

**Moapa Valley Water District**

**ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2020



Moapa Valley Water District  
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June 30, 2020

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## Independent Auditors' Report

Directors and Members of the Board  
Moapa Valley Water District  
Overton, Nevada

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the business-type activities and the major fund of Moapa Valley Water District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund, of Moapa Valley Water District, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Report on Summarized Comparative Information***

We have previously audited Moapa Valley Water District's financial statements for the year ended June 30, 2019, and our report dated October 9, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Moapa Valley Water District's basic financial statements. The budgetary comparison information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2020, on our consideration of Moapa Valley Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Moapa Valley Water District's internal control over financial reporting and compliance.



HintonBurdick, PLLC  
Mesquite, Nevada  
November 20, 2020

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Moapa Valley Water District  
**Management's Discussion and Analysis**  
June 30, 2020

As management of Moapa Valley Water District (the District), we offer readers of the District's financial statements this narrative overview and analysis of financial activities of the District for the fiscal year ended June 30, 2020.

## **FINANCIAL HIGHLIGHTS**

\*Total net position for the District as a whole decreased by \$669,215

\*Total unrestricted net position for the District as a whole decreased by \$203,313

\*Operating revenues increased by \$177,095

\*Operating expenses increased by \$302,505

\*Net income from non-operating items decreased by \$8,831

## **BASIC FINANCIAL STATEMENTS**

The District is a special-purpose government engaged in business-type activities. All transactions related to its activities are recorded in a single enterprise fund. Enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises where the intent is that the cost of providing goods and services (including depreciation), on a continuing basis, be financed or recovered primarily through user charges.

The financial statements presented in this report are those required of an enterprise fund and consist of (1) the statement of net position, (2) the statement of revenues, expenses, and changes in net position, (3) the statement of cash flows, and (4) the notes to the financial statements.

The statement of net position presents information on all of the District's assets and liabilities, 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 whether the financial position is improving or deteriorating. However, other non-financial factors need to be considered as well.

The statement of revenues, expenses, and changes in net position (the income statement) presents information about the amounts of revenues, expenses, and resulting net income for the year. Net income is the change in net position. All items of income and expense are reported as soon as the underlying event giving rise to those items occurs, regardless of the when cash is received or paid.

The statement of cash flows starts with the amounts of net income and removes the non-cash portion (the receivables and payables which did not provide or use cash), thus converting the amounts to a cash basis.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District.

Moapa Valley Water District  
**Management's Discussion and Analysis**  
June 30, 2020

## FINANCIAL ANALYSIS

### Moapa Valley Water District's Net Position

	Current Year	Previous Year	Change
Current and other assets	\$ 8,313,531	\$ 8,339,276	\$ (25,744)
Non-current assets	20,275,541	20,151,346	124,194
Deferred outflows of resources	353,224	372,350	(19,126)
<b>Total assets and deferred outflows</b>	<b>\$ 28,942,296</b>	<b>\$ 28,862,972</b>	<b>\$ 79,324</b>
Long-term debt outstanding	\$ 4,940,472	\$ 5,640,901	\$ (700,428)
Other liabilities	2,859,799	2,873,551	(13,752)
Deferred inflows of resources	389,164	264,874	124,290
<b>Total liabilities and deferred inflows</b>	<b>8,189,435</b>	<b>8,779,326</b>	<b>(589,891)</b>
Net position:			
Net investment in capital assets	15,335,069	14,510,446	824,623
Restricted	500,740	452,835	47,905
Unrestricted	4,917,052	5,120,365	(203,313)
<b>Total net position</b>	<b>\$ 20,752,861</b>	<b>\$ 20,083,646</b>	<b>\$ 669,215</b>

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the close of the year by \$20,752,861, an increase of \$669,215 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year are \$4,917,052, which represents a decrease of \$203,313 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other liabilities due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

**Moapa Valley Water District**  
**Management's Discussion and Analysis**  
June 30, 2020

## FINANCIAL ANALYSIS (continued)

### Moapa Valley Water District's Change in Net Position

	Current Year	Previous Year	Change
<b>Operating income:</b>			
Service income	\$ 3,766,485	\$ 3,564,126	\$ 202,359
Connection fees	27,600	52,864	(25,264)
SNWA contract	200,000	200,000	-
<b>Total operating income</b>	<b>3,994,085</b>	<b>3,816,990</b>	<b>177,095</b>
<b>Operating expenses:</b>			
Depreciation and amortization expense	823,820	792,211	31,609
Other operating income	2,887,015	2,616,120	270,896
<b>Total operating expenses</b>	<b>3,710,836</b>	<b>3,408,331</b>	<b>302,505</b>
<b>Net operating income (loss)</b>	<b>283,249</b>	<b>408,659</b>	<b>(125,410)</b>
<b>Non-operating items:</b>			
Revenues	554,389	532,471	21,918
Expenses	(168,423)	(137,674)	(30,749)
<b>Total non-operating items</b>	<b>385,966</b>	<b>394,797</b>	<b>(8,831)</b>
<b>Net income (loss)</b>	<b>\$ 669,215</b>	<b>\$ 803,456</b>	<b>\$ (134,241)</b>

Service income increased by \$202,359 from the previous year. Connection fee income decreased by \$25,264.

