PIXLEY IRRIGATION DISTRICT

REPORT ON AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED

December 31, 2021

CONTENTS

cuttone & mastro
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Pixley Irrigation District:

Opinion

We have audited the accompanying financial statements of the Pixley Irrigation District (the District) as of and for the year ended December 31, 2021, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Pixley Irrigation District as of December 31, 2021, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility

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 opinion. 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for on 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.

7543 North Ingram, Suite 102
Fresno, California 93711
phone 559-261-4300 fax 559-261-4301

In performing an audit in accordance with generally accepted 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 circumstances, but not for the purpose of expressing an opinion on the effectiveness of Stone Corral Irrigation District's internal control. According, 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 judgement, 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 on pages 3-9, Schedule of Proportionate Share of the Net Pension Liability – Miscellaneous Plan and Schedule of Contributions – Miscellaneous Plan on page 32 and the Schedule of Changes in Total Other Postemployment Benefits Liability and Related Ratios on page 33, Schedule of Other Postemployment Benefit Contributions on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 35 is presented for purposes of additional analysis and is not a required part of the 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 by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the Schedule of Operating Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Cuttone & Mastro

Fresno, California
July 7, 2022

PIXLEY IRRIGATION DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2021

Discussion of the Basic Financial Statements

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

The Districts financial statements include the (1) Statements of Net Position (2) Statements of Revenues, Expenses and Changes in Net Position and (3) Statements of Cash Flows. Notes to the financial statements are provided as well. The Statement of Net Position provides information about assets and obligations of the District as of December 31, 2021. The Statement of Revenues, Expenses and Changes in Net Position provides information regarding the District's operations for the years ended December 31, 2021. The Statement of Cash Flows reports cash resources and uses from or for operating activities, capital and related financing activities, and investing activities for the year then ended.

Condensed Financial Information

CONDENSED STATEMENT OF NET POSITION

	2021	Restated 2020
Current Assets	$ 13,093,278	$ 12,075,066
Capital Assets	20,585,414	14,005,171
Noncurrent Assets	109,432	611,234
Deferred Outflows of Resources	1,102,404	1,220,939
Total Assets and Deferred Outflows of Resources	$ 34,890,528	$ 27,912,410
Current Liabilities	$ 5,498,431	$ 4,893,458
Long-Term Liabilities	12,547,092	3,767,250
Deferred Inflows of Resources	10,229,330	8,356,364
Total Liabilities and Deferred Inflow of Resources	28,274,853	17,017,072
Net Investment in Capital Assets, Net of Related Debt	16,156,971	14,005,171
Unrestricted	(9,541,296)	(3,109,833)
Total Net Position	6,615,675	10,895,338
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 34,890,528	$ 27,912,410

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2021
Total operating revenues	$ 7,838,039
Total operating expenses	(3,190,827)
Operating income (loss)	4,647,212
Non-operating revenue (expense)	(9,229,433)
Contributed capital	302,558
Change in net position	$ (4,279,663)

PIXLEY IRRIGATION DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2021

The District is in healthy financial condition. The District has sufficient current assets to cover current liabilities, as current assets are approximately 2.4 times larger than current liabilities.

2021 was a much drier year compared to the year before. Therefore, surface water sales to landowners were significantly lower and surface water purchases were also lower. The District did generate revenues from the billing of transitional pumping to landowners as a part of the implementation of the Groundwater Sustainability Plan.

Budget Variances

	2021 BUDGET	ACTUAL EXPENSE	VARIANCE
General, Administration & Operating	$ 1,925,182	$ 2,542,881	$ (617,699)
Special Projects	175,000	142,513	32,487
SUB-TOTAL – NON-WATER	**2,885,182**	**2,685,394**	**92,619**
Water Purchases	205,000	505,433	(300,433)
GRAND TOTAL	**$ 3,090,182**	**$ 3,190,827**	**$ (207,814)**

The District budgets for expenditures only. The District does use a projected cash flow analysis, which estimates revenues, as a tool when preparing the budget. The District was over budget in 2021. The largest variances were under the General, Administration & Operating and Water Purchases category, due to certain expenses that the District does not include in the Budget at the beginning of the year. These expenses were depreciation expense of $301,348, retirement expense of $115,891 to recognize the change in the pension liability, OPEB expense of $279,383 to recognize the change in the OPEB, and water purchases of $393,988 for water management fees.

Board Designated - Cash and Investments

The District has established and adopted a reserve policy and guidelines for the accumulation and use of reserve funds. While the Board designates these funds as reserve funds, they are not restricted and the Board can utilize such funds for any purpose.

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

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

The District is organized and operates under the statutory authority of Division 11 of the California Water Code. There are no other provisions of California law that govern the accumulation and use of reserves. Absent statutory guidelines to direct special districts in the accumulation and use of reserves, Pixley Irrigation District has established and adopted this Reserve Policy and Guidelines.

The Reserve Policy and Guidelines are reviewed on no less than an annual basis and can be amended only by action of the Board of Directors. Expenditure of District reserve funds requires action of the Board of Directors.

Reserves can be accumulated for the following purposes:

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

As of December 31, 2021, the District had the following targeted and actual designated cash and investment reserves:

	Target	Actual
Water Supply Acquisition	$ 6,000,000	$ 4,490,624
Debt Service	140,198	-
Capital Improvement Projects	350,000	-
Water Rights Protection	100,000	-
Operations & Maintenance Expenses	1,500,000	-
Other Post-Employment Benefits	2,576,028	2,576,028
Angiola Agreement	210,677	210,677
Water Supply Improvement Projects	1,907,284	1,907,284
Total Cash and Investment Reserves	$ 12,643,265	$ 9,184,613

Water Supply Acquisition

Reserves are allocated for Water Supply Acquisition to purchase water during years when the water related expenses exceed revenue from water sales to District water users. A reserve for water related expenses is established at a level, which ensures the District adequate financial resources to meet water related operating expenses regardless of hydrology and available water supply. The reserve component enables the District to withstand dramatic financial events related to hydrology and available water supply. The actual size of the reserve may fluctuate from year to year. By action of the Board of Directors the target reserve for water related expenses is set at $6,000,000.

Capital Improvement Projects

The Capital Acquisition and Expansion Reserve is used to account for funds accumulated to provide for the major renovation, construction or purchase of capital projects and new facilities such as canals, ditches, recharge basins, real estate and buildings. Establishing capital project reserves will reduce reliance on debt financing or long-term financing costs. By action of the Board of Directors the target reserve for Capital Improvement Projects is set at $350,000.

Water Rights Protection

The reserve related to Water Rights Protection is established to provide a funding source to cover costs associated expenses in defending the District's water supply and water rights. The District has on-going legal issues related to Central Valley Project water supply in contracting and litigation arenas. Though the District does not have a Friant CVP contract, the District's water supply comes from Friant contractors. Thus, the District has a direct interest in helping the Friant contractors on contract and San Joaquin River issues.

The District maximizes dollars spent for Water Supply Protection by joining with other agencies in cost sharing. The on-going nature of water supply/rights disputes prescribe the need to establish a reserve to cover costs that are unexpected and not within the coverage of the District's annual budget for legal expenses. By action of the Board of Directors the target reserve for Legal Expenses is set at $100,000.

