

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2021

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

JUNE 30, 2021

BOARD OF DIRECTORS

Don Mills	President
Chris Tantau	Vice-President
Ron Clark	Director
Jimi Valov	Director
Jeff Ritchie	Director
Mike Chrisman	Director
Brian Watte	Director

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**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

This section of the Kaweah Delta Water Conservation District (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was \$73,219,842 at June 30, 2021. This was a \$951,498 increase as compared to the previous year.
- The District had \$1,072,802 in accounts payable at June 30, 2021.
- During the year, the District's revenues were \$951,498 more than the expenses generated.
- The District issued no new debt during the year ended June 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

The report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information if any. The basic financial statements also include notes that further explain some of the information presented in the financial statements and provide more detailed data.

Basic Financial Statements

The basic financial statements include two kinds of statements, the government-wide financial statements and the fund financial statements. Each presents a different view of the District. The government-wide financial statements provide both short-term and long-term information about the District's overall financial status, whereas the fund financial statements present the financial picture by its individual parts or funds. Both are described in greater detail below.

Government-Wide Statements

The government-wide financial statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting, which is similar to that used by private-sector companies. They provide both short-term and long-term information about the District's overall financial status. These statements (governmental funds balance sheet and statement of net position and statement of governmental funds revenues, expenditures and changes in fund balance and statement of activities) include all assets and deferred outflows of resources of the District as well as all liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of governmental funds revenues, expenditures and changes in fund balance and statement of activities regardless of when cash is received or paid.

See independent auditors' report.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

The government-wide financial statements report the District's net position and how it has changed. Net position, the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating. However, to assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's ability to adjust charges for services and the availability of funding from property taxes.

The government-wide financial statements in this annual report include only governmental type activities. In the governmental type activities, most of the District's revenue is derived from property taxes.

Fund Financial Statements

The fund financial statements present the financial picture of the District in more detail than the government-wide statements by describing the individual parts of funds. Funds are accounting devices used to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants. The District may establish other funds to control and manage money for particular purposes at its discretion, such as tracking certain revenues and expenses for grants, or construction projects.

The District currently has only one fund type known as a governmental fund. Governmental fund type statements are presented on the modified accrual basis of accounting and a current financial resource focus. Only assets expected to be used up and liabilities that come due during the year or soon thereafter are reflected. No capital assets are included. Only revenues for which cash is received during or soon after the end of the year are included. Only expenditures for goods or services that have been received and for which payment is due during the year or soon thereafter are included.

See independent auditors' report.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

CONDENSED COMPARATIVE FINANCIAL STATEMENT INFORMATION

Statement of Net Position	2021	Restated 2020	Increase (Decrease)	Percent of Change
Assets:				
Cash and cash equivalents	\$ 30,241,834	\$ 31,418,244	\$ (1,176,410)	-3.74%
Other current assets	1,623,774	2,571,061	(947,287)	-36.84%
Capital assets, net of depreciation	28,843,688	25,319,483	3,524,205	13.92%
Investment in joint venture	15,299,695	15,804,252	(504,557)	-3.19%
Total assets	76,008,991	75,113,040	895,951	1.19%
Deferred Outflows of Resources:				
Deferred outflows of resources of OPEB	101,352	241,748	(140,396)	-58.08%
Deferred outflows of resources pension	332,617	330,987	1,630	0.49%
Total deferred outflows of resources	433,969	572,735	(138,766)	-24.23%
Total assets and deferred outflows of resources	\$ 76,442,960	\$ 75,685,775	\$ 757,185	1.00%
Liabilities:				
Current liabilities	\$ 1,809,719	\$ 1,036,090	\$ 773,629	74.67%
Due to other agencies	347,223	1,124,493	(777,270)	-69.12%
Net pension liability	712,129	722,357	(10,228)	-1.42%
Net other postemployment benefit obligation	1,785	168,801	(167,016)	-98.94%
Total liabilities	2,870,856	3,051,741	(180,885)	-5.93%
Deferred Inflows of Resources:				
Deferred inflows of resources of OPEB	19,491	47,932	(28,441)	-59.34%
Deferred inflows of resources pension	332,771	317,758	15,013	4.72%
Total deferred inflows of resources	352,262	365,690	(13,428)	-3.67%
Total liabilities and deferred inflows of resources	3,223,118	3,417,431	(194,313)	-5.69%
Net Position:				
Net investment in capital assets	28,843,688	25,319,483	3,524,205	13.92%
Unrestricted	44,376,154	46,948,861	(2,572,707)	-5.48%
Total net position	73,219,842	72,268,344	951,498	1.32%
Total liabilities, deferred inflows of resources, and net position	\$ 76,442,960	\$ 75,685,775	\$ 757,185	1.00%

See independent auditors' report.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Explanation of changes in selected line items:

- The increase in capital assets of \$3,524,205 is the net of \$3,856,808 in construction in progress costs, \$354,791 in other acquisitions, and \$687,394 in depreciation expense.
- Investment in joint venture decreased by \$504,557 in the current year due to the District's portion of the joint venture's net loss from the year ended September 30, 2020.
- The District restated 2020 to remove due to other agencies balance that had been paid in a prior year.

Please see the statement of activity for further detail.

See independent auditors' report.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Statement of Revenues, Expenses and Changes in Net Position

	<u>2021</u>	<u>Restated 2020</u>	<u>Increase (Decrease)</u>	<u>Percent of Change</u>
General Revenues:				
Property taxes	\$ 6,131,444	\$ 5,714,174	\$ 417,270	7.30%
Investment earnings	140,575	327,008	(186,433)	-57.01%
Lease income	143,193	148,793	(5,600)	-3.76%
Gain (loss) on investment	(504,558)	2,833,445	(3,338,003)	-117.81%
Gain on sale of assets	68,673	29,869	38,804	129.91%
Other	567,055	414,323	152,732	36.86%
	<u>6,546,382</u>	<u>9,467,612</u>	<u>(2,921,230)</u>	<u>-30.85%</u>
Program Revenues:				
Water sales	19,592	693,836	(674,244)	-97.18%
Charges for services	352,317	474,194	(121,877)	-25.70%
Greater Kaweah GSA administration	142,859	222,618	(79,759)	-35.83%
Operating grants and contributions	-	158,416	(158,416)	-100.00%
	<u>514,768</u>	<u>1,549,064</u>	<u>(1,034,296)</u>	<u>-66.77%</u>
Total revenues	<u>7,061,150</u>	<u>11,016,676</u>	<u>(3,955,526)</u>	<u>-35.90%</u>
Expenses:				
Operations	4,404,955	4,954,888	(549,933)	-11.10%
Administrative services	1,017,303	1,071,433	(54,130)	-5.05%
Depreciation	687,394	640,598	46,796	7.31%
	<u>6,109,652</u>	<u>6,666,919</u>	<u>(557,267)</u>	<u>-8.36%</u>
Increase in net position	951,498	4,349,757	(3,398,259)	-78.13%
Total net position, beginning of year	<u>72,268,344</u>	<u>67,918,587</u>	<u>4,349,757</u>	<u>6.40%</u>
Total net position, end of year	<u>\$ 73,219,842</u>	<u>\$ 72,268,344</u>	<u>\$ 951,498</u>	<u>1.32%</u>

Explanation of changes in selected line items:

- The change from gain to loss on investment is based on Kaweah River Power Authority's (KRPA) annual earnings. KRPA's earnings decreased and as a result the District experienced a loss on its investment in the current year.
- In the prior year the District purchased and sold more water resulting in a decrease in water sales.
- Total expenses decreased by \$557,267 in large part because the decreases in repairs and maintenance and water purchases.