Depreciation and amortization expense increased from the amount of the previous year by \$31,609. Other operating expenses increased by \$270,896 compared to the previous year, resulting in a yearly net operating income of \$283,249.

Non-operating items decreased by \$8,831 compared to the previous year.

## BUDGETARY HIGHLIGHTS

The District operates as an enterprise fund and is required to comply with the operating budget on an entity-wide basis.

	Original	Amended	Actual
Revenues	\$ 4,343,994	\$ 4,343,994	\$ 4,548,474
Expenses	4,014,340	4,014,340	3,879,259
<b>Net income</b>	<b>\$ 329,654</b>	<b>\$ 329,654</b>	<b>\$ 669,215</b>

Moapa Valley Water District  
**Management's Discussion and Analysis**  
June 30, 2020

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Moapa Valley Water District's Capital Assets (net of depreciation)

	Current Year	Previous Year	Change
<b>Net Capital Assets:</b>			
Land	\$ 218,296	\$ 218,296	\$ -
Water shares	2,097,355	2,097,355	-
Buildings and improvements	1,480,092	1,480,092	-
Equipment and distributions system	29,192,724	28,459,220	733,504
Furniture and fixtures	157,732	135,487	22,245
Vehicles	577,498	450,182	127,316
Intangible assets	12,495	12,495	-
Construction in progress	381,998	317,049	64,949
Total	<u>34,118,190</u>	<u>33,170,176</u>	<u>948,014</u>
Less accumulated depreciation	<u>(13,842,649)</u>	<u>(13,018,829)</u>	<u>(823,820)</u>
<b>Net Capital Assets</b>	<b><u>\$ 20,275,541</u></b>	<b><u>\$ 20,151,346</u></b>	<b><u>\$ 124,194</u></b>

Additional information regarding capital assets may be found in the notes to financial statements.

### Moapa Valley Water District's Outstanding Debt

	Current Year	Previous Year	Change
<b>Long-term debt:</b>			
2013A Refunding Bond	\$ 385,000	\$ 500,000	\$ (115,000)
2015 GO Refunding Bonds	1,060,000	1,405,000	(345,000)
2008 GO Water Bonds	775,824	861,301	(85,477)
2017 GO Refunding Bonds	2,471,455	2,587,671	(116,216)
Less deferred bond issue costs	(2,935)	(3,669)	734
Plus deferred issuance premium	251,128	290,597	(39,469)
<b>Total</b>	<b><u>\$ 4,940,472</u></b>	<b><u>\$ 5,640,900</u></b>	<b><u>\$ (700,428)</u></b>

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No significant economic changes that would affect the District are expected for the next year. Budgets have been set using the same factors as the current year being reported.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Moapa Valley Water District's finances for all those with an interest in the District's finances. Questions concerning any information provided in this report or requests for additional financial information should contact the District's office at 601 N. Moapa Valley Boulevard, Overton, Nevada 89040.

## **BASIC FINANCIAL STATEMENTS**

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Moapa Valley Water District  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
June 30, 2020

	<u>2020</u>	<u>2019</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>		
Assets:		
Current assets:		
Cash and cash equivalents	\$ 5,425,811	\$ 5,837,020
Cash and cash equivalents - designated	860,901	824,672
Accounts receivable, net	435,752	438,700
Due from other governmental units	45,390	59,304
Inventory	1,044,127	664,708
Prepaid expense	921	62,038
Total current assets	<u>7,812,901</u>	<u>7,886,441</u>
Non-current assets:		
Restricted cash and cash equivalents	500,630	452,835
Capital assets:		
Not being depreciated	2,697,649	2,632,700
Net of accumulated depreciation	<u>17,577,892</u>	<u>17,518,647</u>
Total non-current assets	<u>20,776,171</u>	<u>20,604,182</u>
Total assets	<u>28,589,072</u>	<u>28,490,622</u>
Deferred outflows of resources - pensions	353,224	372,350
<b>Total assets and deferred outflows of resources</b>	<b><u>\$ 28,942,296</u></b>	<b><u>\$ 28,862,972</u></b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 343,328	\$ 219,086
Accrued payroll & payroll taxes	72,535	59,890
Customer security deposits	16,240	16,090
Prepaid installations	-	62,600
Accrued interest payable	75,094	90,370
Compensated absences	237,286	188,451
Bonds payable- current portion	691,493	661,693
Total current liabilities	<u>1,435,976</u>	<u>1,298,180</u>
Non-current liabilities:		
Bonds payable - long-term portion	4,248,979	4,979,208
Net pension liability	<u>2,115,316</u>	<u>2,237,064</u>
Total non-current liabilities	<u>6,364,295</u>	<u>7,216,272</u>
Total liabilities	<u>7,800,271</u>	<u>8,514,452</u>
Deferred inflows of resources - pensions	341,691	212,770
Deferred inflows of resources - refunding bonds	47,473	52,104
<b>Total liabilities and deferred inflows of resources</b>	<b><u>8,189,435</u></b>	<b><u>8,779,326</u></b>
<b>NET POSITION:</b>		
Net investment in capital assets	15,335,069	14,510,446
Restricted	500,740	452,835
Unrestricted - designated	860,791	1,006,072
Unrestricted - undesignated	<u>4,056,261</u>	<u>4,114,293</u>
<b>Total net position</b>	<b><u>20,752,861</u></b>	<b><u>20,083,646</u></b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b><u>\$ 28,942,296</u></b>	<b><u>\$ 28,862,972</u></b>