Operations and Maintenance Expenses

The reserve related to Operations and Maintenance Expenses is established to provide a funding source to cover costs associated with expenses related to operating and maintaining the District. Those expenses include:

1. Debt Service
2. Payroll and Benefit Expenses
3. Equipment Upkeep and Maintenance
4. Canal Maintenance

A reserve to fund operations and maintenance expenses is established to cover year(s) types where the District's annual assessment does not meet the funding levels required to cover annual expenses. Such year types are not likely to occur frequently, however there could arise situations from acts of God, terrorism and the like that could dramatically alter the ability of the District landowners to pay their annual assessments. In such instances the District needs to have reserves to meet contractual and recurring expenses. By action of the Board of Directors the target reserve for Operation and Maintenance Expenses is set at $1,500,000, which represents the District's annual Operations and Maintenance budget.

Other Post-Employment Benefits

The District provides a medical insurance plan to its retired employees. Under Governmental Accounting Standards Board (GASB) Statement No.75 which replaced (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB),* the District is required to account for the annual OPEB costs and the unfunded actuarial accrued liability for past service costs.

By action of the Board of Directors the initial reserve for Other Post-Employment Benefits was set at the amount of the unfunded actuarial accrued liability as of the December 31, 2021 audited financial statements. The amount of the reserve is adjusted annually based on the annual accrual made in the final audited financial statements.

Water Supply Improvement Projects

The Water Supply Improvement Project reserve fund is established to account for funds accumulated to provide for the major renovation, construction or purchase of capital projects and new facilities such as canals, ditches, recharge basins, real estate and buildings. Establishing capital project reserve fund will reduce reliance on debt financing or long-term financing costs. The Water Supply Improvement Projects reserve fund is funded exclusively through revenues received from long-term water agreements to which the District is a party. Any revenue received from these agreements is to be placed into the Water Supply Improvement Project reserve fund unless otherwise designated by action of the Board of Directors.

At its discretion, the Board may also utilize monies from the Water Supply Improvement Project to purchase water supplies for the District. Any water purchased by the monies from the Reserve Fund must be water that the District does not have access to under any other contracts or water supply agreements.

PIXLEY IRRIGATION DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2021

Overall Analysis

Supply - The District receives its water supply from a variety of sources:

1. CVP Contract. - The District has a contract with the United States Bureau of Reclamation for 31,102 acre-feet of CVP supply from the Shasta Division of the CVP. The District's CVP contract supply is delivered via exchange with other CVP or State Water Project Contractors via the California Aqueduct. The District has a three-party contract with the United States and the State of California for delivery of the water. In 2021, the water contract was converted to a perpetual contract. At that time, the three-party conveyance contract was separated and entered into as a separate agreement. To access the water, the District exchanges the water for Friant supplies and/or markets the water on a year-to-year basis and translates the revenue into water supply purchases in the Friant Division.

2. Purchases from the Friant Division of the CVP. On a yearly basis, the District attempts to purchase water from Friant Contractors. Availability of water for purchase is predicated upon annual hydrologic conditions. In 2011 the District developed an operational understanding with Lower Tule River ID which established parameters for purchase and payment of certain types of water through Lower Tule River ID.

3. Deer Creek runoff. The District receives a nominal amount of runoff from Deer Creek, an uncontrolled natural channel. The amount received is highly variable and is predicated upon hydrologic conditions.

Water Usage by Customers – Water is supplied to landowners through the District's internal delivery system.

<u>Pricing</u> - The Board of Directors sets the price of water. The Board sets the price based on the following criteria:

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

Sales to growers for the 2021 water year (March 1, 2021 through February 28, 2022) totaled 5,801 acre-feet. An additional 2,229 acre-feet was recharged in District canals and recharge basins.

The water rate set by the Board for the 2021 water year was $50 per acre-foot.

The factors materially affecting District operations, water rates, and water supply availability during the year were hydrology, reservoir operations, and weather.

Capital Assets

The most recent completed capital project was the Avenue 116 Lateral, which was completed in 2015. There are two capital projects currently underway at the District, which are the Westside Distribution System Expansion and the Capinero Property.

<u>Westside Distribution System Expansion</u> – After the completion of the Avenue 116 lateral, the main remaining area that is unable to be served by surface water is in the north western area of the District. In 2017, the Board authorized a feasibility study to identify options to build a distribution system in this area of the District. The report was complete in the fall of 2018. The District is currently finalizing the design of the project and securing the right of way for the project. The District is also working to identify grant funding opportunities to help finance the construction of the project.

Capinero Property – In September 2020, the District entered into a land purchase option agreement to purchase 831 acres of land. In February 2021, the Board of Directors made the decision to exercise the option agreement and escrow closed in April 2021. The District will use the property to implement projects under its groundwater sustainability plan.

Other Items

Water Rights – In 2013 the Pixley Irrigation District began the process of filing for a water rights diversion on Deer Creek. In March of 2014 the filing was completed and a cost for filing of $150,000 was remitted. The State Water Resources Control Board has accepted the new Water Right Application for Pixley ID and has assigned it number 32246. The State Board has not acted on the application to date.

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

Stone Corral 9d Debt Financing – In 2010, the Stone Coral Irrigation District (SCID) converted their Friant water service contract to a repayment contract under section 9d of Reclamation Law. Conversion of the contract required SCID to repay $1,953,771 of capital to the United States.

In November of 2010, Pixley and SCID entered into an agreement whereby Pixley agreed to finance the repayment obligations of SCID under terms and conditions mutually agreement to the parties. A signed final copy of the agreement is on file with District. The salient terms of the agreement are as follows:

1. Pixley agrees to make four annual installment payments to the United States Treasury on behalf of SCID. Payments began in April of 2011 and ended in April of 2013.
2. Commencing in June of 2011, SCID will make annual installment payments to Pixley in the amount of $130,000 which payments shall continue for ten-years ending with final payment in June of 2020.
3. SCID will transfer a total of 12,000 acre-feet of water to Pixley over the course of a ten-year period commencing in June of 2011 and ending in June of 2020. Any unpaid balance of the water will be increased by 10% and remain in effect until the obligation is paid in full.

See the Notes to the Financial Statements for further details of the agreement.

Combined Operations and Equipment Purchases Budget – Beginning in 2008, and every year since, the District has operated under a combined operations budget with the Lower Tule River Irrigation District. General, administrative, operations and maintenance expenses for the Districts are paid from this combined budget. The budget also includes the joint purchase of any equipment needed by the Districts. The total approved budget for 2021 was $4,534,000. The District pays 33.33% of the total operations and maintenance budget.