See independent auditors' report.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

CAPITAL ASSET AND DEBT ADMINISTRATION

At June 30, 2021, the District had a total investment of \$28,843,688 in a broad range of capital assets, including real estate, developed basins, plant improvements, installations, equipment, and construction in progress.

Details to capital assets are as follows:

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Capital Assets			
Real estate - land	\$ 11,834,217	\$ 11,834,217	\$ -
Developed basin, nondepreciable	3,568,490	3,568,490	-
Real estate - buildings	104,197	104,197	-
Developed basin, depreciable	1,797,438	1,786,666	10,772
Plant improvements	2,010,047	2,010,047	-
Installations	3,791,894	3,778,190	13,704
Equipment	5,859,616	5,861,822	(2,206)
Construction in progress	<u>7,738,570</u>	<u>3,881,762</u>	<u>3,856,808</u>
Total capital assets	36,704,469	32,825,391	3,879,078
Accumulated depreciation	<u>(7,860,781)</u>	<u>(7,505,908)</u>	<u>(354,873)</u>
Net capital assets	<u>\$ 28,843,688</u>	<u>\$ 25,319,483</u>	<u>\$ 3,524,205</u>

BUDGETARY HIGHLIGHTS

Over the course of the year, the District may revise its budget as it attempts to deal with unexpected changes in revenues and expenditures. The 2020-2021 budget was approved on June 2, 2020.

The budgeted net change of fund balance was a deficit of \$1,783,415.

See independent auditors' report.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following contingencies and commitments are further discussed in the notes:

The District is working with other local entities in the Kaweah River Basin Integrated Regional Water Management Plan (Kaweah IRWMP). The Kaweah IRWMP has transitioned to a partnership based management involving multiple participating entities.

The District was awarded a Proposition 1E Stormwater Flood Management Grant from DWR for assistance in the Hannah Ranch Flood Control and Habitat Conservation Project. Construction on this project has begun and should conclude in 2023.

The District's Joint Venture, Kaweah River Power Authority (KRPA), sold all of its assets on October 5, 2020. KRPA expects to distribute their remaining cash, less a reserve for operating expenses, but that amount is not yet known.

The 2020-2021 budget was approved on June 1, 2021 and is projected as a deficit of \$11,699,294.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, water users, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's administrative office at (559) 747-5601, 2975 North Farmersville Blvd., Farmersville, California 93223, or by e-mail at mlarsen@kdwcd.com.

See independent auditors' report.



HANFORD | PORTERVILLE | TULARE | VISALIA

M. GREEN AND COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

REBECCA AGREDANO, CPA

MARLA D. BORGES, CPA

NICOLE A. CENTOFANTI, CPA

BRENDA A. DADDINO, CPA

JASON A. FRY, CPA, MSA

ELAINE D. HOPPER, CPA, CFE

R. IAN PARKER, CPA

MARY L. QUILLIN, CPA

GIUSEPPE SCALIA, CPA

NATALIE H. SIEGEL, CPA

ROSALIND WONG, CPA

JAMES G. DWYER, CPA

KEVIN M. GREEN, CPA

GREG GROEN, CPA

WM. KENT JENSEN, CPA

KATHLEEN M. LAMPE, CPA

LYNN M. LAMPE, CPA

ALAN S. MOORE, CPA

KENNETH B. NUNES, CPA

KEITH M. SPRAGUE, CPA

KENNETH W. WHITE, JR., CPA

NORIKO A. AWBREY, CPA

DAVID A. BEKEDAM, CPA

TYLER J. CODAY, CPA

MANNY GONZALEZ, CPA

KRYSTAL PARREIRA, CPA, MSA

GINILU VANDERWALL, CPA

KRISTI WEAVER, CPA

Board of Directors
Kaweah Delta Water Conservation District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Kaweah Delta Water Conservation District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Kaweah Delta Water Conservation District, as of June 30, 2021, and the respective changes in financial position for the year 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.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension liability, schedule of the District's pension contributions, and schedule of changes in the total OPEB liability and related ratios on pages 1-7 and 37-41 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

VM. Green and Company LLP

Tulare, California
June 27, 2022

**KAWEAH DELTA
WATER CONSERVATION DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET
AND STATEMENT OF NET POSITION
JUNE 30, 2021**

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**GOVERNMENTAL FUNDS BALANCE SHEET
AND STATEMENT OF NET POSITION
JUNE 30, 2021**

<u>ASSETS:</u>	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Reconciliation</u>	<u>Statement of Net Position</u>
Cash and cash equivalents	\$ 30,052,214	\$ 189,620	\$ 30,241,834	\$ -	\$ 30,241,834
Accounts receivable	604,461	-	604,461	-	604,461
Prepaid expenses	63,674	-	63,674	-	63,674
Water rights	955,639	-	955,639	-	955,639
Capital assets, not being depreciated	-	-	-	23,141,277	23,141,277
Capital assets, net of depreciation	-	-	-	5,702,411	5,702,411
Investment in joint venture	-	-	-	15,299,695	15,299,695
	<u>31,675,988</u>	<u>189,620</u>	<u>31,865,608</u>	<u>44,143,383</u>	<u>76,008,991</u>
Total assets					
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>					
Deferred outflows of resources net other postemployment benefits	-	-	-	101,352	101,352
Deferred outflows of resources pension	-	-	-	332,617	332,617
	<u>-</u>	<u>-</u>	<u>-</u>	<u>433,969</u>	<u>433,969</u>
Total deferred outflows of resources					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>433,969</u>	<u>433,969</u>
Total assets and deferred outflows of resources	<u>\$ 31,675,988</u>	<u>\$ 189,620</u>	<u>\$ 31,865,608</u>	<u>\$ 44,577,352</u>	<u>\$ 76,442,960</u>

<u>LIABILITIES:</u>	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Reconciliation</u>	<u>Statement of Net Position</u>
Accounts payable	\$ 1,072,802	\$ -	\$ 1,072,802	\$ -	\$ 1,072,802
Payroll liabilities	34,822	-	34,822	-	34,822
Due to other agencies	347,223	-	347,223	-	347,223
Compensated absences	-	-	-	702,095	702,095
Net pension liability	-	-	-	712,129	712,129
Net other postemployment benefits	-	-	-	1,785	1,785
Total liabilities	1,454,847	-	1,454,847	1,416,009	2,870,856
<u>DEFERRED INFLOWS OF RESOURCES:</u>					
Deferred inflow of resources other postemployment benefits	-	-	-	19,491	19,491
Deferred inflows of resources pension	-	-	-	332,771	332,771
Total deferred inflows of resources	-	-	-	352,262	352,262
Total liabilities and deferred inflows of resources	1,454,847	-	1,454,847	1,768,271	3,223,118
<u>FUND BALANCES/NET POSITION:</u>					
Fund balances:					
Nonspendable	1,019,313	-	1,019,313	(1,019,313)	-
Assigned	27,342,000	-	27,342,000	(27,342,000)	-
Unassigned	1,859,828	189,620	2,049,448	(2,049,448)	-
Net position:					
Investment in capital assets, net of related debt	-	-	-	28,843,688	28,843,688
Unrestricted	-	-	-	44,376,154	44,376,154
Total fund balances/net position	30,221,141	189,620	30,410,761	42,809,081	73,219,842
Total liabilities, deferred inflows of resources, and fund balances/net position	\$ 31,675,988	\$ 189,620	\$ 31,865,608	\$ 44,577,352	\$ 76,442,960