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

Moapa Valley Water District  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN NET POSITION - PROPRIETARY FUND**  
 For the Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>
<b>Operating income:</b>		
Water user fees	\$ 3,766,485	\$ 3,564,126
Connection fees	27,600	52,864
SNWA contract revenue	200,000	200,000
<b>Total operating income</b>	<b><u>3,994,085</u></b>	<b><u>3,816,990</u></b>
<b>Operating expenses:</b>		
Salaries and wages	1,133,815	1,083,887
Employee benefits	548,160	487,592
Resources development & protection	187,948	131,386
Regulatory compliance	36,213	36,047
Distribution system operations	20,159	15,878
Distribution system maintenance	227,696	226,334
Production operations	124,252	79,287
Production maintenance	8,256	9,051
Customer account expense	47,315	50,454
General administrative	545,966	488,276
Depreciation and amortization expense	823,820	792,211
340A contract	7,236	7,297
<b>Total operating expense</b>	<b><u>3,710,836</u></b>	<b><u>3,408,331</u></b>
<b>Net operating income (loss)</b>	<b><u>283,249</u></b>	<b><u>408,659</u></b>
<b>Non-operating income (expense):</b>		
Interest income	31,400	27,986
Capacity fees	36,708	58,985
Intergovernmental revenue	306,916	336,736
Miscellaneous income	75,029	75,184
Other non-operating income	104,336	46,402
Gain (loss) on disposal of assets	-	(12,821)
Miscellaneous expense	(64,110)	(5,936)
Interest and amortization expense	(104,313)	(131,738)
<b>Total non-operating income (expense)</b>	<b><u>385,966</u></b>	<b><u>394,797</u></b>
<b>Change in net position</b>	<b><u>669,215</u></b>	<b><u>803,456</u></b>
Net position - beginning	<u>20,083,646</u>	<u>19,280,190</u>
<b>Net position - ending</b>	<b><u>\$ 20,752,861</u></b>	<b><u>\$ 20,083,646</u></b>

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

Moapa Valley Water District  
**STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers - service	\$ 3,734,582	\$ 3,623,645
Cash paid to suppliers	(1,391,865)	(1,034,554)
Cash paid to employees	(1,588,591)	(1,576,935)
Cash received for SNWA contract	200,000	200,000
Cash paid for 340A O&M	(12,841)	(13,245)
<b>Net cash provided (used) in operating activities</b>	<b><u>941,285</u></b>	<b><u>1,198,910</u></b>
<b>Cash flows from noncapital financing activities:</b>		
<b>Net cash provided (used) in noncapital financing activities</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Cash flows from capital and related financing activities:</b>		
Cash payments for long-term debt	(705,060)	(640,478)
Proceeds from long-term debt	-	-
Cash payments for capital assets	(948,015)	(527,281)
Proceeds from the sale of capital assets	-	3,001
Cash from capacity fees	36,708	58,985
Intergovernmental revenue	320,829	328,221
Miscellaneous expense	(64,110)	(5,936)
Miscellaneous income	75,029	75,184
Other non-operating income	104,336	46,402
Cash payments for long-term debt interest	(119,589)	(191,354)
<b>Net cash provided (used) in capital and related financing activities</b>	<b><u>(1,299,871)</u></b>	<b><u>(853,257)</u></b>
<b>Cash flows from investing activities:</b>		
Cash received from interest earned	31,400	27,986
<b>Net cash provided (used) in investing activities</b>	<b><u>31,400</u></b>	<b><u>27,986</u></b>
<b>Net increase (decrease) in cash</b>	<b><u>(327,185)</u></b>	<b><u>373,639</u></b>
Cash balance - beginning	<u>7,114,527</u>	<u>6,740,888</u>
<b>Cash balance - ending</b>	<b><u>\$ 6,787,342</u></b>	<b><u>\$ 7,114,527</u></b>
<b>Cash reported on the statement of net position:</b>		
Cash and cash equivalents	\$ 5,425,811	\$ 5,655,620
Cash and cash equivalents - designated	860,901	1,006,072
Restricted cash and cash equivalents	500,630	452,835
<b>Total cash and cash equivalents</b>	<b><u>\$ 6,787,342</u></b>	<b><u>\$ 7,114,527</u></b>

