommon practice created both positive attention and an upswell of pride in the district for exhibiting such dedication to public service, a tenet on which the district was founded.

IID is proud of its dedicated employees, particularly those who went the extra mile to heed the call to voluntarily serve in this capacity during one of the most difficult times in history. Their dedication is a testament to IID's mission to provide reliable, efficient and affordably priced water and energy service, despite any challenge.

OPEN TO HELP

During the pandemic, an underlying theme remained: IID is "open for business." It's also fitting for the district to greatly reach out to help its customers.

In financial terms, the COVID-19 pandemic hit everyone hard, especially the less affluent, causing many to fall behind on their utility bills. At the same time, while revenue from customer payments was declining, some district expenses (particularly those costs related to the pandemic) were increasing, causing budget concerns.

IID acted swiftly, making several budget adjustments to decrease costs by $11 million, cutting capital expenditures, reducing support services operations and maintenance and decreasing travel/training budgets, among other cuts.

In adjusting the budget, IID was also able to help more customers by shifting $2 million from its energy efficiency programs to help low-income customers with their energy bills.

The district also reached out to its customer base, getting customers into flexible payment plans to meet their needs while also helping those who qualified get into IID rate assistance programs and putting customers in contact with partner agencies that could provide financial assistance, such as the federally funded Low-Income Household Energy Assistance Program (LIHEAP), Imperial County's Electricity Relief Program and Riverside County's Community Action Partnership, among others.

OUR EMPLOYEES CARE. Even during the COVID-19 pandemic, IID employees continue to support their community, here, standing up for Breast Cancer Awareness Month.

IID CARES

The district's frontline workers performed under difficult circumstances, and while many of the professional staff were required to work from home, they were productive and made solid impacts. Many employees became teachers and caretakers out of necessity and management accommodated employees as best as possible.

While IID salutes the courage and dedication these essential workers demonstrate, it's equally important to acknowledge the determination and resilience of the people the district serves. Many neighbors lost their jobs – jobs that may not be coming back. Our neighbors, friends and employees, too, also lost loved ones during this difficult pandemic. This pain, and the situations it has created, is not lost on the people at the Imperial Irrigation District.

From the beginning, under the district's leadership, IID has developed and implemented policies to help others, and our employees stepped up too, helping raise funds and make other donations to help those in need.

Yes. It was a tough year for everyone, but it's something we are going to get through together. IID believes our communities will bounce back, and while that may not be easy or quick, the district is here to help while remaining committed to providing the reliable water and energy service that we all have come to depend on.

IID's forward-thinking actions during the pandemic earned widespread attention in 2020. Here, Zanjero Juan Botello manages the flow of water for IID's main canals and laterals out of the Holtville Division.

SALTON SEA

PROGRESS CONTINUES AS ATTENTION INCREASES

The Salton Sea continues to be a priority for the Imperial Irrigation District on several levels. First, and foremost, is countering the adverse impact of the water transfers to the Salton Sea and on the region's public health. This remains at the forefront of any discussions about the Sea. Second, is the adverse impact to the environment that the reduced flows have caused.

CONGRESSIONAL HEARING. A FIRST IN TWO DECADES

In a late September 2020 congressional hearing hosted by a water-focused subcommittee of the House Committee on Natural Resources, California representatives called on the federal government to provide greater assistance in remedying the crisis.

It was the first hearing Congress had held on the matter in 23 years and came at the request of Reps. Raul Ruiz and Juan Vargas, who represent the Coachella and Imperial Valleys.

The water level at the Sea has been declining, exposing thousands of acres of lakebed that can become airborne. The particulate matter created by the receding shoreline is believed to be a contributing factor to high rates of asthma and other respiratory illnesses in nearby communities.

While California is in charge of responding to the problem, local officials argued that Congress needs to act because the federal government owns much of the land under the lake and twice mandated that the body of water be an agricultural sump.

Wade Crowfoot, the state's Secretary of Natural Resources, the lead government body on Salton Sea issues, testified that lawmakers need to acknowledge not only the human health toll, but also environmental impacts. California has lost 97% of its wetlands, making the Sea a vital part of the Pacific Flyway, a massive corridor for migratory birds.

In written testimony, IID explained the importance and impacts the Sea has to the region and county.

"The Salton Sea has to be acknowledged for what it is – a serious public health and environmental crisis that can and will have long-term, devastating consequences across the region," stated 2020 IID Board President Norma Sierra Galindo in the written testimony. "It is an indispensable part of the Colorado River system, not an invisible one, and its rapid decline must be addressed."

IID's testimony will be part of the official record.

The Sea has an estimated surface area of approximately 350 square miles. The reduced flows have resulted in a drop in elevation that has exposed more than 20,000 acres of salt-covered playa.

Reduced inflows, primarily due to the on-going water conservation efforts in the Imperial Valley required to meet the commitments to provide water to Southern California urban areas under the Quantification Settlement Agreement, have created increased salinity levels greater than double than that of the Pacific Ocean.

ACTION IN CALIFORNIA

There was a lot of activity in Sacramento related to the Sea in 2020. Our local elected representatives, as well as IID, are constantly working to make sure the state Legislature, state agencies and the governor's office do not forget about the state's largest lake. Governor Newsom allocated $220 million in the state's budget for the Sea in 2020. Although the work is not progressing as fast as IID would like it to, progress is being made.

On behalf of area residents, in July, IID filed its opening brief in its California Environmental Quality Act challenge against the Metropolitan Water District of Southern California over the Drought Contingency Plan. Enacted in 2020, the district was not a signatory to the DCP due to its potential impact to the Sea and lack of mitigation.

The district argues that when MWD and the Basin States moved ahead with the DCP and excluded IID, it did so at the expense of the Sea and the people of Imperial and Riverside Counties most affected by the airborne dust generated from the receding shoreline. IID's position is that, as an integral part of the Colorado River system, the Sea's decline presents severe public health threats to the people of greater Southern California and to the environment.

Through the Natural Resources Agency, the state continues its work at sustainability of the Sea. Several projects have received funding through various bond measures and the state's budget. State agencies have designed a shoreline air monitoring network consisting of six sites operated by IID that provides publicly available data on hourly particulate matter and air quality. In support of these efforts, $270,000 in grant funding has been provided to the Imperial County Air Pollution Control District and IID to measure desert soil emissivity and quantify the levels of toxic metals in windblown dust.

STATE'S FIRST PROJECT, AGGRESSIVE GOALS

In February, the Natural Resources Agency released its updated Salton Sea Management Plan with aggressive implementation goals. The plan includes a priority of work on 3,800 acres of exposed lakebed. The first project by the state, with help from IID, was the Bruchard Road Dust Suppression Project that was completed in early 2020. The project used trenches dug into the exposed playa to break up the wind and trap dust within a 112-acre area. The project is a significant accomplishment. Although relatively small in comparison to the enormous work needed at the lake, this milestone project is certainly welcomed.

The state's initial 3,800-acres (Phase A) will focus on dust suppression like Bruchard Road, while later work (Phase B) is planned to begin the process of restoring and creating new habitat, consisting of vegetation establishment on portions of Phase A project sites, where possible. Implementation of approximately 4,400 acres of additional projects in areas still require further data collection, design and planning.

As part of IID's Salton Sea Air Quality Mitigation Program, surface roughening is recognized as an effective proactive dust control measure providing quick, waterless, and effective control on suitable soil types at the Salton Sea playa.

CONTINUED COMMITMENT

During the height of the pandemic, IID defended itself against notices alleging air violations from the Imperial County Air Pollution Control District, resulting in an order of abatement.

IID is considerate of the sincerity behind the county's action regarding the public's health and continues to cooperate with local, state and federal agencies in the implementation of dust mitigation projects at the Sea.

The district continues to be the strongest advocate for the Sea and remains fully committed to its mitigation responsibilities and duty associated with the water transfers under the QSA. The district has constructed over 2,100 acres of proactive dust control projects after developing a comprehensive, science-based air quality mitigation program in coordination with the local air pollution control district.

IID also continues to work closely with all stakeholders to ensure the state lives up to its legislatively mandated restoration obligations, which led to the state's initial 10-year commitment to develop 30,000 acres of habitat and dust control projects. This has resulted in over 750 acres of air quality projects. Construction has also started on the state's 4,110-acre Species Conservation Habitat project, which IID has fully supported in granting easements and a drainage water supply agreement. IID intends to implement the most expeditious Best Available Control Measure projects to address public health concerns and is taking steps to install interim proactive dust control measures identified in its air quality mitigation program.

IID is actively working with the local air pollution control district to comply with the APCD's abatement order. Discussions with the U.S. Fish and Wildlife Service and other parties regarding the project site are ongoing. The district's BACM projects will not preclude other projects from being developed in the future.

ATTENTION TO NEW RIVER

California has also been active regarding resolutions for the water pollution and contamination issues at the New River, which feeds into the Sea. In February, a representative from the governor's office toured the Sea and New River. Having agency heads and other stakeholders see the challenging issues firsthand is critically important. In the governors' budget there was $18 million from the general fund, plus an additional $10 million from Proposition 68, designated for the New River. These funds are primarily to assist in dealing with solid waste and water quality challenges.

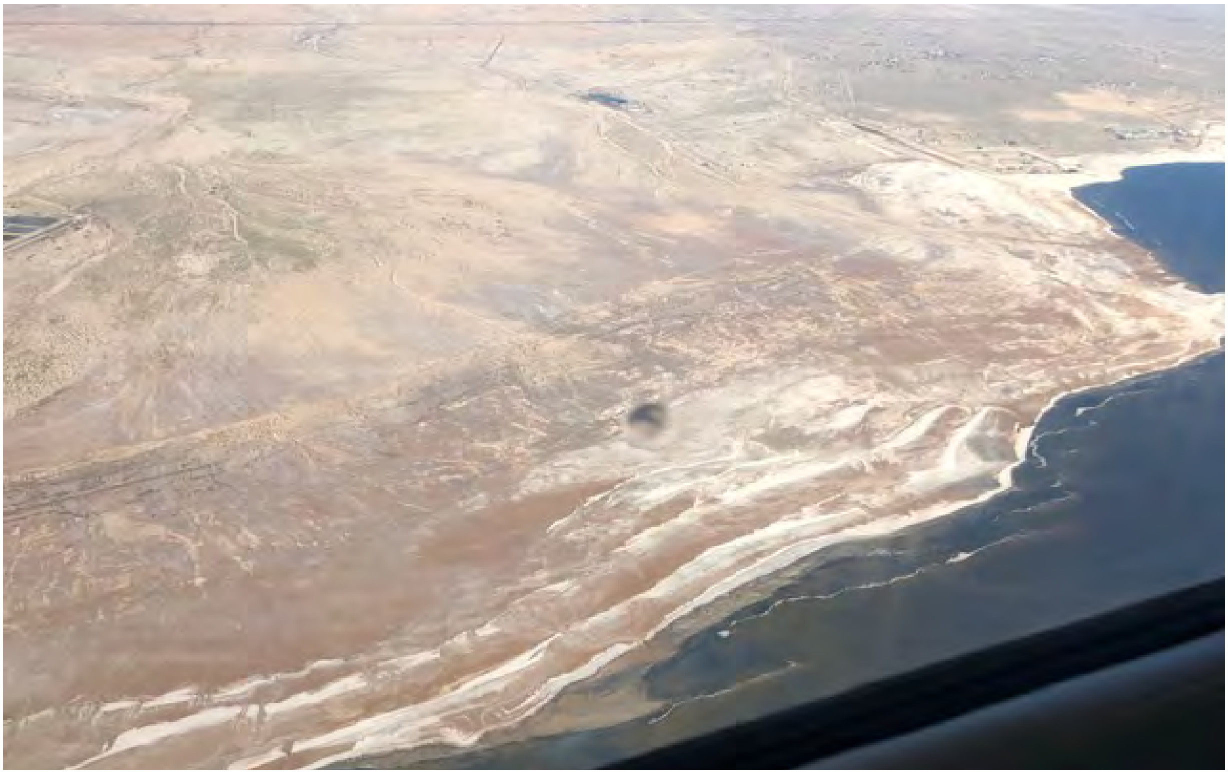
INTEREST IN LITHIUM

Further discussed in this report is the excitement over the ongoing and growing interest in lithium recovery at the Sea. The brine that is a byproduct of geothermal power is rich in minerals and has much potential for the area and the Sea itself.

Regarding IID's ability to provide water to this industry, currently, geothermal operations use very little water overall – less than 1% of IID's total consumptive use. The district intends to fully serve this industry.

IID continues to operate its Salton Sea Air Quality Mitigation Program, a comprehensive, science-based, adaptive approach to address air quality mitigation requirements at the Sea. Meteorological towers, such as this one, monitor wind direction, wind speed, relative humidity, solar radiation and temperature at proactive dust control projects on exposed playa.

Representatives from IID and Imperial County took to the air to get a keen view of California's largest and most troubled lake. Coordinated by Audubon California, the group flew over the perimeter of the Salton Sea, witnessing the decline of the lake and viewed the IID's and the state's dust mitigation projects and the proposed site for Audubon's new project, Bombay Wetlands. Regional representative for the governor's office toured the sea and the new river two weeks later.



WATER

A STEWARD OF THE VALLEY AND THE WEST

The Colorado River is a shrinking resource and 2020 was another year of drought on the lifeline that serves over 40 million people in the Western United States. Unfortunately, climate change continues to contribute to the decades-long drought and exacerbate the declining hydrology each year.

As the largest single contractor of Colorado River water, it is IID's responsibility to serve as a steward of this precious natural resource. The district continues to work with its water users and partners in California, as well as the Lower and Upper Basin States, to ensure that IID efficiently manages this resource to maximize its benefits to agricultural producers and the local community while supporting water supply resiliency and reliability in the Basin States, but particularly in Southern California.

Through over-conservation, the district has left significant volumes of conserved water in the Colorado River, helping build Lake Mead elevation levels. Unfortunately, under the current set of operating guidelines IID has limited access to storage capacity and has already filled its Intentionally Created Storage account. As such, the district is precluded from implementing more aggressive conservation programs as it has no capacity to store excess conservation and ensure that it benefits Lake Mead.

IMPRESSIVE ON-FARM CONSERVATION

The On-Farm Efficiency Conservation Program deserves much credit for IID's water conservation success. One of the highlights of 2020 is the continued dedication by the farmers of the Imperial Valley to implement conservation measures to successfully grow the same or more crops with less water.

Of the 489,223 acre-feet conserved by the district in 2020 alone, IID's On-Farm Efficiency Conservation Program contributed 177,552 acre-feet, and the program's popularity with IID growers continues to grow since the program was implemented in 2013, generating nearly one million acre-feet of water cumulatively since its inception.

Participation in the on-farm program by the Imperial Valley agricultural community has shown both a willingness and ability to meet and exceed the on-farm conservation goals while producing over $2 billion in agricultural output each year, serving as the backbone of the local economy.

Growers are increasing their water use efficiencies through the use of sprinklers, land leveling, portable tailwater recovery systems, irrigation scheduling, drip irrigation, field reconfiguration, permanent tailwater recovery systems and minor improvements, such as ditch lining.

The on-farm conservation program is a critical component of IID's broader conservation implementation efforts necessary to support the nation's largest ag-to-urban water conservation and transfer pact (the Quantification Settlement Agreement), which provides conserved water to San Diego and the Coachella Valley in exchange for funds to implement these and other resource management programs.

SYSTEM CONSERVATION

The other efficiency conservation program the district manages is focused on system improvements, generating conserved water to meet the needs of the QSA by increasing operational flexibility to facilitate on-farm conservation efforts through the addition of technology and capital upgrades to the IID conveyance system. System conservation efforts improve the reliability and flexibility of agricultural water delivery service and bolsters on-farm conservation efforts. Components of the System Conservation Program include:

- A multifaceted discharge reduction program
- Large operational reservoirs
- Mid-lateral offline operational reservoirs
- Existing operational reservoir upgrades
- Main canal and lateral interties
- Main canal seepage recovery projects
- Automation and technology

Since the start of the QSA in late 2003, IID has generated over 6 million acre-feet (6,268,579) of water for transfer or storage to benefit the Southern California coast and the Colorado River system, helping the state live within its annual 4.4 million acre-feet entitlement of Colorado River water.

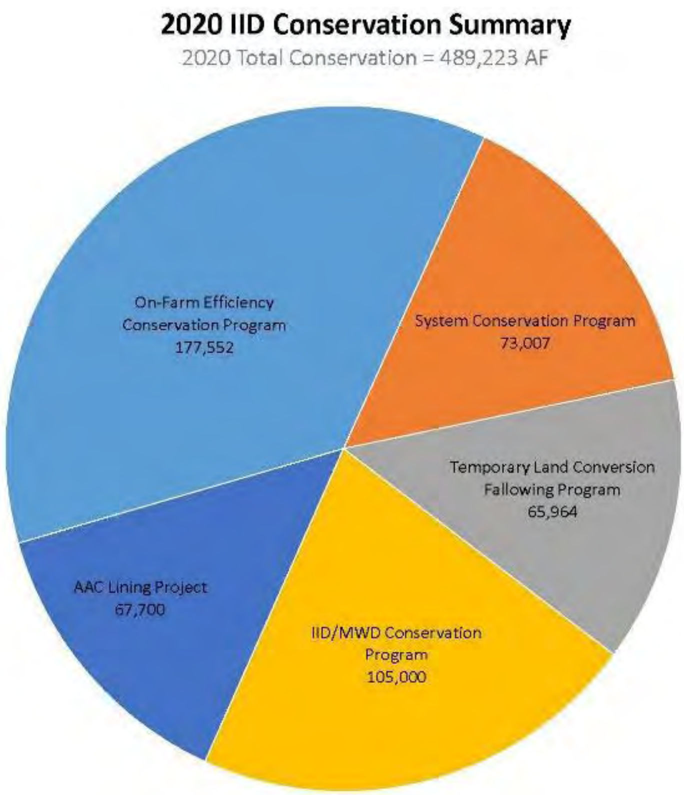
HISTORIC DECISIONS

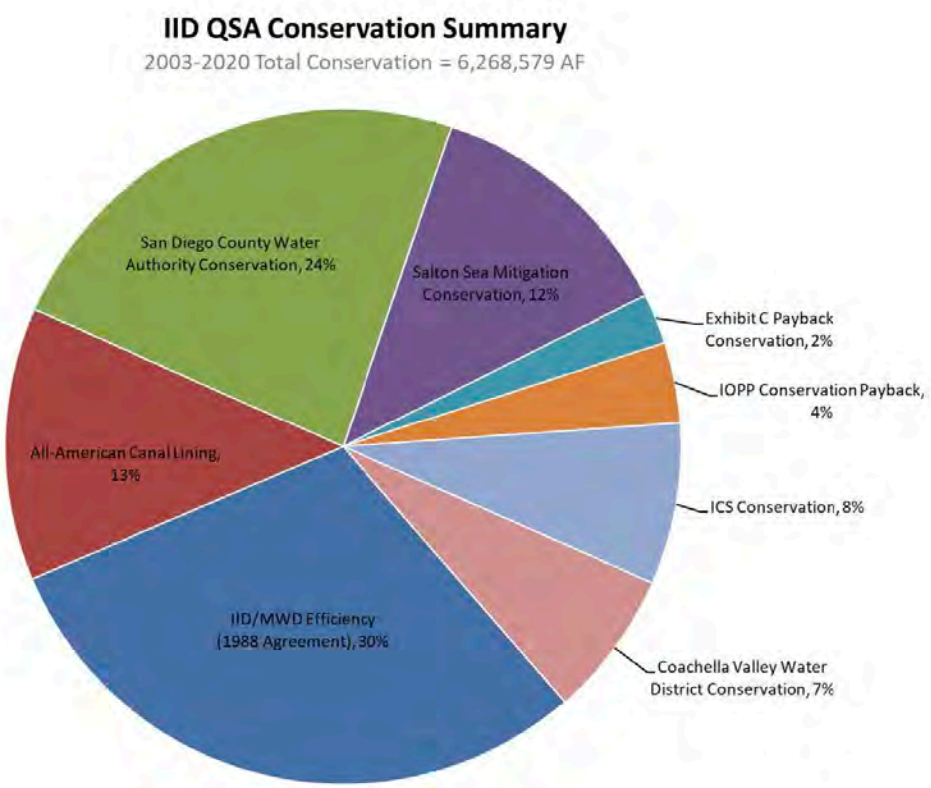
In July, the Fourth Appellate District Court of Appeals delivered its decision in the Michael Abatti et al. v. Imperial Irrigation District case. The decision was favorable to the IID and the people it serves, affirming the position that the district is the holder of the water rights for the Imperial Valley.

"One of the highlights of 2020 is the continued dedication by the farmers of the Imperial Valley to implement conservation measures to successfully grow the same or more crops with less water."

A request made by the plaintiffs to rehear the appeal was denied by the appellate court. A few months later, the California Supreme Court chose not to review the appellate court's decision. The appellate court subsequently granted a district petition, directing the Imperial County Superior Court judge who handled the trial case to enter a new order disqualifying himself on matters that followed.

The case and its appeals process took years, but through it all, the district stood respectful of the rights of the parties to pursue the matter while the district's directors remained committed to meeting their oath of office and fulfilling the fiduciary duties of care and loyalty as elected officials. While both parties held steadfast to their positions, the district held to its beliefs for which it was founded and stated the facts established by law.


2020 IID Conservation Summary
2020 Total Conservation = 489,223 AF
On-Farm Efficiency Conservation Program 177,552
System Conservation Program 73,007
Temporary Land Conversion Fallowing Program 65,964
AAC Lining Project 67,700
IID/MWD Conservation Program 105,000


IID QSA Conservation Summary
2003-2020 Total Conservation = 6,268,579 AF
San Diego County Water Authority Conservation, 24%
Salton Sea Mitigation Conservation, 12%
Exhibit C Payback Conservation, 2%
IOPP Conservation Payback, 4%
ICS Conservation, 8%
Coachella Valley Water District Conservation, 7%
IID/MWD Efficiency (1988 Agreement), 30%
All-American Canal Lining, 13%

A tailwater recovery system, this one powered by a tractor, supplies energy to the pump-back system.

PREPARING FOR WHAT LIES AHEAD

The IID Board of Directors, in November 2019, passed a resolution memorializing specific parameters for future negotiations on the Colorado River, which will be starting prior to the expiration of operational guidelines in 2026. The resolution directly links the Salton Sea to the Colorado River and takes a stand against new water transfers outside of the district's service area.

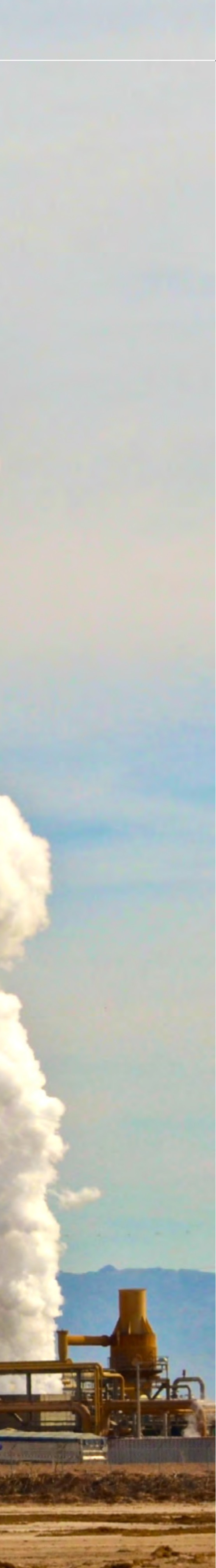
As a precursor to 2026, IID has provided comments and monitored an effectiveness review of the guidelines conducted by the Bureau of Reclamation, looking back at the regulatory successes and challenges to look ahead at the future needs of the system to better serve stakeholders.

As a critical services provider, the district continues to work each day to reliably deliver the water its customers (agricultural, industrial, municipal) need – to support nearly a half million acres of the most productive farmland in America that produces 75 percent of the nation's winter vegetable crop – while being stewards of the natural resources in its care for the good of the Valley, the region and the West.

Drip irrigation provides water to the Imperial Valley melon crop as part of the On-Farm Efficiency Conservation Program.

Rubber hoses supply water to a drip irrigation system under the IID On-Farm Efficiency Conservation Program.

Geothermal activity abounds at the southern foot of the Salton Sea.



ENERGY

POWER ON!
CUSTOMER FOCUS, OPPORTUNITY AND PROTECTION DRIVE IID IN 2020

A lot of news was made in 2020 on energy topics in the Imperial and Coachella Valleys. Lithium recovery at the Salton Sea dominated and geothermal grew.

As a critical services provider serving over 158,000 electric accounts, IID remained open to provide reliable energy.

BOOMING GEOTHERMAL AND LITHIUM

IID and Controlled Thermal Resources kicked off the year by announcing a power purchase agreement that will lead baseload renewable energy development for the next decade. IID agreed to purchase 40 megawatts from CTR's Hell's Kitchen for 25 years. The agreement allows the district to purchase locally generated power, which will help the local economy and offer a reliable, clean source of energy to the district and its customers.

Interest in lithium recovery from geothermal brine at the Salton Sea increased significantly in 2020. COVID-19 led to supply chain issues worldwide, and lithium, as well as other precious metals, was no exception. The Sea's largest Known Geothermal Resource Area is rich in numerous minerals, so it was no surprise when the governor signed legislation to create the Lithium Valley Commission to explore and expand the state's emerging lithium recovery industry.

IID's Division 3 Director James Hanks was nominated to fill the seat on the commission assigned to a local utility as this is a significant opportunity for California as well as the Imperial Valley to achieve its climate goals, balance the electrical grid, and stimulate economic development in areas most in need of investment.

A statement by Lawrence Berkeley National Labs bolstered the effort: "Deep beneath the surface of the Salton Sea, a shallow lake in California's Imperial County, sits an immense reserve of critical metals that, if unlocked, could power the State's green economy for years to come."

Several developers and investors have taken an interest in lithium at the Sea. A startup backed by Bill Gates has partnered with CTR to develop a lithium extraction facility. Other developers have received grant funding from federal and state agencies to develop and improve lithium recovery technologies.