Sustainable Groundwater Management Act – In 2014 the State of California passed the Sustainable Groundwater Management Act (SGMA), which mandated the formation of Groundwater Sustainability Agencies (GSAs) and the development of Groundwater Sustainability Plans (GSPs) that get the GSA to groundwater sustainability by 2040. In 2016, the District formed itself as a GSA and formed a Groundwater Planning Commission, appointing stakeholders to advise the Board of Directors in the development and implementation of a GSP. The Board approved the GSP and submitted it to the California Department of Water Resources (DWR) in January 2020. The District received comments on the GSP from DWR in January 2022. The GSP was deemed incomplete by DWR. District staff and consultants are working to make changes to the GSP and respond to DWR comments. Responses to DWR are due in July 2022. The District implemented the GSP beginning on February 1, 2020.

Friant Kern Canal Settlement – In 2021 The District entered into a settlement agreement with Friant Water Authority to contribute to the middle reach capacity correction project. In the settlement The District agreed to pay $11,000,000 to Friant Water Authority for its share of the project and made said payment before the end of the year.

Requests for Information

This financial report is designed to provide users of the financial statements with a general overview of the District's finances and to demonstrate the Districts' accountability for the money it receives. If you have any questions about this report or need any additional information, contact the General Manager of the Pixley Irrigation District at 357 East Olive Avenue, Tipton, California 93272, or phone (559) 686-4716.

PIXLEY IRRIGATION DISTRICT

FINANCIAL STATEMENTS

PIXLEY IRRIGATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2021

ASSETS	
Current Assets:	
Cash and cash equivalents	$ 8,757,161
Investments	427,452
Receivables	
Accounts and water sales	1,137,016
Assessments and sale certificates	2,133,555
Accrued interest	2,399
Property taxes	51,621
Water transfers/exchanges receivable	541,749
Prepaid expenses	42,325
Total Current Assets	13,093,278
Non-Current Assets:	
Capital Assets, net of accumulated depreciation	20,585,414
Investment in Joint Power Authorities	106,846
Other Assets	2,586
Total Non-Current Assets	20,694,846
Deferred Outflows of Resources:	
Deferred outflows related to pension	202,905
Deferred outflows related to OPEB	899,499
Total Deferred Outflows of Resources	1,102,404
Total Assets and Deferred Outflows of Resources	$ 34,890,528

PIXLEY IRRIGATION DISTRICT
STATEMENT OF NET POSITION
December 31, 2021

LIABILITIES	
Current Liabilities:	
Accounts payable	$ 1,735,894
Accrued expenses and other	26,134
Accrued interest	5,422
Compensated absences payable	138,948
Water exchange accounts payable	2,897,691
Current portion of long-term debt	626,253
Net OPEB liability, current portion	68,089
Total Current Liabilities	5,498,431
Long-Term Liabilities:	
Long-term debt, net of current portion	9,302,190
Net OPEB liability	2,507,939
Net pension liability	736,963
Total Long-Term Liabilities	12,547,092
Total Liabilities	18,045,523
DEFERRED INFLOWS OF RESOURCES	
Deferred assessment revenue	4,383,965
Deferred transitional pumping water revenue	29,051
Deferred dirt sales revenue	5,111,476
Deferred inflows related to pensions	704,838
Total Deferred Inflows of Resources	10,229,330
Total Liabilities and Deferred Inflows of Resources	28,274,853
NET POSITION	
Net investment in capital assets	16,156,971
Unrestricted (deficit)	(9,541,296)
Total Net Position	6,615,675
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 34,890,528

PIXLEY IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For The Year Ended December 31, 2021

OPERATING REVENUES	
Water sales – in district	$ 4,463
Water management	254,065
Groundwater revenue	2,020
Transitional pumping water revenue	4,817,810
Assessments and charges	2,552,790
Other operating revenues	206,891
Total Operating Revenue	7,838,039
OPERATING EXPENSES	
Source of supply	505,433
Transmission and distribution	740,383
General and Administrative	1,945,011
Total Operating Expenses	3,190,827
Total Income from Operations	4,647,212
NON-OPERATING REVENUES (EXPENSES)	
Taxes, county collections	647,641
Interest income	80,037
Interest expense	(98,809)
Net Custom work revenue	113,878
Gain (Loss) on investments	(7,407)
Loss on investment in power authority	(183)
Gain on disposal of capital assets	13,569
Change in value of water transfer receivable/payable	480,709
Friant Water Authority Settlement	(11,000,000)
Debt issue costs	(70,000)
Bad debt expense	(17,753)
Other non-operating revenues	628,885
Total Non-Operating Revenue (Expenses)	(9,229,433)
CONTRIBUTED CAPITAL	302,558
CHANGE IN NET POSITION	(4,279,663)
NET POSITION, BEGINNING OF YEAR AS PREVIOUSLY STATED	12,164,198
PRIOR PERIOD ADJUSTMENT	(1,268,860)
NET POSITION, BEGINNING OF YEAR AS RESTATED	10,895,338
NET POSITION, END OF YEAR	$ 6,615,675

See Accompanying Notes to Financial Statements

PIXLEY IRRIGATION DISTRICT
STATEMENT OF CASH FLOW
For The Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 8,156,789
Cash paid to suppliers and vendors	(1,508,716)
Cash paid for Friant Water Authority settlement	(11,000,000)
Cash paid for employees	(738,754)
Net cash used by operating activities	(5,090,681)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash paid for capital asset acquisitions	(2,138,197)
Issuance of notes payable	5,500,000
Principle payment of long-term debt	(71,557)
Interest paid on long-term debt	(93,388)
Debt issue cost paid	(70,000)
Proceeds from the sale of capital assets	19,496
Contributed capital received	302,558
Net cash provided by capital and related financing activities	3,448,912
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITES	
Cash received from property taxes	651,265
Net cash provided by noncapital financing activities	651,265
CASH FLOWS FROM INVESTING ACTIVITES	
Proceeds from sale of investment	33,925
Cash used to purchase investments	(311,117)
Interest received	83,120
Net cash used by investing activities	(194,072)
Net decrease in cash and cash equivalents	(1,184,576)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,941,737
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 8,757,161

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND CAPITAL AND RELATED FINANCING ACTIVITES:

The District purchased land at a cost of $4,778,250 in exchange for a $250,000 option it pushed in 2020, $4,500,000 in debt and cash of $28,250. Also, recognition of the District's proportionate share of South Valley Water Association and Deer Creek & Tule River Authority's equity as of December 31, 2021 was recorded as income (loss) in the following amounts, respectively:

- South Valley Water Association - $1,290
- Deer Creek & Tule River Authority - $(1,473)

PIXLEY IRRIGATION DISTRICT
STATEMENT OF CASH FLOW
For The Year Ended December 31, 2021

Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:	
Income from Operations	$ 4,647,212
Adjustments to reconcile income from operations to net cash used by operating activities:	
Depreciation	301,348
Net custom work revenue	113,878
Friant Water Authority settlement	(11,000,000)
Bad debt expense	(17,753)
Other non-operating income	628,885
(Increase) Decrease in:	
Receivables	
Accounts and water sales	(667,888)
Assessments and sales certificates	(987,587)
Water transfer receivable	441,259
Prepaid expenses	7,514
Deferred outflows related to pension	36,224
Deferred outflows related to OPEB	82,311
Increase (Decrease) in:	
Accounts payable	294,921
Accrued expenses and other	5,505
Water exchange accounts payable	(350,784)
Compensated absences payable	11,716
Deferred assessment revenue	1,831,175
Deferred transitional pumping revenue	29,051
Deferred dirt sales revenue	(628,764)
Net pension liability	(651,330)
Deferred inflows related to pensions	641,504
Other postemployment benefits obligations	140,922
Net Cash Used by Operating Activities	$ (5,090,681)

PIXLEY IRRIGATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Description of Operations: The Pixley Irrigation District ("District") is a special district formed in 1958 under the California Water Code to provide irrigation water for agricultural purposes. The District encompasses over 68,000 acres of land of which approximately 49,000 acres are irrigated. The principal sources of income are agricultural water sales and property tax assessments.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: In accordance with the requirements of Statement No. 14, *The Financial Reporting Entity, of the Government Accounting Standards Board (GASB)*, the Pixley Irrigation District Groundwater Sustainability Agency (GSA) is the only component unit that should be included with the accompanying financial statements of the District. All the financial activity of the GSA is reported by the District.

