

PORTERVILLE IRRIGATION DISTRICT

**INDEPENDENT AUDITOR'S REPORTS,
FINANCIAL STATEMENTS, AND
SUPPLEMENTAL INFORMATION,**

FOR THE YEARS ENDED

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Porterville Irrigation District

Opinion

We have audited the accompanying financial statements of the Porterville Irrigation District (the District) as of and for the years ended December 31, 2021 and 2020, 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 Porterville Irrigation District as of December 31, 2021 and 2020, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits 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 audits. 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 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, 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 Porterville 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 and Schedules of Proportionate Share of the Net Pension Liability - Miscellaneous Plan and Schedules of Contributions - Miscellaneous Plan page 23 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, the Schedules of Proportionate Share of the Net Pension Liability - Miscellaneous Plan and Schedules of Contributions - Miscellaneous Plan on page 23 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. The District has not presented management's discussion and analysis. Our opinion on the basic financial statements is not affected by this missing information.

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 Schedules of Transmission and Distribution Expenses and Schedules of Administrative and General Expenses on page 24 are presented for purposes of additional analysis and are 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 by us. In our opinion, based on our audit, the Schedules of Transmission and Distribution Expenses and Schedules of Administrative and General Expenses on page 24 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Cuttone & Mastro

Fresno, California
June 3, 2022

**PORTERVILLE IRRIGATION DISTRICT
STATEMENTS OF NET POSITION
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 3,909,099	\$ 3,725,669
Receivables	574,767	752,598
Prepaid interest	-	25,750
Prepaid expenses	<u>221,449</u>	<u>43,382</u>
Total Current Assets	<u>4,705,315</u>	<u>4,547,399</u>
Capital Assets: net of accumulated depreciation	<u>7,782,211</u>	<u>7,791,462</u>
Other Assets:		
Success Power Project	13,409	32,085
Ditch Stock	111,704	111,704
USBR operating and maintenance surplus	<u>398,716</u>	<u>7,202</u>
Total Other Assets	<u>523,829</u>	<u>150,991</u>
Total Assets	<u>13,011,355</u>	<u>12,489,852</u>
<u>Deferred Outflows of Resources</u>		
Deferred outflows related to pensions	<u>82,859</u>	<u>93,738</u>
Total Deferred Outflows of Resources	<u>82,859</u>	<u>93,738</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 13,094,214</u>	<u>\$ 12,583,590</u>

See Accompanying Notes to Financial Statements

**PORTERVILLE IRRIGATION DISTRICT
STATEMENTS OF NET POSITION
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	\$ 48,766	\$ 38,298
Interest payable	20,360	10,112
Accrued liabilities	21,190	15,743
Current portion of long-term debt	429,240	314,010
Ditch Companies payable	<u>6,600</u>	<u>2,037</u>
Total Current Liabilities	<u>526,156</u>	<u>380,200</u>
Noncurrent Liabilities:		
Long-term debt, net of current portion	3,670,180	4,099,420
Net pension liability	<u>243,909</u>	<u>426,772</u>
Total Noncurrent Liabilities	<u>3,914,089</u>	<u>4,526,192</u>
Total Liabilities	<u>4,440,245</u>	<u>4,906,392</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows related to pensions	283,298	73,617
Deferred assessment revenue	<u>1,500,109</u>	<u>1,495,090</u>
Total Deferred Inflows of Resources	<u>1,783,407</u>	<u>1,568,707</u>
Total Liabilities and Deferred Inflows of Resources	<u>6,223,652</u>	<u>6,475,099</u>
<u>NET POSITION</u>		
Net investment in capital assets	3,682,791	3,378,032
Unrestricted	<u>3,187,771</u>	<u>2,730,459</u>
Total Net Position	<u>6,870,562</u>	<u>6,108,491</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ <u>13,094,214</u>	\$ <u>12,583,590</u>