Given the abundance of geothermal capacity and minerals at the Sea, IID will continue to advocate for this important resource and looks forward to continue working with developers, the state Legislature and the commission.

IID works around the clock to provide reliable energy.

DIAMOND AWARD WINNER

The American Public Power Association recognized IID as a Reliable Public Power Provider for providing safe and reliable energy. Having met 98 percent of the total evaluation criteria, the district was awarded a Diamond Designation, the highest achievement.

The designation requires utilities to demonstrate proficiency in reliability, system improvement, workforce development and reliability.

IID works to provide reliable, efficient and affordably priced energy. The diamond designation demonstrates this commitment. IID could experience additional financial benefits from the designation, such as improved bond ratings or savings on workers compensation and insurance, helping maintain low electric rates.

GETTING HOTTER BY THE YEAR

At least twice in 2020, the district hit a new all-time energy peak. In late July, temperatures of 116 degrees caused IID's demand for power to reach 1,106 megawatts. Two weeks later, the one-hour peak rose to 1,123 megawatts due to a heatwave. Unfortunately, the climate crisis continues to drive weather and temperature extremes. It's important for customers to conserve energy when possible and consider energy efficient appliances and equipment.

While frequent rolling power outages occurred in other parts of the state, the district was able to avoid all but one due to preparations made by the Energy Department and by customers who heeded the call to conserve. It was only during the long Labor Day weekend in early September when the district was forced to initiate a temporary rotating outage as an expected energy supply suddenly became unavailable.

Quick work by IID staff, coordination with local utilities who supplied emergency power and customer conservation helped avoid further outages.

EXTREME WEATHER

On occasion, weather extremes also affected energy service. In June, powerful winds toppled a section of a major transmission line, snapping several poles. As vast as it was, IID restored power to the 1,839 customers as quickly as possible, most of them within 90 minutes and is working to strengthen its infrastructure in key areas. In all, the district restored approximately 2 1/2 half miles of transmission infrastructure that consisted of over 50 transmission and distribution poles.

A SOLAR TITAN

West of the Salton Sea, the Sunpin Titan Solar 1 energy project broke ground in January. Attended by representatives of Imperial County and IID, the project will create about 400 jobs and generate 218,000 megawatt hours each year – enough renewable energy to power nearly 27,000 homes. Connected to the IID grid, the project is sited on 569-acre parcel between the Salton Sea and Anza Borrego Desert State Park.

Projects such as this contribute to diversified energy portfolios and move the region toward a cleaner and greener energy future.

IID has 1,100 megawatts of renewable resources interconnected to its grid, including small hydro, geothermal, biomass and solar.

DRIVING ELECTRIC

The electric vehicle industry has also seen significant growth. There are several battery technologies available and lithium is a critical component of most. Growth of the EV market continues to drive the expansion of local lithium recovery and is raising awareness of zero emission vehicles. As the demand for EVs grows, IID is helping consumers. The district launched EVolve, an online platform that connects customers with everything they need to know about electric cars, vehicle chargers, charging stations and incentives.

Electric cars may very well drive the future. Driving electric is a natural option given the unpredictable gas situation, so IID's low energy rates and its EV charger rebate make the switch even more compelling.

Since 2017, the district has been integrating electric vehicles into its fleet and is exploring opportunities to support the region with charging infrastructure while offering rebates for vehicle chargers.

BIOMASS COMPLIANCE

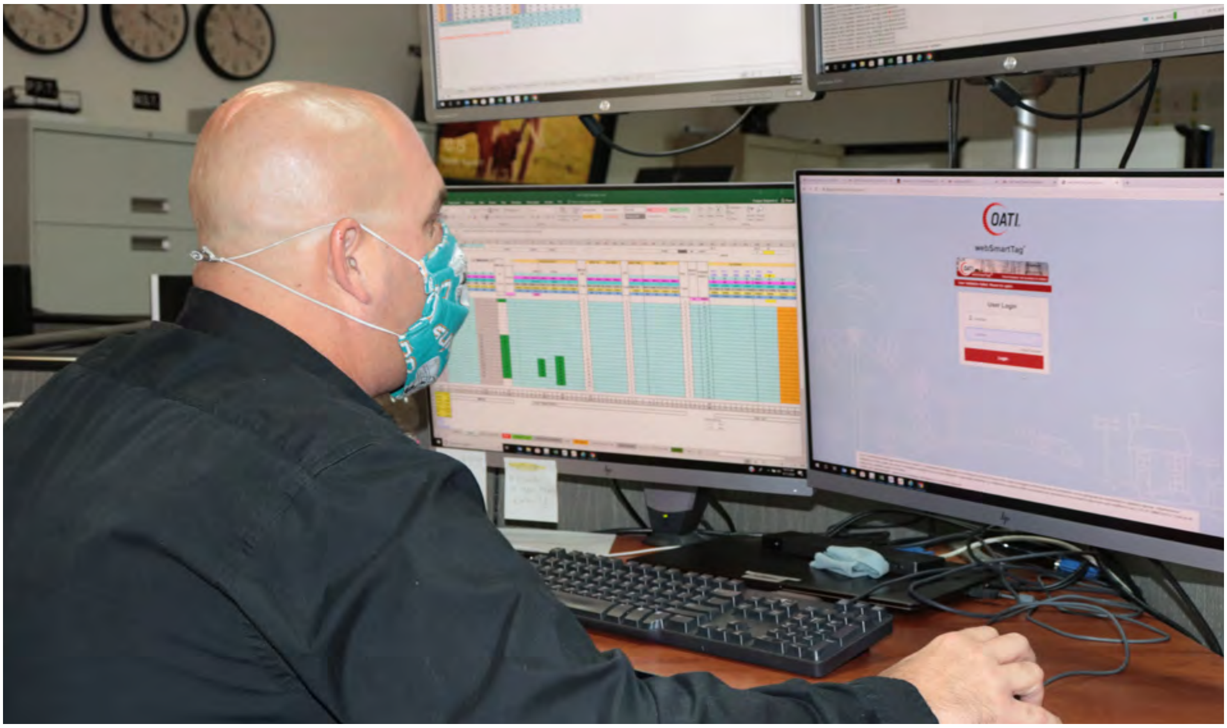
IID continued to meet its commitment to biomass compliance in 2020. With the state mandating that fuel stock be used for biomass by public utilities with 100,000 customers or more, IID has been required to secure 2.4 MW of capacity.

Since 2017, by way of joint project agreements with the Southern California Public Power Authority, IID procured 1.491 MW from a biomass facility located in California's Sierra County. This agreement completed IID's remaining biomass requirement of .9108 MW from a plant in Siskiyou County, procuring the generation for $46 per MW.

By sinking the energy into the California Independent System Operator and not importing it to the IID system, the district will reduce the annual net cost of procurement.

MORE ACCOMPLISHMENTS:

- IID's trading floor maintained its high standard as the load serving entity for the district's Balancing Authority during the pandemic in 2020.
- The optimization team of day-ahead and real-time traders continued to provide the most reliable and economic power to IID customers while working from district facilities.
- The Energy Department's resource planning area sold emissions at auction totaling $10.2 million in revenues directly related to long-term resource planning and daily actions.
- IID met its procurement targets, which greatly limited loss exposures during the worst regional heat storm in 15 years and its positions allowed for economic sales, netting $16.2 million in revenues.
- IID met and exceeded all required renewable portfolio standards and reduction targets.
- Distribution system expansion plans were created, including load forecasting, new distribution substations, upgrades, proposed transmission lines and required distribution improvements due to community development plans across the service area.
- In 2020, IID began an eight-year inspection program to intrusively test over 90,000 wood power poles. Considered an industry best practice, inspections will check durability and safety standards and provide a recommendation for reinforcement or replacement, if necessary. Currently the district has a three-year contract (2020-2022) with a third party to test and treat an estimated 12,000 poles annually.



Benjamin Foulger, trader 3, day-ahead, keeps an eye on the markets to protect IID customers.

Growth of the EV market continues to drive the expansion of local lithium recovery. IID launched an online platform in 2020 to connect interested EV customers to helpful information.

2020 OVERVIEW

WATER

2020 Water Accounting

(Consumptive use volumes in acre-feet at Imperial Dam)

Misc. Present Perfected Rights – 9,081
1988 IID/MWD Transfer – 105,000 (efficiency)
SDCWA Transfer – 192,500 (efficiency)
CVWD Transfer – 73,000
  Fallowing – 65,964
  Efficiency – 7,036
Intentionally Created Surplus – 51,023
  Efficiency – 51,023
  Storage at Lake Mead – 1,579
  Excess ICS Left in River[3] – 49,444
AAC Lining Project Transfer – 67,700 (efficiency)
IID Water Users[1] – 2,493,623
LCWSP Wellfield Pumpage[2] – 10,000
TOTAL = 3,001,927
  Fallowing – 65,964
  Efficiency – 423,259
  Storage at Lake Mead – 1,579
IID QSA entitlement – 3,100,000
Underrun – 98,073

Number of Farm Accounts

5,260

Average Acreage of Farm Account

89.63

Total Area Farmable *(acres)*

471,435

Total Area Receiving Water *(acres)*

520,307

Total Field Crop *(acres)*

319,975

Total Garden Crop *(acres)*

101,947

Total Permanent Crop *(acres)*

20,674

Total Acres of Crops

442,596

1) USBR Decree Accounting 5/14/2021

2) Included as part of IID's CU in lieu of an equivalent diversion.

3) Due to policy limitations, any extraordinary conservation in excess of IID's consumptive use, transfer obligations and storage capacity limits are left in Lake Mead with the benefit accruing to the System and all Colorado River water users unless diverted by junior priority water users for their own purposes.

ENERGY

Total number of Accounts
(as of December 2020)

Residential – 136,200
Commercial – 21,235
Industrial – 523
Total – 158,258

Service Territory
6,400 Square miles

Residential Assistance Accounts
(as of December 2020)

11,696

Transmission Lines *(miles)*
2,049

Number of Substations
80

Number of Transmission Switching
13

IID total energy consumption
(megawatt/hours)
3,511,826

Historical Power Peak Reached in 2020
Aug 14 – 1,123 megawatts

Miles of Distribution
Overhead – 3,236
Underground – 1,766

MISSION STATEMENT

The Imperial Irrigation District is a fiscally responsible public agency whose mission is to provide reliable, efficient and affordably priced water and energy service to the community it serves.

FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

IMPERIAL IRRIGATION DISTRICT

December 31, 2020 and 2019

MOSSADAMS

Table of Contents

Report of Independent Auditors

The Board of Directors
Imperial Irrigation District
Imperial, California

Report on the Financial Statements

We have audited the accompanying statements of net position of the Water system, Energy system, and combined total systems, and the statements of fiduciary net position of the 401(a) trust fund (the Trust) of Imperial Irrigation District (the District), as of December 31, 2020 and 2019, and the related statements of revenues, expenses and changes in net position and cash flows of the Water system, Energy system and combined total systems, and the statements of changes in fiduciary net position of the Trust for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these individual and combined 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 California Code of Regulations, Title 2, Section 1131.2, 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 individual and combined financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Water system, Energy system and combined total systems and the 401(a) Trust Fund of the District as of December 31, 2020 and 2019, and the respective changes in financial position and cash flows for the Water system, Energy system, and combined total systems, and changes in financial position for the 401(a) Trust Fund of the District for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16, and the schedule of changes in employer's total OPEB liability and related ratios on page 81, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

Moss Adams llp

Portland, Oregon
May 10, 2021

Introduction – The management of the Imperial Irrigation District (the District or IID) offers the following narrative discussion and analysis of the District’s financial performance during the years ended December 31, 2020 and 2019. This discussion and analysis should be read in conjunction with the District’s financial statements and the accompanying notes that follow this section.

Background – Situated in the agriculturally rich Imperial Valley of Southern California, the Imperial Irrigation District delivers water to approximately 520,000 acres of highly productive farmland, as well as provides wholesale water to local municipalities within its approximately 1,658 square mile service area. Established by a vote of the people in 1911, the District is the nation’s largest irrigation District.

In order to take advantage of the hydroelectric generation potential of the All-American Canal, the District entered the power business in 1936, now the third largest public power utility in the State and is widely regarded as an economic catalyst in the Imperial and Coachella Valley regions. The District provides generation, transmission, and distribution services to more than 158,258 residential, commercial, and industrial customers.

With a combined work force of approximately 1,355 employees, the District is leading the way in irrigation efficiency and innovation, while expanding the range of value-added energy services including the promotion of renewable energy resources in this dynamic desert corridor.

Setting of rates – The District is governed by a five-member board of directors (board) elected by the citizens residing within the District’s water service area. The board has full and independent authority to establish the rates charged for all District services. The District is not subject to retail rate regulation by any state or federal regulatory body and is empowered to set retail rates effective at any time. Changes in electric retail rates require public hearings followed by formal action by the board. Regarding water rates, California Constitution Proposition 218, a state ballot initiative known as the “Right to Vote on Taxes Act” affords property owners and tenants the opportunity to file written protests against proposed fees and charges applicable to property related services. If written protests against the proposed fee are presented by a majority of owners of the identified parcels, the fee or charge may not be imposed.

Financial highlights – During fiscal year 2020, Imperial Irrigation District’s operating revenues increased by $63.3 million (9.9%) from 2019 levels. The increase in revenue is attributable to the Water Department by $35.3 million, mainly due to an increase in water transfer revenue (See Note – 18 Quantification Settlement Agreement (QSA) – Water Transfer), Joint Power Authority (“JPA”) and Salton Sea mitigation revenues. In addition, the Energy Department increased by $28.0 million, due to a 5.6% volume increase in energy sales primarily residential, an unusual summer heatwave combined with stay at home orders due to COVID 19 pandemic are the key drivers. Total operating expenses decreased by $9.2 million from fiscal year 2019. The Water Department reduction of $40 million is primarily due to a delay of the on-farm conservation program and lower other post-employment benefit (“OPEB”) expenses, offset by a small increase in labor, legal and uncollectible account expenses. Additionally the Energy Department had an increase in operating expenses of $28.8 million, with the main driver being higher consumption of purchase power and fuel costs; other increases include labor, legal expenses, medical contingency and uncollectible accounts impacted by COVID 19 pandemic, lower OPEB expenses offset the increase. In addition, both Departments had a combined increase in depreciation of $2 million. The net effect of non-operating revenue and expenses as well as capital contributions resulted in an increase in net position of $1.9 million. Once added to the operating income of $113.2 million, total net position increased by $115.4 million in fiscal year 2020.

During fiscal year 2019, Imperial Irrigation District's operating revenues increased by $26.9 million (4.4%) from 2018 levels. The increase in revenue is attributable to the Water Department by $30.2 million, mainly due to an increase in Water transfer revenue, Metropolitan Water District, ("MWD") and Joint Power Authority ("JPA") mitigation revenues. In addition, the Energy Department had a decrease of $3.3 million, mainly due to a 4.23% volume reduction in Energy sales offset by Energy Cost Adjustment ("ECA"). Total operating expenses increased by $12.7 million from fiscal year 2018. The Water Department is a key driver due to higher operating expenses of $16.3 million, mainly due to on-farm conservation, labor and outside services. The Energy Department's decrease of $13.5 million is mainly due to lower operation and maintenance and general and administration expenses of $17.7 million related to lower legal and medical contingency, cancelled projects and other post-employment benefit ("OPEB") expenses. This was offset by higher purchase power and fuel costs of $4.2 million, mainly due to lower surplus power and gas sales. In addition, both Departments had a combined increase in depreciation of $9.9 million. The net effect of non-operating revenue and expenses as well as capital contributions resulted in an increase in net position of $10.9 million. Once added to the operating income of $40.6 million, total net position increased by $51.5 million in fiscal year 2019.

Introduction to the financial statements – This section is intended to serve as an introduction to the District's financial statements, which are comprised of the following: 1) statements of net position, 2) statements of revenues, expenses, and changes in net position, 3) statements of cash flows, 4) statements of 401(a) trust fund's fiduciary net position, 5) statements of changes in 401(a) trust fund's fiduciary net position, 6) notes to financial statements, and OPEB required supplementary information.

The *statements of net position* present information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflow of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial health of the District.

The *statements of revenues, expenses, and changes in net position* present information showing how the District's net position changed during the most recent year, reflecting the activities of the District primarily funded through the sale of energy, transmission, and distribution services to its retail and wholesale electric customers, as well as sales of irrigation and municipal water. All changes in net position are reported as soon as the underlying events give rise to the change occurring, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows during future periods (e.g., materials and services received but not yet paid for by the District).

The *statements of cash flows* present information on cash provided and used in operating activities, as well as other cash sources such as investment income and debt financing. They also report other cash uses, such as payments for debt service and capital additions.

The *notes to the financial statements and required supplementary information* provide additional information that is essential to a full understanding of the data supplied in each of the specific financial statements described above.

The *statements of 401(a) trust fund's fiduciary net position and statements of changes in 401(a) trust fund fiduciary net position* provide information on the Plan's assets and activity.

The District's accounting records are maintained in accordance with accounting principles for proprietary funds as prescribed by the Governmental Accounting Standards Board (GASB). As a proprietary fund, the District follows the accrual basis of accounting in which revenues are recognized when earned, and costs and expenses are recognized when incurred. Separate accounting records are maintained for the District's Water and Energy operations, with each being reported as an enterprise fund within the accompanying financial statements.

Financial analysis – The majority of the District's net position reflects its net investment in capital assets, which represents capital assets, less the remaining outstanding balance of debt used to acquire those assets. The District's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,806.9 million and $1,691.4 million as of December 31, 2020 and 2019, respectively. A portion of the District's net position (80.3% and 86.8% as of December 31, 2020 and 2019, respectively) reflects its net investment in capital assets such as land and land rights, buildings, vehicles, equipment, drainage structures, canal linings, canal structures, transmission, distribution, and general plant owned by the Water and Energy Departments. The District uses these capital assets to provide services to its ratepayers. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must come from rate revenues and cash reserves.

An additional portion of the District's $33.9 million (1.9%) and $26.3 million (1.6%) as of December 31, 2020 and 2019, respectively, represent resources that are subject to external restrictions on how they may be used. The unrestricted portion of the District's net position $321.9 million (17.8%) and $196.8 million (11.6%) as of December 31, 2020 and 2019, respectively, may be used to meet the District's ongoing obligations to creditors and customers.

Summary of financial position – The following tables provide condensed financial information for the combined operations of the Energy and Water divisions of the District for the years ended December 31, 2020, 2019, and 2018:

	2020	2019	2018	Variance 2018 to 2019
Assets and deferred outflows				
Utility plant, net	$ 2,045,360,812	$ 2,073,771,819	$ 2,092,858,664	-1%
Other assets	715,316,122	623,536,769	610,300,232	15%
Deferred outflow of resources	47,810,898	52,430,043	56,734,560	-9%
Total assets and deferred outflows	$ 2,808,487,832	$ 2,749,738,631	$ 2,759,893,456	2%
Liabilities and deferred inflow				
Long-term liabilities	$ 758,546,681	$ 807,235,806	$ 828,311,662	-6%
Current liabilities	133,454,134	142,550,867	206,158,614	-6%
Deferred inflow of resources	109,591,126	108,477,433	85,488,285	1%
Total liabilities and deferred inflows	$ 1,001,591,941	$ 1,058,264,106	$ 1,119,958,561	-5%
Net position				
Net investment in capital assets	$ 1,451,050,791	$ 1,468,300,586	$ 1,466,266,075	-1%
Restricted	33,968,164	26,347,001	38,143,067	29%
Unrestricted	321,876,936	196,826,938	135,525,753	64%
Total net position	$ 1,806,895,891	$ 1,691,474,525	$ 1,639,934,895	6.8%

Net position – The District's net position increased in 2020 by $115.4 million (6.8%) and increased in 2019 by $51.5 million (3.1%). The increase in fiscal year 2020 is driven by the Energy Department of $16.8 million and Water Department of $98.6 million. The increase in Water Department is attributable, to higher revenues mainly from Water transfer price increase and agricultural sales. Lower operating expenses, primarily from the delay of on-farm conservation program, a minor labor, legal and outside services increase and lower OPEB expenses contribute to the overall change. The increase in Energy Department is mainly due to higher energy sales primarily residential, an unusual summer heatwave combined with stay at home orders due to the COVID-19 pandemic are the key drivers. Higher fuel and purchase power as well as an increase in operating expenses mainly from labor, legal and medical contingency and lower OPEB expenses offset the overall increase.

The increase in fiscal year 2019 is driven by Energy Department $25.7 million and Water Department $25.8 million. The increase in Energy Department is mainly due to lower spending on OPEB, cancelled projects, legal and medical contingency; these were offset with a minor increase on labor costs. The increase in the Water Department is attributable to higher revenues mainly from Water transfer price increases, and agricultural sales; this was offset by higher operating revenues and expenses related to on-farm conservation, mitigation programs and a minor labor increases.

Utility plant – Net utility plant decreased by $28.4 million (1.4%) during 2020. The net change is due to a reduction in the Energy Department of $23.0 million and Water Department of $5.4 million. Lower capital spending from deferred projects due to the COVID-19 pandemic, combined with additional depreciation from capitalized assets are key drivers. An increase mainly in distribution and vehicles assets for Energy and canal concrete lining, drainage and vehicles for Water was offset by higher depreciation when compared to prior year.

Net utility plant decreased by $19.1 million (0.9%) during 2019. The net change is due to a reduction in the Energy Department of $17.0 million and Water Department of $2.1 million. Lower capital spending from deferred projects, offset by additional depreciation from capitalized assets under construction, primarily solar plant Sunpeak IVSC1, Drop 4 and Drop Scada, are the main drivers on Energy's utility plant. Canal concrete lining, drainage and vehicles offset by additional depreciation from capitalized projects are the primary drivers on Water's utility plant.

Other assets and deferred outflows of resources – Other assets and deferred outflows of resources increased by $87.2 million (12.8%) in 2020. This is primarily due to the Water Department having higher cash and investments of $66.5 million, which is due to higher revenues from agricultural sales and Water transfers as well as lower operating expenses and capital projects. Higher accounts receivable of $5.9 million, inventory and prepaid of $0.4 million and a reduction in prepaid pension and deferred OPEB outflows of $1.8 million offset the increase. The Energy Department contributed with higher cash and investments of $15.6 million, mainly from the deferral of capital projects and an increase in accounts receivable of $8.5 million, driven primarily by lower collections due to the COVID 19 pandemic. Lower prepaid pension obligation of $1.3 million; loss on refunding, change in ARO and deferred OPEB outflows of $3.9 million, inventory and prepaid expenses of $2.7 million as well as higher fuel and purchase power and operating expenses offset the overall increase.

Other assets and deferred outflows of resources increased by $8.9 million (1.3%) in 2019. This is primarily due to the Water Department, with higher cash and investments of $32 million, mainly due to higher revenues from agricultural sales and Water transfers as well as lower operating expenses and capital projects. Offsetting the increase are reduction in deferred OPEB outflows of $0.6 million accounts receivable $1.3 million and prepaid pension $1.2 million. In addition, the Energy Department contributed with lower cash and investments of $12.2 million, mainly due to lower revenues, decrease in surplus power and gas sales offset by lower operating expenses and capital projects. Other decreases include prepaid pension obligation of $1.3 million; loss on refunding, change in ARO and deferred OPEB outflows of $3.7 million, accounts receivable of $2.6 million, inventory and prepaid expenses of $0.2 million.

Long-term liabilities – Long-term liabilities excluding current portions, decreased by $48.7 million (6.0%) in 2020. Key drivers are reduction of other post-employment benefit liability of $32.9 million, mainly due to funding of trust at CalPERS, pay as you go claims and actuarial revaluation. Other decreases include bond principal payments and amortization of premiums and discounts of $22.7 million, advances and deposits of $1.8 million, primarily from Open Access Transmission Tariff ("OATT") for transmission build out. Self-insurance of $3.0 million, other liabilities and accruals of $1.4 million and vehicle leases of $4.3 million offset the overall decrease.

Long-term liabilities excluding current portions decreased by $21.0 million (2.5%) in 2019. Key drivers are reduction of other post-employment benefit liability of $59.4 million, mainly due to funding of trust at CalPERS, pay as you go claims and actuarial revaluation. Other decreases include advances and deposits of $12.3 million, primarily from Open Access Transmission Tariff ("OATT") for transmission build out, self-insurance of $1.1 million. The issuance of new debt 2019 Revenue bonds less bond principal payments and amortization of premiums and discounts of $50.7 million, vehicle leases of $0.4 million and other liabilities and accruals of $0.7 million offset the overall decrease.

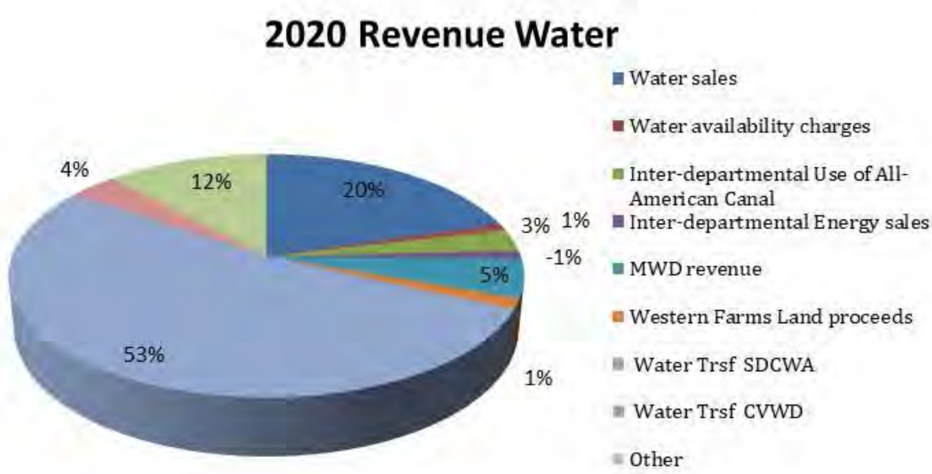
Current liabilities and deferred inflows – Current liabilities and deferred inflows decreased by $7.9 million (3.2%) during 2020. Key drivers are lower accounts payable of $20.2 million mainly from on-farm conservation program rolling to 2021; timing difference of accrued compensation vacation and sick leave of $3.6 million and ECA regulatory deferral of $0.2 million credit back to customers. Offsetting this decrease are higher other accrued liabilities of $6.8 million, primarily from deferred revenues for wheeling and dispatch and SDCWA-capital projects; advances and deposits of $4.8 million from OATT related projects and self-insurance of $1.6 million. In addition, other increases on deferred other post-employment benefits of $1.1 million, from changes in projected and actual investment earnings, current portion of revenue and obligation bonds of $1.2 million and capital leases of $0.6 million contribute to the overall change.

