

**CONSOLIDATED IRRIGATION DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2021**

**CONSOLIDATED IRRIGATION DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Consolidated Irrigation District
Selma, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Consolidated Irrigation District (the District), as of and for the year ended December 31, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of December 31, 2021, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2021, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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Auditor's 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 auditor's 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 and schedule of changes in the net OPEB liability and related ratios on pages 6-9 and 32 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information is comprised of the schedule of organizational structure but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The District's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
June 21, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

**CONSOLIDATED IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

As management of the Consolidated Irrigation District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the preceding Independent Auditor's Report, and the accompanying basic financial statements and notes to the financial statements.

Financial Highlights

- The District's total assets increased from \$28.6 million in December 2020 to \$31.7 million in December 2021.
- The District's total liabilities increased from \$2.5 million in December 2020 to \$14.2 million in December 2021.
- The District's combined net position decreased between the year ended December 31, 2020 and the year ended December 31, 2021 from \$26 million to \$18 million. At December 31, 2021, the unrestricted net position for the District was \$886,873.
- The District's operating revenues were \$7.4 million for the year ended December 31, 2021. A new assessment rate was effective December 2019 as a result of Proposition 218 approved by voters.
- The District's operating expenses increased from \$4.6 million in December 2020 to \$6.2 million in December 2021.

Overview of the Financial Statements

The management's discussion and analysis provided here is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of two components: 1) government-wide financial statements and 2) the notes to financial statements. This report also includes supplementary information intended to furnish additional information to support the basic financial statements themselves.

Government-Wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

- The statement of net position presents information on all of the District's assets, deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (such as, uncollected taxes and earned but unused vacation leave).
- The statement of cash flows presents information regarding the District's cash receipts and cash payments for the period categorized according to whether they stem from operating activities, non-capital financing activities, capital and related financing activities, or investing activities. From this statement, the reader can obtain comparative information on the sources and uses of the District's cash.
- The notes to the basic financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide financial statements.

The District adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**CONSOLIDATED IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Overview of the Organization

The District was formed in 1921 upon approval of the Board of Supervisors of the County of Fresno. The District was organized to provide for the acquisition or construction of works for the irrigation of the lands embraced within the District and to provide distribution of water for irrigation purposes. The District's operations provide a secondary benefit by recharging the underground reservoir from which water is pumped for agricultural, commercial and residential uses. The District contains approximately 140,500 acres.

Overall Financial Information and Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of District, assets exceeded liabilities by \$18,087,026, at the close of the year ended December 31, 2021.

CONDENSED STATEMENT OF NET POSITION

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>Percentage of Change</u>
Assets				
Current and other assets	\$ 14,311,662	\$ 13,317,221	\$ 994,441	7%
Noncurrent capital assets	<u>17,437,603</u>	<u>15,287,782</u>	<u>2,149,821</u>	<u>14%</u>
Total assets	<u>31,749,265</u>	<u>28,605,003</u>	<u>3,144,262</u>	<u>11%</u>
Total deferred outflows of resources	<u>519,294</u>	<u>-</u>	<u>519,294</u>	<u>100%</u>
Liabilities				
Current and other liabilities	2,658,726	2,073,152	585,574	28%
Long-term liabilities	<u>11,522,807</u>	<u>452,633</u>	<u>11,070,174</u>	<u>2446%</u>
Total liabilities	<u>14,181,533</u>	<u>2,525,785</u>	<u>11,655,748</u>	<u>461%</u>
Net Position				
Net investment in capital assets	17,200,153	14,947,805	2,252,348	15%
Unrestricted	<u>886,873</u>	<u>11,131,413</u>	<u>(10,244,540)</u>	<u>-92%</u>
Total net position, as restated	<u>\$ 18,087,026</u>	<u>\$ 26,079,218</u>	<u>\$ (7,992,192)</u>	<u>-31%</u>

**CONSOLIDATED IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

CONDENSED STATEMENT OF ACTIVITIES

The following tables compare the various categories of revenues, expenses, and changes in net position for each of the consecutive fiscal years.

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Percentage of Change</u>
Total operating revenues	\$ 7,412,904	\$ 6,984,413	\$ 428,491	6%
Total operating expenses	(6,158,563)	(4,612,124)	(1,546,439)	34%
Nonoperating revenues (expenses)	<u>51,201</u>	<u>53,997</u>	<u>(2,796)</u>	<u>5%</u>
Increase (decrease) in net position	1,305,542	2,426,286	(1,120,744)	-46%
Net position - beginning, as restated	<u>16,781,484</u>	<u>26,079,218</u>	<u>(9,297,734)</u>	<u>-36%</u>
Net position - ending	<u>\$ 18,087,026</u>	<u>\$ 28,505,504</u>	<u>\$ (10,418,478)</u>	<u>-37%</u>

Budgetary Highlights

At the end of the 2021 fiscal year, the District exhausted 91.71% of the final budget. The District had surplus in attributed funds for Insurance and Bonds as well as Health Insurance. The District budgeted for an Assistant Manager, under Administration Salaries, in which was not exhausted. The District also budgeted for a Purchase Agreement Payment with CoBank that was not exhausted. The District also anticipated a water run with more personnel. The District was unable to add the additional personnel budgeted for and did not deliver water to Consolidated users. The District ran water for two weeks into the ponding basins for underground recharge.