See notes to financial statements.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Fund balance of governmental funds		\$ 30,410,761
<p>When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in the governmental funds in the period of expenditure. However, the statement of net position includes those capital assets among the assets of the District as a whole and records depreciation expense over their estimated useful lives.</p>		
Cost of nondepreciable capital assets at June 30, 2021		23,141,277
Cost of depreciable capital assets at June 30, 2021	\$ 13,563,192	
Accumulated depreciation at June 30, 2021	<u>(7,860,781)</u>	
Net increase		5,702,411
Investment in joint venture is not reported in the funds.		15,299,695
Deferred outflows of resources related to net other post employment benefits which are not available in the current period are not reported in the funds.		101,352
Deferred outflows of resources related to pension which are not available in the current period are not reported in the funds.		332,617
Payables for compensated absences which are not due in the current period are not reported in the funds.		(702,095)
Net pension liability which is not due in the current period is not reported in the funds.		(712,129)
Net other postemployment benefit liability which is not due in the current period is not reported in the funds.		(1,785)
Deferred inflows of resources related to net other post employment benefits which are not available in the current period are not reported in the funds.		(19,491)
Deferred inflows of resources related to pension which are not due in the current period are not reported in the funds.		<u>(332,771)</u>
Increase in net position of governmental activities		<u>42,809,081</u>
Total net position - governmental activities		<u>\$ 73,219,842</u>

See notes to financial statements.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**STATEMENT OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Reconciliation</u>	<u>Statement of Activities</u>
<u>REVENUES:</u>					
Property taxes	\$ 6,131,444	\$ -	\$ 6,131,444	\$ -	\$ 6,131,444
Water sales	19,592	-	19,592	-	19,592
Charges for services	352,317	-	352,317	-	352,317
Greater Kaweah GSA administration	142,859	-	142,859	-	142,859
Lease income	107,073	36,120	143,193	-	143,193
Investment earnings	138,015	2,560	140,575	-	140,575
Loss on investment	-	-	-	(504,558)	(504,558)
Other	567,055	-	567,055	-	567,055
Total revenues	<u>7,458,355</u>	<u>38,680</u>	<u>7,497,035</u>	<u>\$ (504,558)</u>	<u>6,992,477</u>
<u>EXPENDITURES:</u>					
Current:					
Salaries	2,051,305	-	2,051,305	\$ -	2,051,305
Benefits	932,934	-	932,934	(489)	932,445
Utilities	51,247	-	51,247	-	51,247
Communications	36,205	-	36,205	-	36,205
Legal and professional	538,023	3,689	541,712	-	541,712
Insurance	129,864	-	129,864	-	129,864
Repairs and maintenance	587,458	1,818	589,276	-	589,276
Office	36,417	-	36,417	-	36,417
Other	107,163	819	107,982	-	107,982
Fuel	501,469	-	501,469	-	501,469
Supplies	57,035	-	57,035	-	57,035
Rent	166,370	-	166,370	-	166,370
Pest and weed control	172,304	-	172,304	-	172,304
Memberships	504,848	-	504,848	-	504,848
Water	569,934	-	569,934	-	569,934
Travel and transportation	-	-	-	-	-
Payroll taxes	44,774	-	44,774	-	44,774
Depreciation	-	-	-	687,394	687,394
Capitalized Hannah Ranch costs	(1,070,929)	-	(1,070,929)	-	(1,070,929)
Capital outlay	4,211,599	-	4,211,599	(4,211,599)	-
Total expenditures	<u>9,628,020</u>	<u>6,326</u>	<u>9,634,346</u>	<u>\$ (3,524,694)</u>	<u>\$ 6,109,652</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,169,665)</u>	<u>32,354</u>	<u>(2,137,311)</u>		

(continued)

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**STATEMENT OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Reconciliation</u>	<u>Statement of Activities</u>
Excess (deficiency) of revenues over (under) expenditures, from previous page	\$ (2,169,665)	\$ 32,354	\$ (2,137,311)		
<u>OTHER FINANCING SOURCES:</u>					
Gain on sale of assets	68,673	-	68,673	\$ -	\$ 68,673
Net change in fund balances	(2,100,992)	32,354	(2,068,638)	\$ 2,068,638	\$ -
Increase in net position				951,498	951,498
<u>FUND BALANCES/NET POSITION:</u>					
July 1, 2020, as restated	32,322,133	157,266	32,479,399	39,788,945	72,268,344
June 30, 2021	\$ 30,221,141	\$ 189,620	\$ 30,410,761	\$ 42,809,081	\$ 73,219,842

See notes to financial statements.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUNDS REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net change in fund balances in governmental funds	\$ (2,068,638)
---	----------------

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset:

Expenditures for capital outlay	4,211,599
Depreciation expense	(687,394)

Certain expenditures in the funds are not reported as expense in the statement of activities:

Payment on compensated absences	(51,417)
---------------------------------	----------

Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds:

Change in investment in joint venture not reported in the funds	(504,558)
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The net change in the net other postemployment benefit liability, deferred outflows and deferred inflows are reported as OPEB expense in the statement of activities. OPEB contributions are reported as expenditures in the funds.

55,061

The net change in the net pension liability, deferred outflows and deferred inflows are reported as pension expense in the statement of activities. Pension contributions are reported as expenditures in the funds.

(3,155)

Increase in net position - governmental activities

\$ 951,498

See notes to financial statements.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies

Organization

Kaweah Delta Water Conservation District (the District) was established in November 1927, for the purpose of doing all those things it is empowered to do by its enabling act, which is the Water Conservation Act of 1927, including, but not limited to, the conservation of the waters of the Kaweah River and groundwater recharge within the Kaweah River Basin. It is governed by an elected Board of Directors consisting of seven members. The District is a primary government with no component units. The District holds a 75 percent interest in Kaweah River Power Authority under a joint venture investment with Tulare Irrigation District.

Reporting Entity

The District's basic financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District
- exclusion of the organization would render the financial statements incomplete or misleading

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statements.

Fund Accounting

The accounts of the District are organized on the basis of fund accounting. Under fund accounting, different types of District operations are accounted for in different funds, each with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures as appropriate and are displayed in separate columns. Resources are allocated to and accounted for in individual funds, based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District had no non-major funds for the year ended June 30, 2021.