Basis of Presentation and Accounting: The District follows the provisions of the Governmental Accounting Standards Board Statement Nos. 34, *"Basic Financial Statements and Management's Discussion and Analysis-For State and Local Governments."* Statement 34, as amended, established the financial reporting standards for all state and local government entities, which includes a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. It requires the classification of net position in the following three components:

Net investment in capital assets — This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position — This component of net position consists of constraints imposed by creditors (such as through debt covenant), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position — This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

When the District incurs an expense for which both restricted and unrestricted resources may be used, it is the policy of the District to use restricted resources first, then unrestricted resources.

The accompanying financial statements have been prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred regardless of the timing of related cash flows. The District accounts for its operations as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises: (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Cash and Equivalents: Cash and cash equivalents, for the purposes of the statement of cash flows, includes cash on hand or deposit, and short-term investments with an original maturity of less than three (3) months.

Investments: The District has adopted a formal investment policy as required by Section 53600 et seq., of the California Government Code. The District's investments have a readily determinable market value and are recorded and reported at fair value.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assessment Revenue Recognition, Valuation and Rates: The District's assessment lien date occurs in August. The first installment is due December 20th and the second installment is due June 20th. The due dates of the assessments are set by California Water Code Section 26076. Assessment revenues are recorded as income in the District's fiscal year following the levy. Accordingly, the current assessment is classified as deferred assessment revenue.

The District's primary assessment revenue consist of a general assessment, a water supply assessment, and a capital projects assessment. Rates are approved by the board prior to the levying of the assessments. For the year ending December 31, 2021, the general assessment rate was $33.08 per acre, the water supply assessment was $9.17 per acre water for parcels with farming activities, and no assessments for capital projects. Deferred assessment revenue totaled $4,383,965, which will be recognized in 2022.

Capital Assets: Capital assets are recorded at cost less accumulated depreciation and updated for additions and retirements during the year. Repairs and maintenance and minor alterations are charged to expense as incurred. Costs which are considered improvements are added to the appropriate capital asset account. Gains and losses on disposition of capital assets are reported and recognized in the year of disposition. The District recognizes depreciation using the straight-line method over the estimated useful lives as follows:

Building and improvements	20-40 years
Field and shop equipment	10 years
Land improvements	50 years
Office equipment	5-10 years
Trucks and autos	10 years

Capital assets (long-lived assets) to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. As of December 31, 2021 there is no impairment of the District's long-lived assets.

Substantially all of the District's assets are insured against possible losses from fire and other risks. The District has a policy with the ACWA/Joint Powers Insurance Authority to cover its buildings, equipment, personal property, vehicles, plus liability coverage.

Water Transfers/Exchanges Accounts: The District engages in water transfers and exchanges with several entities. Unless a specific price is stated in the agreement the water receivable or payable is valued at the per acre foot price the District would pay for Cross Valley Canal (CVC) or receive from districts that will pay with Friant Class 1 water at the reporting date. At December 31, 2021, the District had a CVC water rate of $88.73 and a Friant Class 1 water rate of $43.76.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes: The District qualifies for tax-exempt status as an integral part of the State of California or a political subdivision in accordance with Internal Revenue Code (IRC) Section 115. As a result, no tax provisions apply to the District's income.

Compensated Absences: The District has accrued a liability for vacation and sick leave pay that has been earned and would be payable upon employee termination or retirement. Up to 200 hours of unused vacation pay can be accumulated and is payable upon termination or retirement. The District's retirement program provides for unlimited sick leave and becomes vested for permanent employees with five or more years of continuous service, payable at retirement.

If an employee quits or is terminated, however, that employee would receive credit for a maximum of 960 hours. Cash payments for accumulated sick leave are limited to 960 hours at 40% of the employee's current hourly rate. At retirement, an employee's accumulated sick leave in excess of 960 hours may be converted to additional years of PERS service credits. The employee shall also have the option of converting the first 960 hours, or any fraction thereof, to such service credits.

Sales Certificates: Sales certificates are issued on delinquent assessments in August of the assessment year and notification requirements are met. Once issued, sales certificates accrue interest at a rate specified by the State. If unpaid five years after the date of issuance, the District may issue a collector's deed and acquire title to the property. If a collector's deed is not issued and the sales certificate is not redeemed within ten years from the original issue date, the sales certificate is written off.

Operating revenues and expenses: Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services in the form of assessments, or water sales. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

Deferred dirt sales revenue: In 2019, a contractor of the high-speed rail project prepaid for dirt from the District. The total amount of dirt, to be made available, is 2,644,967 cubic yards and is valued at $2.23 per cubic yard. For the year ending December 31, 2021, a total of 281,957 cubic yards of dirt were provided to the contractor. The District recognized $628,764 of dirt sales for the year ending December 31, 2021.

Board Designated- Cash and Investments: The District has established and adopted a reserve policy and guidelines for the accumulation and use of reserve funds. The policy is reviewed annually and reflects targeted reserves for operations and maintenance, capital outlay and water rights protection. While the Board designates these funds as reserve funds, they are not restricted and the Board can utilize such funds for any purpose. As of December 31, 2021, the District had the following targeted and actual designated cash and investment reserves:

	Target	Actual
Water Supply Acquisition	$ 6,000,000	$ 4,490,624
Debt Service	140,198	-
Capital Improvement Projects	350,000	-
Water Rights Protection	100,000	-
Operations & Maintenance Expenses	1,500,000	-
Other Post-Employment Benefits	2,576,028	2,576,028
Angiola Agreement	210,677	210,677
Water Supply Improvement Projects	1,907,284	1,907,284
Total Cash and Investment Reserves	$ 12,643,265	$ 9,184,613

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in Power Authorities: For investments in power authorities classified as joint ventures, where the District participates in the profit and losses of the joint venture, the initial investment is recorded at cost and adjusted to reflect the District's share of the joint venture's profit or losses. If the District is involved in joint control of the power authority but there is no ongoing financial interest or ongoing financial responsibility, the entity is a jointly governed organization and not a joint venture.

Subsequent Events: Subsequent events have been evaluated as of July 7, 2022 which is the date the financial statements were available to be released.