Current liabilities and deferred inflows decreased by $40.6 million (13.9%) during 2019. Key drivers are payment of Commercial paper $80.5 million, proceeds used to fund the purchase of Sunpeak – IVSC1 solar plant, reductions to ECA regulatory deferral $9.1 million due to credit back to customers, other current liabilities $2.7 million and self-insurance $0.6 million. Increases on deferred other post-employment benefits of $32.1 million, due to changes in actuarial assumptions; accounts payable of $15.6 million, current portion of revenue and obligation bonds $2.4 million, capital leases $0.6 million, other accrued liabilities $0.8 million and advances and deposits of $0.8 million offset the decrease.

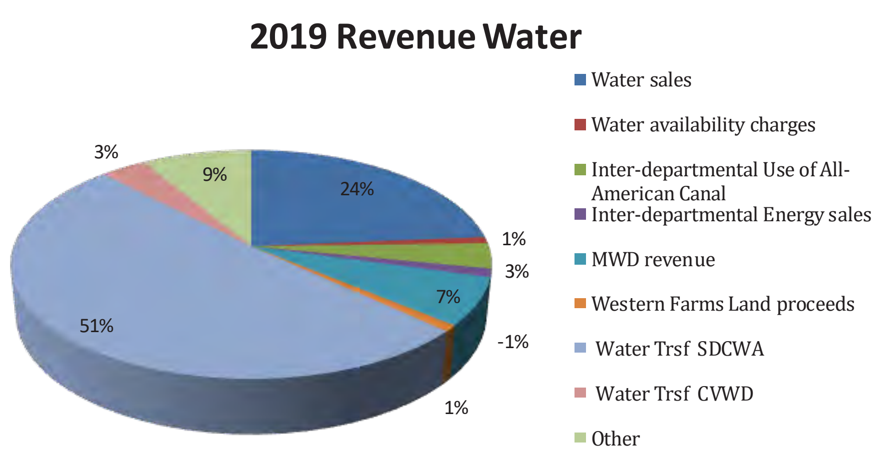
Summary of operations and changes in net position – The District's change in net position for fiscal years 2020, 2019, and 2018 is an increase of $115.4 million (6.8%), $51.5 million (3.1%), and $48.6 million (3.1%), respectively. The table below summarizes the revenues and expenses of the District for the years 2020, 2019, and 2018.

	2020	2019	2018	Variance 2019 to 2020
Operating revenues				
Water operating revenues	$ 240,537,049	$ 205,265,451	$ 174,999,516	17%
Power operating revenues	464,948,385	436,941,330	440,263,429	6%
Total operating revenues	705,485,434	642,206,781	615,262,945	10%
Operating expenses				
Purchased energy	162,639,739	144,844,010	145,474,655	12%
Cost of fuel	36,924,639	35,396,391	30,610,903	4%
Other power expenses	142,432,678	132,279,199	149,058,170	8%
All-American Canal operations	9,055,782	10,023,096	8,536,218	-10%
Operation and maintenance of irrigation systems and dams	97,967,602	138,033,223	124,578,180	-29%
General and administrative	24,388,997	24,038,494	23,587,025	1%
Depreciation and amortization	118,916,195	116,943,329	107,010,251	2%
Total operating expenses	592,325,632	601,557,742	588,855,402	-2%
Nonoperating revenues (expenses)				
Investment income	11,354,288	13,596,322	7,760,822	-16%
Interest expense	(24,338,662)	(25,474,775)	(23,181,205)	-4%
Other income	5,844,421	5,549,477	12,911,811	5%
Total nonoperating expenses	(7,139,953)	(6,328,976)	(2,508,572)	-13%
Capital contributions	9,401,517	17,219,567	24,744,986	-45%
Change in net position	115,421,366	51,539,630	48,643,957	-124%
Total net position, beginning of year	1,691,474,525	1,639,934,895	1,591,290,938	3%
Total net position, end of year	$ 1,806,895,891	$ 1,691,474,525	$ 1,639,934,895	6.8%

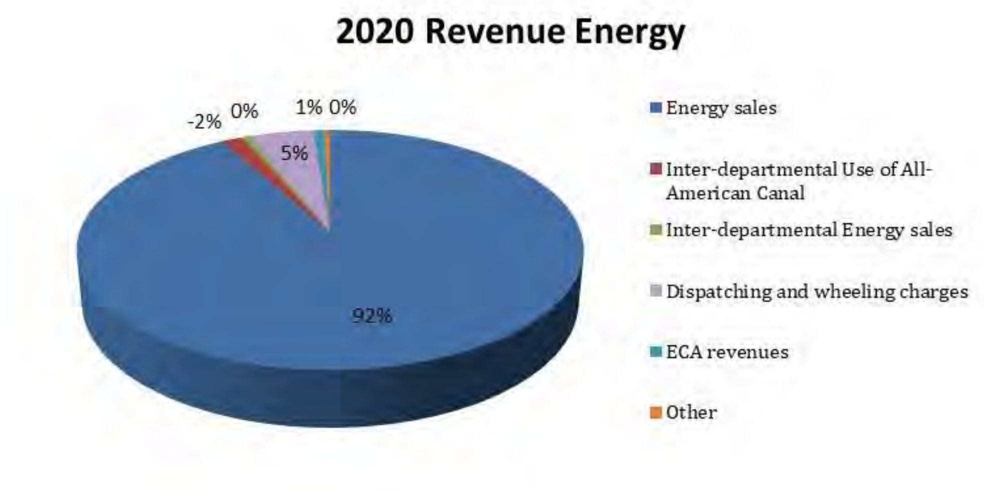
Water revenues – Water revenues increased by $35.3 million (17.2%) in 2020. Changes are attributable mainly to Water transfer revenue of $22.6 million, driven by a Water transfer rate increase from $668.35 per acre-foot in 2019 to $679.33, in addition to a volumetric increase of 30,000 acre-feet in 2020. Other increases include JPA, Salton Sea and Local Entity Mitigation programs of $9.0 million, Coachella Valley Water District ("CVWD") of $1.1 million, Western Farmlands of $1.5 million, other revenues of $2.1 million and Water sales primarily from agricultural revenue of $0.6 million. Lower Metropolitan Water District revenue ("MWD") of $1.6 million off set the increase.



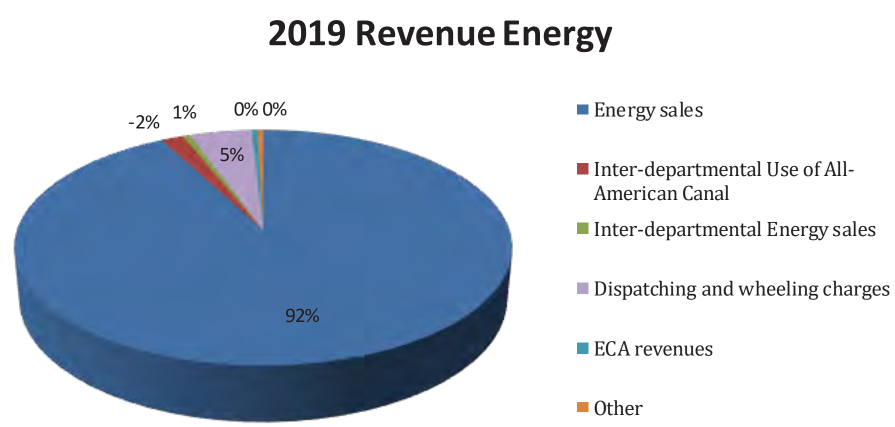
Water revenues increased by $30.2 million (17.3%) in 2019. Changes are attributable mainly to water transfer revenue of $21 million, driven by a rate increase from $653.07 per acre-foot in 2018 to $668.35, in addition to a volumetric increase of 30,000 acre-feet in 2019. Other increases include Coachella Valley Water District ("CVWD") of $1.1 million, Metropolitan Water District revenue ("MWD") of $4.7 million, $2.2 million of JPA mitigation, $1.7 million of AAC O&M contributions and other revenues of $0.8 million. A minor decrease primarily from agricultural revenue of $1.3 million offsets the increase.



Power revenues – Power revenues increased by $28 million (6.4%) in 2020. An increase in energy revenue of $23.8 million from a 5.6% volumetric increase mainly from residential and agricultural offset by commercial sales, was driven primarily by an unusual summer heatwave combined with stay at home orders due to COVID 19 pandemic. Other increases include ECA revenue of $1.9 million, wheeling of $2 million and other revenues of $0.3 million.

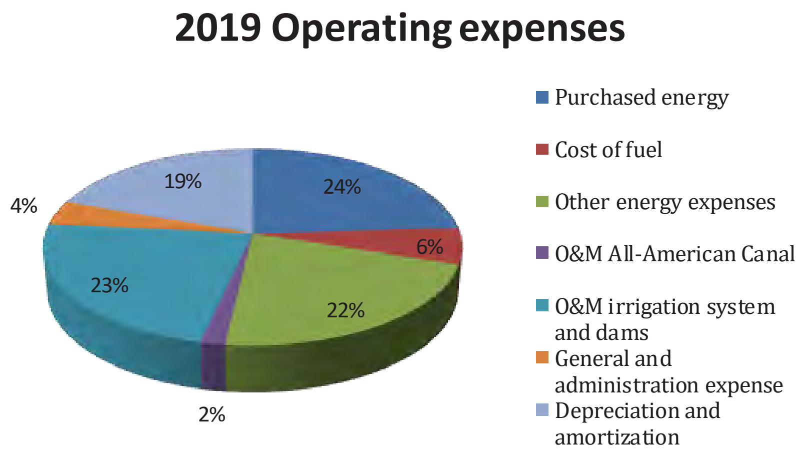


Power revenues decreased by $3.3 million (0.8%) in 2019. One key driver is a decrease in energy revenue of $17.4 million, primarily due to a volumetric decrease in KWH on retail agricultural and commercial sales. An increase on ECA revenue of $13.6 million, driven by lower deferred over collection coming from rolling 2019 billing factors, and $0.5 million of other revenue primarily OATT studies and rental income offset the overall decrease.



Operating expenses – Operating expenses decreased by $9.2 million (1.5%) in 2020. The change is driven by the Water Department decrease of $40 million and Energy Department increase of $28.8 million. The Water department decrease is primarily due to the delay to 2021 of the on-farm conservation program of $45 million. A minor increase in operation and maintenance of irrigation systems and general and administration of $5 million, primarily labor, legal and outside services less a reduction in OPEB expense offset the decrease. The Energy Department's main driver was an unusual summer heatwave combined with stay at home orders due to the COVID 19 pandemic; with higher purchased energy and fuel costs of $19.3 million, other energy and general and administration expenses of $9.5 million primarily labor and uncollectible account expenses, outside services, legal expenses and medical contingency less a reduction in OPEB expenses. A combined increase in depreciation of $2 million contributes to the overall expense change.

Operating expenses increased by $12.7 million (2.2%) in 2019. The change was driven by a Water Department increase of $18.6 million, mainly due to $14.9 million in operation and maintenance of irrigation systems in addition to general and administration of $1.4 million, key drivers are higher on-farm conservation program, mitigation programs, labor and outside services. The Energy Department decreased $5.9 million, this is primarily due to $17.7 million in other energy and general and administration expenses, mainly due to lower expenses for legal and medical contingency, cancelled projects and OPEB. This is offset by an increase of $4.0 million of purchased energy and fuel costs. A combined increase in depreciation of $9.9 million contributes to the overall expense change.



Non-operating revenues and expenses – Non-operating expenses net of non-operating revenues increased by $0.8 million in 2020 when compared to prior year. The primary drivers are lower investment income of $2.2 million due to market return on investments, offset by interest expense of $1.1 million and miscellaneous income of $0.3 million.

Non-operating expenses net of non-operating revenues increased by $3.8 million in 2019 when compared to prior year. The primary drivers are lower miscellaneous income of $7.4 million, mainly from lower impact fees, plus higher interest expense of $2.3 million, primarily for the use of commercial paper. Higher investment income of $5.8 million due to positive market return on investments offset the expense increase.

Capital contributions – Capital contributions represent funds received from state and federal agencies, as well as private developers, for the construction and acquisition of capital assets. Capital contributions decreased in 2020 by $7.8 million and decreased in 2019 by $7.5 million. Lower capital projects for energy developer interconnection upgrades in addition to water projects are the main drivers.

Utility plant and debt administration

	2020	2019	2018
Utility plant, not being depreciated			
Land and land rights	$ 80,225,395	$ 80,225,395	$ 72,146,995
Construction in process	44,998,856	37,096,048	82,007,443
Total utility plant, not being depreciated	125,224,251	117,321,443	154,154,438
Utility plant, being depreciated			
Structures and improvements	198,961,888	197,433,398	194,600,926
Dredges and field equipment	37,640,772	36,452,935	33,353,448
Automobiles and trucks	45,016,075	39,333,079	37,138,303
Other plant equipment	169,675,448	199,904,442	182,352,196
Steam plant equipment	353,831,126	353,541,436	352,877,422
Hydroelectric generating equipment	48,298,923	48,442,566	39,999,106
Gas turbines	133,529,980	133,101,773	133,101,773
Other production equipment	80,500,000	80,500,000	80,500,000
Transmission plant	541,737,623	536,621,042	516,072,343
Distribution plant	1,133,506,815	1,100,014,414	1,055,987,581
Roads, railroads, and bridges	4,648,777	4,648,777	4,648,777
Reservoirs and dams	10,831,687	10,831,687	10,931,283
Canals	362,212,948	349,169,379	334,820,877
Drainage	145,790,624	142,902,087	135,703,101
All-American Canal	326,630,374	326,545,496	326,505,858
Total utility plant, being depreciated	3,592,813,060	3,559,442,511	3,438,592,994
Protection of water rights	30,555,094	30,555,094	30,555,094
Other intangible assets	30,800,773	26,920,153	21,796,026
Less accumulated depreciation	(1,713,107,786)	(1,641,197,085)	(1,534,491,835)
Less accumulated amortization	(20,924,580)	(19,270,297)	(17,748,053)
Total utility plant, being depreciated, net	1,920,136,561	1,956,450,376	1,938,704,226
Utility plant, net	$ 2,045,360,812	$ 2,073,771,819	$ 2,092,858,664

Utility plant – Net utility plant decreased by $28.4 million (1.4%) during 2020. The net change is due to a decrease in Energy Department of $23 million and Water Department of $5.4 million. The Utility plant had a small increase primarily on distribution, transmission and vehicles for Energy; in addition canal concrete lining, drainage and vehicles for Water; lower capital spending from deferred projects due to COVID – 19 is the primary driver for overall decrease. Higher depreciation offsets the overall change when compared to prior year.

Additional information on the District's utility plant assets can be found in Note 3 of the Notes to Financial Statements accompanying this report.

Long-term debt – The District's outstanding debt obligations, including both the current and long-term portions, consisted of the following as of December 31:

	2020	2019	2018
Revenue bonds	$ 624,755,975	$ 643,644,481	$ 587,946,662
Pension obligation bonds	44,993,981	47,668,879	50,168,778
Capital leases	13,684,881	8,711,552	7,784,695
Total long term debt	$ 683,434,837	$ 700,024,912	$ 645,900,135

The District's total debt, including both current and long-term portions, decreased by $16.6 million in 2020. The main drivers are principal payments of revenue bonds of $14.8 million, pension obligation bonds of $2.7 million, vehicle leases of $5.5 million and bonds premium and discounts amortization of $4.1 million. New debt for vehicle capital leases of $10.5 million offset the overall decrease.

The District's total debt, including both current and long-term portions, increased by $54.1 million in 2019. This was due to issuance of new debt 2019 Revenue bonds of $65.2 million, proceeds of which refunded commercial paper used to purchase of Sunpeak IVSC1 solar plant; vehicle capital leases of $6.4 million and bonds premiums and discounts of $11.8 million. Principal payments of revenue bonds of $22.7 million, pension obligation bonds of $1.2 million and vehicle leases of $5.4 million offset the overall increase.

Additional information on the District's long-term debt may be found in Note 5 of the Notes to Financial Statements accompanying this report.

Imperial Irrigation District 401(a) Retirement Plan – The Imperial Irrigation District 401(a) Retirement Plan (the Plan) accounts for the assets of the defined contribution plan held by the District, as Plan Administrator. The Plan covers all full-time employees after completing 6 months of continuous service. The District has identified the Plan as a fiduciary fund in the District's financial statements. The following chart displays assets, liabilities and net position of the Plan as of December 31:

	2020	2019
Trust assets	$ 279,760,183	$ 243,892,671
Trust liabilities	-	-
Fiduciary net position	$ 279,760,183	$ 243,892,671

Total fiduciary net position as of December 31, 2020 increased by $35.9 million, or 14.7%, due to contributions of $16.1 million in 2020, interest income from collective trust of $0.7 million, dividends of $7.4 million, and investment income of $23.7 million, and offset by reductions due to payment of benefits and administrative expenses of $12.0 million.

The following chart displays changes in fiduciary net position for the year ended December 31:

	2020	2019
Total additions	$ 47,872,976	$ 54,205,362
Total deductions	12,005,464	17,673,676
Change in net position	35,867,512	36,531,686
Fiduciary net position, beginning	243,892,671	207,360,985
Fiduciary net position, ending	$ 279,760,183	$ 243,892,671

Imperial Irrigation District
Statements of Net Position

	As of December 31, 2020			As of December 31, 2019		
	Water	Energy	Total	Water	Energy	Total
ASSETS AND DEFERRED OUTFLOW OF RESOURCES						
CURRENT ASSETS						
Cash and cash equivalents						
Unrestricted	$ 28,423,966	$ 34,917,191	$ 63,341,157	$ 21,419,178	$ 42,445,882	$ 63,865,060
Restricted	31,696,768	41,087,126	72,783,894	20,200,861	25,306,074	45,506,935
Total cash and cash equivalents	60,120,734	76,004,317	136,125,051	41,620,039	67,751,956	109,371,995
Investments – current (See Note 2)	27,365,452	54,357,311	81,722,763	21,441,514	60,554,837	81,996,351
Receivables						
Trade	6,687,397	49,096,439	55,783,836	4,012,097	36,452,107	40,464,204
Interest	599,567	909,510	1,509,077	623,726	1,121,128	1,744,854
Other	14,436,807	4,309,542	18,746,349	11,239,456	4,699,904	15,939,360
Total receivables	21,723,771	54,315,491	76,039,262	15,875,279	42,273,139	58,148,418
Less allowance for doubtful accounts	(270,400)	(6,288,582)	(6,558,982)	(314,387)	(2,828,314)	(3,142,701)
Net receivables	21,453,371	48,026,909	69,480,280	15,560,892	39,444,825	55,005,717
Inventory	1,463,983	20,706,717	22,170,700	1,119,248	19,633,566	20,752,814
Prepaid expenses	4,271,678	3,289,578	7,561,256	4,253,571	7,097,341	11,350,912
Total current assets	114,675,218	202,384,832	317,060,050	83,995,264	194,482,525	278,477,789
NONCURRENT ASSETS						
Utility plant						
Utility plant, not being depreciated						
Land and land rights	54,601,053	25,624,342	80,225,395	54,601,053	25,624,342	80,225,395
Construction in process	20,484,121	24,514,735	44,998,856	16,821,971	20,274,077	37,096,048
Utility plant, being depreciated	933,448,739	2,659,364,321	3,592,813,060	936,320,078	2,623,122,433	3,559,442,511
Protection of water rights	30,555,094	-	30,555,094	30,555,094	-	30,555,094
Other intangible assets	30,800,773	-	30,800,773	26,920,153	-	26,920,153
Total utility plant	1,069,889,780	2,709,503,398	3,779,393,178	1,065,218,349	2,669,020,852	3,734,239,201
Less accumulated depreciation	(420,949,460)	(1,292,158,326)	(1,713,107,786)	(412,539,831)	(1,228,657,254)	(1,641,197,085)
Less accumulated amortization	(20,924,580)	-	(20,924,580)	(19,270,297)	-	(19,270,297)
Total utility plant, net	628,015,740	1,417,345,072	2,045,360,812	633,408,221	1,440,363,598	2,073,771,819
Investments – long-term (see Note 2)	165,220,524	207,152,652	372,373,176	123,115,203	193,596,763	316,711,966
Other assets						
Prepaid pension obligation	12,560,392	13,322,504	25,882,896	13,755,489	14,591,525	28,347,014
Total other assets	12,560,392	13,322,504	25,882,896	13,755,489	14,591,525	28,347,014
Total noncurrent assets	805,796,656	1,637,820,228	2,443,616,884	770,278,913	1,648,551,886	2,418,830,799
DEFERRED OUTFLOW OF RESOURCES						
Unamortized loss on refunding	-	44,130,833	44,130,833	-	46,884,801	46,884,801
Other post employment benefits related outflows	1,313,134	2,234,761	3,547,895	1,949,172	3,372,671	5,321,843
Asset retirement obligations	-	132,170	132,170	-	223,399	223,399
Total deferred outflow of resources	1,313,134	46,497,764	47,810,898	1,949,172	50,480,871	52,430,043
Total assets and deferred outflow of resources	$ 921,785,008	$ 1,886,702,824	$ 2,808,487,832	$ 856,223,349	$ 1,893,515,282	$ 2,749,738,631

See accompanying notes.

	As of December 31, 2020			As of December 31, 2019		
	Water	Energy	Total	Water	Energy	Total
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION						
CURRENT LIABILITIES						
Payable from unrestricted assets						
Accounts payable	$ 16,988,120	$ 31,689,736	$ 48,677,856	$ 39,578,905	$ 29,316,200	$ 68,895,105
Accrued interest payable	761,318	4,967,158	5,728,476	806,096	5,127,262	5,933,358
Accrued compensation and payroll taxes	2,005,621	656,672	2,662,293	3,910,802	3,228,918	7,139,720
Accrued vacation and sick leave	2,388,905	1,705,919	4,094,824	1,863,297	1,406,797	3,270,094
Accrued other post employment benefits	3,000,000	5,000,000	8,000,000	3,000,000	5,000,000	8,000,000
Self-insurance	1,741,589	5,355,300	7,096,889	1,339,981	4,157,598	5,497,579
Capital leases – current portion	2,747,857	2,450,267	5,198,124	2,753,915	1,807,856	4,561,771
Total payable from nonrestricted assets	29,633,410	51,825,052	81,458,462	53,252,996	50,044,631	103,297,627
Liabilities payable from restricted assets:						
Pension obligation bonds – current portion	1,389,525	1,475,475	2,865,000	1,299,800	1,380,200	2,680,000
Revenue bonds – current portion	-	15,730,000	15,730,000	-	14,755,000	14,755,000
Advances and deposits from customers	522,523	22,260,688	22,783,211	501,300	17,496,828	17,998,128
Total liabilities payable from restricted assets	1,912,048	39,466,163	41,378,211	1,801,100	33,632,028	35,433,128
Water availability charges	1,844,366	-	1,844,366	1,848,705	-	1,848,705
Other current liabilities	5,893,753	2,879,342	8,773,095	1,467,351	504,056	1,971,407
Total current liabilities	39,283,577	94,170,557	133,454,134	58,370,152	84,180,715	142,550,867
NONCURRENT LIABILITIES						
Long-term debt						
Revenue bonds	-	609,025,975	609,025,975	-	628,889,481	628,889,481
Pension obligation bonds payable	20,432,555	21,696,426	42,128,981	21,819,606	23,169,273	44,988,879
Capital leases	4,073,929	4,412,828	8,486,757	2,654,418	1,495,363	4,149,781
Total long-term debt	24,506,484	635,135,229	659,641,713	24,474,024	653,554,117	678,028,141
Other noncurrent liabilities						
Advances	20,069,735	48,502,412	68,572,147	24,160,070	46,242,779	70,402,849
Other post employment benefits	353,209	632,033	985,242	12,010,874	21,855,346	33,866,220
Accrued vacation and sick leave, noncurrent portion	6,763,938	9,097,165	15,861,103	6,214,237	8,212,263	14,426,500
Self-insurance	3,234,379	9,945,556	13,179,935	2,488,535	7,721,253	10,209,788
Other noncurrent liabilities	-	306,541	306,541	-	302,308	302,308
Total other noncurrent liabilities	30,421,261	68,483,707	98,904,968	44,873,716	84,333,949	129,207,665
Total noncurrent liabilities	54,927,745	703,618,936	758,546,681	69,347,740	737,888,066	807,235,806
Total liabilities	94,211,322	797,789,493	892,000,815	127,717,892	822,068,781	949,786,673
DEFERRED INFLOW OF RESOURCES						
ECA regulatory deferral	-	9,282,235	9,282,235	-	9,526,339	9,526,339
Regulatory deferral	-	66,814,398	66,814,398	-	66,814,398	66,814,398
Other post employment benefits	12,102,686	21,391,807	33,494,493	11,615,857	20,520,839	32,136,696
Total deferred inflows	12,102,686	97,488,440	109,591,126	11,615,857	96,861,576	108,477,433
NET POSITION						
Net investment in capital assets	621,193,954	829,856,837	1,451,050,791	627,999,887	840,300,699	1,468,300,586
Restricted	11,784,225	22,183,939	33,968,164	3,266,613	23,080,388	26,347,001
Unrestricted	182,492,821	139,384,115	321,876,936	85,623,100	111,203,838	196,826,938
Total net position	815,471,000	991,424,891	1,806,895,891	716,889,600	974,584,925	1,691,474,525
Total liabilities, deferred inflow of resources, and net position	$ 921,785,008	$ 1,886,702,824	$ 2,808,487,832	$ 856,223,349	$ 1,893,515,282	$ 2,749,738,631

Imperial Irrigation District
Statements of Revenues, Expenses, and Changes in Net Position

	For the Year Ended December 31, 2020			For the Year Ended December 31, 2019		
	Water	Energy	Total	Water	Energy	Total
OPERATING REVENUE						
Energy sales						
Energy revenues	$ -	$ 440,780,316	$ 440,780,316	$ -	$ 416,962,372	$ 416,962,372
ECA revenues	-	3,810,193	3,810,193	-	1,949,017	1,949,017
Total energy sales	-	444,590,509	444,590,509	-	418,911,389	418,911,389
Water sales	50,337,560	-	50,337,560	49,723,609	-	49,723,609
Water availability charges	1,954,606	-	1,954,606	1,927,868	-	1,927,868
Interdepartmental charges:						
Use of All-American Canal	7,387,900	(7,387,900)	-	7,471,296	(7,471,296)	-
Energy sales	(2,529,414)	2,529,414	-	(2,457,653)	2,457,653	-
Dispatching and wheeling charges	-	23,097,382	23,097,382	-	21,084,632	21,084,632
Water funds						
MWD revenue	12,585,225	-	12,585,225	14,161,258	-	14,161,258
Western Farms Land proceeds	3,390,831	-	3,390,831	1,843,070	-	1,843,070
Water transfer revenue						
SDCWA	129,582,832	-	129,582,832	106,936,000	-	106,936,000
CVWD	8,675,260	-	8,675,260	7,567,980	-	7,567,980
Other	29,152,249	2,118,980	31,271,229	18,092,023	1,958,952	20,050,975
Total operating revenue	240,537,049	464,948,385	705,485,434	205,265,451	436,941,330	642,206,781
OPERATING EXPENSE						
Purchased energy	-	162,639,739	162,639,739	-	144,844,010	144,844,010
Cost of fuel	-	36,924,639	36,924,639	-	35,396,391	35,396,391
Operation and maintenance	-	142,432,678	142,432,678	-	132,279,199	132,279,199
Operation and maintenance of All-American Canal	9,055,782	-	9,055,782	10,023,096	-	10,023,096
Operation and maintenance of irrigation system and dams	97,967,602	-	97,967,602	138,033,223	-	138,033,223
General and administration expense	9,541,512	14,847,485	24,388,997	8,557,900	15,480,594	24,038,494
Depreciation and amortization	33,245,370	85,670,825	118,916,195	32,762,669	84,180,660	116,943,329
Total operating expense	149,810,266	442,515,366	592,325,632	189,376,888	412,180,854	601,557,742
Operating income (loss)	90,726,783	22,433,019	113,159,802	15,888,563	24,760,476	40,649,039
NONOPERATING REVENUES (EXPENSES)						
Investment income	4,727,428	6,626,860	11,354,288	3,956,234	9,640,088	13,596,322
Interest expense	(114,205)	(24,224,457)	(24,338,662)	(77,725)	(25,397,050)	(25,474,775)
Other income	2,651,137	3,193,284	5,844,421	3,437,901	2,111,576	5,549,477
Total nonoperating revenue (expense)	7,264,360	(14,404,313)	(7,139,953)	7,316,410	(13,645,386)	(6,328,976)
Income (loss) before capital contributions	97,991,143	8,028,706	106,019,849	23,204,973	11,115,090	34,320,063
CAPITAL CONTRIBUTIONS	590,257	8,811,260	9,401,517	2,646,191	14,573,376	17,219,567
Increase in net position	98,581,400	16,839,966	115,421,366	25,851,164	25,688,466	51,539,630
NET POSITION, beginning of year	716,889,600	974,584,925	1,691,474,525	691,038,436	948,896,459	1,639,934,895
NET POSITION, end of year	$ 815,471,000	$ 991,424,891	$ 1,806,895,891	$ 716,889,600	$ 974,584,925	$ 1,691,474,525

See accompanying notes.