The following major governmental funds are utilized by the District:

The *General Fund* is used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of California and the enabling act of the District.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Fund Accounting (continued)

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities. In October of 1998, the District entered into an interim Joint Powers Agreement with the City of Visalia, the Counties of Kings and Tulare and the Tulare Lake Basin Water Storage District, for the purpose of completing a Lake Kaweah Enlargement Project feasibility study and to perform construction, operations and maintenance for the project. The District acts as custodian of the cash and is responsible for handling all of the funds and payment of related bills.

Measurement Focus, Basis of Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available means collectible soon enough thereafter to be used to pay liabilities of the current period, usually within sixty days.

Expenditures are generally recognized when the related fund liability is incurred, except that principal and interest on general long-term debt is recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Government wide financial statements of net position and activities are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. General capital asset acquisitions are included with assets of the District as a whole and depreciated over their estimated useful lives.

Budgetary Procedures

The District operates under a budget prepared and approved annually by the Board of Directors. The budget is prepared on a detailed line item basis. Revenues are budgeted by source and expenditures are budgeted by use (service and supplies, other changes and contingencies). Once approved, the Board of Directors may amend budget when unexpected modifications are required in estimated revenues and expenditures.

Allowance for Doubtful Accounts

The District considers all accounts receivable to be fully collectible. Therefore, an allowance for doubtful accounts is not reflected in these financial statements.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$10,000. The District has elected not to report major general infrastructure assets retroactively, therefore, it began capitalizing infrastructure beginning July 1, 2003. There were no infrastructure additions in the current year. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

Capital assets are recorded at cost and depreciated using the straight-line method over the following useful lives:

Plant improvements	10 – 40 years
Equipment	5 – 20 years
Installations	20 years

Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Interfund receivables and payables are netted on the government wide financial statements, when applicable.

Compensated Absences

Accumulated unpaid employee vacation and sick leave benefits are recognized as liabilities of the District. The District allows full-time employees to accrue vacation leave to a maximum of 40 days and accrued unused sick leave has no maximum. Upon termination, an employee will be paid for accrued unused vacation leave days. The District will provide pay in lieu of unused sick leave upon retirement from the District.

Pensions

For purposes of measuring the net pension asset/liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at the CalPERS website under Forms and Publications.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Fund Balances

Governmental funds report fund balances in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other government or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. The District did not have any restricted fund balance resources as of June 30, 2021.

Committed fund balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed fund balance resources as of June 30, 2021.

Assigned fund balance – includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. This intent is expressed by (a) the Board of Directors or (b) an appointed body or official to which the Board of Directors has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned fund balance – this classification includes the residual fund balance for the General Fund that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, it is the District's policy to use restricted resources first, followed by committed, assigned and unassigned. However, the District reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Equity Classifications

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position as follows:

Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. The District did not have any restricted net position as of June 30, 2021.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Property Taxes

Property taxes are levied and collected by the County of Tulare and the County of Kings on behalf of the District. Property taxes are levied on July 1 of each year. All tax levies attach annually on the first day in March preceding the fiscal year for which the taxes are levied. The lien date is the same as the levy date. Taxes are levied on both real and personal property as it exists on that date. Secured property taxes are levied against real property and are due and payable in two equal installments. The first installment is due on November 1 and becomes delinquent if not paid by December 10. The second installment is due on February 1, and becomes delinquent if not paid by April 10. Unsecured personal property taxes are due on July 1 each year. These taxes become delinquent if not paid by August 31. The District records property tax revenues in the fiscal year they are due rather than at the related lien date because property taxes are not available until the subsequent fiscal year.

Deferred Outflows and Deferred Inflows of Resources

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

In addition to liabilities, the statement of net position will report 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 future periods and will not be recognized as an inflows of resources (revenue) until that time.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Water Rights, Storage Rights, and Rights of Way

Water rights, storage rights, and rights of way are recorded at cost and are not being amortized or depreciated as these rights are perpetually held by the District.

NOTE 2 – Cash and Cash Equivalents

Statutes authorize districts to invest cash in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit, banker's acceptances, repurchase agreements, insured money market accounts, commercial paper, county investment pools and the State Treasurer's Local Agency Investment Fund.

Cash and cash equivalents consisted of the following at June 30, 2021:

Cash on hand	\$ 2,000
Cash in banks	18,249,741
Cash in Kings County Investment Pool	15,193
Cash in Tulare County Investment Pool	454,962
Cash in Local Agency Investment Fund	<u>11,519,938</u>
Total cash and cash equivalents	<u>\$ 30,241,834</u>

The California Government Code requires California banks and savings and loan associations to collateralize a district's deposits by pledging government securities. The market value of the pledged securities must equal at least 110 percent of a district's deposits. California law also allows financial institutions to collateralize a district's deposits by pledging first trust deed mortgage notes having a value of 150 percent of a district's total deposits. The district may waive collateral requirements for deposits which are fully insured up to \$250,000 by Federal Deposit insurance.

At June 30, 2021, the carrying amount of the District's cash deposits (including amounts in checking accounts, money market accounts and certificates of deposit) was \$18,249,741 and the bank balances totaled \$18,428,645. The difference between the bank balances and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$500,000 was covered by Federal Deposit insurance and \$17,928,645 was uninsured but collateralized (i.e. collateralized with securities held by the pledging financial institution at 110 percent of the deposits, in accordance with the State of California Government Code, deemed to be held in the District's name).

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – Cash and Cash Equivalents (continued)

The District's cash and cash equivalents held in the Kings County Investment Pool, Tulare County Investment Pool, and Local Agency Investment Fund are held in pools managed by other governmental agencies, are not required to be collateralized, and are carried at cost which approximates fair market value. All pooled funds are regulated by the California Government Code.

NOTE 3 – Accounts Receivable

Accounts receivable as of June 30, 2021, consisted of the following:

Local Governments	\$ 26,865
American Snow Observatory Reimbursement	506,795
Miscellaneous	<u>70,801</u>
Total accounts receivable	<u><u>\$ 604,461</u></u>

NOTE 4 – Terminus Dam Storage

Terminus Dam operations and maintenance charges for the original project, paid by the District to the United States Army Corps of Engineers, are reimbursed by the various districts and ditch companies for their proportionate share of the original Terminus Dam project expenses. For the year ended June 30, 2021, the District earned \$186,244 in reimbursable charges.

NOTE 5 – Joint Venture – Net Investment

The Kaweah River Power Authority (KRPA) was created in 1982 under the Joint Powers Act between the District and the Tulare Irrigation District for the study and pursuit of the construction of the hydroelectric facility at Terminus Dam. Under the agreement, the District holds a 75 percent interest and the Tulare Irrigation District holds a 25 percent interest in the KRPA. As of April 14, 1990, KRPA took possession of the hydroelectric facility at Terminus Dam, and under power purchase contracts, has sold the electricity generated to various power companies. The KRPA's Board of Directors is comprised of officers who govern each of the districts. The degree of management control is 60 percent by the District and 40 percent by Tulare Irrigation District.