NOTE 3 — CASH AND CASH EQUIVALENTS AND INVESTMENTS

The carrying amount of cash and cash equivalents at December 31, 2021 is as follows:

Citizen's Business Bank – general checking	$ 1,307,619
Citizen's Business Bank – money market funds	3,260,533
First Security Bank – money market funds	792
Cash held in O&M accounts	80,780
Cash held in UBS brokerage account	8,712
State of California Local Agency Investment Fund (LAIF)	4,098,725
Total cash and cash equivalent	$ 8,757,161

Investments Authorized by the California Government Code: The table below identifies the investment types that are authorized for the District by the California Government Code and that are approved by the Districts investment policy. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Commercial Paper: Pooled or Non-pooled Funds	270 days	25%	10%
Negotiable Certificates of Deposits (CDs)	5 years	30%	None
Non-negotiable CDs	5 years	None	None
Collateralized Bank Deposits	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Investment in State Investment Pool: The Local Agency Investment Fund is a government investment pool managed and directed by the California State Treasurer. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The District may withdraw monies upon one-day-notice. The average monthly effective yield for December 31, 2021 was 0.212%. The District's investment in the Local Agency Investment Fund was not subject to credit risk categorization and is carried at cost which approximates fair value. All pooled funds are regulated by the California Government Code.

NOTE 3 — CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Interest Rate Risk: Interest rate risk is the risk in market rate changes that could adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for District operations. Information about the sensitivity of the fair value of the District's investments to market interest rate fluctuation is provided by the following table that shows the distribution of the District's investments by maturity.

The District's investments by maturity at December 31, 2021:

		Remaining Maturity (in Months)			
Investment Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Government Sponsored Enterprises	$ 10,191	$ -	$ -	$ 217	$ 9,974
Mutual Funds	417,261				
	$ 427,452				

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. None of the District's investments have a rating provided by a nationally recognized statistical rating organization.

Concentrations of Credit Risk: The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments are as follows:

The District's investments that represent 5% or more of total investments at December 31, 2021:

Issuer	Investment Type	Reported Amount	% of Total Investments
Federated Hermes Fund for U.S. GOV'T Securities	Mutual Funds	$ 80,843	18.9%
Federated Hermes Government Income Trust	Mutual Funds	39,126	9.2%
Federated Hermes Adjustable-Rate Fund	Mutual Funds	21,954	5.1%
PACE Mortgage-Backed Securities	Mutual Funds	146,681	34.3%
Vanguard GNMA Fund	Mutual Funds	128,657	30.1%

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-deal) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in possession of another party.

The California Government code requires that a financial institution secure deposits made by state or local government unit by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of their pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

NOTE 3 — CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

At December 31, 2021, the bank balance with Citizens Business Bank was $4,240,054 and First Security Bank was $142,716. Of this balance, $250,000 per bank balance was covered by the federal depository insurance. The amount uninsured but collateralized for Citizens Business Bank was $3,990,054. The First Security Bank balance in 2021 was completely insured.

Fair Value Measurement: The framework for measuring fair value provides a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

> Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
>
> Level 2: Inputs to valuation methodology include inputs – other than quoted prices included within Level 1 – that are observable for an asset or liability, either directly or indirectly.
>
> Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within a fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

> *Government Sponsored Enterprises:* use a market-based approach which considers yield, price of comparable securities, coupon rate, maturity, credit quality and dealer provided prices.
>
> *Mutual funds*: the fair value of mutual funds is based on quoted net asset values ("NAV„) of the shares as reported by the fund. The mutual funds held by the District are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily NAV and transact at that price. The mutual funds held by the District are considered to be actively traded.

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of December 31, 2021:

Assets at Fair Value as of December 31, 2021

	Level 1	Level 2	Level 3	Total
Government Sponsored Enterprises	$ -	$ 10,191	$ -	$ 10,191
Mutual Funds	417,261	-	-	417,261
Total	$ 417,261	$ 10,191	$ -	$ 427,452

NOTE 4 – WATER TRANSFER RECEIVABLE/PAYABLE

At December 31, 2021, the total water transfer receivables of $541,749 consist of the following:

	Acre Feet	Value of Water per A.F.	Balance
Stone Corral Irrigation District	5,280	$ 43.76	$ 231,053
Kern-Tulare Water District	7,100	43.76	310,696
			$ 541,749

At December 31, 2021, the total water transfer payables of $2,897,691 consist of the following:

	Acre Feet	Value of Water per A.F.	Balance
Arvin Edison Water Storage District	12	$ 88.73	$ 1,065
Delano Earlimart Irrigation District	15,212	88.73	1,349,796
Lower Tule River Irrigation District	17,433	88.73	1,546,830
			$ 2,897,691

NOTE 5 – CAPITAL ASSETS

The following is a summary of changes in the capital assets during the year.

	Balance 12/31/2020	Additions	Deductions	Balance 12/31/21
Capital Assets Not Being Depreciated:				
Land	$ 6,451,624	$ 4,778,250	$ -	$ 11,229,874
Water rights	167,022	1,240,621	-	1,407,643
Construction in progress	839,781	645,049	741,670	743,160
Total	$ 7,458,427	$ 6,663,920	$ 741,670	$ 13,380,677
Capital Assets Being Depreciated:				
Distribution system	10,132,414	$ 859,467	$ -	10,991,881
Buildings and improvements	843,789	-	-	843,789
Vehicles	63,875	-	-	63,875
Office equipment	14,760	-	-	14,760
Field and shop equipment	166,973	-	-	166,973
LTRID/PIXID Shared O&M equipment	1,351,374	105,785	20,213	1,436,946
Total	12,573,185	$ 965,252	$ 20,213	13,518,224
Less Accumulated depreciation	(6,026,441)	$ (301,348)	$ 14,302	(6,313,487)
Net Capital Assets Being Depreciated	6,546,744			7,204,737
Net Book Value	$ 14,005,171			$ 20,585,414

NOTE 6 — RELATED PARTIES

The District and Lower Tule River Irrigation District's (LTRID) geographic boundaries are adjacent to one another, and together comprise more than 172,000 acres in the southwestern part of Tulare County. The physical proximity and mutual objectives of both the District and LTRID has resulted in each board working cooperatively on numerous projects, and achieving mutual goals through the efficient use of mutual resources. The District and LTRID have memorialized their cooperation with a memorandum of understanding (MOU), with the understanding that the MOU could be expanded, through addendums, to permit future efficient joint administration and clarification of their relationship.

NOTE 6 — RELATED PARTIES (Continued)

Per the MOU, on-going operational and maintenance costs are shared between LTRID and the District with the District's portion of shared cost being 33.33%. For the year ending December 31, 2021, the Districts portion of shared costs were $1,565,293. The District and the LTRID also share certain revenues generated from custom maintenance work for landowners and administration fees for other Districts and Water Companies.

The District's share of the revenues for the years ended December 31, 2021 were $426,989. In addition to shared revenues and expenses, the District and LTRID share employees and the associated pension and other post-employment benefits. The District's 33.33% of pension and other post-employment benefits liabilities are disclosed in Notes 12 and 13.