**CONSOLIDATED IRRIGATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

CAPITAL ASSETS

The District's total capital assets as of December 31, 2021, amount to \$17,437,603 (net of accumulated depreciation and related debt). Capital assets includes land, transmission and distribution equipment, buildings, improvements, and equipment.

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>Percentage of Change</u>
Capital assets not being depreciated:				
Land & other property rights	\$ 6,783,508	\$ 6,783,508	\$ -	0%
Construction in progress	<u>2,231,181</u>	<u>-</u>	<u>2,231,181</u>	<u>100%</u>
Total capital assets not being depreciated	<u>9,014,689</u>	<u>6,783,508</u>	<u>2,231,181</u>	<u>33%</u>
Capital assets being depreciated:				
Transmission and distribution system	12,722,935	12,722,935	-	0%
Building improvements	901,364	901,364	-	0%
Equipment	<u>3,435,030</u>	<u>3,035,609</u>	<u>399,421</u>	<u>13%</u>
Total capital assets being depreciated	<u>17,059,329</u>	<u>16,659,908</u>	<u>399,421</u>	<u>2%</u>
Less accumulated depreciation for:				
Transmission and distribution system	(5,477,853)	(5,224,197)	(253,656)	5%
Building improvements	(517,218)	(485,145)	(32,073)	7%
Equipment	<u>(2,641,344)</u>	<u>(2,446,292)</u>	<u>(195,052)</u>	<u>8%</u>
Total accumulated depreciation	<u>(8,636,415)</u>	<u>(8,155,634)</u>	<u>(480,781)</u>	<u>6%</u>
Total capital assets being depreciated, net	<u>8,422,914</u>	<u>8,504,274</u>	<u>(81,360)</u>	<u>-1%</u>
Capital assets, net	<u>\$ 17,437,603</u>	<u>\$ 15,287,782</u>	<u>\$ 2,149,821</u>	<u>14%</u>

Contacting the District's Financial Management

This financial report is designed to provide our readers 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 information, please do not hesitate to contact the Consolidated Irrigation District office at (559) 896-1660.

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BASIC FINANCIAL STATEMENTS

**CONSOLIDATED IRRIGATION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

ASSETS

Current assets:

Cash and cash equivalents	\$ 4,549,357
Tax sale certificates and interest receivable	35,087
Accounts receivable	7,525,041
City cooperative agreements receivable	1,141,191
Prepaid expenses	87,503
Restricted cash:	
City cooperative agreements	<u>973,483</u>
Total current assets	<u>14,311,662</u>

Noncurrent assets:

Capital assets:

Nondepreciable	9,014,689
Depreciable, net of accumulated depreciation	<u>8,422,914</u>
Total capital assets, net	<u>17,437,603</u>

Total assets	<u>31,749,265</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows from OPEB	<u>519,294</u>
Total deferred outflows of resources	<u>519,294</u>

LIABILITIES

Current liabilities:

Accounts payable-trade	377,030
Accrued expenses	9,246
Reserve for city agreements	2,022,192
Due within one year:	
Compensated absences	148,965
Long-term debt	<u>101,293</u>
Total current liabilities	<u>2,658,726</u>

Noncurrent liabilities:

Due in more than one year:	
Compensated absences	208,576
Long-term debt	186,767
Net OPEB liability	<u>11,127,464</u>
Total noncurrent liabilities	<u>11,522,807</u>

Total liabilities	<u>14,181,533</u>
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NET POSITION

Net investment in capital assets	17,200,153
Unrestricted	<u>886,873</u>

Total net position	<u>\$ 18,087,026</u>
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The notes to the basic financial statements are an integral part of this statement.

**CONSOLIDATED IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021**

Operating revenues:	
Charges for services:	
Water assessments	\$ 6,253,362
Water rights fund	14,286
Water recharge (SGMA)	1,142,270
Land rent	<u>2,986</u>
Total operating revenues	<u>7,412,904</u>
Operating expenses:	
Water rights and assessments	524,862
Special projects	83,710
Engineering services	67,968
Operating and maintenance	1,473,380
Administrative expenses	3,527,862
Depreciation	<u>480,781</u>
Total operating expenses	<u>6,158,563</u>
Operating income (loss)	<u>1,254,341</u>
Nonoperating revenues (expenses):	
Interest and dividends	58,734
Insurance proceeds	19,838
Interest expense	(29,853)
Gain on sale of assets	<u>2,482</u>
Total nonoperating revenues (expenses)	<u>51,201</u>
Changes in net position	1,305,542
Net position - beginning, as restated	<u>16,781,484</u>
Net position - ending	<u>\$ 18,087,026</u>

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

**CONSOLIDATED IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 6,304,135
Payments to suppliers and vendors	(1,723,850)
Payments to employees for salaries and benefits	<u>(2,373,844)</u>
Net cash provided by (used for) operating activities	<u>2,206,441</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Insurance proceeds	19,838
City cooperative agreement contributions	<u>250,108</u>
Net cash provided by (used for) noncapital financing activities	<u>269,946</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from issuance of debt	50,610
Acquisition and construction of capital assets	(2,630,602)
Interest payments	(29,853)
Proceeds from sale of capital assets	2,482
Principal payments on capital lease agreements	<u>128,638</u>
Net cash provided by (used for) capital and related financing activities	<u>(2,478,725)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>58,734</u>
Net cash provided by (used for) investing activities	<u>58,734</u>
Net increase (decrease) in cash and cash equivalents	56,396
Cash and cash equivalents - beginning	<u>5,466,444</u>
Cash and cash equivalents - ending	<u><u>\$ 5,522,840</u></u>