The activities of the KRPA are reflected under the equity method of accounting. The equity method of accounting for investments requires that the earnings and/or losses be reported by the investor based on the percentage of equity ownership. The KRPA's accounting year end is September 30. Consequently, the District's proportionate share of the KRPA's net loss for the year ended September 30, 2020, is \$504,558 or 75 percent of \$672,742. The KRPA issues a separate annual financial report. Copies may be requested at Kaweah River Power Authority, 2975 North Farmersville Boulevard, Farmersville, California 93223.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 – Joint Venture – Net Investment (continued)

An analysis of Kaweah Delta Water Conservation District's (KDWCD) investment is as follows:

Joint venture - net investment - initial investment	\$ 767,645	
Net income - years prior to year ended 9/30/07	42,920,567	
Net income - 9/30/08	3,904,364	
Net income - 9/30/09	1,013,804	
Net income - 9/30/10	3,516,217	
Net income - 9/30/11	4,628,543	
Net income - 9/30/12	259,947	
Net loss - 9/30/13	(519,269)	
Net loss - 9/30/14	(860,880)	
Net loss - 9/30/15	(799,882)	
Net income - 9/30/16	1,165,881	
Prior period adjustment, understatement of construction in progress	508,943	
Net income - 9/30/17	3,917,246	
Net income - 9/30/18	42,908	
Net income - 9/30/19	3,777,927	
Net loss - 9/30/20	<u>(672,742)</u>	
Accumulated net income	63,571,219	
KDWCD interest	<u>75%</u>	
KDWCD's portion of accumulated net income		\$ 47,678,414
Less distributions paid to KDWCD:		
Prior years		<u>(32,378,719)</u>
Joint venture - investment - ending balance		<u><u>\$ 15,299,695</u></u>

Condensed financial information of Kaweah River Power Authority (KRPA) for the year ended September 30, 2020, is as follows:

Total assets		\$ 20,466,578
Total liabilities		<u>(66,983)</u>
Fund equity		<u><u>\$ 20,399,595</u></u>
Total revenue		\$ 806,740
Total expenses		<u>(1,479,482)</u>
Net loss for the year ended September 30, 2020		<u><u>\$ (672,742)</u></u>

On October 5, 2020, KRPA sold the hydroelectric facility at Terminus Dam. KRPA intends to take the plant sale funds and cash on hand, less operating expenses needed to manage KRPA's minor operating expenses for two years and distribute those moneys to their partners.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 – Capital Assets

The following is a summary of changes in capital assets:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<u>Capital assets not being depreciated:</u>				
Real estate - land	\$ 11,834,217	\$ -	\$ -	\$ 11,834,217
Developed basin	3,568,490	-	-	3,568,490
Construction in progress	3,881,762	3,856,808	-	7,738,570
	<u>19,284,469</u>	<u>3,856,808</u>	<u>-</u>	<u>23,141,277</u>
<u>Other capital assets:</u>				
Real estate- buildings	104,197	-	-	104,197
Developed basin	1,786,666	10,772	-	1,797,438
Plant improvements	2,010,047	-	-	2,010,047
Installations	3,778,190	13,704	-	3,791,894
Equipment	5,861,822	330,315	(332,521)	5,859,616
	<u>13,540,922</u>	<u>354,791</u>	<u>(332,521)</u>	<u>13,563,192</u>
Total other capital assets at historical cost	13,540,922	354,791	(332,521)	13,563,192
Accumulated depreciation	<u>(7,505,908)</u>	<u>(687,394)</u>	<u>332,521</u>	<u>(7,860,781)</u>
	<u>6,035,014</u>	<u>(332,603)</u>	<u>-</u>	<u>5,702,411</u>
Other capital assets, net	<u>6,035,014</u>	<u>(332,603)</u>	<u>-</u>	<u>5,702,411</u>
	<u>\$ 25,319,483</u>	<u>\$ 3,524,205</u>	<u>\$ -</u>	<u>\$ 28,843,688</u>
Capital assets, net	<u>\$ 25,319,483</u>	<u>\$ 3,524,205</u>	<u>\$ -</u>	<u>\$ 28,843,688</u>

NOTE 7 – Water Rights

Throughout the years, the District has purchased water rights, storage rights, and rights of way to maintain a supply of water, access to storage facilities, and means of transportation for District water. For the year ended June 30, 2021, these rights consisted of the following:

Ivanhoe Irrigation District	\$ 450,000
Federal Reserve Bank of New York	<u>505,639</u>
Total	<u>\$ 955,639</u>

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 – Fund Balances

Fund balances at June 30, 2021, are as follows:

	General	Capital Projects	Total Governmental
Nonspendable:			
Prepaid insurance	\$ 63,674	\$ -	\$ 63,674
Water rights	955,639	-	955,639
Total nonspendable	<u>1,019,313</u>	<u>-</u>	<u>1,019,313</u>
Assigned:			
Operating	1,000,000	-	1,000,000
Major equipment	2,000,000	-	2,000,000
Sinking basins	12,517,000	-	12,517,000
Water purchases	5,900,000	-	5,900,000
Major structures	5,925,000	-	5,925,000
Total assigned	<u>27,342,000</u>	<u>-</u>	<u>27,342,000</u>
Unassigned	<u>1,859,828</u>	<u>189,620</u>	<u>2,049,448</u>
Total fund balances	<u>\$ 30,221,141</u>	<u>\$ 189,620</u>	<u>\$ 30,410,761</u>

NOTE 9 – Insurance Coverage

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. During the fiscal year ended June 30, 2021, the District participated in a public entity risk pool managed by the Association of California Water Agencies-Joint Powers Insurance Authority (JPIA) to account for potential losses. JPIA members have pooled funds to be self-insured for liability, property, workers' compensation, and underground storage tank liability insurance. The District participated in the liability and property programs and has also purchased a Public Employee Crime Policy. The risk pool provides members with liability protection of \$60,000,000 per member, per occurrence. The District is responsible for a \$1,000 deductible on building, personal property, fixed equipment, and catastrophic coverage, a \$5,000 deductible on mobile equipment and a \$2,500 deductible on vehicles. Any adjustments to premiums are recorded as a reduction/increase to expense in the year of adjustment. In the fiscal year ended June 30, 2021, no material premium adjustments occurred.

The District purchases workers' compensation coverage from JPIA to satisfy certain liabilities under workers' compensation claims; accordingly, no liability is reported for those claims. At June 30, 2021, there were no known covered liabilities outstanding.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 – Commitments and Contingencies

Integrated Regional Water Management Plan

In 2014, the District along with nine other local partnering entities, through a Memorandum of Understanding (MOU) prepared and adopted the Kaweah River Basin Integrated Regional Water Management Plan (Kaweah IRWMP). The District had been the lead agency in this effort. The revisions to the adopted plan changed to management of the Kaweah IRWMP to a partnership based management involving multiple participating entities.

The Kaweah IRWMP group was granted a DWR Round 2 Planning Grant to improve the Kaweah IRWM Plan. The District and local partnering entities were awarded \$235,254 in funding, which requires a funding match of 25 percent of the total projects cost. The total effort is estimated to cost \$313,627, with the difference being split evenly between the entities at approximately \$7,837 per participant. Additionally, of the funds awarded to the Kaweah IRWMP group by DWR, an estimated amount of \$39,720 must go toward Disadvantaged Communities (DAC) Discussion items and contributions.