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

Moapa Valley Water District  
**STATEMENT OF CASH FLOWS (continued)**  
For the Year Ended June 30, 2020

**Reconciliation of Operating Income to Net Cash  
Provided (Used) in Operating Activities:**

	<u>2020</u>	<u>2019</u>
<b>Net operating income (expense)</b>	<b>\$ 283,249</b>	<b>\$ 408,659</b>
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:		
Depreciation and amortization	823,820	792,842
Changes in assets, liabilities, and deferred outflows and inflows:		
(Increase) decrease in receivables	2,947	21,035
(Increase) decrease in inventory	(379,419)	38,600
(Increase) decrease in prepaid insurance	61,117	(5,049)
(Increase) decrease in deferred outflows	19,126	(12,054)
Increase (decrease) in accounts payable	124,242	(31,392)
Increase (decrease) in accrued payroll and taxes	12,645	(6,949)
Increase (decrease) in compensated absences	48,835	4,757
Increase (decrease) in prepaid installations	(62,600)	(15,230)
Increase (decrease) in security deposits	150	850
Increase (decrease) in net pension liability	(121,748)	19,604
Increase (decrease) in deferred inflows	<u>128,921</u>	<u>(16,763)</u>
<b>Net cash provided (used) in operating activities</b>	<b><u>\$ 941,285</u></b>	<b><u>\$ 1,198,910</u></b>
 <b>Non-cash capital and related financing activities:</b>		
Amortization of bond premiums and discounts	<b><u>\$ 43,367</u></b>	<b><u>\$ 43,367</u></b>

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

Moapa Valley Water District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1-A. Reporting entity**

Moapa Valley Water District (the District) is a political subdivision of the State of Nevada governed by a five-member board of directors elected in conjunction with the general election of Clark County. The District provides water services to the unincorporated townships of Glendale, Logandale, Moapa and Overton. Effective July 22, 1983 the assets and liabilities of the Moapa Valley Water Company and the Overton Water District were merged into a single entity to create the District.

**1-B. Government-wide and fund financial statements**

Government-wide financial statements display information about the District as a whole. The financial statements presented are those required of an enterprise fund and consist of the statement of net position, the statement of revenues, expenses, and changes in net position and the statement of cash flows. The District is considered a special-purpose government engaged in business-type activities and records all of the transactions related to its activities in a single enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods and services (including depreciation), on a continuing basis, be financed or recovered primarily through user charges. No fiduciary funds or components that are fiduciary in nature are included.

**1-C. Measurement focus, basis of accounting, and financial statement presentation**

Measurement focus is commonly used to describe the types of transactions and events that are reported in a fund's operating statement. The operating statement of an enterprise fund focuses on changes in, or the flow of, economic resources. With this measurement focus, all assets and liabilities associated with the operation of the fund, both current and non-current, are included on the statement of net position. Thus, net position (total assets and deferred outflows less total liabilities and deferred inflows) are used as a practical measure of economic resources.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. As a practical matter, a fund's basis of accounting is inseparably tied to its measurement focus. Funds that focus on total economic resources employ the accrual basis of accounting, which recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs. Under accrual accounting, revenues are recognized as soon as they are earned and expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash inflows and outflows.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. The District also recognizes the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

Moapa Valley Water District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

## **1-D. Assets, liabilities, and net position or equity**

### **1. Cash and cash equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

### **2. Cash and investments**

Cash balances are invested as permitted by law. Investments are recorded at lower of cost or market.

Pursuant to NRS 355.170, the District may only invest in the following types of securities:

- United States bonds and debenture maturing within ten (10) years from the date of purchase.
- Certain farm loan bonds.
- Securities of the United States Treasury, United States Postal Service, or the Federal National Mortgage Association maturing within ten (10) years from the date of purchase.
- Negotiable certificates of deposits from commercial banks and insured savings and loan associations within the State of Nevada
- Certain securities issued by local governments of the State of Nevada.
- Other securities expressly provided by other statutes, including repurchase agreements.

### **3. Receivables and payables**

Accounts receivable represent water usage billings for which payment has not yet been received. Due to the nature of such receivables and the District's ability to collect them, an allowance for doubtful accounts has not been provided.

### **4. Inventories and prepaid items**

Inventories are valued at cost using the weighted average method. The inventory consists of water parts. At various times, certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

### **5. Restricted assets & net position**

The difference between total assets and total liabilities represents equity or net position. Net position presented in the statement of net position is subdivided into four categories: net investment in capital assets; restricted net position; unrestricted-designated net position; and unrestricted net position. Restricted net position is comprised of required reserves as dictated by applicable bond covenants and the Nevada Capital Improvement Grants Program. Unrestricted-designated net position represents resources set aside at the direction of the board for special purposes.

