

EXETER IRRIGATION DISTRICT
REPORT OF AUDIT
DECEMBER 31, 2020 AND 2019

INTRODUCTORY SECTION

EXETER IRRIGATION DISTRICT

Exeter, California

BOARD OF DIRECTORS

Keith H. Cosart
Ralph E. Fuller
Robert Ward
Gregory V. Crosson, Vice-President
Joseph E. Ferrara, President

DIVISION

Five
Four
Two
One
Three

DISTRICT SECRETARY - MANAGER

Tom Weddle

DISTRICT TREASURER - COLLECTOR

Selena Rassman

EXETER IRRIGATION DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Exeter Irrigation District
Exeter, California 93221

We have audited the accompanying financial statements of Exeter Irrigation District, which comprise the statements of net assets as of December 31, 2020 and 2019, and the related statements of revenues, expenses, and changes in fund net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and the 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.

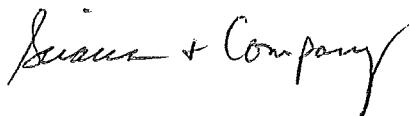
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Exeter Irrigation District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Exeter Irrigation District as of December 31, 2020 and 2019, and the changes in its net fund assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts.

The Management's Discussion and Analysis included on pages 3 through 8 is not a required part of the basic financial statements, but is additional supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



November 17, 2021
Visalia, California

EXETER IRRIGATION DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
2020

The Exeter Irrigation District was formed in 1937 under the California Water Code to provide irrigation water for agricultural purposes. Its main office is located at 150 South E Street in Exeter, California. The District covers over 15,000 acres of which approximately 12,700 acres are irrigated. The District obtains its water supply from the Friant-Kern canal with water stored at the Millerton Lake Reservoir of Friant Dam from the San Joaquin River.

Discussion of the Basic Financial Statements

The District operations are accounted for as a proprietary fund. A proprietary fund is a governmental enterprise fund type where accounts are maintained in a similar manner as a business operating in the private sector. The District maintains its accounts on the accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. The measurement focus of the financial statements is the determination of net income, financial position and changes in cash flows.

Condensed Financial Information

	<u>2020</u>	<u>2019</u>
CONDENSED BALANCE SHEET		
Current Assets	\$ 4,063,797	\$ 3,341,248
Non-Current Assets	<u>3,659,751</u>	<u>3,635,790</u>
TOTAL ASSETS	<u><u>\$ 7,723,548</u></u>	<u><u>\$ 6,977,038</u></u>
Current Liabilities	\$ 29,700	\$ 94,329
Long-Term Liabilities	-	-
Total Liabilities	<u>29,700</u>	<u>94,329</u>
Net Assets	<u>7,693,848</u>	<u>6,882,709</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,723,548</u></u>	<u><u>\$ 6,977,038</u></u>
CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS		
Total Operating Revenues	\$ 2,940,713	\$ 2,330,138
Total Operating Expenses	(2,132,811)	(1,995,975)
Non-Operating Revenues	<u>3,237</u>	<u>9,039</u>
NET INCREASE (DECREASE) IN NET ASSETS	<u><u>\$ 811,139</u></u>	<u><u>\$ 343,202</u></u>

EXETER IRRIGATION DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
2020

Condensed Financial Information (Continued)

The District has sufficient current assets to cover all current liabilities, as total assets are approximately one hundred thirty-seven times larger than total liabilities. Total assets increased from 2019 to 2020. Current liabilities decreased from 2019 to 2020.

Net assets increased by \$811,139 in 2020.

Budget Variances

The District uses a projected cash flow analysis. The water supply section of the budget is the most difficult to budget for because the water supply available is dependent primarily upon yearly hydrology, which cannot be predicted at the time the budget is drafted and passed. An average water year is assumed when preparing the budget.

EXETER IRRIGATION DISTRICT

2020 Budget Based on a 100% Class 1 Water Supply

	<u>2020 BUDGET</u>	<u>ACTUAL REVENUE</u>	<u>VARIANCE</u>
REVENUES			
Operating			
Irrigation	\$ 1,035,239	\$ 1,252,010	\$ 216,771
Other Water Sources and Fees	-	536,250	536,250
Penalties	-	2,223	2,223
Other - Equipment Rental	-	-	-
Non-Operating			
Interest - LAIF/Other	-	3,156	3,156
Meter Charges/Standby	1,140,752	1,145,483	4,731
Other/Penalties	-	4,828	4,828
Total Revenues	<u>\$ 2,175,991</u>	<u>\$ 2,943,950</u>	<u>\$ 767,959</u>