Additional assistance aside from, but associated with the Kaweah IRWMP during the year ended June 30, 2015, the District was awarded funding by DWR Storm Water Flood Management Grant in the amount of \$3,109,856 to assist with the Hannah Ranch Project. The District received a Grant extension in 2020, and the work associated with this grant is to be completed March 31, 2023, and is anticipated to include design, environmental and permits with the costs still to be determined.

Power Plant

The District holds a 75 percent interest in the Kaweah River Power Authority (KRPA) that owned and operated a hydro power plant at the base of Terminus Dam. KRPA sold the power plant as of October 5, 2020.

COVID-19 Pandemic

On March 11, 2020, The World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen, though such potential impacts are unknown at this time.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – Pension Plan

General Information about the Pension Plan

Plan Description

Qualified employees are covered under a multiple-employer, cost-sharing defined benefit pension plan, Public Employees' Retirement Fund (PERF C), administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Local Government resolution. The benefit terms of the CalPERS plan may be amended through legislation and Public Employers' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website, <http://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS – PERF C provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. To be eligible for retirement, the member must be at least age 50 and have a minimum of five years of credited service. If you become a member on or after January 1, 2013, you must be at least age 52. Monthly benefits are based on three factors: service credit, benefit factor, and final compensation. Service credit is based on years of credited service, equal to one year of full-time employment. The benefit factor, which is a percentage of pay to which the member is entitled for each year of service, is determined by their age at retirement and the retirement formula based on their membership date with each employer. There is one miscellaneous retirement formula: 2 percent at age 60, with benefit factors ranging from 1.092 percent to 2.418 percent with retirement ages of 50 to 63. Final compensation is the highest average pay rate and special compensation during any consecutive three-year period.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective July 1 following notice of a change in the rate. The CalPERS board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS' periodic actuarial valuation process or by state statute. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. The contribution rates are expressed as a percentage of annual payroll. For the year ended June 30, 2021, for employees hired prior to January 1, 2013, the active employee contribution rate is 7 percent of annual base pay, and the employer's contribution rate is 8.081 percent. For employees hired after January 1, 2013, the active employee contribution rate is 6.75 percent of annual base pay, and the employer's contribution rate is 6.985 percent. The District's contributions to CalPERS for the fiscal year ended June 30, 2021, were \$178,004.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – Pension Plan (continued)

Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2021, the District reported a net pension liability of \$712,129 for its proportionate share of the net pension liability for the Miscellaneous Plan.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. A comparison of the District's proportionate share at June 30, 2020, to its proportionate share at June 30, 2019, is as follows:

Proportionate share at June 30, 2019	0.018039%
Proportionate share at June 30, 2020	<u>0.016883%</u>
Change decrease	<u><u>-0.001156%</u></u>

For the year ended June 30, 2021, the District recognized a pension expense of \$203,171. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 178,004	\$ -
Differences between actual and expected experience	98,076	-
Changes of assumptions	-	(13,573)
Change in employer's proportion and difference between the employer's contributions and the employer's proportionate share of contributions	-	(186,776)
Net differences between projected and actual earnings on plan investments	<u>56,537</u>	<u>(132,422)</u>
Totals	<u><u>\$ 332,617</u></u>	<u><u>\$ (332,771)</u></u>

\$178,004 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as an increase to the net pension asset or reduction of the net pension liability in the year ending June 30, 2022.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – Pension Plan (continued)

Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense, as follows:

Measurement Period Ended June 30	Net Effect on Expense
2022	\$ (118,842)
2023	(76,177)
2024	(10,257)
2025	27,118
Total	\$ (178,158)

Actuarial Methods and Assumptions

	Miscellaneous Plan
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Experience Study	7/1/1996 - 6/30/2015
Investment Rate of Return	7.15%
Post-Retirement Benefit Increase	2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

Mortality Assumptions

CalPERS uses mortality tables developed based on CalPERS specific data for all funds. The mortality table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP 2016.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – Pension Plan (continued)

Long-Term Expected Rate of Return

CalPERS uses the long-term expected rate of return on pension plan investments. It was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

CalPERS utilized historical returns of all the Plan's asset classes to determine the expected compounded (geometric) returns over the short-term (first 10 years) and the long-term (11 + years) using the building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rates of return by asset class, as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10	(1)	Real Return Years 11 +	(2)
Global Equity	50.00%	4.80%		5.98%	
Fixed Income	28.00%	1.00%		2.62%	
Private Equity	8.00%	6.30%		7.23%	
Real Estate	13.00%	3.75%		4.93%	
Inflation Sensitive Assets	0.00%	0.77%		1.81%	
Cash/Liquidity	1.00%	0.00%		-0.92%	
Total	<u>100.00%</u>				

(1) An expected inflation of 2.00% used for this period.

(2) An expected inflation of 2.92% used for this period.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 – Pension Plan (continued)

Discount Rate

CalPERS' discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability calculated using the discount rate as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Miscellaneous Plan
1.00% Decrease	6.15%
Net Pension Liability	\$1,137,211
Current Discount Rate	7.15%
Net Pension Liability	\$712,129
1.00% Increase	8.15%
Net Pension Liability	\$360,896

Pension Plan Fiduciary Net Position

The plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report on their website.

Summary of Changes of Benefits or Assumptions

The CalPERS board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount.

There were no changes to benefit terms or plan provisions applied to members of CalPERS.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – Postemployment Benefits Other Than Pension Benefits (OPEB)

Plan Description

The District participates in the California Employers' Retiree Benefit Trust (CERBT) for the prefunding of Other Postemployment Benefits (OPEB) which provides medical, vision, and dental insurance benefits to eligible retirees and their spouses. CERBT is administered by the California Public Employees' Retirement System (CalPERS). Contributions are voluntary and determined by the actuarial study roll forward actuarial valuation dated March 23, 2020. The CERBT issues an annual stand-alone financial report which can be obtained by contacting CERBT at 400 P Street, Sacramento, California 95814.

Benefits Provided

As established by board policy, the plan covers all employees who retire from the District after at least 30 years of full-time service with the District, and pays 100 percent of the cost of such insurance. The District will pay 80 percent of the costs of medical insurance of qualifying dependents of eligible retired employees, with the exception that costs of dependents of such retirees who qualified prior to 2012 are paid by the District at 100 percent. Upon the death of the employee, after retirement, paid insurance coverage for the dependent will terminate. Directors elected prior to January 1, 1995, and retire after at least 18 years of service as a Director of the District will continue to receive paid comprehensive medical, vision, and dental insurance for themselves. The District will cover 80 percent of medical insurance costs of qualifying dependents of eligible retired Directors. Upon the death of the Director, after retirement, paid insurance coverage for the dependent will terminate.