### **6. Capital assets**

All purchased capital assets, which include property, plant, and equipment, are carried at cost or estimated historical cost. Contributed capital assets are valued at estimated fair market value on the date received.

Capital assets are defined as items with an initial, individual cost of more than \$5,000 and an expected life of more than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Moapa Valley Water District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**1-D. Assets, liabilities, and net position or equity (continued)**

**6. Capital assets (continued)**

Interest incurred during the construction phase of capital assets, if directly related to the construction, is included as part of the capitalized amount of the assets constructed. There was no interest capitalized during the current year.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>
Buildings and improvements	15-40
Distribution system	7-40
Wells	10-40
Equipment	5-15
Trucks and autos	5
Office equipment	3-7

**7. Long-term obligations**

Long-term debt and other long-term obligations are reported as liabilities.

**8. Compensated absences**

The District has a policy allowing compensated benefits to permanent employees for both sick and vacation leave. At year-end, the compensated absence liability is \$237,286.

**9. Use of estimates**

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

**10. Prior year summarized comparative information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

**11. Restricted net position**

The District's restricted net position was comprised of the following balances at year-end:

Nevada Capital Improvement Grant Reserve	\$ 500,740
<b>Total restricted net position</b>	<b><u>\$ 500,740</u></b>

Moapa Valley Water District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**1-D. Assets, liabilities, and net position or equity (continued)**

**12. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows relating to pension as required by GASB 68.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District reports deferred inflows relating to pensions as required by GASB 68. In addition, the District reports deferred inflows related to refunding bonds issued in prior years.

**13. Pensions**

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**2-A. Budgetary information**

The District adheres to the Local Government Budget Act incorporated within state statutes, which include the following major procedures to establish the budgetary data which is reflected in these financial statements.

1. On or before April 15, the District's Board of Directors files a tentative budget with the Nevada Department of Taxation.
2. Public hearings on the tentative budget are held on the third Thursday in May.
3. Prior to June 1, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board and by adopting a resolution. The final budget must then be forwarded to the Nevada State Tax Commission for final hearings and approval.
4. Formal budgetary integration in the financial records is employed to enhance management control during the year.
5. The budget is adopted on a basis consistent with General Accepted Account Principles (GAAP). Appropriations lapse at year end.

Moapa Valley Water District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**2-A. Budgetary information (continued)**

6. Budget amounts may be transferred if amounts do not exceed the original budget. Such transfers are to be approved with a resolution by the Board of Directors. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the Moapa Valley Water District Board of Directors, following a properly scheduled public hearing.

In accordance with State Statute and the Nevada Administrative Code, actual expenses may not exceed the sum of budgeted operating and non-operating expenses. See the supplementary schedule of revenues, expenses, and changes in net position - budget to actual.

**NOTE 3 - DETAILED NOTES**

**3-A. Deposits and investments**

Cash and investments as of June 30, 2020 consist of the following:

Cash on hand	\$ 22,569
Demand deposits	<u>6,764,773</u>
<b>Total cash</b>	<b><u>\$ 6,787,342</u></b>

Cash and investments listed above are classified in the accompanying government-wide statement of net position as follows:

Cash and cash equivalents	\$ 5,425,811
Cash and cash equivalents - designated	860,901
Restricted cash and cash equivalents (non-current)	<u>500,630</u>
<b>Total cash and cash equivalents</b>	<b><u>\$ 6,787,342</u></b>

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 31.

Deposits and investments of the District are governed by the Nevada Revised Statutes (NRS). The following are discussions of the District's exposure to various risks related to its cash management activities:

**Custodial Credit Risk**

For deposits this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk. As of June 30, 2020, none of the District's bank balance of \$6,776,084 was exposed to custodial credit risk because it was all insured or collateralized. Deposits not insured by FDIC or NCUA are collateralized because the District belongs to the Nevada Pooled Collateral program.

**Investments**

The provisions of State law (NRS 355.170) govern the investment of public funds. As of June 30, 2020, the District had no investments.

**3-B. Receivables**

The allowance policy is described in Note 1-D-3. Receivables as of year-end for the District's funds are shown below:

Customers	\$ 435,752
<b>Total accounts receivable</b>	<b><u>\$ 435,752</u></b>

Moapa Valley Water District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

### 3-C. Capital assets

A summary of capital asset activity is listed below:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Capital assets, not being depreciated:</b>				
Land	\$ 218,296	\$ -	\$ -	\$ 218,296
Water shares	2,097,355	-	-	2,097,355
Construction in progress	317,049	282,097	(217,147)	381,998
<b>Total capital assets, not being depreciated</b>	<b>2,632,700</b>	<b>282,097</b>	<b>(217,147)</b>	<b>2,697,649</b>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	1,480,092	-	-	1,480,092
Equipment and distributions system	28,459,220	733,505	-	29,192,724
Furniture and fixtures	135,487	22,245	-	157,732
Vehicles	450,182	127,316	-	577,498
Intangible assets	12,495	-	-	12,495
<b>Total capital assets, being depreciated</b>	<b>30,537,475</b>	<b>883,065</b>	<b>-</b>	<b>31,420,541</b>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	1,032,048	74,259	-	1,106,307
Equipment and distributions system	11,530,350	690,831	-	12,221,181
Furniture and fixtures	153,867	3,686	-	157,553
Vehicles	290,069	55,044	-	345,113
Intangible assets	12,495	-	-	12,495
<b>Total accumulated depreciation</b>	<b>13,018,829</b>	<b>823,820</b>	<b>-</b>	<b>13,842,649</b>
<b>Total capital assets being depreciated, net</b>	<b>17,518,647</b>	<b>59,245</b>	<b>-</b>	<b>17,577,892</b>
<b>Capital assets, net</b>	<b>\$ 20,151,346</b>	<b>\$ 341,342</b>	<b>\$ (217,147)</b>	<b>\$ 20,275,541</b>

**Moapa Valley Water District**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**3-D. Long-term debt**

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Business-type activities:						Due Within One Year
	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	
2013A Refunding Bonds							
Matures 2023	\$1,075,000	5.00	\$ 500,000	\$ -	\$ 115,000	\$ 385,000	\$ 120,000
2015 GO Refunding Bonds							
Matures 2026	2,355,000	4.46	1,405,000	-	345,000	1,060,000	365,000
2008 GO Water Bonds							
Matures 2028	1,500,000	2.78	861,301	-	85,477	775,824	87,870
2017 GO Refunding Bonds							
Matures 2037	2,700,000	2.06	2,587,671	-	116,216	2,471,455	118,622
Less deferred bond issue costs			(3,669)	-	(734)	(2,935)	-
Plus deferred issuance premiums			290,597	-	39,470	251,128	-
<b>Total business-type activity</b>							
<b>long-term liabilities</b>	<b>\$5,640,900</b>		<b>\$ -</b>	<b>\$ 700,428</b>	<b>\$ 4,940,472</b>	<b>\$ 691,492</b>	

Debt service requirements to maturity for business-type activities are as follows:

	Principal	Interest	Total
2021	\$ 691,492	\$ 134,816	\$ 826,308
2022	466,408	105,400	571,808
2023	481,444	87,489	568,933
2024	361,602	72,456	434,058
2025	371,886	62,972	434,858
2026-2030	1,151,074	182,801	1,333,876
2031-2035	758,800	85,833	844,632
2036-2038	409,574	12,742	422,316
<b>Total</b>	<b>\$4,692,279</b>	<b>\$ 744,508</b>	<b>\$5,436,787</b>

Moapa Valley Water District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

## **NOTE 4 - OTHER INFORMATION**

### **4-A. Risk management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District's insurance protection is provided by Willis. The coverage limit is \$10 million, and the deductible is \$500.

### **4-B. Rounding convention**

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum of displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

### **4-C. Deferred compensation plan**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all regular employees, permits them to defer a portion of their salary until future years. The District is not required to contribute or match any amounts withheld from employees' compensation. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

None of the amounts of compensation deferred under the plan, none of the property and rights purchased with those amounts, and none of the income attributable to those amounts, property or rights are the property of the District, or subject to the claims of the District's general creditors.

### **4-D. Other Post-Employment Benefits**

Management has reviewed the outstanding liability for Other Post-Employment Benefits (OPEB) as of June 30, 2020 and has determined that the amount is not material to the financial statements.

### **4-E. General Information about the Pension Plan**

#### **Plan description:**

PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both Regular and Police/Fire members. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Moapa Valley Water District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

#### **4-E. General Information about the Pension Plan (continued)**

##### **Benefits provided:**

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010, and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this factor is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% service time factor and for regular members entering the System on or after July 1, 2015, there is a 2.25% factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575-.579.

##### **Vesting:**

Regular members entering the System prior to January 1, 2010, are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Regular members who entered the System on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service. The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

##### **Contributions:**

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

The Statutory Employer/employee matching rate for the Regular for the fiscal years ended June 30, 2020, 2019, and 2018 was 14.5%. The Employer-pay contribution (EPC) rate for the years ended June 30, 2020, 2019, and 2018 was 28.00%.