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

**CONSOLIDATED IRRIGATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021**
(Continued)

**Reconciliation of operating income to net cash provided by
(used for) operating activities:**

Operating income (loss)	\$	1,254,341
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation		480,781
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable		(1,108,769)
Decrease (increase) in deferred outflows of resources for OPEB		(519,294)
Increase (decrease) in accounts payable		110,411
Increase (decrease) in compensated absences		(4,594)
Increase (decrease) in net OPEB liability		<u>1,993,565</u>
Net cash provided by (used for) operating activities	\$	<u>2,206,441</u>

**Reconciliation of cash and cash equivalents to statement
of net position:**

Cash and cash equivalents	\$	4,549,357
Restricted cash		<u>973,483</u>
Total cash and cash equivalents	\$	<u><u>5,522,840</u></u>

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

**CONSOLIDATED IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization and Reporting Entity

The Consolidated Irrigation District (the District) was formed in 1921. The District was approved by the Board of Supervisors of the County of Fresno. The District was organized to provide for the acquisition or construction of works for the irrigation of the lands embraced within the District and to provide distribution of water for irrigation purposes. The District contains approximately 140,500 acres.

The District is governed by a five-member Board of Directors. The five members are elected by the landowners within their director division boundaries. The term of office for the directors is four years. Revenues of the District are derived primarily from water charges. The District is governed under the Irrigation Code of the State of California.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. *Measurement focus* indicates the type of resources being measured, such as current financial resources. *Basis of accounting* indicates the timing of transactions or events for recognition in the financial statements.

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Water assessments are recognized in the year for which they are levied. Other items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where, in most instances, the intent of the District is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (i.e., water sales and water service charges), capital grants and similar funding.

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

C. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles by the Board of Directors to provide for establishing water rates at the beginning of each year. Revisions are generally not made during the year. Budgetary comparisons are used by management to monitor expenses during the year. The budget is reviewed and approved by the Board of Directors at the regular August meeting each year.

D. 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 affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CONSOLIDATED IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The District maintains an account with the County of Fresno Treasury and has other various bank accounts with Wells Fargo. The primary operating account is with Wells Fargo. Funds maintained with the County of Fresno Treasury are invested in an external investment pool in savings accounts and short-term investments by the County Treasurer under the County of Fresno's Treasury Investment Policy. Interest income is allocated to the District by the County of Fresno (the District's fiscal agent) quarterly based on its average daily cash balances.

Restricted Assets

Restricted assets represent cash deposits maintained in accordance with cooperative agreements made with cities within the District's service area. The cash is restricted for future groundwater replenishment costs.

Accounts Receivable

Accounts receivables include amounts due from water customers for pump charges and pipeline repairs. Delinquent receivables from customers are converted to tax certificate liens if not paid by April 1 and accrue interest until paid.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, equipment, transmission and distribution systems (acquired and/or constructed) are capitalized and recorded at historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of an item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Property and equipment are depreciated using the straight-line method over the following estimated useful life.

Transmission and distribution system	50 years
Structures and improvements	20 - 40 years
Equipment	5 - 10 years

Property Taxes

The Tax Assessor for the Counties of Fresno, Tulare, and Kings bill and collect property taxes for the District. Property taxes are levied on or before September 1 and are payable in two equal installments on December 10 and April 10 of each year. District property tax revenues are recognized when levied to the extent that they result in current receivables.

**CONSOLIDATED IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position (Continued)

Compensated Absences

District employees accumulate vacation leave and sick pay in varying amounts as services are provided. Vested or accumulated vacation leave and sick pay that is earned is included in accrued expenses and is reported as a liability. Compensated absences and sick pay payable at December 31, 2021 amounted to \$357,541.

Due To/From Other Governments

Amounts due to/from other governmental agencies represent payment and/or reimbursements of the District's expenditures in association with construction projects.

Net Position

Net position is classified in the following three categories:

Net investment in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the related capital assets.

Restricted net position – This amount is restricted by external creditors, grantors, contributors, or law or regulations of other governments.

Unrestricted net position – This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

The District considers restricted net position to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted net position is available.

Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the District's Retirees Benefit Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	December 31, 2020
Measurement Date	December 31, 2020
Measurement Period	December 31, 2019 to December 31, 2020

**CONSOLIDATED IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position (Continued)

Pronouncements

New Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 75

For the year ended December 31, 2021, the District implemented *Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement were effective for the District's year ending December 31, 2017. The audit of fiscal year 2020 financial statements identified this as a pronouncement that was not properly implemented. In 2021, the pronouncement was fully implemented.

Governmental Accounting Standards Board Statement No. 87

For the year ended December 31, 2021, the District implemented *Governmental Accounting Standards Board (GASB) Statement No. 87, Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the District's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated into the District's December 31, 2021 financial statements and had no effect on beginning net position.

NOTE 2 – CASH AND INVESTMENTS

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

The District also maintains various bank accounts at Wells Fargo and all other money is deposited with the County of Fresno Treasury, where it is invested in an external investment pool in savings accounts and short-term investments by the County Treasurer under the County of Fresno's Statement of Investment Policy. Information about the County Treasury Investment Pool can be found in the County's annual comprehensive financial report, which is available on the County's website.