	For the Year Ended December 31, 2020			For the Year Ended December 31, 2019		
	Water	Energy	Total	Water	Energy	Total
CASH FLOW FROM OPERATING ACTIVITIES						
Cash received from customers	$ 230,664,577	$ 471,056,979	$ 701,721,556	$ 200,670,226	$ 422,526,164	$ 623,196,390
Cash paid to employees and suppliers	(8,346,415)	(13,578,464)	(21,924,879)	(7,362,802)	(14,211,572)	(21,574,374)
Cash received (paid) for inter-departmental services	4,858,486	(4,858,486)	-	5,013,643	(5,013,643)	-
Cash paid for energy and water costs	(140,743,930)	(354,863,233)	(495,607,163)	(146,482,023)	(325,238,797)	(471,720,820)
Net cash from operating activities	86,432,718	97,756,796	184,189,514	51,839,044	78,062,152	129,901,196
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES						
Other non-operating income	3,211,412	3,047,208	6,258,620	3,262,885	1,749,804	5,012,689
CASH FLOW FROM CAPITAL AND RELATED FINANCING						
Payments on commercial paper	-	-	-	-	(80,500,000)	(80,500,000)
Proceeds from issuance of long-term debt and capital leases	4,589,342	5,899,395	10,488,737	4,680,741	66,940,935	71,621,676
Principal payments on long-term debt	(4,475,689)	(18,474,718)	(22,950,407)	(3,751,018)	(25,573,801)	(29,324,819)
Interest paid on long-term debt	(156,509)	(25,761,472)	(25,917,981)	(117,105)	(10,477,723)	(10,594,828)
Capital expenditures	(27,852,889)	(62,652,299)	(90,505,188)	(30,704,841)	(67,151,644)	(97,856,485)
Sale of capital assets	(560,275)	146,076	(414,199)	175,016	361,772	536,788
Capital contributions	590,257	8,811,260	9,401,517	2,646,191	14,573,376	17,219,567
Net cash used in capital and related financing activities	(27,865,763)	(92,031,758)	(119,897,521)	(27,071,016)	(101,827,085)	(128,898,101)
CASH FLOW FROM INVESTING ACTIVITIES						
Interest received	4,751,587	6,838,478	11,590,065	4,026,259	9,791,352	13,817,611
Proceeds from sale of investments	99,418,851	184,520,037	283,938,888	92,054,251	179,968,632	272,022,883
Purchase of investments	(147,448,110)	(191,878,400)	(339,326,510)	(130,273,935)	(164,311,235)	(294,585,170)
Net cash used (from) in investing activities	(43,277,672)	(519,885)	(43,797,557)	(34,193,425)	25,448,749	(8,744,676)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,500,695	8,252,361	26,753,056	(6,162,512)	3,433,620	(2,728,892)
CASH AND CASH EQUIVALENTS, beginning of year	41,620,039	67,751,956	109,371,995	47,782,551	64,318,336	112,100,887
CASH AND CASH EQUIVALENTS, end of the year	$ 60,120,734	$ 76,004,317	$ 136,125,051	$ 41,620,039	$ 67,751,956	$ 109,371,995

See accompanying notes.

Imperial Irrigation District
Statements of Cash Flows

	For the Year Ended December 31, 2020			For the Year Ended December 31, 2019		
	Water	Energy	Total	Water	Energy	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES						
Operating income	$ 90,726,783	$ 22,433,019	$ 113,159,802	$ 15,888,563	$ 24,760,476	$ 40,649,039
ADJUSTMENTS TO RECONCILE OPERATING (LOSS) INCOME TO NET CASH FROM OPERATING ACTIVITIES						
Provision for depreciation and amortization	33,245,370	85,670,825	118,916,195	32,762,669	84,180,660	116,943,329
Other post-employment benefits expense	21,845	34,268	56,113	2,090,786	1,782,453	3,873,239
(Increase) decrease in assets and increase (decrease) in liabilities:						
Trade accounts receivable, net	(2,719,287)	(9,184,064)	(11,903,351)	1,094,670	405,566	1,500,236
Other receivables	(3,197,351)	390,362	(2,806,989)	179,181	2,097,053	2,276,234
Inventories	(344,735)	(1,073,151)	(1,417,886)	(287,394)	(2,048,484)	(2,335,878)
Prepaid expenses	(18,107)	3,807,763	3,789,656	305,539	2,165,319	2,470,858
Prepaid pension obligation	1,195,097	1,269,021	2,464,118	1,195,098	1,269,022	2,464,120
Asset retirement obligations	-	91,229	91,229	-	(223,399)	(223,399)
Accounts payable	(22,590,785)	2,373,536	(20,217,249)	12,531,654	3,040,191	15,571,845
Accrued compensation and payroll taxes	(1,905,181)	(2,572,246)	(4,477,427)	(308,875)	831,675	522,800
Employment benefits (OPEB Trust and pay as you go)	(10,556,643)	(19,248,703)	(29,805,346)	(11,418,766)	(17,948,282)	(29,367,047)
Accrued compensated absences	1,075,309	1,184,024	2,259,333	(28,970)	397,378	368,408
Self-insurance	1,147,452	3,422,005	4,569,457	(1,228,828)	(438,838)	(1,667,666)
Other non current liabilities	-	4,233	4,233	-	302,308	302,308
Advances and deposits from customers	(4,069,112)	7,023,493	2,954,381	719,376	(12,334,414)	(11,615,038)
Water availability charges	(4,339)	-	(4,339)	26,922	-	26,922
Other current liabilities	4,426,402	2,375,286	6,801,688	(1,682,582)	(1,028,984)	(2,711,566)
ECA regulatory deferral	-	(244,104)	(244,104)	-	(9,147,548)	(9,147,548)
Total adjustments	(4,294,065)	75,323,777	71,029,712	35,950,481	53,301,676	89,252,157
NET CASH USED IN OPERATING ACTIVITIES	86,432,718	97,756,796	184,189,514	$ 51,839,044	$ 78,062,152	$ 129,901,196

See accompanying notes.

	December 31, 2020	December 31, 2019
ASSETS		
Investments		
Registered investment companies, at fair value	$ 245,785,144	$ 209,787,585
Collective trust, at contract value	33,638,682	33,879,132
Total investments	279,423,826	243,666,717
Receivables		
Notes receivable from participants	336,357	225,954
Total receivables	336,357	225,954
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS	$ 279,760,183	$ 243,892,671

See accompanying notes.

Imperial Irrigation District
Statements of Changes in 401(a) Trust Fund's Fiduciary Net Position

	Years Ended December 31, 2020	2019
ADDITIONS		
Investment income		
Net (depreciation) appreciation in fair value of registered investments companies	$ 23,667,158	$ 32,324,243
Dividends	7,404,372	6,301,199
Interest on collective trust	667,836	798,668
Net investment income (loss)	31,739,366	39,424,110
Contributions		
Employer	11,625,938	10,801,711
Participants	4,116,757	3,201,803
Rollovers	390,621	777,430
Other additions	294	308
Total contributions	16,133,610	14,781,252
Total additions	47,872,976	54,205,362
DEDUCTIONS		
Benefits paid to participants	11,942,655	17,672,685
Other deductions	62,809	991
Total deductions	12,005,464	17,673,676
CHANGE IN NET POSITION	35,867,512	36,531,686
NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS		
Beginning of year	243,892,671	207,360,985
End of year	$ 279,760,183	$ 243,892,671

See accompanying notes.

Note 1 – Summary of Significant Accounting Policies

Reporting entity
The Imperial Irrigation District (the District or IID) is a public entity organized in 1911 under the California Irrigation District Law (codified at Division 11 of the California Water Code) (the Law). The District has the power under law to, among other things; provide irrigation and electric service within its geographic boundaries, an area of 1,658 square miles for water and 6,611 square miles for power. In connection therein, the District has the powers of eminent domain to contract, to construct works, to fix rates and charges for commodities of services, and to incur indebtedness. In addition to irrigation services, the District supplies untreated water to cities and towns covering approximately 815 square miles.

The District entered the power business in 1936 to utilize the hydroelectric generation potential of the All-American Canal. Since that time, the District has added geothermal, natural gas, solar, nuclear, and biomass to its energy portfolio. The District's Energy system serves over 158,258 residential, commercial and industrial customers.

The District also has a fiduciary responsibility for its defined contribution 401(a) plan, Imperial Irrigation District 401(a) Retirement Plan (the Plan). The investments, contributions, and benefit payment activity and the fiduciary net position are reported in the Trust fund.

The District is governed by a five-member board of directors (Board) elected by the citizens residing within the District's water service boundaries.

Basis of accounting
The accounting records of the District are maintained on the accrual basis of accounting. Under this method, revenues are recognized in the period earned and expenses are recognized in the period incurred. The effects of inter-Departmental transactions relative to the use of All-American Canal Water and Energy charges have not been eliminated from the financial statements of the Water and Energy Departments, as the District's board of directors believes that the respective operating results of such enterprise funds should remain separate to facilitate management review and appropriate rate setting. Such separation is also required for evidence of compliance with the covenants of the District's outstanding indebtedness.

The District maintains separate accounting records for the Water and Energy Departments. Each of these Departments is reported as a separate enterprise fund, and the combined totals represent the business-type activities in the financial statements. The District's Water and Energy Department's basis of accounting conform to the accounting principles generally accepted in the United States of America.

Accounting pronouncements
The financial statements of the District are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting. Revenues are recognized when earned, and costs and expenses are recognized when incurred.

Note 1 – Summary of Significant Accounting Policies (continued)

In November 2016, GASB issued Statement No. 83 (GASB 83), *Certain Asset Retirement Obligations*, effective for financial statements for periods beginning after June 15, 2018. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). Changes adopted to conform to provisions of GASB 83 were applied as of December 31, 2019 (see Note 19 – Other Asset Retirement Obligations).

In 2020, the District adopted GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. With the adoption of GASB No. 97, the District noted no impact on financial reporting for the year ended December 31, 2020.

In May 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The objective of this Statement is to provide temporary relief from certain new accounting and financial reporting requirements in light of the COVID-19 pandemic. The Statement is effective immediately and the District has adopted the provisions for the year ended December 31, 2020, except for GASB 83 and GASB 84 that were early adopted previously.

Net position
The District follows the financial reporting requirements of the GASB and reports net position under the following classifications:

Net investment in capital assets – Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of any debt, or other long-term borrowings that are attributable to the acquisition, construction, or improvement of those assets. The District's utility plant assets include plant, equipment, land, water rights and other intangibles (see Note 3 – Utility Plant).

Restricted – Restricted consists of assets that have restrictions placed upon their use either by the District's board of directors, or through external constraints imposed either by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through enabling legislation.

Unrestricted – Unrestricted consists of net position, net of related liabilities, that does not meet the definition of "restricted" or "net investment in capital assets."

Utility plant
Utility plant includes plant and equipment, stated at cost. Maintenance and repairs are charged to operating expense as incurred. The cost of constructed assets includes labor and related labor overheads, materials, allocated indirect charges such as engineering and supervision, and certain administrative and general expenses. The cost of minor replacements is included in maintenance expense.

Note 1 – Summary of Significant Accounting Policies (continued)

The District has an undivided interest in certain energy generation stations and transmission systems that are jointly owned among several other governmental electrical utility operators. The operating agreements under which the facilities were constructed require that each participant provide its own construction financing. The District's proportionate share of construction and improvement costs for such jointly owned facilities has been included in an appropriate category of utility plant. The District incurs certain minimum operating costs on jointly owned facilities, whether or not it takes delivery of its proportionate share of the energy generated. Such expenses are included in the accompanying statements of revenues, expenses and changes in net position. Buildings, vehicles, equipment, drainage structures, canal linings, canal structures, transmission, distribution and general plant owned by the Water and Energy Departments are depreciated on a straight-line basis over their estimated useful lives.

The estimated average useful lives of utility plant assets are as follows:

Structure and improvements	20 – 50 years
Generation	33 years
Transmission and distribution	33 years
Canals and drainage	30 years
General plant and equipment	5 – 10 years

Protection of water rights
The District capitalizes costs associated with the protection of water rights. Such costs include legal and consulting fees paid by the District to sustain the District's priority use of Colorado River water. These costs are amortized on a straight-line basis over a 35-year period. Amortization charges for protection of water rights were $774,261 for the years ended December 31, 2020 and 2019.

Other intangible assets
The District along with other Imperial Dam stakeholder agencies, as defined in the All-American Canal O&M agreement, completed electrical systems upgrades to Imperial and Laguna Dam facilities, which is owned by the United States Bureau of Reclamation but operated and maintained by the District. The Districts total share of the project costs are capitalized as other intangible assets, as the District has a right of use of the asset and are amortized on a straight-line basis over a 35-year period. Amortization charges for other intangible assets were $880,022 and $747,983, for the years ended on December 31, 2020 and 2019, respectively.

Inventory
Inventory consisting of fuel oil, materials, and supplies are recorded at cost on a weighted-average basis.

Revenue recognition
The principal customers of the Water Department are farm operators and Imperial County municipalities. The municipalities treat the water and resell it to their residential and business customers. The Water Department recognizes revenue as customers are billed at the end of each month for water delivered during the month. In addition, each landowner pays an annual water availability fee based on the acreage owned. The water availability charge is billed in advance in December of each year and is amortized monthly throughout the year. Conserved water transfer agreements between IID and other entities are all part of the Quantification Settlement Agreement (QSA) and related agreements. These contracts identify the conserved water volumes and transfer schedules for IID along with the price and payment terms.

Note 1 – Summary of Significant Accounting Policies (continued)

Water transfer revenues are recognized based on invoiced amounts in accordance with underlying contracts at time of delivery. See additional discussion in Note 18 – Quantification Settlement Agreement (QSA) – Water Transfer.

The Energy Department sells energy to residential, commercial, and industrial customers. Excess energy and natural gas, if any, are sold on the wholesale market. Energy revenues are recognized as earned based on monthly metered usage. Accounts receivable consist of amounts owed by private individuals and organizations for goods delivered or services rendered in the regular course of business operations. The District records unbilled revenue from the date meters were last read through year end.

Allowance for doubtful accounts
A reserve has been established for uncollectible accounts receivable based on historical write-off trends and knowledge of specific circumstances that indicate collection of an account may be unlikely. Generally, accounts receivable is considered past due after 30 days.

Operating and non-operating revenue and expense
The District's primary purpose is to provide water for agricultural and municipal use and to provide energy for residential, commercial, and industrial use. Accordingly, the District defines operating revenues as water sales, revenues from water transfers under the Quantification Settlement Agreement and Related Agreements (QSA), sales of Energy, wholesale sales of Energy and gas, and other miscellaneous Water and Energy service revenues. Operating expenses include the cost of sales and services, administrative expenses, depreciation, and amortization. Non-operating revenue and expense typically includes interest income on investments, interest expense, and other miscellaneous items.

Restricted assets
Restricted assets represent allocations of cash and investment resources pursuant to board authorized restrictions, as well as covenants on the Revenue Bonds, and for other legally restricted purposes, as follows:

Debt service reserve fund – Represents cash and investments held by the Revenue Bond trustees for debt service in accordance with their associated trust agreements.

Construction fund – Represents funds set aside for the District's capital improvement program, including unspent Commercial Paper, Revenue Bond and COP proceeds, and certain equipment and property reserves.

Other restricted funds – Represents funds set aside for both the Water and Energy Departments. Water Department restricted funds include among other things Local Entity funds, Metropolitan Water District Supervisory Control and Data Acquisition (MWD SCADA) funds, San Diego County Water Authority (SDCWA) advances for the All-American Canal and capital projects for the system conservation requirements contained in the Quantification Settlement Agreement, the All-American Canal – Imperial Dam replacement fund, All-American Canal lining for San Luis Rey and SDCWA, customer deposits and advances, debt service installment and current portion of OPEB. Energy Department restricted funds include amounts received through the Public Benefit Charge (PBC), customer deposits and advances, Energy Costs Adjustment and Rate Stabilization Funds, debt service installment funds, financing Energy proceeds, and current portion of OPEB funds.

Note 1 – Summary of Significant Accounting Policies (continued)

Cash, cash equivalents, and investments
The District invests its idle cash daily. Investments consist primarily of federal agency securities, bank certificates of deposit, medium-term corporate notes, and obligations of the U.S. government.

Investments are stated at fair value. Fair value is determined based on market closing prices or bid/ask prices for regularly traded securities. The fair value of guaranteed investment contracts and other investments is estimated based on similarly traded securities. The fair value of government-sponsored investment pools and other similar investments is stated at share value or appropriate allocation of the fair value of the pool, if separately reported. The calculation of realized gains and losses is independent of the calculation of the net increase or decrease in the fair value of investments. A portion of the realized gains or losses on investments that have been held more than one year and sold in the current year was recognized as increases or decreases in fair value of investments in prior years.

Investment earnings, including the change in fair value, are allocated to the District's operating Departments on a monthly basis according to their relative investment balances.

The District considers all cash and cash deposits, investments in the State Treasurer's Local Agency Investment Fund, and other investments with initial maturities of less than 90 days at the date of purchase to be cash and cash equivalents in the presentation of the District's financial statements.

Income tax
The District qualifies for tax-exempt status as an integral part of the State of California or a political subdivision in accordance with Internal Revenue Code (IRC) Section 115.

Prepaid pension obligation
In June 2001, the District issued $75,000,000 Taxable Pension Obligation Revenue Bonds, Series 2001. Net proceeds of the bonds were used to fund the District's unfunded actuarial pension liability upon the termination of the District's defined benefit pension plan on June 30, 2001. Such amount is presented on the accompanying statements of net position as a prepaid pension obligation to be amortized over the life of the 2001 Bonds (30 years) on a straight-line basis.

Environmental liabilities
The District has accrued a liability for pollution remediation activities in accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB 49 outlines five specific obligating events that give rise to estimating expected pollution remediation outlays. These outlays may be accrued as a liability and expensed, or if appropriate, capitalized. See Note 11 – Commitments and Contingencies.

Note 1 – Summary of Significant Accounting Policies (continued)

Asset retirement obligation liability
The District records asset retirement obligations where there is a legally enforceable liability associated with the retirement of tangible capital assets. An ARO is measured based on the best estimate of the current value of outlays expected to be incurred. The current value is adjusted annually to determine whether there is a significant change in the estimate outlays and whether to re-measure ARO. Under GASB 83, the current value of the obligation was recorded, and the effect of the inflation was recognized in the statement of net position.

Unamortized premiums and discounts
Original issue and reacquired bond premiums and discounts relating to revenue bonds are amortized over the terms of the respective bond issues using the bonds outstanding method. Bond issuance costs are expensed in the period incurred.

Capital contributions
Capital contributions for Water and Energy represent contributions of cash and/or capital assets from developers, customers, and other third parties. Capital contributions are recorded in the statements of revenues, expenses and changes in net position at fair value at the time of receipt.

Compensated absences
District employees earn vacation and sick leave in varying amounts depending on length of service. Upon termination from District service, employees are entitled to full payment for accrued vacation at their final pay rates and are also entitled to payment of approximately one-half of their accrued sick leave at such rates. The District records its obligation for vacation and sick leave when earned by eligible employees based on current pay rates.

Deferred outflows of resources and deferred inflows of resources
Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources follow assets on the statement of net position. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. In the statement of net position, this includes resources that are received before the Utility has met eligibility requirements related to time. Deferred inflows of resources follow liabilities on the statement of net position.

Deferred outflows of resources consist of the following:

> *Unamortized loss on refunding* – Original issue and reacquired bond premiums and discounts relating to revenue bonds are amortized over the terms of the respective bond issues using the bonds outstanding method. In accordance with GASB Statement No. 23, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities, losses on debt refunding have been deferred and amortized over the shorter of the remaining life of the old or new debt. Bond issuance costs are expensed in the period incurred.

Note 1 – Summary of Significant Accounting Policies (continued)

Asset retirement obligations – GASB 83 requires recognition of the deferred outflows of resources associated with an ARO based on the useful life of the asset and estimated liability at the time of recognition. The deferred outflows of resources reported after a tangible capital asset's estimated life should be reduced and recognized as outflows or resources in a systematic and rational manner over the remaining estimated useful life of the tangible capital asset.

Other post-employment benefits – The District's deferred outflows of resources related to OPEB, relate to differences between projected and actual return on investments. These amounts will be amortized to OPEB expense on a straight-line basis.

Deferred inflows of resources consist of the following:

Regulatory accounting – The District has established regulatory accounts to reduce significant year-to-year variations in rates. Amounts deposited into the accounts are excluded from the statements of revenues, expenses and changes in net position. Revenue will be recognized in subsequent periods when it is withdrawn in accordance with rate decisions.

Regulatory deferral (rate stabilization) – As of December 31, 2020 and 2019, the regulatory liability fund balance is $66.8 million. The maximum board approved limit for the regulatory liability fund balance is $100.0 million; no fund monies were used to offset applicable power supply costs in the current year.

Energy Cost Adjustment (ECA) regulatory deferral – The ECA formula is structured to allow changes to fixed and variable power supply costs to be recovered from a pass-through rate; it includes fuel and purchased power and other related costs and revenues from wholesale and retail Energy. This enables a recovery of Energy costs and responds quickly to any changes out of the utility's control. In addition, an ECA Renewable (ECA-R) factor formula captures the incremental cost difference between the total cost of meeting renewable portfolio standards and the cost of fuel and purchased power without meeting those standards; it includes the incremental cost of renewable Energy to be offset by greenhouse gas allowance revenues. The ECA factor and ECA-R Factor fluctuate based on twelve-month actual rolling average costs and sales. During 2020, the effect of lower fuel and purchased power and lower wholesale of surplus gas and power, as well as higher greenhouse allowances, lead to an ECA deferral of $14.9 million. The District, through the ECA-R rolling rate, returned to customers a total of $15.1 million, for a combined net decrease of $0.2 million to the ECA regulatory deferral account. The ECA regulatory deferral balance as of December 31, 2020 and 2019 was $9.3 million and $9.5 million, respectively.

Other post-employment benefits – The District's deferred inflows of resources related to OPEB relate to differences between, projected and actual return on investments, expected and actual experience and changes in assumptions. These amounts will be amortized to OPEB expense in a straight-line basis.