EXETER IRRIGATION DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
2020

Budget Variances (Continued)

EXETER IRRIGATION DISTRICT

2020 Budget Based on a 100% Class 1 Water Supply

	<u>2020 BUDGET</u>	<u>ACTUAL EXPENSE</u>	<u>VARIANCE</u>
EXPENSES			
Water Purchases	\$ 395,192	\$ 427,722	\$ (32,530)
Friant O & M/SLDMWA O & M	384,054	458,647	(74,593)
Pumping			
Maintenance	100,000	31,940	68,060
Pump Power	120,000	93,297	26,703
Distribution			
Salaries - Field and Benefits	229,901	169,303	60,598
Maintenance	142,562	140,718	1,844
Labor Sales and Equipment Rent	-	601	(601)
Administration			
Salaries/Payroll Taxes	145,482	173,311	(27,829)
Office Supplies	16,487	35,623	(19,136)
Insurance/Bonds	42,721	44,314	(1,593)
Employee Retirement/Benefits	49,345	62,177	(12,832)
General Plant - Maintenance	6,624	7,438	(814)
Other			
Legal - Minasian & Other	20,812	28,068	(7,256)
Travel and Miscellaneous	3,500	3,133	367
Dues - Miscellaneous	13,305	55,142	(41,837)
Directors' Fees	-	-	-
Computer Consultant/Other Professional	50,656	19,688	30,968
SVWA - GM Dues/Call for Funds	158,030	277,331	(119,301)
Sciacca - Audit/Accounting	6,750	9,125	(2,375)
Consulting and Engineering	26,016	17,771	8,245
Permits and Other Assessments	32,790	34,668	(1,878)
Non-Operating			
General Plant - Maintenance	6,764	351	6,413
Replacement Fund - Capital Outlay	225,000	66,404	158,596
Total Expenses	<u>\$ 2,175,991</u>	<u>\$ 2,156,772</u>	<u>\$ 19,219</u>
TOTAL REVENUES	<u>\$ 2,175,991</u>	<u>\$ 2,943,950</u>	<u>\$ 767,959</u>
NET MARGIN	<u>\$ -</u>	<u>\$ 787,178</u>	<u>\$ 787,178</u>

EXETER IRRIGATION DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
2020

Budget Variances (Continued)

The District does not budget for Depreciation Expense.

The District also does not budget for water purchases from other districts, as it is difficult to anticipate when the opportunities to purchase additional water will be available.

Overall Analysis

Supply

The District receives its water supply from the following source:

CVP – Friant Division under contract number 175r-2508-LTR1. Under this contract the District is entitled to receive up to 11,100 acre-feet of Class One and 19,000 acre-feet of Class Two water supply delivered via the Friant Kern Canal. Contract number 175r-2508-LTR1 is a 25-year contract expiring in 2026.

Water Usage by Customers

Water is supplied to landowners through the District's internal delivery system. The District does allocate water to landowners.

During 2020, approximately 8,116 acre-feet was delivered to water users within the District.

Pricing

The Board of Directors sets the price of water. The Board sets the price based on the following criteria:

1. Hydrologic conditions
2. Seasonal considerations
3. Status of District accounts
4. Price of the available water

The water rate for 2020 was \$75 for Units 1-7 (January 1 – February 29) and \$155 for Units 1-7 (March 1 – December 31).

The factors materially affecting District operations or water supply availability during 2020 were hydrology, reservoir operations, and weather. These factors exist on an every year basis.

Fund Analysis

The responsibility for the accounting and investment of the District's Reserve funds resides with the Board of Directors. Authority to implement the Reserve Policy and Guidelines is delegated to the Treasurer and Deputy Treasurer, under the working supervision of the General Manager.

A reserve is a portion of the net assets of an organization, in a stated amount, held for a designated purpose. Establishing reserves is essential due to the fluctuating nature of the District's water supply and the possibility of unanticipated events. Accumulations of reserves are necessary to meet the long-term known and unknown needs of the District.

EXETER IRRIGATION DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
2020

Fund Analysis (Continued)

The District is organized and operates under the statutory authority of Division 11 of the California Water Code. There are no other provisions of California law that govern the accumulation and use of reserves. Absent statutory guidelines to direct special districts in the accumulation and use of reserves, Exeter Irrigation District has established and adopted this Reserve Policy and Guidelines. The Reserve Policy and Guidelines are reviewed on no less than an annual basis and can be amended only by action of the Board of Directors. Expenditure of District reserve funds requires action of the Board of Directors.