**CONSOLIDATED IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash and investments at December 31, 2021 consist of the following:

County Treasury	\$ 4,279,634
Deposits with financial institutions	263,415
Cash on hand	100
Restricted cash	973,483
Investment	<u>6,208</u>
 Total cash and investments	 <u>\$ 5,522,840</u>

	<u>Statement of Net Position</u>
Cash and cash equivalents	\$ 4,549,357
Cash and cash equivalents restricted for city agreements	<u>973,483</u>
 Total cash and investments	 <u>\$ 5,522,840</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. All the District's deposits are either insured by the Federal Deposit Insurance Corporation or collateralized with pledged securities held in the trust department of the financial institutions in the District's name. As of December 31, 2021, the District has a custodial credit risk of \$999,446.

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California Laws also allow financial institutions to secure district deposits by pledging the first trust deed mortgage notes having a value of 150% of the secured public deposits.

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or governmental investment pools, (such as the Fresno County Treasury Investment Pool).

Investments in Fresno County Treasury Investment Pool

The District is a voluntary participant in the Fresno County Treasury Investment Pool which is regulated by the California Government Code under the oversight of the Auditor-Controller/Treasurer-Tax Collector of Fresno County. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Treasury Investment Pool for the entire Treasury Investment Pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the Treasury Investment Pool, which are recorded on an amortized cost basis.

**CONSOLIDATED IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Fresno County Treasury Investment Pool does not have a rating provided by a nationally recognized statistical rating organization and is exempt from disclosure per the requirements of GASB 40. However, for the assets of the portfolio held by the pool as of December 31, 2021, please refer to Fresno County’s annual comprehensive financial report, which is available on Fresno County’s website.

Concentration of Credit Risk

There are no investments in any one issuer (other than an external investment pool) that represents 5% or more of total District investments.

Fair Value Hierarchy

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Fresno County Treasury Investment Pool invests in numerous types of investments ranging all levels in the fair value hierarchy. Accordingly, it is not an investment type that can be categorized in any particular level in the fair value hierarchy.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District generally manages its interest rate risk by holding investments to maturity.

NOTE 3 – ASSESSMENT COLLECTIONS AND DELINQUENCIES

The following table depicts a historical five-year analysis of the District’s water assessment charges and delinquencies by fiscal year.

Fiscal Year	Assessments	Delinquencies			
		Collections	Amount	% of Charge	
2017	\$ 2,635,567	\$ 2,566,916	\$ 68,651	3%	
2018	2,642,468	2,577,426	65,042	2%	
2019	3,741,591	3,581,423	160,168	4%	
2020	6,110,103	5,604,088	506,015	8%	
2021	6,113,851	5,979,764	134,087	2%	

**CONSOLIDATED IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2021, is as follows:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
Capital assets not being depreciated:				
Land and other property rights	\$ 6,783,508	\$ -	\$ -	\$ 6,783,508
Construction in progress	<u>-</u>	<u>2,231,181</u>	<u>-</u>	<u>2,231,181</u>
Total capital assets not being depreciated	<u>6,783,508</u>	<u>2,231,181</u>	<u>-</u>	<u>9,014,689</u>
Capital assets being depreciated:				
Transmission and distribution system	12,722,935	-	-	12,722,935
Building improvements	901,364	-	-	901,364
Equipment	<u>3,035,609</u>	<u>399,421</u>	<u>-</u>	<u>3,435,030</u>
Total capital assets being depreciated	<u>16,659,908</u>	<u>399,421</u>	<u>-</u>	<u>17,059,329</u>
Less accumulated depreciation for:				
Transmission and distribution system	(5,224,197)	(253,656)	-	(5,477,853)
Building improvements	(485,145)	(32,073)	-	(517,218)
Equipment	<u>(2,446,292)</u>	<u>(195,052)</u>	<u>-</u>	<u>(2,641,344)</u>
Total accumulated depreciation	<u>(8,155,634)</u>	<u>(480,781)</u>	<u>-</u>	<u>(8,636,415)</u>
Total capital assets being depreciated, net	<u>8,504,274</u>	<u>(81,360)</u>	<u>-</u>	<u>8,422,914</u>
Capital assets, net	<u>\$ 15,287,782</u>	<u>\$ 2,149,821</u>	<u>\$ -</u>	<u>\$ 17,437,603</u>

Depreciation expense for the year ended December 31, 2021 totaled \$480,781.

NOTE 5 – RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In response to these risks, the District joined the Association of California Water Agencies – Joint Powers Insurance Authority (the ACWA). Members of the ACWA have pooled funds to be self-insured for auto and general liability and property coverages. The ACWA is a public risk entity pool in which there is a transferring or sharing of risk among pool participants. The ACWA pool can make additional assessments to its members.

The ACWA is governed by its own Board of Directors that controls its operations, including selection of management and approval of operating budgets, independent of influence by member districts. Each member district pays a premium commensurate with the level of coverage requested and shares surplus and deficits proportionate to its participation in the ACWA.

Separate audited financial statements of the ACWA are available upon request. Such requests should be addressed to the ACWA-JPIA Finance Department, 2100 Professional Drive, Roseville, CA 95661.

During the year ended December 31, 2021, the District paid current year insurance premiums of approximately \$1,001,925. There were no additional assessments paid by the District during the year ended December 31, 2021.

**CONSOLIDATED IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 – LONG-TERM OBLIGATIONS

The District generally incurs long-term debt to finance projects or purchase assets that will have useful lives equal to or greater than the related debt.