Note 1 – Summary of Significant Accounting Policies (continued)

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses, and disclose material contingent liabilities existing at the date of issuance. Actual results may differ from these estimates.

Note 2 – Cash and Investments

Cash and investments as of December 31, 2020 and 2019 are classified in the accompanying financial statements as follows:

	2020	2019
Cash and cash equivalents – unrestricted	$ 63,341,157	$ 63,865,060
Cash and cash equivalents – restricted	72,783,894	45,506,935
	136,125,051	109,371,995
Investments – current	81,722,763	81,996,351
Investments – long term	372,373,176	316,711,966
	454,095,939	398,708,317
Total cash and investments	$ 590,220,990	$ 508,080,312

	2020	2019
Cash on hand	$ 8,410	$ 8,410
Deposits with financial institutions ($4,967,037 and $5,131,662 at fiscal agents, respectively)	136,116,641	109,363,585
Investments ($5,630,453 and $5,348,577 at fiscal agents, respectively)	454,095,939	398,708,317
Total cash and investments	$ 590,220,990	$ 508,080,312

Investments are authorized by the California Government Code and Imperial Irrigation District's investment policy.

Note 2 – Cash and Investments (continued)

The following table identifies the investment types that are authorized by the District's Investment Policy, which is in compliance with the California Government Code.

Authorized Investment Type	Maximum Maturity*	Maximum Portfolio Percentage	Maximum Investment Per 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 of deposit	5 years	30%	None
Repurchase agreements	1 year	None	None
Reverse repurchase agreements	92 days	20% of base value	None
Medium-term notes	5 years	30%	None
Mutual funds	N/A	20%	10%
Money market mutual funds	N/A	20%	10%
Mortgage pass-through securities	5 years	20%	None
Local Agency Investment Fund (LAIF)	N/A	None	None

* Debt reserves are exempt from the maximum maturity limits.

Investments by fund consisted of the following:

	Water		Energy	
Investments	2020	2019	2020	2019
Unrestricted	$ 186,755,418	$ 131,723,700	$ 147,229,496	$ 133,759,947
Restricted – other	5,830,558	9,833,017	38,584,499	39,050,916
Restricted – ECA overcollection	-	-	3,881,570	9,526,339
Restricted – rate stabilization fund	-	-	66,814,398	66,814,398
Restricted – OPEB	-	3,000,000	5,000,000	5,000,000
Total	$ 192,585,976	$ 144,556,717	$ 261,509,963	$ 254,151,600
Investments – current	$ 27,365,452	$ 21,441,514	$ 54,357,311	$ 60,554,837
Investments – long-term	$ 165,220,524	$ 123,115,203	$ 207,152,652	$ 193,596,763

Interest rate risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by following a hold-to-maturity investment approach, purchasing a combination of shorter and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Note 2 – Cash and Investments (continued)

As of December 31, 2020, the District had the following investments and maturities:

		Investment Maturities (in Years)		
Investment Type	Market Value	Less than 1 Year	1 – 5 Years	More than 5 Years
U.S. Treasury obligations	$ 112,196,023	$ 50,364,487	$ 61,831,536	$ -
U.S. Agency securities	318,810,550	27,270,377	291,540,173	-
Certificates of deposit	20,868,186	1,866,719	19,001,467	-
Municipal bonds	2,221,180	2,221,180	-	-
Total	$ 454,095,939	$ 81,722,763	$ 372,373,176	$ -

As of December 31, 2019, the District had the following investments and maturities:

		Investment Maturities (in Years)		
Investment Type	Market Value	Less than 1 Year	1 – 5 Years	More than 5 Years
U.S. Treasury obligations	$ 124,799,041	$ 27,112,170	$ 97,686,871	$ -
U.S. Agency securities	248,594,993	35,115,801	213,479,192	-
Certificates of deposit	18,006,806	14,653,980	3,352,826	-
Municipal bonds	7,307,477	5,114,400	2,193,077	-
Total	$ 398,708,317	$ 81,996,351	$ 316,711,966	$ -

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required under the California Government Code, the District's investment policy, or related debt covenants and the actual rating as of year-end for each investment type.

Investments and their associated credit ratings at December 31, 2020 are as follows:

				Credit Rating as of Year End		
Investment Type	Market Value	Min Rating	Not Rated	Aaa/AAA	Aa/AA	A
U.S. Treasury obligations	$ 112,196,023	N/A	$ -	$ 112,196,023	$ -	$ -
U.S. Agency securities	318,810,550	N/A	-	318,810,550	-	-
Certificates of deposit	20,868,186	N/A	20,868,186	-	-	-
Municipal bonds	2,221,180	A	-	-	2,221,180	-
	$ 454,095,939		$ 20,868,186	$ 431,006,573	$ 2,221,180	$ -

Note 2 – Cash and Investments (continued)

Investments and their associated credit ratings at December 31, 2019 are as follows:

Investment Type	Market Value	Min Rating	Not Rated	Credit Rating as of Year End Aaa/AAA	Aa/AA	A
U.S. Treasury obligations	$ 124,799,041	N/A	$ -	$ 124,799,041	$ -	$ -
U.S. Agency securities	248,594,993	N/A	-	248,594,993	-	-
Certificates of deposit	18,006,806	N/A	18,006,806	-	-	-
Municipal bonds	7,307,477	A	-	-	7,307,477	-
	$ 398,708,317		$ 18,006,806	$ 373,394,034	$ 7,307,477	$ -

The District invests its funds as allowed under California Government Code Sections 53601 and 53635. The value of the District's investment portfolio fluctuates in an inverse relationship with changes in market interest rates. Unrealized and realized gains and losses are recognized in the statements of revenues, expenses, and changes in net position as income or expense under non-operating revenue and expense.

Concentration of credit risk

The investment policy of the District contains no limitations on the amount that may be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total District investments include the following at December 31, 2020:

Issuer	Investment Type	Reported Amount	Percentage of Portfolio
U.S. Treasury Notes	Treasury	$ 112,196,023	24.7%
Federal National Mortgage Association – FNMA	Federal Agency	104,950,408	23.1%
Federal Home Loan Mortgage Corp. – FHLMC	Federal Agency	97,091,330	21.4%
Federal Farm Credit Bank – FFCB	Federal Agency	65,304,627	14.4%
Federal Home Loan Banks – FHLBanks	Federal Agency	46,332,299	10.2%

Note 2 – Cash and Investments (continued)

Custodial credit risk
Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the investor will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the investor will not be able to recover the value of its investment or collateral securities that are in the possession of a third party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits 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 government 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 equal at least 110% of the total amount deposited by the 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.

As of December 31, 2020, and 2019, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Investment in state investment pool
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 based on 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.

Fair value measurement
Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data as well as assumptions about risk and the risk inherent in the inputs to the valuation technique.

The hierarchy of inputs used to generate the valuation is classified into three different levels:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the government can access at the measurement date.

Level 2 – Inputs include quoted prices for similar assets or liabilities in markets that are active; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for an asset, either directly or indirectly.

Level 3 – Inputs are unobservable inputs from the asset or liability where there is very little market activity and they should be used only when relevant Level 1 and Level 2 inputs are unavailable.

Note 2 – Cash and Investments (continued)

The District's fair value measurements are performed on a recurring basis. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The tables following present fair value balances and their levels within the fair value hierarchy as of December 31, 2020 and 2019. The investment balances presented exclude amounts related to Government Money Market Funds, Certificates of Deposits and Guaranteed Investment Contracts, as these have been specifically scoped out of GASB 72.

The District has the following fair value measurements at December 31, 2020:

		Fair Value Using		
	December 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Treasury obligations	$ 112,196,023	$ 112,196,023	$ -	$ -
U.S. agencies securities	318,810,550	318,810,550	-	-
Municipal bonds	2,221,180	-	2,221,180	-
Total debt securities	433,227,753	431,006,573	2,221,180	-
Total investments by fair value level	433,227,753	$ 431,006,573	$ 2,221,180	$ -
Investments not subject to fair value hierarchy				
Certificates of deposit	20,868,186			
Total investments	$ 454,095,939			

The District has the following fair value measurements at December 31, 2019:

		Fair Value Using		
	December 31, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Treasury obligations	$ 124,799,041	$ 124,799,041	$ -	$ -
U.S. agencies securities	248,594,993	248,594,993	-	-
Municipal bonds	7,307,477	-	7,307,477	-
Total debt securities	380,701,511	373,394,034	7,307,477	-
Total investments by fair value level	380,701,511	$ 373,394,034	$ 7,307,477	$ -
Investments not subject to fair value hierarchy				
Certificates of deposit	18,006,806			
Total investments	$ 398,708,317			

Note 3 – Utility Plant

Utility plant is comprised of the following at December 31, 2020:

Water	January 1, 2020	Additions	Retirements	Transfers	December 31, 2020
Utility plant, not being depreciated					
Land and land rights	$ 54,601,053	$ -	$ -	$ -	$ 54,601,053
Construction in process	16,821,971	11,402,423	-	(7,740,273)	20,484,121
Total utility plant, not being depreciated	71,423,024	11,402,423	-	(7,740,273)	75,085,174
Utility plant, being depreciated					
Structures and improvements	23,498,125	119,643	-	-	23,617,768
Canals	349,169,379	8,404,509	(93,169)	4,732,229	362,212,948
Drainage	142,902,087	2,826,257	-	62,280	145,790,624
All-American Canal	326,545,496	84,878	-	-	326,630,374
Dredges and field equipment	24,555,656	175,424	(2,155,307)	-	22,575,773
Automobiles and trucks	17,391,967	4,200,228	(1,909,744)	-	19,682,451
Other plant equipment	40,596,384	822,036	(20,162,641)	22,038	21,277,817
Roads, railroads, and bridges	4,648,777	-	-	-	4,648,777
Reservoirs and dams	7,012,207	-	-	-	7,012,207
Total utility plant, being depreciated	936,320,078	16,632,975	(24,320,861)	4,816,547	933,448,739
Protection of water rights	30,555,094	-	-	-	30,555,094
Other intangible assets	26,920,153	956,894	-	2,923,726	30,800,773
Less accumulated depreciation	(412,539,831)	(31,599,495)	23,189,866	-	(420,949,460)
Less accumulated amortization water rights and other intangibles	(19,270,297)	(1,654,283)	-	-	(20,924,580)
Total utility plant, being depreciated, net	561,985,197	(15,663,909)	(1,130,995)	7,740,273	552,930,566
Utility plant, net	$ 633,408,221	$ (4,261,486)	$ (1,130,995)	$ -	$ 628,015,740

Energy	January 1, 2020	Additions	Retirements	Transfers	December 31, 2020
Utility plant, not being depreciated					
Land and land rights	$ 25,624,342	$ -	$ -	$ -	$ 25,624,342
Construction in process	20,274,077	17,843,074	-	(13,602,416)	24,514,735
Total utility plant, not being depreciated	45,898,419	17,843,074	-	(13,602,416)	50,139,077
Utility plant, being depreciated					
Structures and improvements	173,935,273	1,058,663	(126,000)	476,184	175,344,120
Dredges and field equipment	11,897,279	3,885,598	(717,878)	-	15,064,999
Automobiles and trucks	21,941,112	6,432,348	(3,039,836)	-	25,333,624
Other plant equipment	159,308,058	4,197,876	(15,701,963)	593,660	148,397,631
Steam plant equipment	353,541,436	2,739	-	286,951	353,831,126
Hydroelectric generating equipment	48,442,566	-	(143,643)	-	48,298,923
Gas turbines	133,101,773	52,121	-	376,086	133,529,980
Other production equipment	80,500,000	-	-	-	80,500,000
Transmission plant	536,621,042	2,532,422	(128,842)	2,713,001	541,737,623
Distribution plant	1,100,014,414	26,984,335	(2,648,468)	9,156,534	1,133,506,815
Reservoirs and dams	3,819,480	-	-	-	3,819,480
Total utility plant, being depreciated	2,623,122,433	45,146,102	(22,506,630)	13,602,416	2,659,364,321
Less accumulated depreciation	(1,228,657,254)	(85,566,956)	22,065,884	-	(1,292,158,326)
Total utility plant, being depreciated, net	1,394,465,179	(40,420,854)	(440,746)	13,602,416	1,367,205,995
Utility plant, net	$ 1,440,363,598	$ (22,577,780)	$ (440,746)	$ -	$ 1,417,345,072

Note 3 – Utility Plant (continued)

Combined Water and Energy	January 1, 2020	Additions	Retirements	Transfers	December 31, 2020
Utility plant, not being depreciated					
Land and land rights	$ 80,225,395	$ -	$ -	$ -	$ 80,225,395
Construction in process	37,096,048	29,245,497	-	(21,342,689)	44,998,856
Total utility plant, not being depreciated	117,321,443	29,245,497	-	(21,342,689)	125,224,251
Utility plant, being depreciated					
Structures and improvements	197,433,398	1,178,306	(126,000)	476,184	198,961,888
Dredges and field equipment	36,452,935	4,061,022	(2,873,185)	-	37,640,772
Automobiles and trucks	39,333,079	10,632,576	(4,949,580)	-	45,016,075
Other plant equipment	199,904,442	5,019,912	(35,864,604)	615,698	169,675,448
Steam plant equipment	353,541,436	2,739	-	286,951	353,831,126
Hydroelectric generating equipment	48,442,566	-	(143,643)	-	48,298,923
Gas turbines	133,101,773	52,121	-	376,086	133,529,980
Other production equipment	80,500,000	-	-	-	80,500,000
Transmission plant	536,621,042	2,532,422	(128,842)	2,713,001	541,737,623
Distribution plant	1,100,014,414	26,984,335	(2,648,468)	9,156,534	1,133,506,815
Roads, railroads, and bridges	4,648,777	-	-	-	4,648,777
Reservoirs and dams	10,831,687	-	-	-	10,831,687
Canals	349,169,379	8,404,509	(93,169)	4,732,229	362,212,948
Drainage	142,902,087	2,826,257	-	62,280	145,790,624
All-American Canal	326,545,496	84,878	-	-	326,630,374
Total utility plant, being depreciated	3,559,442,511	61,779,077	(46,827,491)	18,418,963	3,592,813,060
Protection of water rights	30,555,094	-	-	-	30,555,094
Other intangible assets	26,920,153	956,894	-	2,923,726	30,800,773
Less accumulated depreciation	(1,641,197,085)	(117,166,451)	45,255,750	-	(1,713,107,786)
Less accumulated amortization water rights and other intangibles	(19,270,297)	(1,654,283)	-	-	(20,924,580)
Total utility plant, being depreciated, net	1,956,450,376	(56,084,763)	(1,571,741)	21,342,689	1,920,136,561
Utility plant, net	$ 2,073,771,819	$ (26,839,266)	$ (1,571,741)	$ -	$ 2,045,360,812

Note 3 – Utility Plant (continued)

Utility plant is comprised of the following at December 31, 2019:

Water	January 1, 2019	Additions	Retirements	Transfers	December 31, 2019
Utility plant, not being depreciated					
Land and land rights	$ 46,522,653	$ -	$ (54,400)	$ 8,132,800	$ 54,601,053
Construction in process	31,933,293	10,864,630	-	(25,975,952)	16,821,971
Total utility plant, not being depreciated	78,455,946	10,864,630	(54,400)	(17,843,152)	71,423,024
Utility plant, being depreciated					
Structures and improvements	22,335,912	183,989	-	978,224	23,498,125
Canals	334,820,877	7,693,572	(121,401)	6,776,331	349,169,379
Drainage	135,703,101	4,674,319	-	2,524,667	142,902,087
All-American Canal	326,505,858	39,638	-	-	326,545,496
Dredges and field equipment	22,406,704	2,499,772	(350,820)	-	24,555,656
Automobiles and trucks	15,561,965	3,696,501	(1,893,939)	27,440	17,391,967
Other plant equipment	36,673,374	1,496,466	(1,510)	2,428,054	40,596,384
Roads, railroads, and bridges	4,648,777	-	-	-	4,648,777
Reservoirs and dams	7,111,803	-	(99,596)	-	7,012,207
Total utility plant, being depreciated	905,768,371	20,284,257	(2,467,266)	12,734,716	936,320,078
Protection of water rights	30,555,094	-	-	-	30,555,094
Other intangible assets	21,796,026	-	-	5,124,127	26,920,153
Less accumulated depreciation	(383,361,334)	(31,219,774)	2,056,968	(15,691)	(412,539,831)
Less accumulated amortization water rights	(17,748,053)	(1,522,244)	-	-	(19,270,297)
Total utility plant, being depreciated, net	557,010,104	(12,457,761)	(410,298)	17,843,152	561,985,197
Utility plant, net	$ 635,466,050	$ (1,593,131)	$ (464,698)	$ -	$ 633,408,221

Energy	January 1, 2019	Additions	Retirements	Transfers	December 31, 2019
Utility plant, not being depreciated					
Land and land rights	$ 25,624,342	$ -	$ -	$ -	$ 25,624,342
Construction in process	50,074,150	12,854,637	-	(42,654,710)	20,274,077
Total utility plant, not being depreciated	75,698,492	12,854,637	-	(42,654,710)	45,898,419
Utility plant, being depreciated					
Structures and improvements	172,265,014	364,446	-	1,305,813	173,935,273
Dredges and field equipment	10,946,744	1,155,738	(205,203)	-	11,897,279
Automobiles and trucks	21,576,338	3,492,687	(3,100,473)	(27,440)	21,941,112
Other plant equipment	145,678,822	5,083,466	(13,586)	8,559,356	159,308,058
Steam plant equipment	352,877,422	67,542	-	596,472	353,541,436
Hydroelectric generating equipment	39,999,106	100,487	-	8,342,973	48,442,566
Gas turbines	133,101,773	-	-	-	133,101,773
Other production equipment	80,500,000	-	-	-	80,500,000
Transmission plant	516,072,343	9,010,569	(860,382)	12,398,512	536,621,042
Distribution plant	1,055,987,581	35,698,063	(3,134,563)	11,463,333	1,100,014,414
Reservoirs and dams	3,819,480	-	-	-	3,819,480
Total utility plant, being depreciated	2,532,824,623	54,972,998	(7,314,207)	42,639,019	2,623,122,433
Less accumulated depreciation	(1,151,130,501)	(84,122,401)	6,579,957	15,691	(1,228,657,254)
Total utility plant, being depreciated, net	1,381,694,122	(29,149,403)	(734,250)	42,654,710	1,394,465,179
Utility plant, net	$ 1,457,392,614	$ (16,294,766)	$ (734,250)	$ -	$ 1,440,363,598

Note 3 – Utility Plant (continued)

Combined Water and Energy	January 1, 2019	Additions	Retirements	Transfers	December 31, 2019
Utility plant, not being depreciated					
Land and land rights	$ 72,146,995	$ -	$ (54,400)	$ 8,132,800	$ 80,225,395
Construction in process	82,007,443	23,719,267	-	(68,630,662)	37,096,048
Total utility plant, not being depreciated	154,154,438	23,719,267	(54,400)	(60,497,862)	117,321,443
Utility plant, being depreciated					
Structures and improvements	194,600,926	548,435	-	2,284,037	197,433,398
Dredges and field equipment	33,353,448	3,655,510	(556,023)	-	36,452,935
Automobiles and trucks	37,138,303	7,189,188	(4,994,412)	-	39,333,079
Other plant equipment	182,352,196	6,579,932	(15,096)	10,987,410	199,904,442
Steam plant equipment	352,877,422	67,542	-	596,472	353,541,436
Hydroelectric generating equipment	39,999,106	100,487	-	8,342,973	48,442,566
Gas turbines	133,101,773	-	-	-	133,101,773
Other production equipment	80,500,000	-	-	-	80,500,000
Transmission plant	516,072,343	9,010,569	(860,382)	12,398,512	536,621,042
Distribution plant	1,055,987,581	35,698,063	(3,134,563)	11,463,333	1,100,014,414
Roads, railroads, and bridges	4,648,777	-	-	-	4,648,777
Reservoirs and dams	10,931,283	-	(99,596)	-	10,831,687
Canals	334,820,877	7,693,572	(121,401)	6,776,331	349,169,379
Drainage	135,703,101	4,674,319	-	2,524,667	142,902,087
All-American Canal	326,505,858	39,638	-	-	326,545,496
Total utility plant, being depreciated	3,438,592,994	75,257,255	(9,781,473)	55,373,735	3,559,442,511
Protection of water rights	30,555,094	-	-	-	30,555,094
Other intangible assets	21,796,026	-	-	5,124,127	26,920,153
Less accumulated depreciation	(1,534,491,835)	(115,342,175)	8,636,925	-	(1,641,197,085)
Less accumulated amortization water rights and other intangibles	(17,748,053)	(1,522,244)	-	-	(19,270,297)
Total utility plant, being depreciated, net	1,938,704,226	(41,607,164)	(1,144,548)	60,497,862	1,956,450,376
Utility plant, net	$ 2,092,858,664	$ (17,887,897)	$ (1,198,948)	$ -	$ 2,073,771,819

Note 4 – Commercial Paper Programs

The District has a Letter of Credit from MUFG Union Bank for $109 million for the years ended December 31, 2020 and 2019.

There is no outstanding commercial paper as of December 31, 2020 and 2019.

Note 5 – Long-Term Debt and Liabilities

A summary of the District's long-term debt and liabilities is as follows:

Water	Maturity Dates	Range of Interest Rates	January 1, 2020	Additions	Reductions	December 31, 2020	Current Portion
Pension obligation revenue bond 2001, net of unamortized original issue discount of $24,745	2031	5.70%–7.00%	$ 23,119,406	$ -	$ (1,297,326)	$ 21,822,080	$ 1,389,525
Obligation under capital leases			$ 5,408,333	$ 4,589,342	$ (3,175,889)	$ 6,821,786	$ 2,747,857
Accrued vacation and sick leave			$ 8,077,534	$ 4,991,632	$ (3,916,323)	$ 9,152,843	$ 2,388,905
Accrued other post employment benefits			$ 15,010,874	$ 2,774,957	$ (14,432,622)	$ 3,353,209	$ 3,000,000

Energy	Maturity Dates	Range of Interest Rates	January 1, 2020	Additions	Reductions	December 31, 2020	Current Portion
Refunding revenue bonds – 2011D, net of unamortized original issue premium of $1,085,785	2023	5.00%	$ 15,473,057	$ -	$ (3,622,272)	$ 11,850,785	$ 3,415,000
Refunding revenue bonds – 2012A, net of unamortized original issue premium of $1,905,164	2028	0.35%–5.00%	23,918,377	-	(243,213)	23,675,164	-
Refunding revenue bonds – 2015A, net of unamortized original issue premium of $1,590,100	2045	5.00%	20,928,915	-	(63,815)	20,865,100	-
Refunding revenue bonds – 2015B, net of unamortized original issue discount of $96,016	2035	0.62%–4.30%	16,722,547	-	(818,563)	15,903,984	845,000
Refunding revenue bonds – 2015C, net of unamortized original issue premium of $19,051,702	2038	3.00%–5.00%	178,705,052	-	(3,778,350)	174,926,702	2,855,000
Refunding revenue bonds – 2016A, net of unamortized original issue discount of $5,743	2029	0.95–3.03%	20,943,613	-	(1,224,356)	19,719,257	1,245,000
Refunding revenue bonds – 2016B-1, net of unamortized original issue premium of $9,769,172	2046	5.00%	58,526,116	-	(376,944)	58,149,172	-
Refunding revenue bonds – 2016B-2, net of unamortized original issue premium of $20,846,643	2041	4.00–5.00%	133,353,296	-	(996,653)	132,356,643	5,255,000
Refunding revenue bonds – 2017, net of unamortized original issue premium of $8,830,395	2047	4.00–5.00%	94,568,459	-	(5,373,064)	89,195,395	335,000
Refunding revenue bonds – 2019, net of unamortized original issue premium of $14,563,773	2041	5.00%	80,505,049	-	(2,391,276)	78,113,773	1,780,000
Total revenue bonds			$ 643,644,481	$ -	$ (18,888,506)	$ 624,755,975	$ 15,730,000
Pension obligation revenue bond – 2001, net of unamortized original issue discount of $26,274	2031	5.70%–7.00%	$ 24,549,473	$ -	$ (1,377,572)	$ 23,171,901	$ 1,475,475
Obligation under capital leases			$ 3,303,219	$ 5,899,395	$ (2,339,519)	$ 6,863,095	$ 2,450,267
Accrued vacation and sick leave			$ 9,619,060	$ 6,718,663	$ (5,534,639)	$ 10,803,084	$ 1,705,919
Accrued other post employment benefits			$ 26,855,346	$ 2,895,636	$ (24,118,949)	$ 5,632,033	$ 5,000,000

Note 5 – Long-Term Debt and Liabilities (continued)

Combined Water and Energy	Maturity Dates	Range of Interest Rates	January 1, 2020	Additions	Reductions	December 31, 2020	Current Portion
Refunding revenue bonds – 2011D, net of unamortized original issue premium of $1,085,785	2023	5.00%	$ 15,473,057	$ -	$ (3,622,272)	$ 11,850,785	$ 3,415,000
Refunding revenue bonds – 2012A, net of unamortized original issue premium of $1,905,164	2028	0.35%–5.00%	23,918,377	-	(243,213)	23,675,164	-
Refunding revenue bonds – 2015A, net of unamortized original issue premium of $1,590,100	2045	5.00%	20,928,915	-	(63,815)	20,865,100	-
Refunding revenue bonds – 2015B, net of unamortized original issue discount of $96,016	2035	0.62%–4.30%	16,722,547	-	(818,563)	15,903,984	845,000
Refunding revenue bonds – 2015C, net of unamortized original issue premium of $19,051,702	2038	3.00%–5.00%	178,705,052	-	(3,778,350)	174,926,702	2,855,000
Refunding revenue bonds – 2016A, net of unamortized original issue discount of $5,743	2029	0.95–3.03%	20,943,613	-	(1,224,356)	19,719,257	1,245,000
Refunding revenue bonds – 2016B-1, net of unamortized original issue premium of $9,769,172	2046	5.00%	58,526,116	-	(376,944)	58,149,172	-
Refunding revenue bonds – 2016B-2, net of unamortized original issue premium of $20,846,643	2041	4.00–5.00%	133,353,296	-	(996,653)	132,356,643	5,255,000
Refunding revenue bonds – 2017, net of unamortized original issue premium of $8,830,395	2047	4.00–5.00%	94,568,459	-	(5,373,064)	89,195,395	335,000
Refunding revenue bonds – 2019, net of unamortized original issue premium of $14,563,773	2041	5.00%	80,505,049	-	(2,391,276)	78,113,773	1,780,000
Total revenue bonds			$ 643,644,481	$ -	$ (18,888,506)	$ 624,755,975	$ 15,730,000
Pension obligation revenue bond – 2001, net of unamortized original issue discount of $51,019	2031	5.70%–7.00%	$ 47,668,879	$ -	$ (2,674,898)	$ 44,993,981	$ 2,865,000
Total obligation bonds payable			$ 47,668,879	$ -	$ (2,674,898)	$ 44,993,981	$ 2,865,000
Obligation under capital leases			$ 8,711,552	$ 10,488,737	$ (5,515,408)	$ 13,684,881	$ 5,198,124
Accrued vacation and sick leave			$ 17,696,594	$ 11,710,295	$ (9,450,962)	$ 19,955,927	$ 4,094,824
Accrued other post employment benefits			$ 41,866,220	$ 5,670,593	$ (38,551,571)	$ 8,985,242	$ 8,000,000