Employees/Directors Covered by Benefit Terms

At June 30, 2021, plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	-
Participating active employees	<u>26</u>
Total number of participants	<u><u>29</u></u>

Contributions

The contribution requirements of plan members and the District are established and may be amended by the District. The required contribution is based on projected pay-as-you-go financial requirements. Additionally, the District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), and California Employers' Retiree Benefit Trust (CERBT) Fund, an agent multiple-employer plans as defined in Governmental Accounting Standards Board (GASB) Statement No. 43 with pooled administrative and investment functions. The ACWA/JPIA and CERBT were established as mechanisms for pre-funding other postemployment benefits liabilities. Authority to establish and amend the benefit terms of the plan may be amended by the District.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – Postemployment Benefits Other Than Pension Benefits (OPEB) (continued)

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources Related to OPEB

The District's net OPEB liability of \$1,785 was determined by an actuarial valuation as of June 30, 2019. Changes in net OPEB liability are as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at June 30, 2020	<u>\$ 1,599,167</u>	<u>\$ 1,430,366</u>	<u>\$ 168,801</u>
Changes recognized for measurement period:			
Service cost	22,516	-	22,516
Interest	103,116	76,316	26,800
Differences between expected and actual experience	27,310	-	27,310
Expected benefit payments*	(75,349)	(75,349)	-
Contributions - employer	-	244,349	(244,349)
Administrative expense	-	(707)	707
Net changes	<u>77,593</u>	<u>244,609</u>	<u>(167,016)</u>
Balances at June 30, 2021	<u><u>\$ 1,676,760</u></u>	<u><u>\$ 1,674,975</u></u>	<u><u>\$ 1,785</u></u>

*Amount includes implicit subsidy associated with benefits paid.

For the year ended June 30, 2021, the District recognized OPEB benefit of \$52,046. At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 17,100
Net difference between projected and actual earnings on OPEB plan investments	-	2,391
District contributions subsequent to the measurement date	<u>101,352</u>	<u>-</u>
Total	<u><u>\$ 101,352</u></u>	<u><u>\$ 19,491</u></u>

\$101,352 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – Postemployment Benefits Other Than Pension Benefits (OPEB) (continued)

Actuarial Methods and Assumptions

The net OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age
Actuarial Assumptions:	
Investment Return/Discount Rate (1)	6.50%
Inflation Rate	2.75%
Projected Salary Increase	2.75%
Healthcare Cost Trend Rates	4.00%
Retiree's Share of Costs	0.00% of projected health insurance premiums for retirees and qualifying dependents of such retirees who qualified prior to 2012, 20.00% of projected health insurance premiums for qualifying dependents of retirees who qualified thereafter

The actuarial assumptions used in the June 30, 2019, actuarial valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the District. Retirement rates are based on 2009 CalPERS 2.00 percent at age 60 Rates for Miscellaneous Employees table created by CalPERS. The turnover assumptions are based on the 2009 CalPERS Turnover for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies the experience for participating agencies and established tables that are appropriate for each pool.

The mortality assumptions are based on the 2014 CalPERS Retiree Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and established mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.

Discount Rate, Investment Rate, and Rate of Return

The discount rate of 6.50 percent was used in the actuarial valuation assuming that all of the District's contributions are from the employer. The historical 30 year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. Investment return was offset by investment expenses of 25 basis points.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – Postemployment Benefits Other Than Pension Benefits (OPEB) (continued)

Discount Rate, Investment Rate, and Rate of Return (continued)

Following is the assumed asset allocation and assumed rate of return for each asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
All equities	40.00%	7.795%
All fixed income	43.00%	4.500%
Real Estate Investment Trusts	8.00%	7.500%
All commodities	4.00%	7.795%
Treasury inflation protected securities	5.00%	3.250%

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

	<u>1.00% Decrease 5.50%</u>	<u>Current Discount Rate 6.50%</u>	<u>1.00% Increase 7.50%</u>
Total OPEB liability	\$ 287,246	\$ 1,785	\$ (225,536)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	<u>1.00% Decrease 3.00%</u>	<u>Current Healthcare Cost Trend Rate 4.00%</u>	<u>1.00% Increase 5.00%</u>
Total OPEB liability	\$ (245,892)	\$ 1,785	\$ 309,529

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12 – Postemployment Benefits Other Than Pension Benefits (OPEB) (continued)

Summary of Changes of Benefits or Assumptions

There were no changes to benefit terms or assumptions and other inputs for the fiscal year ended June 30, 2021.

NOTE 13 – Related Party Transactions

The following related party transactions occurred during the year ended June 30, 2021:

Kaweah River Power Authority

The District provides management, accounting and maintenance services to Kaweah River Power Authority (KRPA). The District has an equity ownership in KRPA. Total receipts for the current year totaled \$50,801.

Kaweah and St. John Rivers Association

The District provides management, accounting and maintenance services to Kaweah and St. John Rivers Association. The nature of this relationship makes the Kaweah and St. John Rivers Association a related party. Total receipts for the current year totaled \$290,473.

NOTE 14 – Prior Period Adjustments

Due to other agencies as of June 30, 2019, was overstated by \$176,204. The correction was needed because the District expensed amounts that should have offset due to other agencies during the fiscal year ended June 30, 2019, resulting in an overstatement of expenses and an understatement in fund net position. These corrections affected the statement of net position and the statement of activities. All statements have been restated to reflect this correction.

NOTE 15 – Subsequent Events

Management has evaluated subsequent events through June 27, 2022, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2021**

	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES:</u>			
Property taxes	\$ 5,364,699	\$ 6,131,444	\$ 766,745
Operating grants and contributions	3,109,856	-	(3,109,856)
Water sales	50,000	19,592	(30,408)
Charges for services	481,836	352,317	(129,519)
Greater Kaweah GSA administration	1,001,950	142,859	(859,091)
Lease income	114,073	107,073	(7,000)
Investment earnings	319,132	138,015	(181,117)
Gain (loss) on investment	3,375,000	-	(3,375,000)
Other	638,000	567,055	(70,945)
	14,454,546	7,458,355	(6,996,191)
<u>EXPENDITURES:</u>			
Current:			
Salaries	2,042,000	2,051,305	(9,305)
Benefits	1,107,000	932,934	174,066
Utilities	39,000	51,247	(12,247)
Communications	35,000	36,205	(1,205)
Legal and professional	1,727,000	538,023	1,188,977
Insurance	155,000	129,864	25,136
Repairs and maintenance	544,000	587,458	(43,458)
Office	31,200	36,417	(5,217)
Other	1,216,761	107,163	1,109,598
Fuel	400,000	501,469	(101,469)
Supplies	20,000	57,035	(37,035)
Rent	928,000	166,370	761,630
Pest and weed control	190,000	172,304	17,696
Memberships	550,000	504,848	45,152
Water	685,000	569,934	115,066
Travel and transportation	5,000	-	5,000
Payroll taxes	30,000	44,774	(14,774)
Capitalized Hannah Ranch costs	-	(1,070,929)	1,070,929
Capital outlay	6,533,000	4,211,599	2,321,401
	16,237,961	9,628,020	6,609,941
Excess expenditures	(1,783,415)	(2,169,665)	(386,250)
<u>OTHER FINANCING SOURCES:</u>			
Gain on sale of assets	-	68,673	68,673
Net change in fund balances	\$ (1,783,415)	\$ (2,100,992)	\$ (317,577)

See independent auditors' report.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY OF CALIFORNIA PUBLIC
EMPLOYEES' RETIREMENT SYSTEM – LAST TEN YEARS***

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
June 30, 2014	0.003475%	\$ (358,178)	\$ 1,179,547	-30.37%	106.00%
June 30, 2015	0.013024%	\$ (58,646)	\$ 1,322,096	-4.44%	101.00%
June 30, 2016	-0.001688%	\$ 425,628	\$ 1,279,841	33.26%	93.47%
June 30, 2017	0.008657%	\$ 341,276	\$ 1,318,609	25.88%	95.10%
June 30, 2018	0.043670%	\$ 596,143	\$ 1,390,763	42.86%	92.28%
June 30, 2019	0.018039%	\$ 722,357	\$ 1,650,742	43.76%	91.30%
June 30, 2020	0.016883%	\$ 712,129	\$ 1,562,162	45.59%	91.30%

* This schedule is presented to illustrate the requirements to show information for ten years. Only seven years are presented because ten years of data is not yet available.