The District's debt activities are summarized below and discussed in detail thereafter:

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021	Amounts Due Within One Year
Long-term debt:					
Direct borrowings:					
2021 Kenworth T370	\$ 106,395	\$ -	\$ (15,639)	\$ 90,756	\$ 16,523
2018 Kenworth T370	66,438	-	(20,854)	45,584	22,120
John Deere Dozer	77,251	-	(24,406)	52,845	25,022
John Deere Tractor Loader 450K	36,167	-	(12,768)	23,399	12,762
CAT Excavator	53,726	-	(28,860)	24,866	24,866
Installment Purchase Agreement	-	50,610	-	50,610	-
Total direct borrowings	339,977	50,610	(102,527)	288,060	101,293
Compensated absences	362,135	-	(4,594)	357,541	148,965
Total long-term debt	<u>\$ 702,112</u>	<u>\$ 50,610</u>	<u>\$ (107,121)</u>	<u>\$ 645,601</u>	<u>\$ 250,258</u>

Lease Financing Direct Borrowings

On December 10, 2020, the District entered into a 5-year financed purchase lease with Paccar Financial for a new Kenworth dump truck. The interest rate is 0.0% and is secured by the equipment financed. The principal payments range from \$1,255 to \$1,752 and are due monthly through December 2025. There is a provision in the lease agreement whereby, in the event of default, the lender may declare the entire unpaid principal and interest immediately due and payable. The lender may also require the District to immediately return the leased equipment or sell or lease the financed property in the event of default. The original value of the equipment is \$134,562 and the amount financed is \$107,649. At December 31, 2021, the financed purchase lease payable outstanding amount was \$90,756.

On October 11, 2017, the District entered into a 6-year financed purchase lease with Paccar Financial for a new Kenworth dump truck. The interest rate is 0.0% and is secured by the equipment financed. The principal payments range from \$1,406 to \$2,009 and are due monthly through October 2023. There is a provision in the lease agreement whereby, in the event of default, the lender may declare the entire unpaid principal and interest immediately due and payable. The lender may also require the District to immediately return the leased equipment or sell or lease the financed property in the event of default. The original value of the equipment is \$122,092. At December 31, 2021, the financed purchase lease payable outstanding amount was \$45,584.

On December 31, 2018, the District entered into a 6-year financed purchase lease with John Deere Financial for a new John Deere dozer. The interest rate is 2.50% and is secured by the equipment financed. The principal payments range from \$1,917 to \$2,163 and are due monthly through January 2025. There is a provision in the lease agreement whereby, in the event of default, the lender may declare the entire unpaid principal and interest immediately due and payable. The lender may also require the District to immediately return the leased equipment, declare other outstanding agreements with the lessor in default, or sell or lease the financed property in the event of default. The original value of the equipment is \$131,859 and the amount financed is \$122,359. At December 31, 2021, the financed purchase lease payable outstanding amount was \$52,845.

**CONSOLIDATED IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 – LONG-TERM OBLIGATIONS (Continued)

Lease Financing Direct Borrowings (Continued)

On September 6, 2018, the District entered into a 6-year financed purchase lease with John Deere Financial for a new John Deere tractor. The interest rate is 0.0% and is secured by the equipment financed. The principal payments are \$1,064 and are due monthly through October 2023. There is a provision in the lease agreement whereby, in the event of default, the lender may declare the entire unpaid principal and interest immediately due and payable. The lender may also require the District to immediately return the leased equipment, declare other outstanding agreements with the lessor in default, or sell or lease the financed property in the event of default. The original value of the equipment is \$79,757 and the amount financed is \$63,824. At December 31, 2021, the financed purchase lease payable outstanding amount was \$23,399.

On October 6, 2012, the District entered into a 7-year financed purchase lease with Caterpillar Financial Services Corporation for a new CAT excavator. The interest rate is 3.20% and is secured by the equipment financed. Payments of \$1,387 are due monthly through November 2022, with a lump sum payment of \$24,866 due on the final payment. There is a provision in the lease agreement whereby, in the event of default, the lender may declare the entire unpaid principal and interest immediately due and payable. The lender may also require the District to immediately return the leased equipment in the event of default. The original value of the equipment is \$187,482. At December 31, 2021, the financed purchase lease payable outstanding amount was \$24,866.

Installment Purchase Agreement

On June 11, 2021, the District entered into an installment purchase agreement with CoBank (ACB) for an amount not to exceed \$25,000,000. The proceeds from this obligation will help finance the acquisition and/or construction of various real properties and capital improvements, betterments, renovations, and expansions of and for the benefit of its water system facilities. The agreement has an interest rate equal to the One-Month LIBOR Index Rate unless the District requests the Fixed Rate (subject to execution of a Fixed Rate Letter). The maximum interest rate payable shall not exceed 12%. Payments are due semiannually in June and December of each year. As of December 31, 2021, the District has drawn down \$51,000 of the loan proceeds for costs of issuance. The installment payment and interest are due June 11, 2023. The agreement has a covenant whereby the District is required to maintain a debt service coverage level of 115%. There is a provision in the agreement whereby, in the event of default, the lender may declare the entire unpaid principal and interest immediately due and payable.