Reserves can be accumulated for the following purposes:

1. To cover costs associated with the purchase of water and water related expenses
2. Capital improvement projects
3. Repair and maintenance of District infrastructure
4. Purchase of equipment
5. Emergency situations
6. Debt obligations
7. Water rights defense

The District has established reserves for:

1. Utility Plant
2. Equipment replacement

Utility Plant

The Utility Plant Reserve is used to account for funds accumulated to provide for the major renovation, construction or purchase of capital projects and new facilities such as canals, ditches, recharge basins, real estate and buildings. Establishing Utility Plant reserves will reduce reliance on debt financing or long-term financing costs.

By action of the Board of Directors the target reserve for Utility Plant is set at \$347,108.

Capital Outlay

The reserve for Capital Outlay includes amounts set aside for expenditures related to renewal and replacement of equipment. Reserves are in addition to the budgeted annual amount for equipment purchases. The intent of the reserve is to cover costs associated with unexpected equipment purchases related to unforeseen events and/or specific construction projects.

By action of the Board of Directors the target reserve for Equipment Replacement is set at \$50,000.

EXETER IRRIGATION DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
2020

Other Items

There is one item of significance which could have an impact on the District's financial position.

State Water Resources Control Board Fees

As part of the 2003 State Budget Act the California State Legislature terminated funding for the SWRCB. In response, the SWRCB imposed fees on the water rights holders in order to recover their cost of operation.

The Exeter Irrigation District has joined with other water districts in pursuing various legal remedies. A successful outcome would modify the fee structure in such a manner as to reduce the overall cost to the Exeter Irrigation District and other water rights holders. The litigation is currently awaiting a decision by California Supreme Court based on appeal.

These are the public facts of the matter. Additional information is subject to attorney – client privilege and therefore is not disclosed.

EXETER IRRIGATION DISTRICT
STATEMENT OF NET ASSETS
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash on Hand and in Banks	\$ 3,930,242	\$ 3,191,762
Assessments Receivable:		
Current Year	42,220	34,278
Delinquent	327	1,895
Water Charges Receivable	12,259	21,407
Standby Charges Receivable	20,182	21,937
Miscellaneous Accounts Receivable	4,318	16,731
Prepaid Expenses	54,230	53,169
Accrued Interest on Investments	19	69
Total Current Assets	<u>4,063,797</u>	<u>3,341,248</u>
Investments in Capital Assets, At Cost	4,286,602	4,220,198
Less: Allowance for Depreciation	<u>3,545,183</u>	<u>3,502,740</u>
	<u>741,419</u>	<u>717,458</u>
OTHER ASSETS		
Water Rights - 9(d) Contract	<u>2,918,332</u>	<u>2,918,332</u>
Total Assets	<u>\$ 7,723,548</u>	<u>\$ 6,977,038</u>
LIABILITIES		
Accounts Payable	\$ 29,700	\$ 94,329
Contracts Payable	<u>-</u>	<u>-</u>
Total Liabilities	<u>29,700</u>	<u>94,329</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	\$ 741,419	\$ 717,458
Restricted		
Replacement Reserve	50,000	50,000
Utility Plant	347,108	347,108
Unrestricted	<u>6,555,321</u>	<u>5,768,143</u>
TOTAL NET ASSETS	<u><u>\$ 7,693,848</u></u>	<u><u>\$ 6,882,709</u></u>

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

EXETER IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Water Sales and Penalties/Fees	\$ 1,790,483	\$ 1,229,401
Taxes and Assessments	1,150,230	1,100,737
Total Operating Revenues	<u>2,940,713</u>	<u>2,330,138</u>
OPERATING EXPENSES		
Water Purchases	886,369	893,349
Pumping	125,237	209,620
Distribution	310,622	289,533
Administrative and General	768,140	564,459
Depreciation	42,443	39,014
Total Operating Expenses	<u>2,132,811</u>	<u>1,995,975</u>
Net Income (Loss) from Operations	<u>807,902</u>	<u>334,163</u>
NON-OPERATING REVENUE		
Interest Income	3,156	8,839
Equipment Rental	-	-
Other Income	81	200
Total Non-Operating Revenue	<u>3,237</u>	<u>9,039</u>
Net Increase (Decrease) in Net Assets	811,139	343,202
Net Assets, Beginning of Year	<u>6,882,709</u>	<u>6,539,507</u>
NET ASSETS, END OF YEAR	<u><u>\$ 7,693,848</u></u>	<u><u>\$ 6,882,709</u></u>