Notes to the Schedule:

Changes of Assumptions

Measurement Date	Discount Rate	Inflation	Payroll Growth	Projected Salary Increase ⁽¹⁾	Experience Study	Investment Rate of Return
June 30, 2014	7.50%	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
June 30, 2015	7.65% ⁽²⁾	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
June 30, 2016	7.65% ⁽²⁾	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
June 30, 2017	7.15% ⁽²⁾	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
June 30, 2018	7.15% ⁽²⁾	2.50%	2.75%	Varies	7/1/1996-6/30/2015	7.50%
June 30, 2019	7.15% ⁽²⁾	2.50%	2.75%	Varies	7/1/1996-6/30/2015	7.15%
June 30, 2020	7.15% ⁽²⁾	2.50%	2.75%	Varies	7/1/1996-6/30/2015	7.15%

(1) Depending on age, service and type of employment

(2) Excludes reduction of pension plan administrative expense

See independent auditors' report.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**SCHEDULE OF PENSION CONTRIBUTIONS TO CALIFORNIA PUBLIC
EMPLOYEES' RETIREMENT SYSTEM – LAST TEN YEARS***

<u>Fiscal Year End</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in Relation to the</u>		<u>Contribution Deficiency (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>	
		<u>Statutorily Required Contribution</u>				<u>Miscellaneous</u>	<u>PEPRA</u>
June 30, 2015	\$ 87,365	\$ 87,365	\$ -	\$ 1,322,096	6.652%	**	
June 30, 2016	\$ 84,893	\$ 84,893	\$ -	\$ 1,279,841	6.709%	**	
June 30, 2017	\$ 92,970	\$ 92,970	\$ -	\$ 1,318,609	7.159%	**	
June 30, 2018	\$ 98,241	\$ 98,421	\$ -	\$ 1,390,763	7.200%	6.533%	
June 30, 2019	\$ 122,934	\$ 122,934	\$ -	\$ 1,650,742	7.634%	6.842%	
June 30, 2020	\$ 162,908	\$ 162,908	\$ -	\$ 1,581,307	8.081%	6.985%	
June 30, 2021	\$ 178,004	\$ 178,004	\$ -	\$ 1,562,162	8.794%	7.732%	

*This schedule is presented to illustrate the requirements to show information for ten years. Only seven years are presented because ten years of data is not yet available.

**District specific actuarial valuations were not performed for PEPRA prior to June 30, 2015.

Notes to the Schedule:

Changes of Assumptions

<u>Measurement Date</u>	<u>Discount Rate</u>	<u>Inflation</u>	<u>Payroll Growth</u>	<u>Projected Salary Increase ⁽¹⁾</u>	<u>Experience Study</u>	<u>Investment Rate of Return</u>
June 30, 2014	7.50%	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
June 30, 2015	7.65% ⁽²⁾	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
June 30, 2016	7.65% ⁽²⁾	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
June 30, 2017	7.15% ⁽²⁾	2.75%	3.00%	Varies	7/1/1996-6/30/2011	7.50%
June 30, 2018	7.15% ⁽²⁾	2.50%	2.75%	Varies	7/1/1996-6/30/2015	7.50%
June 30, 2019	7.15% ⁽²⁾	2.50%	2.75%	Varies	7/1/1996-6/30/2015	7.15%
June 30, 2020	7.15% ⁽²⁾	2.50%	2.75%	Varies	7/1/1996-6/30/2015	7.15%

(1) Depending on age, service and type of employment

(2) Excludes reduction of pension plan administrative expense

See independent auditors' report.

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**SCHEDULE OF CHANGES IN THE NET
OPEB LIABILITY AND RELATED RATIOS**

Measurement Date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB liability:				
Service cost	\$ 19,060	\$ 19,584	\$ 20,123	\$ 22,516
Interest	94,663	98,509	102,131	103,116
Differences between expected and actual experience	-	-	(52,096)	27,310
Benefit payments	(49,216)	(60,947)	(64,341)	(75,349)
Net change in total OPEB liability	64,507	57,146	5,817	77,593
Total OPEB liability - beginning	1,471,697	1,536,204	1,593,350	1,599,167
Total OPEB liability - ending (a)	<u>\$ 1,536,204</u>	<u>\$ 1,593,350</u>	<u>\$ 1,599,167</u>	<u>\$ 1,676,760</u>
Plan Fiduciary Net Position:				
Contributions - employer	\$ 351,574	\$ 60,947	\$ 221,341	\$ 244,349
Interest	-	-	-	76,316
Net investment income	63,708	69,174	82,273	-
Differences between expected and actual experience	-	-	3,987	-
Administrative expense	(477)	(2,071)	(258)	(707)
Benefit payments	(49,216)	(60,947)	(64,341)	(75,349)
Net change in plan fiduciary net position	365,589	67,103	243,002	244,609
Plan fiduciary net position - beginning	754,672	1,120,261	1,187,364	1,430,366
Plan fiduciary net position - ending (b)	<u>\$ 1,120,261</u>	<u>\$ 1,187,364</u>	<u>\$ 1,430,366</u>	<u>\$ 1,674,975</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 415,943</u>	<u>\$ 405,986</u>	<u>\$ 168,801</u>	<u>\$ 1,785</u>
Plan fiduciary net position as a percentage of the total OPEB liability	72.92%	74.52%	89.44%	99.89%
Covered-employee payroll	\$ 1,605,851	\$ 1,693,616	\$ 2,053,152	\$ 1,983,624
Net OPEB liability as a percentage of covered-employee payroll	25.90%	23.97%	8.22%	0.09%

(continued)

**KAWEAH DELTA
WATER CONSERVATION DISTRICT**

**SCHEDULE OF CHANGES IN THE NET
OPEB LIABILITY AND RELATED RATIOS**

Notes to the Schedule:

The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for ten years. Only four years is presented because ten years of data is not yet available.

The actuarial methods and assumptions used to calculate the net OPEB liability are described in Note 12 to the financial statements.

Changes of Assumptions

There were no changes in actuarial methods or assumptions used for the June 30, 2019, actuarial valuation date. There were no changes that materially impacted the June 30, 2019, roll-forward actuarial valuation outside of the usual year-to-year asset, liability, and payroll increase.

See independent auditors' report.