The members of the District's Board of Directors are required to own land in the District Division they are elected to represent and may be water users of the District. Such water sales were consummated on terms equivalent to those that prevail in arm's length transactions.

NOTE 7 — STONE CORRAL IRRIGATION DISTRICT

On December 11, 2010 the District entered into an agreement with Stone Corral Irrigation District (Stone Corral) to advance funds to Stone Corral for the payment of its "Repayment Obligation" to the United States Bureau of Reclamation. The obligation is associated with the conversion of Stone Corral's Friant Contract to a Friant Repayment Contract. The "Repayment Obligation" required four annual payments beginning on April 20, 2011 and totaling $1,953,771.

In return for the financing arrangement, Stone Corral agreed to pay the District $1,300,000, without interest, in annual cash installments of $130,000 beginning on June 30, 2011, and continuing annually for ten years, with the final payment to be made on June 30, 2020. The difference between the financing costs and the amount repaid by Stone Corral will be repaid by Stone Corral through the transfer of 12,000-acre feet of Class I water to the District. Stone Corral's obligation to make available and the Districts right to take, pursuant to the agreement commenced in the 2011 Water Year and was continued annually through the 2020 Water Year.

Unless mutually agreed to by the Parties, Stone Corral did not make available, and the District was not be required to take, more than 3,000-acre feet of available water in any given Water Year. Any portion of the 12,000 acre-feet not transferred to Pixley Irrigation District by 2020 was to be increased by a factor of 10% with the return obligation extending until the amount if transferred in full. Stone Corral did not make the required water transfers by February 28, 2021 and the 10% increase was applied. Effective April 30, 2021 a 10% penalty of 48-acre feet was added and is reflected in the adjustment of $8,676.

As of December 31, 2021 the undelivered water was 5,280-acre feet and, was valued at $231,053. The change in value of the water transfer receivable was increased $27,581 for the year ended December 31, 2021 and is reported as non-operating revenue in the Statements of Revenues, Expenses, and Changes in Net Position.

NOTE 8 — POWER AND WATER RESOURCES POOLING AUTHORITY

The District has a contract with the Western Area Power Administration (WAPA), a department of the United States Department of Energy, for Base Resource Energy. Base Resource Energy is energy generated by Central Valley Project hydroelectric plants. Prior to January 1, 2005, the district's energy was delivered to facilities on the Cross-Valley Canal by Pacific Gas & Electric (PG&E) through a contract between WAPA and PG&E. Starting on January 1, 2005, WAPA contractors were required to find a new means to receive this energy.

NOTE 8 — POWER AND WATER RESOURCES POOLING AUTHORITY, continued

The District and other Cross Valley Canal Contractors with WAPA contracts, joined the Power and Water Resources Pooling Authority (PWRPA). PWRPA has contracted with PG&E and WAPA to deliver energy to PWRPA members. Any energy demanded, not covered by the members WAPA allocation, is covered through short-term and open market energy purchased by PWRPA. Cawelo Water District (Cawelo) receives the Districts portion of power generated through the PWRPA, in exchange for Cawelo paying the membership cost of the Districts.

NOTE 9 – LONG-TERM DEBT

Capinero Creek Installment Purchase Agreement: In September 2020, the District entered into a land purchase option agreement with Capinero Creek, LLC (Capinero) at a cost of $250,000. The option granted the District the right to purchase approximately 831 acres of land at a cost of $4,778,250, which includes the $250,000 amount paid for the option. In February 2021, the District exercised its option to purchase the land and the land went into escrow in April 2021. In order to purchase this land, the District financed the purchase with a loan in the amount of $4,500,000 with payments to be made semi-annually for the next 20 years. The interest rate on the note 3.10%.

Subsidence Settlement Installment Purchase Agreement: as part of the Friant-Kern Canal Middle Reach Capacity Correction Project, the District negotiated with the Friant Water Authority and came to a settlement, where-in the District agreed to make a one-time payment in the amount of $11,000,000 for the District's portion of funding the project. In order to make this payment, in December 2021, the District entered into an installment purchase agreement in the amount $5,500,000 with payments to be made semi-annually for the next 10 years. The interest rate on the note is 3.00%.

Debt service requirements on the long-term debt are as follows:

Year Ending December 31	Principal	Interest	Total
2022	$ 626,254	$ 316,702	$ 942,956
2023	663,553	291,132	954,685
2024	685,078	269,607	954,685
2025	707,302	247,384	954,686
2026	730,248	224,439	954,687
2027-2031	4,022,348	751,099	4,773,447
2032-2036	1,222,105	303,750	1,525,855
2036-2041	1,271,555	100,563	1,372,118
Total	$ 9,928,443	$ 2,504,676	$ 12,433,119

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capinero Creek	$ -	$ 4,500,000	$ 71,557	$ 4,428,443	157,261
Subsidence Settlement	-	5,500,000	-	5,500,000	468,992
	-	10,000,000	71,557	9,928,443	626,253
OPEB liability	2,435,106	197,071	56,149	2,576,028	68,089
Net pension liability	1,388,293	-	651,330	736,963	-
Total	$ 3,823,399	$ 10,197,071	$ 779,036	$ 13,241,434	$ 694,342

NOTE 10 — UNITED STATES BUREAU OF RECLAMATION (USBR)

In October 2021, the District converted its interim renewal contract with the USBR to purchase of up to 31,102 acre-feet of Cross Valley Canal water to a long-term 9(d) contract. This contract has no termination date and remains in effect as long as the District follows the terms of the contract. The price of the water is determined annually in accordance with applicable law and associated regulations. The rate in effect at December 31, 2021 was $88.73 per acre-foot. In addition to the cost of the water, the District pays for conveyance charges to the Department of Water Resources and other surcharges associated with the delivery of the water.

NOTE 11 – INVESTMENT IN JOINT POWER AUTHORITY

The District participates and associates with several joint power authorities (JPA's) for the purpose of coalition building and sharing of costs with similar agencies to help achieve overall reduced costs. The JPA's are not component units of the District, however, the following are considered joint ventures as defined by GASB No. 14. The investment in power authorities at December 31, 2021 consists of the following:

South Valley Water Association	$ 3,551
Deer Creek & Tule River Authority	103,295
	$ 106,846

South Valley Water Association: The South Valley Water Association (SVWA) was formed through a memorandum of understanding and on April 1, 2017 reorganized as a JPA. The SVWA was formed solely to address water supply related issues of common concern to the participants. The SVWA is comprised of 7 members with the District having a 5.71% membership share. The District's share of the gain on investment from SVWA for the year ended December 31, 2021 was $1,290.

Deer Creek & Tule River Authority: The Deer Creek & Tule River Authority (DCTRA) was formed in 1994 by its members, for the purpose of affecting more efficient operation and management of their activities including, but not limited to, conservation, distribution and utilization of the member's water supply for their mutual benefit. The DCTRA is comprised of 8 members with the District responsible for providing 16.94% of the operating funds for the DCTRA. The District's share of the loss from DCTRA for the year ended December 31, 2021 was $1,473.