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

EXETER IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 2,943,568	\$ 2,360,948
Interest Income	3,206	8,841
Cash Paid to Employees and Suppliers	(2,141,890)	(1,842,430)
Net Cash Provided/Used from Operations	<u>804,884</u>	<u>527,359</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of Equipment and Improvements	(66,404)	(30,601)
Proceeds from Sale of Vehicle/Equipment	-	-
Net Cash Provided/Used from Investing Activities	<u>(66,404)</u>	<u>(30,601)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital Repayment Under 9(d) Contract	-	-
Net Increase (Decrease) in Cash	738,480	496,758
Cash at Beginning of Year	<u>3,191,762</u>	<u>2,695,004</u>
CASH AT END OF YEAR	<u><u>\$ 3,930,242</u></u>	<u><u>\$ 3,191,762</u></u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATIONS		
Net Income (Loss)	<u>\$ 811,139</u>	<u>\$ 343,202</u>
Adjustments to Reconcile Net Income to Net Cash Provided by Operations:		
Gain on Sale of Fixed Assets	-	-
Depreciation	42,443	39,014
Decrease (Increase) in Assessments Receivable	(6,374)	53,241
Decrease (Increase) in Water Charges Receivable	9,148	(694)
Decrease (Increase) in Standby Charges Receivable	1,755	29,470
Decrease (Increase) in Miscellaneous Accounts Receivable	12,413	7,417
Decrease (Increase) in Prepaid Expenses	(1,061)	(2,295)
Decrease (Increase) in Accrued Interest of Investments	50	2
Increase (Decrease) in Accounts Payable	(64,629)	58,002
Increase (Decrease) in Fund Balance	-	-
	<u>(6,255)</u>	<u>184,157</u>
NET CASH PROVIDED/USED FROM OPERATIONS	<u><u>\$ 804,884</u></u>	<u><u>\$ 527,359</u></u>

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

EXETER IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1: ORGANIZATION AND DESCRIPTION OF BUSINESS

The Exeter Irrigation District ("District") is a special district formed in 1937 under the California Water Code to provide irrigation water for agricultural purposes. The District encompasses over 15,000 acres of land of which approximately 12,700 are irrigated. Its principal sources of income are agricultural water sales and standby tax assessments.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The operations of the District are accounted for under a single governmental enterprise fund type described as a proprietary fund. Accounts are maintained in a manner similar to those of a private enterprise in that the costs of providing services to District landowners on a continuing basis are generally recovered through user charges and assessments. The measurement focus is upon the determination of net income, financial position and changes in cash flows. The District applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board (FASB) pronouncements (unless those pronouncements conflict with or contradict GASB pronouncements).

Basis of Accounting – The District maintains its accounts on an accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

Accounting Changes – Effective January 1, 2004, the District adopted Statement of Governmental Standard (SGAS) No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended, which establishes a fundamentally new financial reporting model for all state and local governments including management's discussion and analysis of an entity's financial position and results of operations. The District implemented SGAS No. 34 in 2004 in accordance with implementation requirements in the accounting standard. The implementation of SGAS No. 34 did not impact its reported financial position or results of operations. As a result of adopting SGAS No. 34, the basic financial statement presentation was significantly changed, including the addition of management's discussion and analysis of financial activities.

EXETER IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SGAS No. 34 also requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation reduced by the outstanding debt balances, net of unamortized debt expenses and unspent debt proceeds.
- Restricted – This component consists of net assets with constraints placed on their use, either externally or internally. Constraints include those imposed by Debt Indentures (excluding amounts considered in net capital, above) grants or laws and regulations of other governments, by law through constitutional provisions or enabling legislation or by the Board.
- Unrestricted – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Under SGAS No. 34, the statement of equity was eliminated, the statement of income was renamed the statement of revenues, expenses and changes in net assets, and the statement of cash flows is required to be presented using the direct method (including a reconciliation of operating cash flows to operating income).

Accounts Receivable – Accounts receivable arise from billings to customers and other agencies for sales of water and other services. The District does not provide an allowance for uncollectible accounts. Historically such write-offs have been minimal and are not considered a factor in financial statement presentations.

Use of Estimates

The District uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

EXETER IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment – The District's property, plant and equipment is recorded at cost. The cost of additions, renewals and betterments are capitalized; repairs and minor acquisition and replacements are charged to operating expense as incurred. Interest costs incurred that are related to the construction of property is capitalized.