Water	Maturity Dates	Range of Interest Rates	January 1, 2019	Additions	Reductions	December 31, 2019	Current Portion
Pension obligation revenue bond 2001, net of unamortized original issue discount of $27,219	2031	5.70%–7.00%	$ 24,331,857	$ -	$ (1,212,451)	$ 23,119,406	$ 1,299,800
Obligation under capital leases			$ 3,263,685	$ 4,680,741	$ (2,536,093)	$ 5,408,333	$ 2,753,915
Accrued vacation and sick leave			$ 8,106,504	$ 4,572,559	$ (4,601,529)	$ 8,077,534	$ 1,863,297
Accrued other post employment benefits			$ 36,604,435	$ 3,218,667	$ (24,812,228)	$ 15,010,874	$ 3,000,000

Note 5 – Long-Term Debt and Liabilities (continued)

Energy	Maturity Dates	Range of Interest Rates	January 1, 2019	Additions	Reductions	December 31, 2019	Current Portion
Refunding revenue bonds – 2011D, net of unamortized original issue premium of $1,458,057	2023	5.00%	$ 18,940,326	$ -	$ (3,467,269)	$ 15,473,057	$ 3,250,000
Refunding revenue bonds – 2012A, net of unamortized original issue premium of $2,148,377	2028	0.35%–5.00%	24,161,589	-	(243,212)	23,918,377	-
Refunding revenue bonds – 2015A, net of unamortized original issue premium of $1,653,915	2045	5.00%	20,992,732	-	(63,817)	20,928,915	-
Refunding revenue bonds – 2015B, net of unamortized original issue discount of $102,453	2035	0.62%–4.30%	17,521,110	-	(798,563)	16,722,547	825,000
Refunding revenue bonds – 2015C, net of unamortized original issue premium of $20,115,052	2038	3.00%–5.00%	182,353,403	-	(3,648,351)	178,705,052	2,715,000
Refunding revenue bonds – 2015D	2040	4.50%	8,875,000	-	(8,875,000)	-	-
Refunding revenue bonds – 2016A, net of unamortized original issue discount of $6,387	2029	0.95–3.03%	22,147,969	-	(1,204,356)	20,943,613	1,225,000
Refunding revenue bonds – 2016B-1, net of unamortized original issue premium of $10,146,116	2046	5.00%	58,903,062	-	(376,946)	58,526,116	-
Refunding revenue bonds – 2016B-2, net of unamortized original issue premium of $21,843,296	2041	4.00–5.00%	134,349,948	-	(996,652)	133,353,296	-
Refunding revenue bonds – 2017, net of unamortized original issue premium of $9,158,459	2047	4.00–5.00%	99,701,523	-	(5,133,064)	94,568,459	5,045,000
Refunding revenue bonds – 2019, net of unamortized original issue premium of $15,260,049	2041	5.00%	-	80,853,187	(348,138)	80,505,049	1,695,000
Total revenue bonds			$ 587,946,662	$ 80,853,187	$ (25,155,368)	$ 643,644,481	$ 14,755,000
Pension obligation revenue bond – 2001, net of unamortized original issue discount of $28,902	2031	5.70%–7.00%	$ 25,836,921	$ -	$ (1,287,448)	$ 24,549,473	$ 1,380,200
Obligation under capital leases			$ 4,521,010	$ 1,695,935	$ (2,913,726)	$ 3,303,219	$ 1,807,856
Accrued vacation and sick leave			$ 9,221,681	$ 6,309,990	$ (5,912,611)	$ 9,619,060	$ 1,406,797
Accrued other post employment benefits			$ 64,666,237	$ 4,519,807	$ (42,330,698)	$ 26,855,346	$ 5,000,000

Note 5 – Long-Term Debt and Liabilities (continued)

Combined Water and Energy	Maturity Dates	Range of Interest Rates	January 1, 2019	Additions	Reductions	December 31, 2019	Current Portion
Refunding revenue bonds – 2011D, net of unamortized original issue premium of $1,458,057	2023	5.00%	$ 18,940,326	$ -	$ (3,467,269)	$ 15,473,057	$ 3,250,000
Refunding revenue bonds – 2012A, net of unamortized original issue premium of $2,148,377	2028	0.35%–5.00%	24,161,589	-	(243,212)	23,918,377	-
Refunding revenue bonds – 2015A, net of unamortized original issue premium of $1,653,915	2045	5.00%	20,992,732	-	(63,817)	20,928,915	-
Refunding revenue bonds – 2015B, net of unamortized original issue discount of $102,453	2035	0.62%–4.30%	17,521,110	-	(798,563)	16,722,547	825,000
Refunding revenue bonds – 2015C, net of unamortized original issue premium of $20,115,052	2038	3.00%–5.00%	182,353,403	-	(3,648,351)	178,705,052	2,715,000
Refunding revenue bonds – 2015D	2040	4.50%	8,875,000	-	(8,875,000)	-	-
Refunding revenue bonds – 2016A, net of unamortized original issue discount of $6,387	2029	0.95–3.03%	22,147,969	-	(1,204,356)	20,943,613	1,225,000
Refunding revenue bonds – 2016B-1, net of unamortized original issue premium of $10,146,116	2046	5.00%	58,903,062	-	(376,946)	58,526,116	-
Refunding revenue bonds – 2016B-2, net of unamortized original issue premium of $21,843,296	2041	4.00–5.00%	134,349,948	-	(996,652)	133,353,296	-
Refunding revenue bonds – 2017, net of unamortized original issue premium of $9,158,459	2047	4.00–5.00%	99,701,523	-	(5,133,064)	94,568,459	5,045,000
Refunding revenue bonds – 2019, net of unamortized original issue premium of $15,260,049			-	80,853,187	(348,138)	80,505,049	1,695,000
Total revenue bonds			$ 587,946,662	$ 80,853,187	$ (25,155,368)	$ 643,644,481	$ 14,755,000
Pension obligation revenue bond – 2001, net of unamortized original issue discount of $56,121	2031	5.70%–7.00%	$ 50,168,778	$ -	$ (2,499,899)	$ 47,668,879	$ 2,680,000
Total obligation bonds payable			$ 50,168,778	$ -	$ (2,499,899)	$ 47,668,879	$ 2,680,000
Obligation under capital leases			$ 7,784,695	$ 6,376,676	$ (5,449,819)	$ 8,711,552	$ 4,561,771
Accrued vacation and sick leave			$ 17,328,185	$ 10,882,549	$ (10,514,140)	$ 17,696,594	$ 3,270,094
Accrued other post employment benefits			$ 101,270,672	$ 7,738,474	$ (67,142,926)	$ 41,866,220	$ 8,000,000

Note 6 – Revenue Bonds

2011D Issue – Energy

On December 21, 2011, the District issued $22,865,000 of Electric System Refunding Revenue Bonds, Series 2011D. Proceeds used to refund a portion of the District's 2003 Certificates of Participation, fund a reserve account for the bonds and pay cost of issuance of the bonds. The Series 2011D Bonds refunded $24,825,000 of outstanding 2003 Electric System COPs and generated net present value savings of $2.7 million, or 11.0%, with an average annual reduction in debt service of $300,000.

The Series 2011D Bonds consist of $22,865,000 serial bonds maturing in amounts ranging from $2,805,000 to $3,765,000 at a rate of 5.00% from November 1, 2017 through November 1, 2023.

Note 6 – Revenue Bonds (continued)

The Series 2011D Bonds were issued with an original issue premium of $4,436,209 and costs of issuance of $276,826. The original issue premium is amortized over the life of the Series 2011D Bonds. The outstanding balance of the Series 2011D Bonds was $11,850,785 at December 31, 2020, including unamortized original issue premium of $1,085,785. The total unamortized loss on refunding included in deferred outflow of resources was $610,034 at December 31, 2020. The terms of the Series 2011D Bond indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2020 and 2019.

A summary of the District's outstanding liability for the Series 2011D Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2021	$ 3,415,000	$ 538,250	$ 3,953,250
November 1, 2022	3,585,000	367,500	3,952,500
November 1, 2023	3,765,000	188,250	3,953,250
Original issue premium	1,085,785	-	1,085,785
Totals	$ 11,850,785	$ 1,094,000	$ 12,944,785

2012A issue – Energy
On May 31, 2012, the District issued $32,560,000 of Electric System Refunding Revenue Bonds Series 2012A. Proceeds used to refund the outstanding balance of the District's 2003 Certificates of Participation, fund a reserve account for the bonds and pay cost of issuance of the bonds. The Series 2012A refunded $37,065,000 of the outstanding 2003 Electric System COPs and generated net present value savings of $2,722,959.

The Series 2012A Bonds consist of $32,560,000 serial bonds maturing in amounts ranging from $850,000 to $4,630,000 at rates ranging from 0.350% to 5.00% from November 1, 2012 through November 1, 2016 and November 1, 2024 through November 1, 2028.

The Series 2012A Bonds were issued with an original issue premium of $3,992,739 and costs of issuance of $280,965. The original issue premium is amortized over the life of the Series 2012A Bonds. The outstanding balance of the Series 2012A Bonds was $23,675,164 at December 31, 2020, including unamortized original issue premium of $1,905,164. The total unamortized loss on refunding included in deferred outflow of resources was $841,105 at December 31, 2020. The terms of the Series 2012A Bonds indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2020 and 2019.

Note 6 – Revenue Bonds (continued)

A summary of the District's outstanding liability for the 2012A Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2021	$ -	$ 1,023,550	$ 1,023,550
November 1, 2022	-	1,023,550	1,023,550
November 1, 2023	-	1,023,550	1,023,550
November 1, 2024	4,200,000	1,023,550	5,223,550
November 1, 2025	4,410,000	813,550	5,223,550
November 1, 2026 – 2028	13,160,000	1,083,050	14,243,050
Original issue premium	1,905,164	-	1,905,164
Totals	$ 23,675,164	$ 5,990,800	$ 29,665,964

2015A issue – Energy

On August 13, 2015, the District issued $19,275,000 of Electric System Refunding Revenue Bonds Series 2015A. Proceeds were used to refund the outstanding balance of the District's tax-exempt revenue commercial paper issued to finance the Hassayampa-North Gila transmission project, fund a reserve account for the bonds and pay cost of issuance of the bonds. The Series 2015A refunded $20,400,000 of the outstanding tax-exempt revenue commercial paper.

The Series 2015A Bonds consist of $19,275,000 term bonds maturing in amounts of $8,715,000 and $10,560,000 at a rate of 5.00% on November 1 of years 2040 and 2045, with mandatory sinking fund redemption starting in 2035 and 2041, respectively.

The Series 2015A Bonds were issued with an original issue premium of $1,935,774 and costs of issuance of $180,181. The original issue premium is amortized over the life of the Series 2015A Bonds. The outstanding balance of the Series 2015A Bonds was $20,865,100 at December 31, 2020, including unamortized original issue premium of $1,590,100. The terms of the Series 2015A Bond indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2020 and 2019.

Note 6 – Revenue Bonds (continued)

A summary of the District's outstanding liability for the Series 2015A Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2021	$ -	$ 963,750	$ 963,750
November 1, 2022	-	963,750	963,750
November 1, 2023	-	963,750	963,750
November 1, 2024	-	963,750	963,750
November 1, 2025	-	963,750	963,750
November 1, 2026 – 2030	-	4,818,750	4,818,750
November 1, 2031 – 2035	435,000	4,818,750	5,253,750
November 1, 2036 – 2040	8,280,000	3,922,000	12,202,000
November 1, 2041 – 2045	10,560,000	1,636,000	12,196,000
Original issue premium	1,590,100	-	1,590,100
Totals	$ 20,865,100	$ 20,014,250	$ 40,879,350

2015B issue – Energy
On August 13, 2015, the District issued $19,990,000 of Electric System Refunding Revenue Bonds Series 2015B. Proceeds were used to refund the outstanding balance of the District's taxable revenue commercial paper issued to finance the Hassayampa-North Gila transmission project, fund a reserve account for the bonds and pay cost of issuance of the bonds. The Series 2015B Bonds refunded $19,100,000 of the outstanding taxable revenue commercial paper.

The Series 2015B Bonds consist of $19,990,000 serial and term bonds. The serial bonds comprise $8,465,000 of the issuance, mature in amounts ranging from $780,000 to $955,000 at rates ranging from 0.62% to 3.56% and mature on November 1, 2016 through November 1, 2025. The term bonds comprise $11,525,000 of the issuance, mature in amounts of $5,360,000 and $6,165,000 at rates of 0.62% to 4.30% on November 1 of years 2030 and 2035, with mandatory sinking fund redemption starting in 2026 and 2031, respectively.

The Series 2015B Bonds were issued with an original issue discount of $130,883 and costs of issuance of $168,709. The original issue discount is amortized over the life of the Series 2015B Bonds. The outstanding balance of the Series 2015B Bonds was $15,903,984 at December 31, 2020, including unamortized original issue discount of $96,016. The terms of the Series 2015B Bond indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2020 and 2019.

Note 6 – Revenue Bonds (continued)

A summary of the District's outstanding liability for the Series 2015B Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2021	$ 845,000	$ 633,003	$ 1,478,003
November 1, 2022	865,000	610,188	1,475,188
November 1, 2023	890,000	583,805	1,473,805
November 1, 2024	920,000	553,901	1,473,901
November 1, 2025	955,000	522,069	1,477,069
November 1, 2026 – 2030	5,360,000	2,012,499	7,372,499
November 1, 2031 – 2035	6,165,000	781,955	6,946,955
Original issue discount	(96,016)	-	(96,016)
Totals	$ 15,903,984	$ 5,697,420	$ 21,601,404

2015C issue – Energy
On January 21, 2016, the District issued $161,175,000 of Electric System Refunding Bonds Series 2015C. Proceeds used to refund a portion of the District's Series 2008A Bonds and pay cost of issuance of the bonds. The Series 2015C Bonds refunded $167,350,000 of the outstanding Series 2008A Bonds and generated net present value savings of $20,110,515.

The Series 2015C Bonds consist of $161,175,000 serial bonds maturing in amounts ranging from $2,585,000 to $20,070,000 at rates ranging from 3.00% to 5.00% from November 1, 2019 through November 1, 2038.

The Series 2015C Bonds were issued with an original issue premium of $24,368,456 and costs of issuance of $484,727. The original issue premium is amortized over the life of the Series 2015C Bonds. The outstanding balance of the Series 2015C Bonds was $174,926,702 at December 31, 2020, including unamortized original issue premium of $19,051,702. The total unamortized loss on refunding included in deferred outflow of resources was $17,530,231 at December 31, 2020.

The terms of the Series 2015C Bonds indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2020 and 2019.

Note 6 – Revenue Bonds (continued)

A summary of the District's outstanding liability for the Series 2015C Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2021	$ 2,855,000	$ 7,142,381	$ 9,997,381
November 1, 2022	2,995,000	6,999,631	9,994,631
November 1, 2023	3,150,000	6,849,881	9,999,881
November 1, 2024	3,310,000	6,692,381	10,002,381
November 1, 2025	3,485,000	6,526,881	10,011,881
November 1, 2026 – 2030	21,615,000	30,190,155	51,805,155
November 1, 2031 – 2035	61,065,000	20,676,205	81,741,205
November 1, 2036 – 2038	57,400,000	5,833,000	63,233,000
Original issue premium	19,051,702	-	19,051,702
Totals	$ 174,926,702	$ 90,910,515	$ 265,837,217

2015D issue – Energy

On August 6, 2015, the District was allocated authority by the Internal Revenue Service to issue $8,877,000 of New Clean Renewable Energy Bonds to finance two low-head hydroelectric projects. On January 21, 2016, the District issued $8,875,000 of Electric System Refunding Revenue Bonds Series 2015D (Federally Taxable New Clean Renewable Energy Bonds-Direct Payment). Proceeds were used to refund the outstanding balance of the District's taxable commercial paper issued to finance the two low-head hydroelectric projects and pay cost of issuance of the bonds. The Series 2015D Bonds refunded $8,839,000 of outstanding taxable commercial paper.

The Series 2015D Bonds consisted of one term bond in the amount of $8,875,000 with a rate of 4.50% maturing on November 1, 2040. The Series 2015D Bonds were issued with costs of issuance of $35,861 and no original issue premium or discount. For the year ended December 31, 2019, no federal subsidy payments were received or recognized as to offset interest due on the Series 2015D Bonds.

On March 19, 2018, the board approved cancellation of the two low-head hydroelectric projects, as a result, on January 21, 2019 a portion of the bonds totaling $7,675,500 were called for redemption and on March 29, 2019, the remaining balance of $1,200,000 for the Series 2015D Bonds were redeemed. As of December 31, 2019, the corresponding liabilities have been removed from the accompanying statements of net position.

Note 6 – Revenue Bonds (continued)

2016A issue – Energy
On July 14, 2016, the District issued $31,645,000 of Electric System Refunding Revenue Bonds Series 2016A (Federally Taxable), the proceeds of which were used to refund the remaining outstanding District's Series 2008A Bonds and pay cost of issuance of the bonds. The Series 2016A Bonds, along with the Series 2008A Bonds Reserve Fund release and other District funds, refunded $51,780,000 of the outstanding Series 2008A Bonds and generated net present value savings of $7,655,492.

The Series 2016A Bonds consist of $31,645,000 serial bonds maturing in amounts ranging from $485,000 to $9,000,000 at rates ranging from 0.945% to 3.032% from November 1, 2016 through November 1, 2029.

The Series 2016A Bonds were issued with an original issue discount of $8,641 and costs of issuance of $87,198. The original issue discount is amortized over the life of the Series 2016A Bonds. The outstanding balance of the Series 2016A Bonds was $19,719,257 at December 31, 2020, including unamortized original issue discount of $5,743. The total unamortized loss on refunding included in deferred outflow of resources was $3,988,794 at December 31, 2020.

The terms of the Series 2016A Bonds indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2020 and 2019.

A summary of the District's outstanding liability for the Series 2016A Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2021	$ 1,245,000	$ 536,609	$ 1,781,609
November 1, 2022	1,265,000	512,966	1,777,966
November 1, 2023	1,295,000	487,527	1,782,527
November 1, 2024	1,325,000	458,247	1,783,247
November 1, 2025	1,360,000	425,360	1,785,360
November 1, 2026 – 2029	13,235,000	1,250,230	14,485,230
Original issue discount	(5,743)	-	(5,743)
Totals	$ 19,719,257	$ 3,670,939	$ 23,390,196

Note 6 – Revenue Bonds (continued)

2016B-1 issue – Energy
On July 14, 2016, the District issued $48,380,000 of Electric System Refunding Revenue Bonds Series 2016B-1 (Tax-Exempt). Proceeds were used to refund the outstanding balance of the District's tax-exempt commercial paper; issued to finance an Energy battery storage project, major refurbishment of a hydroelectric plant and transmission restoration capital projects as well as to pay cost of issuance of the bonds. The Series 2016B-1 Bonds refunded $59,700,000 of outstanding tax-exempt commercial paper.

The Series 2016B-1 Bonds consist of a serial bond and a term bond totaling $48,380,000. The serial bond matures in the amount of $16,900,000 at a rate of 5.00% on November 1, 2034. The term bond matures in the amount of $31,480,000 at a rate of 5.00% on November 1, 2046, with mandatory sinking fund redemption starting in 2042.

The Series 2016B-1 Bonds were issued with costs of issuance of $145,427 and original issue premium of $11,465,427. The original issue premium is amortized over the life of the Series 2016B-1 Bonds. The outstanding balance of the Series 2016B-1 Bonds was $58,149,172 at December 31, 2020, including unamortized original issue premium of $9,769,172.

The terms of the Series 2016B-1 Bonds indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2020 and 2019.

A summary of the District's outstanding liability for the Series 2016B-1 Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2021	$ -	$ 2,419,000	$ 2,419,000
November 1, 2022	-	2,419,000	2,419,000
November 1, 2023	-	2,419,000	2,419,000
November 1, 2024	-	2,419,000	2,419,000
November 1, 2025	-	2,419,000	2,419,000
November 1, 2026 – 2030	-	12,095,000	12,095,000
November 1, 2031 – 2035	16,900,000	11,250,000	28,150,000
November 1, 2036 – 2040	-	7,870,000	7,870,000
November 1, 2041 – 2045	22,650,000	6,239,500	28,889,500
November 1, 2046	8,830,000	441,500	9,271,500
Original issue premium	9,769,172	-	9,769,172
Totals	$ 58,149,172	$ 49,991,000	$ 108,140,172

Note 6 – Revenue Bonds (continued)

2016B-2 issue – Energy
On July 14, 2016, the District issued $111,510,000 of Electric System Refunding Revenue Bonds Series 2016B-2 (Tax-Exempt). Proceeds used to refund a portion of the District's outstanding Series 2011A Bonds, Series 2011B Bonds and Series 2011C Bonds as well as to pay cost of issuance of the Series 2016B-2 bonds. The Series 2016B-2 Bonds refunded $65,745,000 of the outstanding Series 2011A Bonds, $25,015,000 of the outstanding Series 2011B Bonds and $25,045,000 of the outstanding Series 2011C Bonds for a total par refunded of $115,805,000. The partial refunding of Series 2011A Bonds, Series 2011B Bonds and Series 2011C Bonds generated net present value savings of $10,868,487, $2,676,007 and $2,783,040, respectively, for a total net present value savings of $16,327,534.

The Series 2016B-2 Bonds consist of $111,510,000 serial bonds and one term bond. The serial bonds comprise $91,545,000 of the issuance and mature in amounts ranging from $2,975,000 to $8,740,000 at rates ranging from 4.00% to 5.00% from November 1, 2021 through November 1, 2036. The term bond matures in an amount of $19,965,000 at a rate of 5.00% on November 1, 2041, with mandatory sinking fund redemption starting in 2037.

The Series 2016B-2 Bonds were issued with an original issue premium of $25,331,578 and costs of issuance of $340,979. The original issue premium is amortized over the life of the Series 2016B-2 Bonds. The outstanding balance of the Series 2016B-2 Bonds was $132,356,643 at December 31, 2020, including unamortized original issue premium of $20,846,643. The total unamortized loss on refunding included in deferred outflow of resources was $16,389,410 at December 31, 2020.

The terms of the Series 2016B-2 Bond indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2020 and 2019.

A summary of the District's outstanding liability for the Series 2016B-2 Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2021	$ 5,255,000	$ 5,256,050	$ 10,511,050
November 1, 2022	5,520,000	4,993,300	10,513,300
November 1, 2023	5,790,000	4,717,300	10,507,300
November 1, 2024	5,850,000	4,427,800	10,277,800
November 1, 2025	6,135,000	4,135,300	10,270,300
November 1, 2026 – 2030	38,445,000	15,699,950	54,144,950
November 1, 2031 – 2035	21,110,000	8,252,650	29,362,650
November 1, 2036 – 2040	19,010,000	4,043,000	23,053,000
November 1, 2041	4,395,000	219,750	4,614,750
Original issue premium	20,846,643	-	20,846,643
Totals	$ 132,356,643	$ 51,745,100	$ 184,101,743

Note 6 – Revenue Bonds (continued)

2017 issue – Energy
On December 18, 2017, the District issued $95,180,000 of Electric System Refunding Revenue Bonds Series 2017 (Tax-Exempt). The proceeds were used to refund the outstanding balance of the District's taxable commercial paper issued for the costs of Niland turbine repairs and a portion of new fleet building, to refund the District's remaining outstanding Series 2011A Bonds, Series 2011B Bonds and Series 2011C Bonds as well as to pay cost of issuance of the Series 2017 bonds. The Series 2017 Bonds, along with the Series 2011A, Series 2011B, and Series 2011C Reserve Fund release and other District funds, refunded $4,715,000 of the outstanding Series 2011A Bonds, $42,665,000 of the outstanding Series 2011B Bonds and $42,910,000 of the outstanding Series 2011C Bonds for a total par refunded of $90,290,000. The refunding of remaining outstanding Series 2011A Bonds, Series 2011B Bonds and Series 2011C Bonds generated net present value savings of $13,782,200.

The Series 2017 Bonds consist of $95,180,000 serial and term bonds maturing in amounts ranging from $335,000 to $7,685,000 at rates ranging from 4.00% to 5.00% from November 1, 2018 through November 1, 2047.

The Series 2017 Bonds were issued with an original issue premium of $9,826,253 and costs of issuance of $426,266. The original issue premium is amortized over the life of the Series 2017 Bonds. The outstanding balance of the Series 2017 Bonds was $89,195,395 at December 31, 2020, including unamortized original issue premium of $8,830,395. The total unamortized loss on refunding included in deferred outflow of resources was $4,771,260 at December 31, 2020.

The terms of the Series 2017 Bond indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2020 and 2019.