Moapa Valley Water District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**4-E. General Information about the Pension Plan (continued)**

The District's contribution amounts were as follows:

Year Ended June 30,	Regular Fund
2018	\$ 152,175
2019	149,336
2020	164,325

**Investment Policy:**

The System's policies which determine the investment portfolio target asset allocation are established by the Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System. The following was the Board adopted policy target asset allocation as of June 30, 2019:

<b>Asset Class</b>	<b>Allocation</b>	<b>Real Rate of Return*</b>
Domestic Equity	42%	5.50%
International Equity	18%	5.50%
Domestic Fixed Income	28%	0.75%
Private Markets	12%	6.65%

\*As of June 30, 2019, PERS' long-term inflation assumption was 2.75%

**Pension Liability:**

*Net Pension Liability*

At June 30, 2020, the District reported a liability of \$2,115,316 for its proportionate share of the PERS' net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2019. The District's Net Pension Liability allocation was as follows:

	Proportionate Share
2018	0.01640%
2019	0.01551%
Increase (Decrease)	<u><u>-0.00089%</u></u>

*Pension Liability Discount Rate Sensitivity*

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

<b>Proportionate share of</b> <b>Net pension liability</b>	1%	Discount	1%
	Decrease (6.50%)	Rate (7.50%)	Increase (8.50%)
\$ 3,275,311	\$ 2,115,316	\$ 1,151,066	

Moapa Valley Water District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

#### **4-E. General Information about the Pension Plan (continued)**

##### *Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website [www.nvpers.org](http://www.nvpers.org).

##### *Actuarial Assumptions*

The System's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.75%
Payroll Growth	5.00% including inflation
Investment Rate of Return	7.50%
Productivity pay increase	0.50%
Projected salary increases	Regular: 4.25% to 9.15% depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other assumptions	Same as those used in June 30, 2019 funding Actuarial valuation

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the experience review completed in 2017.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2019, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

*Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*  
For the year ended June 30, 2020 the District recognized pension expense for PERS of \$190,624. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 79,322	\$ 61,014
Changes in assumptions	86,085	-
Net difference between project and actual earnings on pension plan investments	-	105,229
Changes in proportion and differences between contributions and proportionate share of contributions	<u>23,492</u>	<u>175,448</u>
Subtotal	188,899	341,691
Contributions subsequent to the measurement date	164,325	-
Total	<u>\$ 353,224</u>	<u>\$ 341,691</u>

Moapa Valley Water District  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2020

**4-E. General Information about the Pension Plan (continued)**

The \$164,325 reported as deferred outflows of resources related to PERS pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows (inflows) of Resources</u>
2021	\$ 1,088,226
2022	(7,331,937)
2023	2,014,264
2024	2,495,195
2025	1,418,054
2025	163,406
Thereafter	-
	\$ (152,792)

**4-G. Subsequent Events**

In 2006 the District entered into a series of agreements designed to protect and acquire more water resources. The 2006 agreements allowed for a long term test pump in the coyote springs valley per Nevada State Engineer Order 1169.

There were unprecedented drawdowns of the regional carbonate aquifer that the District's largest producing well is perfected in during the test pump.

The test pump results required the Nevada State Engineer to issue ruling 1303 requiring all ground water users to file reports and opinions on how to best manage the limited water resources in the region.

The District retained the services of Greg Morrison with Parsons Behle & Latimer and Jay Lazarus with Glorieta Geoscience, Inc to defend the Districts water rights interest. The matter is currently unresolved as of June 30, 2020 and significant attorney's fees are expected in the future related to this matter.

**REQUIRED SUPPLEMENTARY INFORMATION  
(Unaudited)**

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Moapa Valley Water District  
**Schedule of the Proportionate Share of the Net Pension Liability**  
For the Fiscal Year Ended June 30, 2020  
Last 10 Fiscal Years\*

	Reporting Fiscal Year (Measurement Date)					
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability	0.01551%	0.01640%	0.01667%	0.01743%	0.01713%	0.01685%
Proportionate share of the net pension liability	\$2,115,316	\$2,237,064	\$2,217,460	\$2,345,956	\$1,963,325	\$1,756,537
Covered employee payroll	\$1,066,684	\$1,086,964	\$1,062,074	\$1,027,002	\$ 991,414	\$ 991,414
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	198.31%	205.81%	208.79%	228.43%	198.03%	177.18%
Plan fiduciary net position as a percentage of the total pension liability	76.50%	75.20%	74.40%	72.20%	75.10%	76.30%

\* The District implemented GASB 68 in fiscal year 2015. Not all 10 year prior information is available.

Moapa Valley Water District  
**Schedule of Contributions**  
For the Fiscal Year Ended June 30, 2020  
Last 10 Fiscal Years\*

	Reporting Fiscal Year					
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 164,325	\$ 149,336	\$ 149,654	\$ 147,805	\$ 132,226	\$ 127,645
Contributions in relation to the contractually required contribution	<u>(164,325)</u>	<u>(149,336)</u>	<u>(149,654)</u>	<u>(147,805)</u>	<u>(132,226)</u>	<u>(127,645)</u>
Contribution deficiency (excess)	-	-	-	-	-	-
Covered employee payroll	1,126,984	1,066,684	1,086,964	1,062,074	1,027,002	991,414
Contributions as a percentage of covered-employee payroll **	14.58%	14.00%	13.77%	13.92%	12.87%	12.88%

\* The District implemented GASB 68 in fiscal year 2015. Not all 10 year prior information is available.