Annual debt service requirements to maturity for the District's long-term obligations are as follows: as of December 31, 2021:

Year ending December 31	Principal	Interest	Total
2022	\$ 101,293	\$ 8,101	\$ 109,394
2023	77,217	4,821	82,038
2024	20,608	2,684	23,292
2025	19,494	1,626	21,120
2026	18,838	522	19,360
Thereafter	50,610	-	50,610
	<u>\$ 288,060</u>	<u>\$ 17,754</u>	<u>\$ 305,814</u>

**CONSOLIDATED IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7 – RETIREMENT PLAN

The District has a money purchase pension plan that is available to full-time employees who have attained age 21 and have completed one year of eligible service. The District contributes an amount equal to 9% of the participant’s compensation for employees hired prior to August 2016. For employees hired after August 2016, the District’s contribution is 6% of the participant’s compensation. Total contributions paid or accrued for the year ended December 31, 2021 totaled \$93,896.

NOTE 8 – POST-EMPLOYMENT BENEFIT OBLIGATIONS

Plan Description

The District provides post-employment healthcare benefits, as established by Board policy, to employees who were hired prior to October 10, 2001, and retire from the District on or after attaining age 55 with at least 20 years of service. The District pays the full premium while the retired employee participates in the plan. These expenditures are funded on a pay-as-you-go basis.

Funding Policy – The District’s OPEB funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. “Prefunding” is the term used when an agency consistently contributes an amount based on an actuarially determined contribution (ADC) each year. GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. Pay-as-you-go, or “PAYGO”, is the term used when an agency only contributes the required retiree benefits when due. When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.

The District is currently financing its OPEB liability on a pay-as-you-go basis. Therefore, with the District’s approval, the discount rate used in this valuation is based on the S&P General Obligation Municipal Bond 20 Year High Grade Bond. As of the beginning and end of the Measurement Period, use of this index results in discount rates of 3.26% on December 31, 2019 and 1.93% on December 31, 2020.

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District’s plan (OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Fiscal Year End	December 31, 2021
Measurement Date	December 31, 2020
Measurement Period	December 31, 2019 to December 31, 2020
Valuation Date	December 31, 2020

Employees Covered

As of the December 31, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB plan:

Active employees	5
Inactive employees, currently receiving benefits	21
Total	5

**CONSOLIDATED IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 – POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

Contributions

The OPEB Plan and its contribution requirements were established by a resolution incorporated into the District's policies and procedures manual and has since been eliminated for all employees hired after the dates provided in the plan description section of this note. The District makes contributions based on an actuarially determined rate. For the fiscal year ended December 31, 2021, the District's cash contributions were \$292,592 and the estimated implicit subsidy was \$226,702 resulting in total payments of \$519,294.

Net OPEB Liability

The District's net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020.

Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial assumptions come in part from the professional judgment of the Actuary, working within the scope of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	1.93%
Inflation	2.50%
Salary Increases	3.0% per annum, in aggregate
Investment Rate of Return	
Mortality Improvement	MacLeod Watts Scale 2022 applied generationally from 2010
Service Retirement Rates	Assumed age of retirement for the 2 employees currently under the age of 60 is 62. The remaining active employees are assumed to retire 2 years after the valuation date.
Healthcare cost trend rates	5.80%

**CONSOLIDATED IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 – POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

Changes in the OPEB Liability/(Asset)

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/Asset (c) = (a) - (b)
Balance at December 31, 2020 (Measurement Date December 31, 2019)	\$ 9,651,935	\$ -	\$ 9,651,935
Changes recognized for the measurement period:			
Service cost	57,083	-	57,083
Interest	308,070	-	308,070
Contributions-employer	-	518,036	(518,036)
Benefit payments	(518,036)	(518,036)	-
Assumption Changes	1,628,412	-	1,628,412
Net Changes	1,475,529	-	1,475,529
Balance at December 31, 2021 (Measurement Date December 31, 2020)	\$ 11,127,464	\$ -	\$ 11,127,464

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

The sensitivity analysis of the District regarding the net OPEB liability/(asset) of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended December 31, 2020, is as follows:

	Current Discount Rate		
	1% Decrease 0.93%	1.93%	1% Increase 2.93%
Net OPEB Liability	\$ 12,704,594	\$ 11,127,464	\$ 9,843,419

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Health Care Cost Trend Rates

The sensitivity analysis of the net OPEB liability/(asset) of the District if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended December 31, 2020, is as follows:

	Current Healthcare Cost Trend Rate		
	1% Decrease 4.8%	5.8%	1% Increase 6.8%
Net OPEB Liability	\$ 9,922,041	\$ 11,127,464	\$ 12,574,755

**CONSOLIDATED IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 – POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

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

For the year ended December 31, 2021, the District recognized OPEB expense of \$1,993,565. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ -
Differences between expected and actual experience	-	-
Net difference between projected and actual earnings on investments	-	-
Subsequent contributions	519,294	-
Total	\$ 519,294	\$ -

Because the EARSL period is only 1 year, there are no deferred resource bases as all liability changes are recognized immediately.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Cooperative Agreements with Cities

The District entered into cooperative agreements with the City of Kingsburg in February 2010, City of Parlier in November 2010, City of Selma in October 2012, City of Fowler in April 2014, City of Sanger in May 2014, and the South Kings Groundwater Sustainability Agency in August 2019 (the entities). The agreements address the use of District facilities located in or adjacent to the entities for storm-water disposal and groundwater recharge purposes, as well as addressing matters involving annexation of newly developed land to the city and detachment thereof from the District.