A summary of the District's outstanding liability for the Series 2017 Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2021	$ 335,000	$ 3,262,400	$ 3,597,400
November 1, 2022	355,000	3,245,650	3,600,650
November 1, 2023	370,000	3,227,900	3,597,900
November 1, 2024	390,000	3,209,400	3,599,400
November 1, 2025	410,000	3,189,900	3,599,900
November 1, 2026 – 2030	2,370,000	15,621,250	17,991,250
November 1, 2031 – 2035	27,375,000	13,587,100	40,962,100
November 1, 2036 – 2040	38,490,000	6,735,400	45,225,400
November 1, 2041 – 2045	9,610,000	636,200	10,246,200
November 1, 2046 – 2047	660,000	39,800	699,800
Original issue premium	8,830,395	-	8,830,395
Totals	$ 89,195,395	$ 52,755,000	$ 141,950,395

Note 6 – Revenue Bonds (continued)

2019 issue – Energy
On June 26, 2019, the District issued $65,245,000 of Electric System Refunding Revenue Bonds Series 2019 (Green Bonds). Proceeds used to refund $80,500,000 of outstanding taxable revenue commercial paper issued to fund Energy Department's purchase of Sun Peak IVSC1 solar generation plant and pay costs of issuance of the bonds.

The Series 2019 Bonds were designated by the District as "Green Bonds" as proceeds were used to finance the purchase of a photovoltaic renewable Energy project, which qualified as category 1 renewable energy. The purpose of designating the bonds as "Green Bonds" is to allow investors to invest directly in bonds that finance environmentally beneficial projects.

The Series 2019 Bonds consist of $65,245,000 serial bonds maturing in amounts ranging from $1,695,000 to $4,720,000 at a rate of 5% from November 1, 2020 through November 1, 2041.

The Series 2019 Bonds were issued with an original issue premium of $15,608,187 and costs of issuance $353,187. The original issue premium is amortized over the life of the Series 2019 Bonds. The outstanding balance of the Series 2019 Bonds was $78,113,773 at December 31, 2020, including unamortized original issue premium of $14,563,773.

The terms of the Series 2019 Bond indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the year ended December 31, 2020.

A summary of the District's outstanding liability for the Series 2019 Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
November 1, 2021	$ 1,780,000	$ 3,177,500	$ 4,957,500
November 1, 2022	1,870,000	3,088,500	4,958,500
November 1, 2023	1,960,000	2,995,000	4,955,000
November 1, 2024	2,060,000	2,897,000	4,957,000
November 1, 2025	2,160,000	2,794,000	4,954,000
November 1, 2026 – 2030	12,550,000	12,236,250	24,786,250
November 1, 2031 – 2035	16,015,000	8,768,500	24,783,500
November 1, 2036 – 2040	20,435,000	4,344,500	24,779,500
November 1, 2041	4,720,000	236,000	4,956,000
Original issue premium	14,563,773	-	14,563,773
Totals	$ 78,113,773	$ 40,537,250	$ 118,651,023

Note 6 – Revenue Bonds (continued)

Defeased bonds
As of December 31, 2020, the balance of the defeased bonds is:

Issue	Amount
2011 Water Refunding Revenue Bonds	$ 11,495,000
Total Water defeased bonds	$ 11,495,000

The 2011 Water Refunding Revenue Bonds were defeased during 2012; they constitute a contingent liability of the District only to the extent that cash and investments presently in the control of the escrow agent are not sufficient to meet debt service requirements, and are therefore excluded from the financial statements because the likelihood of additional funding requirements is considered remote.

During 2020, all the Energy Department's defeased bonds held in escrow were called and the corresponding funds were disbursed.

Note 7 – Other Long-Term Debt

Pension obligation revenue bonds, 2001 issue
In June 1, 2001, the District issued $75,000,000 Taxable Pension Obligation Revenue Bonds, Series 2001, at interest rates ranging from 5.70% to 7.00%. Net proceeds of the bonds used to fund the District's unfunded actuarial pension liability upon the termination of the District's defined benefit pension plan, effective June 30, 2001.

The 2001 Taxable Pension Obligation Revenue Bonds are non-callable and were issued with an original issue discount of $153,057 and a cost of issuance of $1,502,073. The original issue discount is being amortized over the life of the 2001 Taxable Pension Obligation Revenue Bonds. The outstanding balance of the 2001 Taxable Pension Obligation Revenue Bonds was $21,822,080 for the Water portion and $23,171,901 for the Energy portion at December 31, 2020, including unamortized original issue premium of $24,745 for Water and $26,274 for Energy.

The 2001 Taxable Pension Obligation Revenue Bonds are payable from and secured by a pledge of and lien on the utility system revenues. The amortization of interest on these Bonds is an operation and maintenance cost of the electric and water systems.

Note 7 – Other Long-Term Debt (continued)

The terms of the Series 2001 Bonds indenture require the District to maintain certain Obligation Coverage Ratios with which the District has complied for the years ended December 31, 2020 and 2019.

A summary of the District's outstanding liability for the 2001 Taxable Pension Obligation Revenue Bonds is as follows:

Due Date	Principal Amount	Interest	Total Debt Service
January 1, 2021	$ 2,865,000	$ 3,040,758	$ 5,905,758
January 1, 2022	3,060,000	2,835,876	5,895,876
January 1, 2023	3,270,000	2,616,225	5,886,225
January 1, 2024	3,500,000	2,381,306	5,881,306
January 1, 2025	3,740,000	2,130,078	5,870,078
January 1, 2026 – 2030	23,000,000	6,204,300	29,204,300
January 1, 2031	5,610,000	196,350	5,806,350
Original issue discount	(51,019)	-	(51,019)
Totals	$ 44,993,981	$ 19,404,893	$ 64,398,874

Note 8 – Capital Leases

The District acquires certain operating equipment through capital lease agreements expiring at various times through 2025. The outstanding balance was $6,821,786 for the Water portion and $6,863,095 for the Energy portion at December 31, 2020. The estimated future minimum lease payments, including interest, under these leases are as follows:

		Total
Year ending December 31,	2021	$ 5,409,660
	2022	3,757,044
	2023	2,179,144
	2024	1,761,346
	2025	1,027,452
	Total minimum lease payments	14,134,646
	Less amount representing interest	(449,765)
	Present value of minimum lease payments	$ 13,684,881

Note 9 – 401(a) Retirement Plan

In June 2001, the District terminated the Imperial Irrigation District Employee Pension Plan (Pension Plan) and replaced the Plan with a new defined contribution plan (401(a)). All remaining obligations, including the District's unfunded actuarial pension liability, were funded by the net proceeds of the District's Taxable Pension Obligation Revenue Bonds, Series 2001. Plan participants were allowed to either rollover benefits to the new 401(a) plan or have an annuity purchased for them.

Effective January 1, 2018 the 401(a) plan was amended to reflect a District contribution of 9% of the base salary for all employees. Participants in the plan can make after-tax contributions in whole percentages of up to 18% of their base salary. The 401 (a) plan, includes a before tax employee contribution and employer matching option. The employer will make matching contributions to the plan in the amount of 100% of the participant's first 1% before-tax or Roth contributions. Participants may also make before tax contributions in whole percentages of up to 75% of their base salary. Total maximum contributions to the plan, including both the employer and employee portions, is based on the 415c limit per year approved by the IRS. Participants immediately vest in all personal contributions to the plan and are 100% vested in employer contributions plus actual earnings at the three-year mark. The District's 2020 and 2019 contributions were $11,625,938 and $10,801,711, respectively.

Description of Plan
The following description of the Imperial Irrigation District 401(a) Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan Agreement, as amended, for a more complete description of Plan provisions.

General – The Plan, established June 29, 2001, is a single employer Section 401(a) defined contribution plan covering all full-time employees of the District. The Plan is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) as the District is a governmental agency. Imperial Irrigation District is the Plan's sponsor and serves as Plan administrator. Effective January 1, 2015, the Plan document was restated to reflect certain changes to the Plan as a result of statutory changes since the Plan's last restatement and to implement before-tax employee contributions and employer matching contributions, to implement the relevant provisions of certain collective bargaining agreements, and for purposes of obtaining an Internal Revenue Service determination letter regarding the Plan's tax-qualified status. The Plan received a favorable letter of determination dated July 7, 2017. Effective January 1, 2018, the Plan was amended to reflect changes in provisions regarding employer contribution percentages and employer matching contributions eligibility.

The operations of the Plan are directed by the Plan Administrator. The assets of the Plan are held in a trust by Vanguard Fiduciary Trust Company (Trustee).

Eligibility – Full-time employees of the District are eligible to participate in 401(a) after-tax contributions to the Plan after completion of six months of continuous service. Full-time employees are eligible to participate in before-tax, and post-tax contributions immediately upon hire. As of January 1, 2018, all employees are eligible to receive employer matching contributions on the before-tax or post-tax contributions.

Note 9 – 401(a) Retirement Plan (continued)

Contributions – The District makes contributions to the Plan in the amount of nine percent of the participant's monthly base compensation as of January 1, 2018. Compensation is limited to $285,000 in 2020 and $280,000 in 2019, on behalf of participants who satisfy the eligibility requirements. A participant who was participating in the Imperial Irrigation District Executives' Money Purchase Pension Plan and Trust and/or the Imperial Irrigation District Employee Pension Plan, both of which were terminated on June 30, 2001, may have such interest in these Plans transferred to a transfer account under this Plan. The Plan Administrator may establish one or more sub-accounts under the transfer account with respect to these prior Plans.

Participants may elect, in a manner prescribed by the District, to make 401(a) after-tax contributions to the Plan for a plan year. Such amounts shall be contributed to the Plan by the District as after-tax contributions and credited to the participant's after-tax contribution account. In 2020 and 2019, the total of all contributions may not exceed the lesser of $57,00 and $53,000, respectively, or 25% of the Participant's Section 415 Compensation.

All participant contribution elections are designated as a percentage of compensation that shall automatically apply to increases and decreases in the respective participant's compensation. A participant's contribution election will remain in effect until the participant elects to change the percentage. A participant may change or suspend the percentage of authorized contribution at a time and in a manner prescribed by the District.

For all participants, the District will make matching contributions to the Plan in the amount of 100% of the participant's first 1% of before-tax or after-tax contributions.

Full-time employees who have satisfied the eligibility requirements of the Plan and who have participated in any other qualified plan in Section 401(a) of the Internal Revenue Code (IRC) or in a qualified annuity plan described in Section 403(a) of the Code shall be permitted, subject to approval of the District, to make a rollover contribution to the Plan. Such an amount shall be the amount received by full-time employees which is attributable to participation in such other plan (reduced by any after-tax contributions made to the Plan), provided that the rollover contribution is an eligible rollover distribution and complies with all applicable requirements of the Code. This rollover contribution shall be credited to the individual participant's rollover account.

Note 9 – 401(a) Retirement Plan (continued)

The District may impose any such procedures as necessary to govern the acceptance of any rollover contributions. The District may require such information from the participant desiring to make such rollover contribution as it deems necessary to determine if the proposed transfer of contributions will meet the requirements of the Plan. Upon approval by the District, the amount transferred will be deposited into the Trust and shall be allocated to the participant's rollover account. Such accounts shall always be 100% vested and shall share in income allocations as provided by the Plan.

If a participant makes a rollover contribution that is subsequently determined to be an ineligible rollover under Section 402 of the Code, the District shall take such corrective action as it determines to be necessary or appropriate under applicable law.

Participant accounts – Each participant's account is credited with the participant's before-tax, Roth and 401(a) after-tax contributions, employer matching contributions, if applicable, and allocations of (a) the District's contribution and (b) plan earnings. Participants may have an employer contribution account, an after-tax contribution account, a rollover account, a transfer account, a before-tax contribution account, a Roth contribution account, and an employer matching account.

Vesting – Participants who were eligible on July 1, 2001 are 100% vested in their entire account. Participants who became eligible after July 1, 2001 are 100% vested in their after-tax contributions, transfer account, before-tax contribution account, matching contribution account, transfer account, and rollover account plus actual earnings thereon. Vesting in the District's contribution portion is based on the number of continuous years of service as noted below:

Years	Vested Percentage
Less than 1 year	0%
1 year but less than 2 years	30%
2 years but less than 3 years	60%
3 years or more	100%

Participants shall become 100% vested in and have a non-forfeitable right to each respective employer contribution account if the participant attains early retirement age or normal retirement age, incurs a disability, or dies while employed by the District.

Employees who may be rehired are not credited with prior years of service upon reemployment after a one-year break in service from the District.

Notes receivable from participants – Effective October 16, 2016, participants may borrow from their accounts a minimum of $2,500 up to a maximum equal to the lesser of $50,000 or 50% of their before-tax contribution account balance. The loans are issued by the Plan and secured by the balance in the participant's before-tax contribution account. All loans must be repaid within a period of five years, unless the loan is used to purchase a principal residence, in which case, the loan must be repaid within a reasonable period of time not to exceed fifteen years. Interest rates are fixed and equal to the prime rate (per Reuters) plus 1%. Principal and interest are to be paid ratably, however there are no payroll deductions. As of December 31, 2020, the rate of interest on outstanding loans was 4.25-6.50% with various maturities through August 18, 2030.

Note 9 – 401(a) Retirement Plan (continued)

Payment of benefits – Benefits are distributable to a participant or beneficiary (in the case of death) upon the participant's severance from employment.

The benefits distributable to a participant shall be the vested amounts credited to the respective participant's accounts. Such credited amounts shall be valued as of the date that instructions are received by the Trustee.

For plan years beginning on or after January 1, 2015, the normal form of distribution shall be an annuity payment in the form of a single life annuity for the life of the participant. Optional forms of distribution available are lump-sum or direct rollover to an "eligible retirement plan."

Summary of significant accounting policies

Basis of accounting – The accompanying financial statements have been prepared on an accrual basis of accounting and present the net position available for benefits and the changes in the net position available for benefits. Participant and employer contributions are recognized in the period in which the contributions are due, and benefits are recognized when paid.

Investment valuation – The Plan's investments in registered investment companies are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability (the "exit price") in an orderly transaction between market participants at the measurement date. If available, quoted market prices are used to value registered investment companies.

The Plan's units in the collective trust are stated at contract value. Contract value is the relevant measurement for assets invested in fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan's collective trust investment option is primarily composed of synthetic investment contracts.

Income recognition – Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis. The net appreciation or depreciation in fair value of investments consists of both the realized gains or losses and unrealized appreciation and depreciation of those investments.

Notes receivable from participants – Notes receivable from participants are measured at amortized cost, which represents unpaid principal balance plus accrued but unpaid interest. Delinquent notes receivable from participants are reclassified as distributions upon the occurrence of a distributable event, in accordance with the Plan document.

Payment of benefits – Benefits are recorded when paid.

Administrative expenses – All expenses of maintaining the Plan are paid by the District.

Note 9 – 401(a) Retirement Plan (continued)

Investments

Investment funds – Contributions to the Plan shall be invested in one or more of the available investment funds. The District determines the number of investment funds and the investments made under each of the investment funds. Pursuant to the rules established by the District, in its discretion, it may terminate or change any of the investment funds.

Pursuant to the rules established by the District, each participant shall have the right to designate in which of the investment funds the participant's account will be invested, subject to any restrictions imposed by this section. Absent any election by the participant as to the direction of his accounts, such participant's accounts will be invested in a default fund, to be determined by the District, until such participant directs otherwise.

Change of elections/transfers between funds – The participant will also have the right to change such investment elections at times and in a manner prescribed by the District.

The participant will have the right to transfer all or any fraction of his accounts between the available investment funds at any time during the plan year except that no transfers may be made into any investment fund which prohibits such transfer. Such transfer shall be made in a manner prescribed by the District.

If a participant is exchanging to the detriment of an investment fund, the Trustee may limit transfer and exchange privileges of such participant.

Dividends, interest, and other distributions received on the assets held by the Trustee in respect to each of the investment funds shall be reinvested in the respective fund.

Responsibility for investments – Each participant is solely responsible for the selection of his investment options. The Trustee, the District, and the officers, supervisors, and other employees of the District are not empowered to advise a participant as to the manner in which such participant's accounts shall be invested. The fact that an investment fund is available to participants as an investment option under the Plan shall not be construed as a recommendation for investment in that investment fund.

Investments in any one issuer under the Trust fund that represent 5% or more of total Trust fund's investments include the following at December 31, 2020:

Issuer	Investment Type	Reported Amount	Percentage of Portfolio
Vanguard Balanced Index Fund Admiral Shares	Mutual Fund	$ 53,739,100	19.2%
Vanguard Institutional Index Fund Inst'l Shares	Mutual Fund	31,267,822	11.2%
Vanguard PRIMECAP Fund Admiral Shares	Mutual Fund	19,200,324	6.9%
Vanguard Total Bond Market Index Fund Admiral Shares	Mutual Fund	18,020,014	6.4%
Vanguard Target Retirement 2045 Fund	Mutual Fund	14,872,754	5.3%
Vanguard Target Retirement 2025 Fund	Mutual Fund	14,742,447	5.3%
American Funds EuroPacific Growth Fund Class A	Mutual Fund	14,480,858	5.2%

Note 9 – 401(a) Retirement Plan (continued)

Fair value measurements
The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value for the plan years ended December 31, 2020 and 2019:

Registered investment companies (mutual funds): Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Collective trust: Units held in collective trusts (CT) are valued using the contract value of the CT as reported by the CT managers. The contract value is based on the fair value of the underlying assets owned by the CT, minus its liabilities, and then divided by the number of units outstanding. The underlying assets of Vanguard's Retirement Savings Master Trust are traditional contracts issued by insurance companies and banks, synthetic investment contracts, and short-term investments.

The following table provides additional information for investments in certain entities that calculate using contract value:

	Contract Value 12/31/2020	Contract Value 12/31/2019	Redemption Frequency	Redemption Notice Period	Redemption Restrictions
Vanguard Retirement Savings Trust	$ 33,638,682	$ 33,879,132	Daily	N/A	N/A

Note 9 – 401(a) Retirement Plan (continued)

The following table discloses the fair value hierarchy of the Plan's assets by level as of December 31, 2020 and 2019:

	Fair Value Measurement at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Investments measured at fair value:				
Registered investment companies	$ 245,785,144	$ -	$ -	$ 245,785,144
Investments measured at contract value				33,638,682
Total investments				$ 279,423,826

	Fair Value Measurement at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Investments measured at fair value:				
Registered investment companies	$ 209,787,585	$ -	$ -	$ 209,787,585
Investments measured at contract value				33,879,132
Total investments				$ 243,666,717

The valuation methods used by the Plan may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Forfeiture account

The non-vested portion of a participant's accounts, if any, shall be forfeited upon the participant's consent to a distribution and treated as a forfeiture. A participant who incurs a severance from service at a time when the vested amounts credited to the participant's employer contribution accounts are zero shall be deemed to have received a distribution of the vested amounts credited to the participant's employer contribution accounts and the entire non-vested amount of the participant's employer contribution accounts shall be treated as a forfeiture.

Any amount forfeited by a participant upon severance from service shall not be restored to the participant's employer contribution accounts if the participant returns to the service of the District.

At the Plan Administrator's discretion, forfeitures may be used to reduce future employer contributions and/or to pay administrative expenses of the Plan. During the years ended December 31, 2020 and 2019, $17,435 and $39,928 was forfeited by participants, and $32,713 and $22,732 was used to reduce employer contributions in 2020 and 2019, respectively.

Note 9 – 401(a) Retirement Plan (continued)

Plan termination

Although it has not expressed any intention to do so, the District, by duly adopted resolution, has the right to terminate the Plan at any time. In the event of the dissolution, merger, consolidation, or reorganization of the District, the Plan shall automatically terminate unless it is continued by a successor employer. Upon the termination or partial termination of the Plan, the separate accounts of all the participants affected thereby shall immediately become fully vested and non-forfeitable.

The District, by duly adopted resolution, may also discontinue all further contributions to the Plan. Upon the complete suspension of contributions to the Plan by the District, the separate accounts of all participants affected thereby shall immediately become fully vested and non-forfeitable. The District and Trustee shall continue to maintain the Plan and Trust in accordance with the requirements of Sections 401(a) and 501(a) of the Code, and the District shall direct the Trustee to distribute the separate accounts of participants only at such times and in such a manner as specifically provided in the Plan Document Article IX.

Note 10 – Inter-Departmental Transactions

Although the Water and Energy Departments of the District maintain separate accounting records, there are certain inter-Departmental transactions. Significant transactions primarily involve charges by the Water Department to the Energy Department for the use of water to generate electricity on the canal system. The inter-Departmental charge for use of water in the All-American Canal to generate electricity is based upon a formula approved by the board of directors in June 2009.

Charges for use of buildings, vehicles, and equipment are based upon a pro rata distribution of costs of related maintenance, operation and depreciation. General and administrative expenses of the District are allocated between Departments on a reasonable and consistent basis relative to the benefits derived by each.

Note 11 – Commitments and Contingencies

Self-insurance

The District is self-insured for workers' compensation claims and for health benefits. Excess coverage for health benefits for 2020 and 2019 was provided by Voya. As of December 31, 2020, and 2019, the District accrued $3,914,468 for Water and $8,712,847 for Energy, and $3,741,015 for Water and $8,729,037 for Energy, respectively, for estimated workers' compensation claims to be paid in future periods. In addition, the District is partially self-insured for general claims and carries excess insurance coverage for general liability matters. As of December 31, 2020, and 2019, the District accrued $1,061,500 for Water and $6,588,081 for Energy and $87,500 for Water and $3,149,814 for Energy, respectively, for these estimated general liability claims.

Such amounts have been included under the financial statement caption entitled "self-insurance" in the accompanying statements of net position at December 31, 2020 and 2019.

Note 11 – Commitments and Contingencies (continued)

The unpaid claims liabilities include estimated amounts for incurred but not reported (IBNR) claims. IBNR claims are those that were incurred during the calendar year but not yet reported at the balance sheet date. Claim liabilities are calculated based on recent claims history and settlement trends.

Changes in the District's self-insurance claims liability for the two years ended December 31, 2020 are as follows:

Liability at January 1, 2019	$ 17,375,033
Incurred and adjusted claims	(2,173,926)
Claim payments and change in estimates	506,260
Liability at December 31, 2019	15,707,367
Incurred and adjusted claims	(1,859,314)
Claim payments and changes in estimates	6,428,771
Liability at December 31, 2020	$ 20,276,824

A summary of the District's self-insurance claims for the two years ended December 31, 2020 are as follows:

December 31, 2020	Current	Long-Term	Total
Water	$ 1,741,589	$ 3,234,379	$ 4,975,968
Energy	5,355,300	9,945,556	15,300,856
Totals	$ 7,096,889	$ 13,179,935	$ 20,276,824

December 31, 2019	Current	Long-Term	Total
Water	$ 1,339,981	$ 2,488,535	$ 3,828,516
Energy	4,157,598	7,721,253	11,878,851
Totals	$ 5,497,579	$ 10,209,788	$ 15,707,367

Excess coverage for health insurance is provided by a commercial insurance policy after payment of large deductibles, referred to as self-insurance retention. Self-insurance and commercial coverage limits are as follows:

Type of Coverage	Self-Insurance	Commercial Coverage
Health benefits	Up to $300,000 per person per year	No lifetime maximum

Note 11 – Commitments and Contingencies (continued)

Environmental liabilities
Following is a brief description of the significant sites that require environmental remediation:

IID has identified the El Centro Generating station roof repair; this will require asbestos abatement due to original roof membrane removal. At this time the roof is in relatively good shape and the replacement project has been canceled. The buildings/structures must be kept in good physical condition, if asbestos is not removed, damaged ACM where fiber release could potentially occur, must be repaired, encapsulated or enclosed, so that no fiber release occurs. Notices to the CARB / CalEPA will be issued prior to start of a repair project. Estimates for asbestos removal and disposal are included in the liability accrual.

As of December 31, 2020, the District has included in its accounts payable liability a total of $1 million for those portions of the environmental remediation work that are currently deemed to be reasonably estimable. Cost estimates were developed using the expected cash flow technique in accordance with GASB 49. Estimated outlays are based on current cost and no adjustments were made for discounting or inflation.

The District completed remediation activities during 2019 for the following sites: North of Barbara Ave at Niland Street, and Aloha Lane between Brawley and Thermal Avenue.

Cost scenarios were developed for a given site based on data available at the time of estimation and will be adjusted for changes in circumstance. Scenarios consider the relevant potential requirements and are adjusted when benchmarks are met or when new information revises estimated outlays, such as changes in the remediation plan or operating conditions. The estimates were made with the latest information available; however, as new information becomes available, estimates may vary significantly due to price fluctuations, technological advances, or applicable laws or regulations.

Take or pay contracts
The District has energy and capacity contracts with the Southern California Public Power Authority (SCPPA), a joint powers authority formed under the Joint Powers Act of the California Legislature of 1980. The District purchases 6.5% of the energy generated by SCPPA's 5.91% ownership in the Palo Verde Nuclear Generating Station (the Palo Verde Project), a nuclear-fueled generating station near Phoenix, Arizona. The Palo Verde Project agreements expire in 2030. The District also previously purchased 50.98% of the capacity and energy generated by SCPPA's 41.8% ownership of the San Juan Generating Station Unit 3 (the San Juan Project), a coal-fueled generating station in New Mexico. The San Juan Project agreements were set to expire in 2022 but, with the retirement of Units 2 and 3 discussed below, the District exited the San Juan Project on December 31, 2017.

Note 11 – Commitments and Contingencies (continued)

The billings for fuel, operations and maintenance, administrative and general, and other costs for these projects were as follows:

Fiscal Year	Project	Fuel	Non-Fuel	Total
2019	San Juan	$ -	$ 92,815	$ 92,815
	Palo Verde	$ 892,557	$ 3,800,975	$ 4,693,532
2020	San Juan	$ -	$ 130,150	$ 130,150
	Palo Verde	$ 853,809	$ 3,463,738	$ 4,317,547

Energy supply purchase commitment

The District has two energy supply contracts with the United States Department of Energy Western Area Power Administration Desert Southwest Region for Parker Davis and Boulder Canyon Projects. These agreements terminate on September 30, 2028 and September 30, 2067, respectively. The District is committed to purchase all Parker Davis available power up to 26 megawatts in any given hour during winter months and 32 megawatts in any given hour during summer months. On Boulder Canyon, the District is committed to purchase all available power up to 3 megawatts in any given hour throughout the year. As of December 31, 2020, the District's estimated remaining purchase commitment under these agreements is $24,465,100 and $5,737,180, respectively.