\*\* Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

**SUPPLEMENTARY INFORMATION**

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Moapa Valley Water District  
**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual**  
For the Year Ended June 30, 2020

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
<b>Operating income:</b>				
Water user fees	\$ 3,700,000	\$ 3,700,000	\$ 3,766,485	\$ 66,485
Connection fees	22,500	22,500	27,600	5,100
SNWA contract revenue	200,000	200,000	200,000	-
<b>Total operating income</b>	<b>3,922,500</b>	<b>3,922,500</b>	<b>3,994,085</b>	<b>71,585</b>
<b>Operating expenses:</b>				
Salaries and wages	1,204,000	1,204,000	1,133,815	70,185
Employee benefits	604,000	604,000	548,160	55,840
Resources development & protection	230,000	230,000	187,948	42,052
Regulatory compliance	45,000	45,000	36,213	8,787
Distribution system operations	38,000	38,000	20,159	17,841
Distribution system maintenance	225,000	225,000	227,696	(2,696)
Treatment operations	115,000	115,000	124,252	(9,252)
Treatment maintenance	40,000	40,000	8,256	31,744
Customer account expense	50,000	50,000	47,315	2,685
General administrative	541,000	541,000	545,966	(4,966)
Depreciation and amortization expense	750,000	750,000	823,820	(73,820)
340A contract	10,000	10,000	7,236	2,764
<b>Total operating expense</b>	<b>3,852,000</b>	<b>3,852,000</b>	<b>3,710,836</b>	<b>141,164</b>
<b>Net operating income (loss)</b>	<b>70,500</b>	<b>70,500</b>	<b>283,249</b>	<b>212,749</b>
<b>Non-operating income (expense):</b>				
Interest income	6,000	6,000	31,400	25,400
Capacity fees	30,000	30,000	36,708	6,708
Intergovernmental revenue	280,000	280,000	319,916	39,916
Miscellaneous income	77,994	77,994	75,029	(2,965)
Other non-operating income	27,500	27,500	91,336	63,836
Gain (loss) on disposal of assets	-	-	-	-
Miscellaneous expense	-	-	(64,110)	(64,110)
Interest expense	(162,340)	(162,340)	(104,313)	58,027
<b>Total non-operating income (expense)</b>	<b>259,154</b>	<b>259,154</b>	<b>385,966</b>	<b>126,812</b>
<b>Change in net position</b>	<b>329,654</b>	<b>329,654</b>	<b>669,215</b>	<b>339,561</b>
Net position - beginning	20,083,646	20,083,646	20,083,646	-
<b>Net position - ending</b>	<b>\$ 20,413,300</b>	<b>\$ 20,413,300</b>	<b>\$ 20,752,861</b>	<b>\$ 339,561</b>

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## **OTHER REPORTS**

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**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters  
Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Directors and Members of the Board  
Moapa Valley Water District  
Overton, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the major fund of Moapa Valley Water District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Moapa Valley Water District's basic financial statements and have issued our report thereon dated November 20, 2020.

**Internal Control over Financial Reporting**

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

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

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

### Compliance and Other Matters

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

### Purpose of this Report

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



HintonBurdick, PLLC  
Mesquite, Nevada  
November 20, 2020



**HINTONBURDICK**  
CPAs & ADVISORS

**Independent Auditor's Report on  
State Legal Compliance**

Directors and Members of the Board  
Moapa Valley Water District  
Overton, Nevada

We have audited the basic financial statements of Moapa Valley Water District, for the year ended June 30, 2020, and have issued our report thereon dated November 20, 2020. Our audit also included test work on Moapa Valley Water District's compliance with selected requirements identified in the State of Nevada Revised Statutes (NRS) including, but not limited to, NRS section 354.624 and section 354.6241.

The management of Moapa Valley Water District is responsible for the District's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit and make specific statements regarding funds established and the status of prior year findings and recommendations; accordingly, we make the following statements:

The District has established one Enterprise Fund in accordance with NRS 354.625. The District appears to be using the funds expressly for the purposes for which it was created and in accordance with NRS 354.624. The fund is being administered in accordance with Generally Accepted Accounting Principles and the reserves, as applicable, appear reasonable and necessary to carry out the purposes of the fund. Sources of revenues available and retained earnings or net position are reflected in the fund financial statement.

The statutory and regulatory requirements of the funds are as follows:

Enterprise Fund: Board of director's intended purpose and County resolution

The District had no prior year audit finding. No new instances of noncompliance were noted during the fiscal year 2020.

The District has no funds to be reported pursuant to NRS 354.6107 through NRS 354.6113 and NRS 354.589155.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, Moapa Valley Water District complied, in all material respects, with the requirements identified above for the year ended June 30, 2020.

This report is intended solely for the use of Moapa Valley Water District, the State of Nevada, and other audit agencies and should not be used by anyone other than these specified parties.



HintonBurdick, PLLC  
Mesquite, Nevada  
November 20, 2020