During the year ended December 31, 2021, the District received contributions from the entities in the amount of \$404,591, which are comprised of both restricted contributions and administrative fees earned by the District.

Construction Project Commitments

The Central Basin and Academy Basin Project (Project) consists of the planning, design, and construction of two groundwater recharge basins. The recharge basin sites are located near Adams Ave & Academy Ave (30 acres) and Bethel Ave & Central Ave (20 acres), in Fresno County within the District's service area. Construction of the recharge basins includes basin turnout connections from existing Consolidated Irrigation District irrigation system canals, inlet piping, a flow measurement device, basin outlet structures, and telemetry. It is anticipated that the project will provide a minimum of 3,000 acre-feet per year of groundwater recharge based on an assumed infiltration rate of 0.5 feet per day for 120 days during wet years, which occurs 4 out of every 10 years. The construction cost for the Project is approximately \$2 million. Funding is provided by a Sustainable Groundwater Management Act (SGMA) Implementation Grant from the Department of Water Resources of the State of California. Construction commenced on April 17, 2023 and the project is expected to be completed in August of 2023.

**CONSOLIDATED IRRIGATION DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 10 – PRIOR PERIOD ADJUSTMENT

The District's beginning net position has been restated to correct errors noted in the balances previously reported, as presented in the reconciliation below:

Net position, December 31, 2020, as previously reported	<u>\$ 26,079,218</u>
Prior period adjustments:	
Adjustment for Net OPEB Liability	(9,133,899)
Adjustment for long-term debt	231,165
Adjustment for accounts receivable and related revenue	<u>(395,000)</u>
Total prior period adjustments	<u>(9,297,734)</u>
Net position, January 1, 2021, as restated	<u>\$ 16,781,484</u>

NOTE 11 – SUBSEQUENT EVENTS

The District purchased property on December 16, 2022, for approximately \$4,802,300. The property is located near Nebraska Avenue and Walnut Avenue. The purpose of the purchase of the property is to construct a percolation basin for groundwater recharge.

Management has evaluated and concluded that there are no other subsequent events that have occurred from December 31, 2021 through the date of the financial statements were available to be issued on June 21, 2023 that would require additional disclosure or adjustment.

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REQUIRED SUPPLEMENTARY INFORMATION

**CONSOLIDATED IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 YEARS***

	2021
Total OPEB Liability:	
Service Cost	\$ 57,083
Interest on the total OPEB liability	308,070
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	1,628,412
Benefit payments	(518,036)
Net change in total OPEB liability	1,475,529
Total OPEB liability - beginning	9,651,935
Total OPEB liability - ending (a)	\$ 11,127,464
 Plan Fiduciary Net Position:	
Contribution - employer	\$ 518,036
Net investment income	-
Benefit payments	(518,036)
Net change in plan fiduciary net position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	-
 Net OPEB liability (asset) - ending (a) - (b)	\$ 11,127,464
 Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered employee payroll	\$ 428,727
District's net OPEB liability as a percentage of covered-employee payroll	2595.47%
Measurement date	12/31/2020

Notes to Schedule:

Historical information is required only for measurement periods for which GASB 75 is applicable. GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since this is the District's first valuation, only the year-ended 2021 is shown. Future years' information will be displayed up to 10 years as information becomes available.

The Notes to Required Supplementary Information (RSI) are integral to the above schedules.

SUPPLEMENTARY INFORMATION

**CONSOLIDATED IRRIGATION DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Operating revenues:				
Water assessments	\$ 6,117,194	\$ 6,117,194	\$ 6,253,362	\$ 136,168
Other operating revenues	<u>1,007,361</u>	<u>1,007,361</u>	<u>1,159,542</u>	<u>152,181</u>
Total operating revenues	<u>7,124,555</u>	<u>7,124,555</u>	<u>7,412,904</u>	<u>288,349</u>
Operating expenses:				
Water rights and assessments	542,000	542,000	524,862	17,138
Special projects	817,000	817,000	83,710	733,290
CoBank	962,000	962,000	-	962,000
Engineering services	60,000	60,000	67,968	(7,968)
Operations and maintenance	1,986,455	1,986,455	1,473,380	513,075
Administrative expenses	2,348,136	2,348,136	3,527,862	(1,179,726)
Depreciation	<u>-</u>	<u>-</u>	<u>480,781</u>	<u>(480,781)</u>
Total operating expenses	<u>6,715,591</u>	<u>6,715,591</u>	<u>6,158,563</u>	<u>557,028</u>
Operating income (loss)	<u>408,964</u>	<u>408,964</u>	<u>1,254,341</u>	<u>845,377</u>
Nonoperating revenues (expenses):				
Interest and dividends income	-	-	58,734	58,734
Insurance proceeds	-	-	19,838	19,838
Interest charges	-	-	(29,853)	(29,853)
Gain on sale of assets	<u>-</u>	<u>-</u>	<u>2,482</u>	<u>2,482</u>
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>51,201</u>	<u>51,201</u>
Change in net position	<u>\$ 408,964</u>	<u>\$ 408,964</u>	1,305,542	<u>\$ 896,578</u>
Net position - beginning, as restated			<u>16,781,484</u>	
Net position - ending			<u>\$ 18,087,026</u>	

**CONSOLIDATED IRRIGATION DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 1 – BUDGETARY INFORMATION

An annual nonappropriated budget, which establishes the total spending authority for the Consolidated Irrigation District (the District), is adopted by the Board of Directors at the August board meeting. The Board of Directors may authorize amendments to the budget during the year as deemed necessary. Budgeted amounts are reported as amended.