The District has entered into contracts with various vendors to purchase natural gas. These commitments vary in the amount of natural gas to be purchased and when the natural gas will be delivered to the District. Open commitments of the District at December 31, 2020 total $54,981,066.

The list of contracts is as follows:

Vendor	Delivery Period	Liability
Macquarie Energy	March 2021 to October 2023	$ 17,011,337
EDF Trading North America	January 2021 to September 2023	15,005,851
BP Energy Company	March 2021 to October 2023	13,988,555
Shell Energy North America	January 2021 to September 2023	7,694,623
Conoco Phillips	June 2021 to September 2021	1,280,700
		$ 54,981,066

The District has entered into contracts with various vendors to purchase energy. These commitments vary in the terms and the amount of energy to purchase, and when it will be delivered to the District. The estimated remaining commitment of the District at December 31, 2020 is $1,699,135,692 based on contract pricing.

Note 11 – Commitments and Contingencies (continued)

The contracts are as follows:

Vendor	Delivery Period	Liability
Hell's Kitchen PowerCo1	September 2023 to August 2048	$ 520,183,625
GeoGenCo	June 2021 to May 2049	302,318,024
CalEnergy	January 2021 to December 2028	204,995,838
Seville Solar Two	January 2021 to July 2041	123,000,094
96WI 8ME	January 2021 to September 2041	103,962,773
Southern California Public Power Authority	January 2021 to January 2042	98,204,173
Dominion Solar Holdings	January 2021 to July 2044	100,035,542
Sol Orchard Imperial 1	January 2021 to November 2038	87,105,136
Desert View Power	January 2021 to May 2022	58,250,934
Citizens Imperial Solar	January 2021 to May 2042	36,622,379
Imperial Solar 1	January 2021 to April 2035	35,466,547
Sol Orchard Community 1	January 2021 to June 2038	26,923,127
Yuma County Water Users Association	January 2021 to July 2023	2,067,500
		$ 1,699,135,692

Letter of credit
As part of the All-American Canal lining project, the District was required to post an Irrevocable Standby Letter of Credit in the amount of $1,155,150 for the benefit of the California Department of Fish and Game as beneficiary. This Letter of Credit was established pursuant to the terms of the Incidental Take Permit as a security device for the performance of the District as project manager in completing its obligation under the Permit. In August 2011, the District requested the amount of funding assurances be reduced because some of the mitigation secured by the funding had been completed. The California Department of Fish and Game Approved Amendment No. 2 to Permit No. 2081 to reduce the amount of the security from $1,155,150 to $427,350.

The Letter of Credit will automatically be extended for a period of one year until official written notification is provided. All costs of this letter of credit, including any claim if needed, is reimbursed by the Department of Water Resources (DWR) and/or San Diego County Water Authority (SDCWA).

Note 12 – Construction Commitments

At December 31, 2020, the District had the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Completion Date
Water		
System Conservation Program	$ 5,687,887	2021
Various Projects	2,914,585	2021
Dahlia Canal Pipeline - City of Imperial	1,531,899	2021
Best Canal Pipeline (Phase 2)	967,935	2021
Fabrication of Pilot Knob Wasteway Gates	749,780	2021
Alder Lat 7 Flume Over the Central Drain No. 3	536,437	2021
New Briar Flume Crossing AAC Phase I	403,735	2021
Power		
OATT & External Major Customer Funded Projects	$ 3,074,140	2021
Path 42 remedial Action Scheme	2,758,080	2021
EC Generating Station Unit2-1 Transformer Rep	1,561,948	2022
EOL RTU Replacement Program	778,880	2021
Phasor Measurement Unit-TEAM	579,101	2021
Relay Protection Upgrade Project	432,748	2021
Gateway Substation Breaker Installation Project	427,290	2021
EC Generating Station Unit 2 Fire Protection	270,863	2021
End-of-Lifecycle DPU Replacement Project	255,714	2021
CA-CE Transmission Line Relocation	164,366	2021

Note 13 – Other Post-Employment Benefits Other Than Pensions

Plan description

The District's provides health and welfare benefit plans including medical, prescription drug, and behavioral health benefits (EAP) for qualified retirees and certain dependents. The District's plan is an agent multiple-employer benefit OPEB plan administered by CalPERS CERBT Strategy 2 OPEB Trust. The authority to establish and amend the benefit terms and financing is accomplished through the District's Board of Directors.

Note 13 – Other Post-Employment Benefits Other Than Pensions (continued)

Benefits provided
Beginning in 2015, the District offers two separate plan designs for its medical/Rx benefits, called Plan A and Plan B. Plan B has higher deductibles, out-of-pocket maximums, and in-network coinsurance percentages. The ghost rates for Plan B are about 5% lower than for plan A.

The District charges its retirees and survivors according to a schedule of premiums that is updated each year according to a table of retiree increases for a given overall increase in healthcare costs; the increase is ultimately at the District Board's discretion.

Except as noted below, benefits are payable for the lifetime of the retiree, spouse, and dependent children while eligible to remain on parents' coverage. Survivor benefits are provided in the event that a retiree pre-deceases his/her spouse.

Eligibility
Employees are eligible upon reaching retirement age of 60 with a minimum of ten years of continuous full-time service. Employees hired before May 14, 2013 for International Brotherhood of Electrical Workers (IBEW) members, and before September 17, 2013 for Professional Salaried Association (PSA) members, have the option for early retirement upon reaching the age of 55 once the minimum years of service is met. Effective October 1, 2002, an “Early Retirement Age” option was approved by the board of directors for employees in the “Executive” class of service. These employees have the option to retire once they obtain the age of 52 if they have a minimum of 15 years of continuous full-time service.

For employees hired before May 14, 2013 for IBEW members, and before September 17, 2013 for PSA members, the District pays a maximum contribution per month ranging from $1,257 to $2,314 and shall provide medical benefits to the retiree and certain dependents. For employees first employed after the said dates, the District shall pay a maximum contribution per month of $1,146 and shall provide medical benefits for the retiree only. This provision does not guarantee the continuance of any specific medical benefits plan by the District. The retired employee will be responsible for and pay to the District the cost for retiree health benefits in excess of the maximum contribution.

The District's contribution for retiree medical benefits shall terminate upon the sooner of the retiree's 65th birthday, upon eligibility of the retired unit member for Medicare, or upon the date that the retiree becomes covered by another employer who provides full health benefits.

Plan membership consisted of the following at December 31, 2020:

Inactive plan members or beneficiaries receiving benefit payment	492
Active plan member	1,306
Total	1,798

Note 13 – Other Post-Employment Benefits Other Than Pensions (continued)

Net OPEB Liability
The District's Net OPEB Liability was $8,985,242 and $41,866,220 measured as of December 31, 2020 and 2019, respectively. The total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of January 1, 2019. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

At December 31, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	December 31, 2020	December 31, 2019
Deferred Outflows of Resources		
Difference between expected and actual experience	$ -	$ -
Changes in assumptions or other inputs	-	-
Differences between projected and actual return investments	3,547,895	5,321,843
Total	$ 3,547,895	$ 5,321,843
Deferred Inflows of Resources		
Difference between expected and actual experience	$ (3,510,689)	$ (4,095,804)
Changes in assumptions or other inputs	(15,649,244)	(18,257,452)
Differences between projected and actual return investments	(14,334,560)	(9,783,440)
Total	$ (33,494,493)	$ (32,136,696)

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

Fiscal Year ending December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	$ 1,773,948	$ (7,388,428)
2022	1,773,947	(7,388,428)
2023	-	(7,388,428)
2024	-	(4,942,568)
2025	-	(3,193,323)
2026	-	(3,193,318)
Total	$ 3,547,895	$ (33,494,493)

Note 13 – Other Post-Employment Benefits Other Than Pensions (continued)

Actuarial assumptions
The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Assumptions	
Actuarial cost method	Entry Age, Level percent pay
Recognition of deferred inflows and outflows of	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00 percent
Inflation rate	3.00 percent
Investment rate of return	6.25 percent, net of OPEB plan investment expense
Healthcare cost trend rate	5.9 percent for 2020; 5.80 percent for 2021; and decreasing by 0.10 percent per year to 5.00 percent for 2029 and later years
Preretirement Mortality	RP-2014 Employee Mortality Table, without projection
Postretirement Mortality	RP-2014 Employee Mortality Table, without projection

Actuarial assumptions used in the January 1, 2019 valuation were based on a review of plan experience during the period January 1, 2017 to December 31, 2018.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset Allocation	Real Rate of Return
Global ex-U.S. Equity	40%	5.50%
U.S. Fixed	43%	1.50%
TIPS	5%	1.20%
Real Estate	8%	3.70%
Commodities	4%	0.60%

Note 13 – Other Post-Employment Benefits Other Than Pensions (continued)

Schedule of Changes in net OPEB liability for the years ended December 31:

	2020	2019
Total OPEB liability as of January 1, (a)	$ 177,735,803	$ 195,861,113
Service cost	3,237,458	3,339,612
Interest	11,101,385	10,448,704
Changes of benefit terms	-	-
Difference between expected and actual experience	-	(4,680,919)
Changes of assumptions	-	(20,865,660)
Benefit payments	(6,805,346)	(6,367,047)
Net changes in total OPEB liability	7,533,497	(18,125,310)
Total OPEB liability as of December 31, (b)	$ 185,269,300	$ 177,735,803
Plan fiduciary net position		
Contributions – employer	29,805,346	29,367,047
Net investment loss	17,533,634	18,370,338
Benefit payments	(6,805,346)	(6,367,047)
Trustee fees	(50,327)	(38,517)
Administrative expense	(68,832)	(52,679)
Net change in plan fiduciary net position	40,414,475	41,279,142
Plan fiduciary net position – beginning (c)	135,869,583	94,590,441
Plan fiduciary net position – ending (d)	$ 176,284,058	$ 135,869,583
Net OPEB liability – beginning (c) – (a)	$ 41,866,220	$ 101,270,672
Net OPEB liability – ending (d) – (b)	$ 8,985,242	$ 41,866,220

The discount rate used to measure the District's Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	20-Year High Grade Rate Index	Discount Rate
12/31/2020	12/31/2020	6.25%	2.00%	6.25%
12/31/2019	12/31/2019	6.25%	3.71%	6.25%

Note 13 – Other Post-Employment Benefits Other Than Pensions (continued)

Sensitivity analysis of net OPEB liability to changes in discount rate. Below presents the net OPEB liability, as well as what the 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:

	December 31,	
Discount rate	2020	2019
1% Decrease	5.25%	5.25%
Net OPEB liability (asset)	$33,900,727	$66,308,838
Current Discount Rate	6.25%	6.25%
Net OPEB liability (asset)	$8,985,242	$41,866,220
1% Increase	7.25%	7.25%
Net OPEB liability (asset)	($11,612,009)	$21,695,459

Sensitivity analysis of net OPEB liability to changes in healthcare cost trend rates. Below presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	December 31,	
Healthcare cost trend	2020	2019
1% Decrease	4.9% for 2020, 4.0% ultimate, 3.0% at Medicare ages	5.00% to 4.00%
Net OPEB liability (asset)	($16,442,283)	$18,493,190
Current Trend rate	5.9% for 2020, 5.0% ultimate, 3.0% at Medicare ages	6.00% to 5.00%
Net OPEB liability (asset)	$8,985,242	$41,866,220
1% Increase	6.9% for 2020, 6.0% ultimate, 5.0% at Medicare ages	7.00% to 6.00%
Net OPEB liability (asset)	$40,475,762	$70,777,831

The District recognized OPEB expense of $56,113 and $3,873,239 for the years ended, on December 31, 2020 and 2019, respectively.

Note 14 – Metropolitan Water District Water Conservation Program

In December 1988, the District and the Metropolitan Water District of Southern California (MWD) entered into a water conservation agreement that became effective December 1989. Under the terms of the conservation agreement, MWD paid for the capital cost and continues to pay annual operation and maintenance and capital costs for specific conservation projects within the District. The purpose of such payments is to provide funds for the District to construct and maintain water conservation projects in the Imperial Valley. In return, MWD is entitled to a quantity of water equal to the amount of water conserved by these projects, which total between 100,000 and 110,000 acre-feet annually. The water must be used in the calendar year it is conserved. In 2020 and 2019, the District received $12,958,145 and $14,534,178, respectively, as reimbursement for approved capital, operation, and maintenance costs. Cumulative payments received since inception total approximately $347,471,031 through December 31, 2020. The District is to be reimbursed for approved amounts, including certain indirect costs, through the year 2041.

Note 15 – Salton Sea Authority

The District is a member of the Salton Sea Authority (the Authority), a Joint Powers Authority formed in 1993 for the purpose of working with the State of California, the federal government, and the Republic of Mexico in the development of programs to ensure certain continued beneficial use of the Salton Sea. These beneficial uses include its primary purpose as a depository for agricultural drainage, storm water and waste water flows, together with protection of endangered species, fisheries, waterfowl and recreation.

The Authority consists of the District, the Coachella Valley Water District, the counties of Imperial and Riverside, each of which appoints two voting members, and the Torres Martinez Indian Tribe with one voting member to the Authority's board of directors.

The Authority has undertaken, or expects to undertake, projects, either singularly or in cooperation with other agencies, which may relate to:

- The Salton Sea's surface elevation
- The Salton Sea's salinity
- The Salton Sea fish and wildlife
- Public recreation facilities and opportunities
- Protection and enhancement of water quality in the Salton Sea
- Reduction or elimination of threats to public health, safety, and welfare
- Conservation of water
- Encouragement of compatible planning and development adjacent to and in proximity of the Salton Sea
- Establishment of ongoing maintenance and operations programs to accomplish the purposes of the Authority
- Management of by-products resulting from projects undertaken by the Authority, including the beneficial reuse of these by-products
- Acquisition of sufficient revenues to retire debt and to fulfill the financial obligations of the Authority

Note 15 – Salton Sea Authority (continued)

The projects planned by the Authority are expected to be funded primarily through state and federal grants, in addition to direct and in-kind funding from the members. Funds contributed by the District, which are not material to the District's financial statements, are expensed as incurred. Financial statements of the Authority can be obtained from the Executive Office of the County of Riverside.

Note 16 – Trust Lands

On February 5, 2004, the District board of directors approved Resolution 2-2004 which authorized the purchase of approximately 41,700 acres of land (Western Farms Land, or Trust Lands) in order to facilitate the District's ability to perform its obligations under the District Water Conservation and Transfer Project (Transfer Project), including the District/San Diego County Water Authority Water Conservation and Transfer Agreement and the Quantification Settlement Agreement and Related Agreements (collectively, QSA).

On April 1, 2004, the District issued Certificates of Participation (COPs) for $87,725,000 to acquire the Western Farms Land. The land was to be used primarily for the implementation of a range of water conservation measures and to reduce water usage through fallowing the land in order to satisfy the water transfer obligations pursuant to the 2003 Water Transfer agreement with SDCWA.

On April 13, 2004, the District entered into the 2004 Installment Purchase Contract dated April 1, 2004 in order to facilitate the acquisition of the Trust Lands from Western Farms, LP. The Western Farms Land Purchase was funded by the 2004 Taxable Revenue Certificates of Participation (2004 Water System Project) (the Certificates) in a principal amount equal to the aggregate principal amount of the 2004 Installment Payments.

On July 26, 2005, the District adopted Resolution 18-2005 (the Original Resolution) which established a "Land Sale Disposition Policy" and authorized the sale of portions of the Western Farms Land (Trust Lands). Resolution 5-2006, adopted on February 7, 2006 declared that the Trust Lands were no longer necessary for present or prospective purposes, and therefore, were surplus to the District needs. The board also expressed its intent to dispose of the Trust Lands on such terms as may be in the best interest of the District. There have been no sales of Western Farmland since year 2015.

In 2015, net sales of Western Farms Land totaled $931,791 for 185.4 acres. The proceeds from these land sales, by resolution, pay for cost of sales and reimburse the District's Water Department for all cost incurred for the operation, maintenance, administration and cost of debt issued to purchase the Western Farms Land.

Note 17 – Noncurrent Advances

On October 3, 2003, IID and SDCWA signed the revised 4th amendment to the water transfer agreement. Included in the amendment was a new section titled “14.5 Mitigation of Socio-Economic Impacts Caused by Land Fallowing.” This section laid out the funding obligations of IID and SDCWA. SDCWA was to fund an initial payment of $10 million in four installments. SDCWA would be reimbursed for this initial payment via credits against payments due from SDCWA beginning in Agreement Year 16 (2018). The obligation to repay SDCWA is contingent upon the water transfer agreement remaining in effect. If for any reason the transfer is suspended or terminated, the District’s obligation will terminate. As of December 31, 2020, $8.8 million obligation is reflected herein as advances under other non-current liabilities and $0.3 million has been moved to current liabilities under other advances and deposits.

In addition, during 2010, SDCWA advanced $50 million to the District to fund capital projects necessary to implement system efficiency measures designed to conserve water for subsequent transfer to SDCWA, as required under the terms of the QSA.

The terms of the agreement dictate that if a water transfer stoppage occurs as a result of a court order, and the stoppage results in the termination of the agreement, the District must repay SDCWA as set forth below:

Year of Termination	Amount of Repayment
2020	$ 5,000,000

As of December 31, 2020, the District has recognized as revenue $45 million of the $50 million advance, representing the portion that is no longer subject to repayment under the repayment release clause. Of the total $50 million advance, $42.6 million has been spent on conservation programs.

A liability for the portion of the advance still subject to the potential repayment is included in the accompanying statements of net position, with $5 million under other noncurrent liabilities – advances.

Transmission expansion and generator interconnection agreements
Several independent power producers (IPPs) propose projects in the District balancing authority area. Most of the Energy associated with these projects is intended for export from the IID system, generally to users in southwestern California and Arizona. Currently, projects totaling up to 1879.90 MW of generation are in the active interconnection queue seeking access to the network system. In addition, IID has 1375 MW of generation that is active for projects proposing to interconnect to a radial transmission line that is owned by IID. IID is processing the requests and working with IPPs to bring the generation online to aid California in meeting its renewable goals. California has aggressive renewable portfolio standards and climate goals, new targets are established for 2030 and climb to 100% renewable by 2045.

Note 17 – Noncurrent Advances (continued)

Generators seeking interconnection to the IID system and customers seeking transmission service for purposes of export are processed under IID's Open Access Transmission Tariff, originally adopted by the IID Board in 2011. The OATT sets forth the requirements, including engineering studies, necessary to provide reliable interconnection and transmission service to eligible customers, and identifies infrastructure requirements necessary to mitigate any impacts identified in the study process. The Infrastructure requirements are captured in Generator Interconnection Agreements and, less commonly, Transmission Service Agreements.

Identified network upgrades will be funded primarily by those developers requesting interconnection to the District's system or seeking transmission service, as applicable. The District will provide reimbursement for network upgrades through the issuance of transmission rate credits taken against the project's transmission service charges.

As of December 31, 2020, there are 14 generator interconnection projects representing a total of 1879.9 MW of proposed generation in the interconnection queue. Two projects with a total generation output of 73 MW interconnected to the IID system and achieved commercial operation as of December 31, 2020. One project with a generation output of 70 MW exports from the IID system into the California independent system operator corporation balancing authority area. IID is the off taker for second project with 3 MW output.

As of December 31, 2020, the balance of amounts paid to the District by participating generators and available for use to fund future studies and construction totaled $29.8 million, shown in the accompanying statements of net positions as advances with $12.9 million under current liabilities and $16.9 million as noncurrent liabilities. As of December 31, 2019, the balance of amounts paid to the District by participating generators and available for use to fund future studies and construction totaled $19.2 million, shown in the accompanying statements of net positions as advances with $8.3 million under current liabilities and $10.9 million as noncurrent liabilities.

Other advances

As of December 31, 2020, the District held both current and noncurrent deposits from customers in the amounts of $11.7 million and $15.7 million and as of December 31, 2019 of $10.4 million and $14 million for the Water and Energy Departments, respectively. Most of the advances are for, purchased power agreements, security deposits, upfront impact fees for drain mitigation and crossings, water clearing house deposits, and AAC OM&R among others.

Note 18 – Quantification Settlement Agreement (QSA) – Water Transfer

The QSA and Related Agreements are a series of contracts among the Imperial Irrigation District (IID), San Diego County Water Authority (SDCWA), Coachella Valley Water District (CVWD), the Metropolitan Water District of Southern California (MWD), Vista Irrigation District, the City of Escondido, the State of California and its various agencies, the U.S. Department of Interior and its various agencies, and others. The QSA and Related Agreements settle numerous disputes among and between the contracting parties. Among other things, the QSA and Related Agreements provide for certain limitations on Colorado River Water use by certain parties, provide for the transfer of conserved Water from the IID to others, and provide for the transfer and sharing of conserved Water by other parties with each other.

The QSA and Related Agreements also specify the environmental mitigation obligations of various parties and the payment responsibility for environmental mitigation by various parties for environmental impacts caused by the QSA and Related Agreements. The term of the QSA and Related Agreements commenced in October 2003 and has a term of 45 years. Renewal for an additional 30 years will occur if both IID and SDCWA consent.

The following is a summary of the District's Water transfer volumes and obligations for payments related to the QSA for the period 2020–2023:

	Water Transfer SDCWA – CVWD		IID Environmental Payment Obligations	
Year	Quantity Acre-feet	Value	QSA-JPA	Salton Sea Restoration
2020	263,000	(1)	2,726,346	930,755
2021	278,000	(1)	2,885,115	1,009,134
2022	283,000	(1)	3,309,240	1,039,408
2023	288,000	(1)	4,746,284	1,070,590

From 2020 to 2034, prices will be adjusted according to changes in the gross domestic product implicit price deflator, and for 2035 through 2047, the prices are determined according to the formula set forth in the Agreement for Transfer of Conserved Water by and between Imperial Irrigation District and San Diego County Water Authority and the Fourth Amendment thereto.

Note 19 – Certain Asset Retirement Obligations

The Environmental Protection Agency (EPA), Toxic Substances Control Act (TSCA), regulates the disposal requirements for Polychlorinated biphenyls (PCBs). The District has a small quantity of electricity transformers containing PCB (50 ppm or greater) and has recognized an ARO for the hazardous waste disposal costs to be incurred upon retirement of the assets. The ending balance of the ARO liability as of December 31, 2020 and 2019 is $306.5 and $302 thousand respectively and is presented in the statement of net position liabilities under other non-current liabilities. In addition, the ending balance of the ARO deferred outflow of resources as of December 31, 2020 and 2019 of $132 and $223 thousand respectively and are shown as a deferred outflow of resources, asset retirement obligations. The District recognized inflation update of $4.2 thousand and outflow of resources of $91 thousand, which are included in the statement of revenue, expenses and changes in net position herein. The estimated remaining useful life of the tangible capital assets ranges between one and eight years.

The methodology used to develop the estimate was based on actual costs for PCB waste disposal service, as established in service agreement with vendor and IID; costs effective validity period for year 2020. ARO will be reviewed yearly to account for any changes in estimate.

Transmission lines

The District has throughout its energy service territory, several contracts, permits and right of ways for locations that belong to certain Federal and state governments. Upon termination of the permits and right of ways, the structures, improvements and equipment may be removed, and the land is to be restored. Because these permits and right of ways are expected to be renewed indefinitely and the conditional nature of the removal and the inherent value of the transmission corridors, there is no foreseeable termination date, and therefore ARO related to transmission and distribution facilities cannot be reasonably estimated.

Water system

The District's Water service territory has some contracts, permits and right of ways that belong to certain Federal and state governments. Upon termination of the contracts, permits and right of ways, the structures, improvements and equipment may be removed, and the land is to be restored. Because these contracts, permits and right of ways are expected to be renewed indefinitely and because the inherent value of the water system, there is no foreseeable termination date, and therefore ARO related to the water system cannot be reasonably estimated.

Note 20 – Subsequent Events

Subsequent events are events or transactions that occur after the statement of net position date but before financial statements are issued or are available to be issued. The District recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet. The District has evaluated subsequent events through May 10, 2021, which is the date the financial statements were issued.

Required Supplementary Information

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years which information is available.

Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios
As of December 31, 2020
Last Ten Fiscal Years*

	2020	2019	2018
Total OPEB liability as of 1/1 (a)	$ 177,735,803	$ 195,861,113	$ 186,675,086
Service cost	3,237,458	3,339,612	3,830,040
Interest	11,101,385	10,448,704	11,478,756
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	(4,680,919)	-
Changes of assumptions	-	(20,865,660)	-
Benefit payments	(6,805,346)	(6,367,047)	(6,122,769)
Net change in total OPEB liability	7,533,497	(18,125,310)	9,186,027
Total OPEB liability as of 12/31 (b)	185,269,300	177,735,803	195,861,113
Plan fiduciary net position			
Contributions – employer	29,805,346	29,367,047	29,422,769
Net investment income	17,533,634	18,370,338	(4,048,476)
Benefit payments	(6,805,346)	(6,367,047)	(6,122,769)
Trustee fees	(50,327)	(38,517)	(13,933)
Administrative expense	(68,832)	(52,679)	(19,057)
Net change in plan fiduciary net position	40,414,475	41,279,142	19,218,534
Plan fiduciary net position – beginning (c)	135,869,583	94,590,441	75,371,907
Plan fiduciary net position – ending (d)	176,284,058	135,869,583	94,590,441
Net OPEB liability – beginning (c) – (a)	41,866,220	101,270,672	111,303,179
Net OPEB liability – ending (d) – (b)	$ 8,985,242	$ 41,866,220	$ 101,270,672
Plan fiduciary net position as a percentage of the total OPEB liability	95.15%	76.44%	48.29%
Covered employee payroll	$ 120,542,256	$ 115,693,076	$ 113,748,780
Net OPEB liability as a percentage of covered payroll	7.45%	36.19%	89.03%

* Fiscal year 2018 was the first year of implementation, therefore only three years are shown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