Cost of additions renewals and betterments is capitalized. Minor acquisitions and replacements are charged to operating expense.

Depreciation is computed on the straight-line method using the following estimated useful lives:

Buildings and Improvements	20-50 Years
Equipment	5-20 Years

Net Assets, Reserved – Reserves have been established by the Board of Directors for capital outlay, operations and maintenance, and water supply.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenue and expenses as of and for the period presented. Actual results could differ from those estimates.

Assessment Revenue Recognition, Valuation and Rates –The installment is due December 20th of each year.

The due dates of the assessments are set by California Water Code Section 26076.

Assessment revenues are recorded as income in the District's fiscal year following the levy. Accordingly, the current assessment is classified as deferred income.

EXETER IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 3: CASH ON HAND AND IN BANKS

As shown on the balance sheet, the cash on hand and in banks and investments in time deposits at December 31, 2020 and 2019, amounted to \$3,930,242 and \$3,191,762 respectively, held as follows:

	<u>2020</u>	<u>2019</u>
Cash on Hand		
Secretary's Petty Cash Fund	\$ 500	\$ 500
Collector's Change Fund	50	50
Cash in Bank, Subject to Withdrawal		
Bank of America	263,902	111,720
Cash on Deposit with the State of California in the Local Agency Investment Fund	12,187	11,987
Cash in Bank, Savings Account		
Bank of the Sierra	2,774,948	2,026,903
Cash in Bank, Certificates of Deposit		
Citizens Business Bank	378,655	378,320
Cash in Bank, Certificates of Deposit		
Central Valley Community Bank	-	314,459
Cash in Bank, Certificates of Deposit		
Bank of the Sierra	-	347,823
Cash in Bank, TD Ameritrade		
Treasury Bonds and Cash Deposit	<u>500,000</u>	<u>-</u>
	<u>\$ 3,930,242</u>	<u>\$ 3,191,762</u>

The allocation of cash on hand and in banks at December 31, 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
General Fund	\$ 3,870,986	\$ 3,132,506
Loan Repayment Fund	-	-
Replacement Reserve Fund	50,000	50,000
Unemployment Insurance Reserve	<u>9,256</u>	<u>9,256</u>
	<u>\$ 3,930,242</u>	<u>\$ 3,191,762</u>

EXETER IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4: WATER CHARGES RECEIVABLE

Water charges receivable at December 31, 2020, amounted to \$12,259 compared with \$21,407 at December 31, 2019, a decrease of \$9,148. A summary of water charges and collections is as follows:

Water Charges Receivable at December 31, 2019		\$ 21,407
Water Sales During 2020		1,790,483
Advanced Payments Water Delivery		<u>-</u>
		1,811,890
Collections of Water Accounts	\$ 1,799,631	
Transfer to Standby Charges	-	
Uncollectible Water Accounts	<u>-</u>	
		<u>1,799,631</u>
		<u><u>\$ 12,259</u></u>

The Board of Directors established the water rates for the 2020 season as follows:

January 1 – February 29, 2020	\$75.00 Per Acre Foot
March 1 – December 31, 2020	\$155.00 Per Acre Foot

NOTE 5: INVESTMENT IN CAPITAL ASSETS

The District's expenditures for capital outlay amounted to \$66,404 for the year ended December 31, 2020, and \$30,601 for the year ended December 31, 2019. The details are as follows:

	<u>2020</u>	<u>2019</u>
General Plant	\$ 7,078	\$ -
Field Equipment, Trucks	59,326	30,601
Distribution Plant, and Turnouts, Labor/Materials	<u>-</u>	<u>-</u>
	<u><u>\$ 66,404</u></u>	<u><u>\$ 30,601</u></u>

EXETER IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 5: INVESTMENT IN CAPITAL ASSETS (Continued)

The summary of changes in fixed assets for the year ended December 31, 2020 is as follows:

	FIXED ASSETS		
	BALANCE JANUARY 1, 2020	ADDITIONS	DEDUCTIONS
Land	\$ 154,068	\$ -	\$ -
Pumping Plant	453,465	-	-
Distribution System	3,142,455	-	-
General Plant	470,210	66,404	-
	<u>\$ 4,220,198</u>	<u>\$ 66,404</u>	<u>\$ -</u>
			<u>\$ 4,286,602</u>

Depreciation for the District amounted to \$42,443 for the year ended December 31, 2020. The summary of changes in depreciation for the year ended December 31, 2020 is as follows:

	BALANCE JANUARY 1, 2020	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 2020
Land	\$ -	\$ -	\$ -	\$ -
Pumping Plant	453,465	-	-	453,465
Distribution System	2,726,371	19,153	-	2,745,524
General Plant	322,904	23,290	-	346,194
	<u>\$ 3,502,740</u>	<u>\$ 42,443</u>	<u>\$ -</u>	<u>\$ 3,545,183</u>

EXETER IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 6: TOTAL REVENUE

The total revenue of the District for the year ended December 31, 2020, amounted to \$2,943,950 compared with \$2,339,177 for the year 2019. The detail of the revenue by years is as follows:

	<u>2020</u>	<u>2019</u>
Assessments (Including Standby Charges Added to Tax Roll)	\$ 761,358	\$ 719,047
Standby Charges	388,872	381,690
Water Sales and Fees	1,790,483	1,229,401
Interest	3,156	8,839
Rentals and Other Income	81	200
Sale of Assets	<u>-</u>	<u>-</u>
	<u>\$ 2,943,950</u>	<u>\$ 2,339,177</u>

Standby charges were assessed to agricultural acreage at the rate of \$30 per acre and \$15 per service outlet for 2020. The assessments are compared as follows:

	<u>2020</u>	<u>2019</u>
Acreage	12,556 @ \$30 \$ 376,691	12,556 @ \$30 \$ 376,690
Outlets	812 @ \$15 12,181	333 @ \$15 5,000
Totals	<u>388,872</u>	<u>381,690</u>
Current Collections	<u>368,690</u>	<u>359,753</u>
UNCOLLECTED STANDBY CHARGES	<u>\$ 20,182</u>	<u>\$ 21,937</u>

EXETER IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 7: OTHER INCOME

Other income as shown on the statement of revenues, expenses and changes in net assets is detailed as follows:

	<u>2020</u>	<u>2019</u>
Restitution Proceeds	\$ -	\$ -
Sale of Assets	-	-
Miscellaneous Other	<u>81</u>	<u>200</u>
	<u>\$ 81</u>	<u>\$ 200</u>

EXETER IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 8: WATER PURCHASES

Water purchases for 2020 amounted to 9,663.55 acre feet at a cost of \$886,369 compared with 12,179 acre feet at a total cost of \$893,349 for 2019. A summary of 2020 water purchases is as follows:

Bureau of Reclamation

Class 1 @ \$23.98	7,160 Acre Feet	\$ 171,692
Class 1 @ \$24.64	1,488.55 Acre Feet	36,678
Class 1 Carryover @ \$9.03	759 Acre Feet	6,854
Friant Water Authority O & M Assessment Charges		229,425
San Luis and Delta-Mendota Water Authority O & M Assessment Charges		229,222
PID/BCID Restoration Flow Recapture @ \$135.00	256 Acre Feet	34,585
Friant Unit Surcharge @ \$7.00 Per Acre Foot (9,842 Acre Feet of Water)		68,894
Restoration Fund Assessments @ \$11.11/\$10.91 Per Acre Foot (9,861 Acre Feet)		107,803
Trinity Assessments @ \$0.15/\$0.12 Per Acre Foot (9,861 Acre Feet)		<u>1,216</u>
		<u>\$ 886,369</u>

EXETER IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 8: WATER PURCHASES (Continued)

Commencing September 28, 1990, renewal Contract No. I75r-2508A was executed which mandated that the District pay cost-of-service for all water delivered thereafter. On a normal year, the rates include both full operation and maintenance rates as well as a capital rate. At a minimum (dry year), the District is required to pay the full operation and maintenance cost which is determined at the conclusion of the federal government fiscal year (September 30). If necessary, supplemental statements are submitted to the District for payment.

The applicable rates for 2020 are as follows:

<u>O & M COST-OF-SERVICE RATES</u>	<u>IRRIGATION WATER</u>	
	<u>CLASS 1</u>	<u>CLASS 2</u>
Capital Rates	\$ -	\$ -
O & M Rates:		
Water Marketing	5.97	5.97
Storage	18.01	-
Conveyance	-	-
Total O & M Rates	<u>23.98</u>	<u>5.97</u>
Deficit Rates:		
Non-Interest Bearing	-	0.09
Interest Bearing	-	-
Total Deficit Rates	<u>-</u>	<u>0.09</u>
 TOTAL COST-OF-SERVICE RATES	 <u>\$ 23.98</u>	 <u>\$ 6.06</u>

Included in these costs are estimated capital repayment costs of the District's portion of CVP, which remain unpaid due to water supply shortages. The District is not aware of any water supply payment deficits for the 2020 fiscal year.