Separate financial statements are available for each JPA, and condensed financial information for the most recent year available are shown below:

	Unaudited December 31, 2021 SVWA	Unaudited December 31, 2021 DCTRA
Total Assets	$ 125,180	$ 821,634
Total Liabilities	45,207	211,866
Total Net Position	$ 79,973	$ 609,768
Total Revenue	$ 637,983	$ 20,642
Total Expense	620,068	24,793
Change in Net Position	$ 17,915	$ (4,151)

NOTE 12 – EMPLOYEE RETIREMENT SYSTEM

A. General Information about the Pension Plans

Plan Description - All full-time employees, when hired, are eligible to participate in the District's PEPRA Miscellaneous Plan, cost-sharing multiple employer defined benefit plans administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Temporary employees become eligible to participate in the Plan when they have worked 1,000 hours during the CalPERS fiscal year.

Benefit Provisions under the Plans are established by State statutes within the Public Employees' 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. Copies of the CalPERS annual financial report may be obtained from the CalPERS website.

Benefits Provided - The Plan provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment and can only be amended by the District's Board of Directors.

The Plan's provisions and benefits in effect as of December 31, 2021, are summarized as follows:

	Miscellaneous Plan Pixley Irrigation District	Miscellaneous Plan Lower Tule River Irrigation District	PEPRA Miscellaneous Plan Lower Tule River Irrigation District
Hire Date	Prior to January 1, 2013	Prior to January 1, 2013	After January 1, 2013
Benefit formula	2% at 60	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Final Average Compensation Period	12 months	12 months	12 months
Retirement Age	50-55	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0%	2.0%	2.0%
Required employee contribution rates	7.0%	7.0%	6.75%
Required employer contribution rates	9.447%	10.221%	6.985%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. 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 employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

Net Pension Liability – As of December 31, 2021, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	2021
Miscellaneous Plan	$ 736,963

NOTE 12 – EMPLOYEE RETIREMENT SYSTEM (Continued)

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2021, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, 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 plans relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the pension liability for the Plan as of December 31, 2021 was as follows:

	Misc. Plan
Proportion – December 31, 2020	0.01442%
Proportion – December 31, 2021	0.01161%
Change – (Decrease)	(0.00281%)

Deferred Outflows and Inflows of Resources Related to Pension – At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 89,493	$ -
Differences between actual and expected experience	82,643	-
Difference between employer's contributions and proportionate share of contributions	30,769	(61,447)
Net differences between projected and actual earnings on plan investments	-	(643,330)
Adjustments due to differences in proportions	-	(61)
Total	$ 202,905	$ (704,838)

The $89,493 reported as deferred outflows of resources as of December 31, 2021, related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended December 31, 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31,	Amounts
2022	$ (128,471)
2023	(135,842)
2024	(149,330)
2025	(177,783)
2026	-
Thereafter	-
	$ (591,426)

NOTE 12 – EMPLOYEE RETIREMENT SYSTEM (Continued)

Actuarial Methods and Assumptions – The collective total pension liability for the June 30, 2021 measurement period was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. The collective total pension liability was based on the following assumptions:

	Miscellaneous
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table(1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Long-term Expected Rate of Return — The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class (1)	New Strategic Allocation	Real Return Years 1-10(2)	Real Return Years 11+(3)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

NOTE 12 – EMPLOYEE RETIREMENT SYSTEM (Continued)

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate 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 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 presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, 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:

		Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
2021	Employer's Net Pension Liability/(Asset) - Miscellaneous	$ 1,542,676	$ 736,963	$ 70,893

Expected Average Remaining Service Lifetime (EARSL) - The EARSL for PERF C for the measurement date ending June 30, 2021 is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of the active employees) by 150,648 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Summary of Changes of Benefits or Assumptions - Benefit Changes: There were no changes to benefit terms that applied to the Public Agency Pool.

Changes of Assumptions – In 2021, there were no changes.

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan Description – The District's postemployment healthcare plan provides health insurance coverage to its retired employees and their spouses. The medical insurance coverage is provided under the District's group policy plan for all of its employees. The qualifications for these benefits are the same as those under the District's Retirement Plan.

Funding Policy – The District currently funds the premiums for its OPEB plan under a *pay-as-you-go* (PAYG) system, where the current year premiums are paid as they are incurred. The District does not currently fund the OPEB plan. However, the District has provided a reserve of its cash and investments for this liability (see Note 2).

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Benefits provided – Integrated medical/prescription drug coverage is provided through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA). Employees can choose from a variety of HMO and PPO options providing comprehensive medical and prescription drug coverage. Dental and vision coverage are also provided to active employees and dependents. The District offers the same medical plans to retirees as to active employees, with the exceptions that dental and vision coverage are not District-paid, and that once a retiree becomes eligible for Medicare (that is, reaches age 65), he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer.

Employees become eligible to retire and receive District-paid healthcare benefits upon attainment of age 55 and 5 years of covered PERS service. Benefits are available for the lifetime of the retiree and spouse or surviving spouse (and dependent children up to the age of 26). The Districts' contribution on behalf of all eligible retirees and surviving spouses is equal to 100% of the retiree premium plus 50% of the dependent premium, in addition to an administrative fee of approximately 0.33% of total premium.

Employees covered by benefit terms – At December 31, 2021, the following employees were covered by the benefit terms:

	2021
Inactive employees of beneficiaries currently receiving benefit payments	16
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	35
	51

Total OPEB Liability – The Districts' Total OPEB liability of $2,576,028 was based on a roll-forward valuation date as of December 31, 2020 with a measurement date as of December 31, 2021.

Actuarial Assumptions – The Total OPEB liability in the December 31, 2021 actuarial valuation was determined was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Discount rate	2.06% per year net of investment expense
Healthcare cost trend rates	4.00%
Retirees' share of cost	Retirees pay 50% of the cost for dependents if dependent coverage is elected. Dental and vision coverages are not paid for by the District.

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Tables for Males or Females, as appropriate, projected using a generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049, and 20% of MP-2016 for 2050 and thereafter.

All actuarial assumptions used in measuring the Total OPEB Liability are described beginning on page 8 of the actuary report. The assumptions were based on plan experience through December 31, 2021. The actuarial cost method used for measuring the Total OPEB Liability for purposes of GASB 75 was Entry Age, Level Percent of Pay.

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Changes in the Total OPEB Liability (TOL)

	2021
Service cost at beginning of year	$ 128,485
Interest on TOL plus service cost, less 1/2 benefit payments	51,897
Changes of assumptions	16,690
Benefit payments, adjusted for implicit subsidy	(56,150)
Net change in Total OPEB Liability	140,922
Total OPEB Liability - beginning	2,435,106
Total OPEB Liability - ending	$ 2,576,028

Sensitivity of the Total OPEB Liability to changes in the discount rate – The following presents the Districts' Total OPEB Liability as of December 31, 2021 calculated using the discount rate of 2.06%, respectively, as well as what the Districts' Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower, or 1-percentage-point higher than the current rate:

	2021 1% Decrease (1.06%)	2021 Current Rate (2.06%)	2021 1% Increase (3.06%)
Total OPEB Liability	$ 3,027,954	$ 2,576,028	$ 2,214,769

Sensitivity of the Total OPEB Liability to changes in the healthcare trend rates – The following presents the Districts' Total OPEB Liability as of December 31, 2021, calculated using the healthcare trend rate of 4.00%, as well as what the Districts' Total OPEB Liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rate.