The budgetary basis of accounting is consistent with generally accepted accounting principles applicable to the District's financial statements.

NOTE 2 – EXCESS EXPENDITURES OVER APPROPRIATIONS

As of December 31, 2021, expenditures exceeded appropriations in the following categories:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
Engineering services	7,968
Administrative expenses	1,179,726
Depreciation	480,781

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OTHER INFORMATION

**CONSOLIDATED IRRIGATION DISTRICT
SCHEDULE OF ORGANIZATIONAL STRUCTURE
FOR THE YEAR ENDED DECEMBER 31, 2021**

BOARD OF DIRECTORS

<u>Name</u>	<u>Office</u>	<u>Term Begin Date</u>	<u>Term End Date</u>
Earl Hudson	President	December, 2018	December, 2022
Ray Moles	Vice President	December, 2020	December, 2024
Tom Chandler	Director	December, 2020	December, 2024
Tony Lewis	Director	December, 2018	December, 2022
Mitch Ritchie	Director	December, 2018	December, 2022

ADMINISTRATION

<u>Name</u>	<u>Title</u>
Phillip G. Desatoff	General Manager
Vivian Delgado	Assessor/Controller
Tanya Ruiz	HR Coordinator
Walter Frost	Operations Manager
Garry Ehoff	Superintendent
Richard Lopez	Foreman

OTHER INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Consolidated Irrigation District
Selma, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Consolidated Irrigation District (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise District's basic financial statements and have issued our report thereon dated June 21, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611

tel 559.299.9540
fax 559.299.2344

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Corrective Action Plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Price Pange & Company

Clovis, California
June 21, 2023

FINDINGS AND QUESTIONED COSTS

**CONSOLIDATED IRRIGATION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>			
Internal control over financial reporting:				
Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified - not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u>	None reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u>	No

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2021-001 – Financial Close and Reporting Process (Material Weakness)

Condition: The District did not properly record or adjust multiple accounts during the year-end closing process. We identified these errors during our audit and proposed the necessary accounting entries to correct the balances of those accounts.

Criteria: A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis, as well as during the year-end financial close process. Management is responsible for maintaining accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cause: Internal controls over the year-end financial reporting process were not properly designed and were not placed in operation. Additionally, turnover of key personnel contributed to the conditions that resulted in the misstatements.

Effect: As a result of this condition, the following areas were initially materially misstated:

1. Net position
2. Cash and restricted cash
3. Accounts receivable
4. City cooperative agreements receivable
5. Reserve for city cooperative agreements (liability)

Recommendation: The District should develop and implement year-end financial close procedures to ensure proper reconciliation and reporting of all significant account balances. Account reconciliations should be prepared for all significant account balances, clearly showing how the underlying records support the balances. Furthermore, we recommend that the District consider utilizing an external consultant with expertise in governmental accounting standards to ensure that transactions are recorded in accordance with the standards. If an expert external consultant is not utilized, then existing staff should pursue immediate and significant training in governmental accounting or the District should hire a finance director with a formal education in accounting along with sufficient experience in closing the books of a governmental agency.

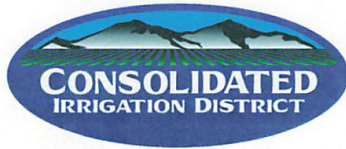
Response: See Corrective Action Plan.

**CONSOLIDATED IRRIGATION DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021**

FINANCIAL STATEMENT FINDINGS

Finding 2020-001 – Financial Close and Reporting Process (Material Weakness)

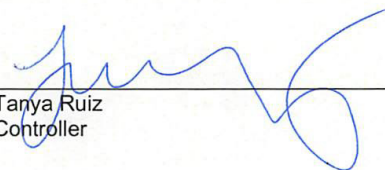
Condition:	The District did not properly record or adjust multiple accounts during the year-end closing process. We identified these errors during our audit and proposed the necessary accounting entries to correct the balances of these accounts.
Criteria:	A strong system of internal controls and management review requires that general ledger account balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis, as well as during the year-end financial close process. Management is responsible for maintaining accounting records in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).
Cause:	Internal controls over the year-end financial reporting process were not properly designed and were not placed in operation.
Effect:	As a result of this condition, cash, receivables, current liabilities, long-term debt, and capital assets were initially misstated. The other post-employment benefits liability continued to not be recognized and is the basis for the Qualified Audit Opinion in the current fiscal year.
Recommendation:	The District should enhance its year-end financial close procedures to include the additional steps necessary to ensure proper reconciliation and reporting of all significant account balances, in addition to ensuring there are supporting schedules to support those balances.
Status:	Not implemented.



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**CONSOLIDATED IRRIGATION DISTRICT
 CORRECTIVE ACTION PLAN
 YEAR ENDED DECEMBER 31, 2021**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Cooperative Agreements will be posted to the appropriate accounts and reconciled to year-end payment schedules.	12/31/23	Tanya Ruiz, Controller
	Existing staff will pursue training in governmental accounting	12/31/23	Tanya Ruiz, Controller
	Review journal entries to correct future misstatements of net position and cash.	12/31/23	Tanya Ruiz, Controller



 Tanya Ruiz
 Controller