EXETER IRRIGATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 9: OTHER INFORMATION

The net income (loss) of \$811,139 for December 31, 2020, and \$343,202 for December 31, 2019, is allocated to unrestricted surplus.

The financial statements have been prepared in accordance with the Uniform System of Accounts for Water Utility Districts of the State of California. This new system requires the use of the accrual basis of accounting to reflect the results of operations. Under the accrual basis, revenues are recorded when earned and expenses when incurred. Property, plant and equipment are recorded as assets and charged to the operations over their useful lives.

NOTE 10: PERMANENT ASSIGNMENT OF WATER RIGHTS

As of April 2011, upon unanimous authorization by the Board of Directors, the District executed a financial agreement with the Tri-Valley Water District for the permanent assignment of 400 acre feet of the District's Class 1 supply for the amount of \$2,000,000. This amount was held in an escrow account for eventual payment of the District's new 9(d) Capital Repayment Contract. Additional District funds of \$918,332 were paid along with the escrow account held by Tri-Valley Water District in full satisfaction of the District's 9(d) Perpetual Contract Capital Repayment to the United States Bureau of Reclamation. Accordingly, the \$2,000,000 for the sale of 400 acre feet of contract water supply was recognized as revenue in 2011. The \$2,918,332 ultimately paid by the District for the 9(d) Capital Repayment Contract is shown as an Other Asset on the Statement of Net Assets.

NOTE 11: SUBSEQUENT EVENTS

The District has evaluated subsequent events for recognition or disclosure through the date these financial statements were available to be issued, November 17, 2021. No subsequent events were recognized as reportable as of this date.

EXETER IRRIGATION DISTRICT
FINANCIAL STATEMENT FOR PUBLICATION
DECEMBER 31, 2020

Verified Statement of the Financial Condition of Exeter Irrigation District as of December 31, 2020, as required under Section 24274 of the Water Code of the State of California.

The records of Exeter Irrigation District are kept on the accrual basis and the ensuing statement is rendered accordingly. This is in compliance with the Uniform System of Accounts for Water Utility Districts of the State of California.

STATEMENT OF NET ASSETS

ASSETS

Cash on Hand and in Banks	\$ 3,930,242
Assessments Receivable	42,547
Water Charges Receivable	12,259
Standby Charges Receivable	20,182
Prepaid Expenses	54,230
Interest Earned but Uncollected on Investments	19
Miscellaneous Accounts Receivable	4,318
Total Current Assets	<u>4,063,797</u>
Capital Assets at Cost, Less Depreciation of \$3,545,183	741,419
Water Rights - 9(d) Contract	<u>2,918,332</u>
TOTAL ASSETS	<u><u>\$ 7,723,548</u></u>

LIABILITIES

Contracts Payable	\$ -
Accounts Payable	29,700
Total Liabilities	<u>29,700</u>

NET ASSETS

Invested in Capital Assets, Net of Related Debt	741,419
Restricted for Replacement Reserve	50,000
Restricted for Utility Plant	347,108
Unrestricted	6,555,321
Total Net Assets	<u>7,693,848</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,723,548</u></u>

EXETER IRRIGATION DISTRICT
FINANCIAL STATEMENT FOR PUBLICATION
DECEMBER 31, 2020

STATEMENT OF RECEIPTS AND DISBURSEMENTS

Balance December 31, 2019	<u>\$ 3,191,762</u>
RECEIPTS	
Assessments and Penalties	1,143,856
Water Sales and Services	1,799,631
Interest	3,206
Miscellaneous	81
	<u>2,946,774</u>
DISBURSEMENTS	
Water Purchases	942,240
Pumping	140,452
Distribution	309,465
Administration	749,733
Payment on U.S. Government Contract	-
Additions to Fixed Assets	66,404
Payments Under Capital 9(d) Contract	-
	<u>2,208,294</u>
BALANCE DECEMBER 31, 2020	<u><u>\$ 3,930,242</u></u>