	2021 1% Decrease (3.0%)	2021 Current Rates (4.0%)	2021 1% Increase (5.0%)
Total OPEB Liability	$ 2,122,457	$2,576,028	$3,176,686

OPEB Expense and Deferred Outflows of Resources Related
The current balances of collective deferred outflows of resources as of December 31, 2021 were as follows:

	Deferred Outflows of Resources
Difference between expected and actual experience	$ 155,660
Changes in assumptions	743,839
Total	$ 899,499

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31,	Deferred Outflows of Resources
2022	$ 99,001
2023	99,001
2024	99,001
2025	99,001
2026	99,001
Thereafter	404,494
Total	$ 899,499

These schedules are projected and are subject to revision as of December 31, 2021 for experience gains and losses between the valuation date and December 31, 2021; specifically, benefit payments greater than or less than expected, and any required changes in discount rate.

The annual OPEB Expense recognized by the Districts can be calculated as the changes in the amounts reported on the Statement of Net Position that are not attributable to employer contributions. It is the change in Total OPEB Liability minus the changes in deferred outflows plus the changes in deferred inflows plus employer contributions.

The components of the annual OPEB Expense for the Districts as of December 31, 2021, was as follows:

Total OPEB Liability at the beginning of the year (a)	$ 2,435,106
Total OPEB Liability at the end of the year (b)	2,576,028
Change in Total OPEB Liability [(b)-(a)]	140,922
Change in Deferred Outflows	82,311
Employer Contributions*	56,150
OPEB Expense	$ 279,383

*Actual pay-as-you-go, adjusted for implicit subsidy.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

Misstatements in the District's previously issued financial statements, have been corrected in the current year. Accounts payable was understated for water conveyance fees payable to the California Department of Water Resources for the conveyance of Cross Valley Canal water into the District. This resulted in the following change to the unrestricted net position as of December 31, 2020.

As previously reported, December 31, 2020	$ 12,164,198
Understatement of accounts payable	(1,268,860)
As restated, December 31, 2020	$ 10,895,338

There is no effect in the change in net position for the year ending December 31, 2021. The effect of the correction on changes in net position for the year ending December 31, 2020 has not been determined.

REQUIRED SUPPLEMENTARY INFORMATION

PIXLEY IRRIGATION DISTRICT
A COST SHARING MULTIPLE EMPLOYER
DEFINED BENEFIT PENSION PLAN
As of December 31, 2021
Last 10 Years (1)

Schedule of Proportionate Share of the Net Pension Liability - Miscellaneous Plan

	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
Proportion of the net pension liability	.01162%	.01442%	.01375%	.01314%	.01322%	.00860%	.00542%
Proportionate share of the net pension liability	$ 736,963	$ 1,388,292	$ 1,278,518	$ 1,170,361	$ 1,210,658	$ 864,589	$ 337,256
Covered - employee payroll	$ 289,091	$ 279,114	$ 274,422	$ 268,471	$ 263,115	$ 264,225	$ 247,919
Proportionate share of the net pension liability as a percentage of covered-employee payroll	254.92%	497.39%	465.89%	435.94%	460.13%	327.22%	136.03%
Proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	87.92%	76.55%	77.46%	78.14%	76.20%	80.17%	91.23%

Schedule of Contributions - Miscellaneous Plan

	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
Actuarially determined contribution	$ 39,556	$ 36,740	$ 36,502	$ 28,092	$ 47,836	$ 34,053	$ 34,183
Contributions in relation to the actuarially determined contributions	(39,556)	(36,740)	(36,502)	(28,092)	(47,836)	(34,053)	(34,183)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 289,091	$ 279,114	$ 274,422	$ 268,471	$ 263,115	$ 264,225	$ 247,919
Contributions as a percentage of covered employee payroll	13.68%	13.16%	13.30%	10.46%	18.18%	12.88%	13.79%

(1) Fiscal year 2015 was the first year of implementation, therefore only seven years are shown.

PIXLEY IRRIGATION DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS *
As of December 31, 2021

The components of the Districts' Total OPEB Liability were as follows:

Total OPEB Liability (TOL)	**2021**	**2020**	**2019**	**2018**
Service cost at beginning of year	$ 128,485	$ 48,955	$ 47,528	$ 45,656
Interest on TOL plus service cost, less 1/2 benefit payments	51,897	44,445	50,268	47,321
Difference between expected and actual experience	-	185,900	4,341	-
Changes of assumptions	16,690	573,125	345,058	-
Benefit payments, adjusted for implicit subsidy	(56,150)	(26,964)	(27,782)	(22,539)
Net change in Total OPEB Liability	140,922	825,461	419,413	70,438
Total OPEB Liability - beginning	2,435,106	1,609,645	1,190,232	1,119,794
Total OPEB Liability - ending	$ 2,576,028	$ 2,435,106	$ 1,609,645	$ 1,190,232
Covered-employee payroll (1/3 of total for both Districts)	816,740	876,504	933,320	939,586
Total OPEB liability as a percentage of covered-employee payroll	315.40%	277.82%	172.46%	126.60%

* The amounts presented for the fiscal year were determined based on a measurement date that was one year prior to the year-end reporting date. This is a 10-year schedule, however prior valuations were not rerun in accordance with GASB 75 and are therefore not presented. Additional years will be added to this schedule as information becomes available until 10 year are presented.

PIXLEY IRRIGATION DISTRICT
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS LIABILITY CONTRIBUTIONS
As of December 31, 2021 and 2020

The District OPEB plan does not currently have any actuarially determined, contracted, or statutorily required contribution requirements.

OTHER SUPPLEMENTARY INFORMATION

PIXLEY IRRIGATION DISTRICT
SCHEDULE OF OPERATING EXPENSES
For the Year Ended December 31, 2021

Source of supply	
Water purchase and cost	$ 505,433
Transmission and distribution	
O&M Salaries and wages	474,238
Water system operation expenses	69,121
Repairs and maintenance	20,094
Small tools and supplies	34,491
Weed control	62,899
Fuel and oil	73,843
Equipment rental	5,697
Total transmission and distribution	740,383
General and Administrative	
Salaries and wages	226,875
Payroll taxes	88,373
Telephone	8,571
Utilities	26,825
Assessments	3,388
Dues and subscriptions	32,589
Travel and training	8,895
State Water Resource Control Board	41,945
South Valley Water Association	36,456
Legal and professional costs	156,264
SGMA implementation	142,513
Engineering	80,104
Maintenance, equipment, building and yard	29,364
Office expense	12,442
Office supplies	8,152
Parts and supplies	56,395
Insurance	37,823
Directors' fees	2,333
Other post-employment benefits	279,383
Pension expense	115,891
Employee benefits	216,120
Other costs	32,962
Depreciation and amortization	301,348
Total general and administrative	1,945,011
Total operating expenses	$ 3,190,827

See independent auditors' report