SUPPLEMENTAL INFORMATION

EXETER IRRIGATION DISTRICT
SCHEDULE OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
WATER PURCHASES		
Water Purchases, U.S.B.R./F.W.A.	\$ 886,369	\$ 848,564
Water Purchases, Other	-	44,785
	<u>886,369</u>	<u>893,349</u>
PUMPING		
Maintenance	31,940	72,616
Power	93,297	137,004
	<u>125,237</u>	<u>209,620</u>
DISTRIBUTION		
Labor and Other Expenses	169,904	191,525
Maintenance and Other	140,718	98,008
	<u>310,622</u>	<u>289,533</u>
ADMINISTRATIVE AND GENERAL		
Salaries	148,963	143,286
Office Supplies and Expense	35,623	32,377
Property Insurance	24,714	23,336
Payroll Taxes	24,348	25,613
Pension Trust	16,947	22,280
Compensation Insurance	19,393	26,777
Health Insurance	45,230	45,500
Maintenance, General Plant	7,789	7,631
Professional Fees	74,652	69,218
Directors Fees/Salaries	-	-
Miscellaneous/Dues/Insurance Bonds/Taxes	38,008	36,813
FWA Call for Funds Assessments/Special Assessments	332,473	131,628
	<u>768,140</u>	<u>564,459</u>
Depreciation	<u>42,443</u>	<u>39,014</u>
	<u>\$ 2,132,811</u>	<u>\$ 1,995,975</u>

EXETER IRRIGATION DISTRICT
SUMMARY OF INCOME AND EXPENSES
2010 - 2020

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Income											
Taxes & Assessments	\$ 389,628	\$ 388,176	\$ 387,900	\$ 390,966	\$ 385,693	\$ 385,376	\$ 1,003,275	\$ 1,038,149	\$ 1,072,694	\$ 1,100,737	\$ 1,150,230
Water Sales & Penalties	1,261,598	1,150,597	783,411	1,346,666	1,403,881	1,394,942	1,375,002	1,392,367	1,218,024	1,229,401	1,790,483
Interest Income	9,241	2,177	2,848	1,949	2,509	1,734	2,036	3,787	6,886	8,839	3,156
Equipment Rental	3,246	968	874	6,544	12,081	721	-	-	-	-	-
Other Income	9,307	1,244	5,052	2,049	72	2,787	1,442	553	23,310	200	81
Sale of Water Shares	-	2,000,000	-	-	-	-	-	-	-	-	-
Total Income	1,673,020	3,543,162	1,180,085	1,748,174	1,811,236	1,775,560	2,381,755	2,434,856	2,320,914	2,339,177	2,943,950
Expenses											
Water Purchases	920,787	520,657	549,101	728,035	1,234,058	769,667	778,299	810,882	896,505	893,349	886,369
Pumping	132,157	178,910	125,472	196,134	48,872	61,570	138,145	245,573	196,358	209,620	125,237
Distribution	145,776	183,621	140,106	182,681	191,903	177,836	209,090	204,476	244,585	289,533	310,622
Administrative & General	424,396	443,819	427,378	456,751	454,218	375,806	445,004	526,271	625,846	564,459	768,140
Depreciation	68,787	68,937	53,505	60,458	61,069	57,521	30,912	28,653	34,142	39,014	42,443
Total Expenses	1,691,903	1,395,944	1,295,562	1,624,059	1,988,120	1,442,400	1,601,450	1,815,855	1,997,436	1,995,975	2,132,811
NET INCOME (LOSS)	\$ (18,883)	\$ 2,147,218	\$ (115,477)	\$ 124,115	\$ (176,884)	\$ 333,160	\$ 780,305	\$ 619,001	\$ 323,478	\$ 343,202	\$ 811,139
FROM OPERATIONS											
Acre-Feet Delivered	12,567	13,153	9,391	7,783	1,587	1,280	8,486	15,348	11,448	15,699	8,116
Operating Cost Per Acre-Foot Delivered	\$ 134.63	\$ 106.13	\$ 137.96	\$ 208.67	\$ 1,252.75	\$ 1,126.87	\$ 189.16	\$ 118.31	\$ 174.48	\$ 127.14	\$ 262.79

Components of Operating Cost
Per Acre Foot Delivered:

Water Purchases	\$ 73.27	\$ 39.59	\$ 58.47	\$ 93.54	\$ 777.60	\$ 601.30	\$ 91.93	\$ 52.83	\$ 78.31	\$ 56.90	\$ 109.21
Pumping	10.52	13.60	13.36	25.20	29.54	48.10	16.32	16.00	17.15	13.35	15.43
Distribution	11.60	13.96	14.92	23.47	120.92	138.93	24.70	13.32	21.37	18.44	36.27
Administrative and General	33.77	33.74	45.51	58.69	286.21	293.60	52.56	34.29	54.67	35.96	94.65
Depreciation	5.47	5.24	5.70	7.77	38.48	44.94	3.65	1.87	2.98	2.49	5.23