See Accompanying Notes to Financial Statements

PORTERVILLE IRRIGATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For The Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Water sales – Irrigation	\$ 147,729	\$ 300,670
Water sales – Other Districts	-	178,786
Water banking fess	3,000	12,693
Groundwater recharge revenue	839,604	873,592
Assessments	1,490,658	1,493,296
Conveyance O&M refund	71,212	3,746
Other operating revenues	<u>77,663</u>	<u>21,385</u>
Total Operating Revenue	<u>2,629,866</u>	<u>2,884,168</u>
OPERATING EXPENSES		
Source of supply	749,297	1,484,370
Transmission and distribution	286,254	229,678
Administrative and general	672,407	871,082
Depreciation	<u>101,684</u>	<u>96,703</u>
Total Operating Expenses	<u>1,809,642</u>	<u>2,681,833</u>
Total Income from Operations	<u>820,224</u>	<u>202,335</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment income	9,752	40,290
Rental income	16,393	16,071
Assessment penalties and interest	6,879	7,403
Joint venture income (loss)	(8,176)	1,007
Interest expense	(82,249)	(319,726)
Other non-operating income (expenses)	<u>(752)</u>	<u>24,521</u>
Net Non-Operating Revenue (Expenses)	<u>(58,153)</u>	<u>(230,434)</u>
CHANGE IN NET POSITION	762,071	(28,099)
NET POSITION, BEGINNING OF YEAR	<u>6,108,491</u>	<u>6,136,590</u>
NET POSITION, END OF YEAR	<u>\$ 6,870,562</u>	<u>\$ 6,108,491</u>

See Accompanying Notes to Financial Statements

**PORTERVILLE IRRIGATION DISTRICT
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,720,598	\$ 3,149,433
Cash paid to suppliers and vendors	(1,831,974)	(2,087,822)
Cash paid to employees	(362,392)	(296,475)
Cash received from other operating and non-operating revenue	100,935	44,859
Cash received from contributed capital	<u>11,789</u>	<u>39,633</u>
Net cash provided by operating activities	<u>638,956</u>	<u>849,628</u>
CASH FLOWS FROM CAPITAL FINANCING ACITIVITIES		
Principle payment of long-term debt	(314,010)	(100,000)
Interest paid on long-term debt	(72,002)	(440,446)
Issuance of Installment Purchase Agreement	-	4,413,430
Certification of participation payoff	-	(4,600,000)
Capital expenditures	<u>(92,432)</u>	<u>(50,389)</u>
Net cash (used) by capital financing activities	<u>(478,444)</u>	<u>(777,405)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	12,418	47,301
Distribution from investment in Success Power	<u>10,500</u>	<u>28,000</u>
Net cash provided by investing activities	<u>22,918</u>	<u>75,301</u>
Net increase in cash and cash equivalents	183,430	147,524
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,725,669</u>	<u>3,578,145</u>
CASH AND CASH EQUIVALENTS, ENDING OF YEAR	<u>\$ 3,909,099</u>	<u>\$ 3,725,669</u>

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

Recognition of the District's proportionate share of their investment in Success Power Project's equity as of December 31, 2021 and 2020 was recorded as income (loss) in the amounts of (\$8,176) and \$1,007 respectively.

PORTERVILLE IRRIGATION DISTRICT
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Income from operations	\$ 820,224	\$ 202,335
Adjustments to reconcile operating income to cash provided by operating activity:		
Depreciation	101,684	96,703
Rental income	16,393	16,071
Assessment penalties and interest	6,879	7,403
Non-operating expenses	(752)	24,521
(Increase) Decrease in:		
Receivables	175,165	326,330
Prepaid water	-	-
Prepaid interest	25,750	(25,750)
Prepaid expenses	(178,067)	(1,771)
USBR operating and maintenance surplus	(391,514)	150,705
Deferred outflows related to pension	10,879	4,850
Increase (Decrease) in:		
Accounts payable	10,468	16,369
Deferred assessments	5,019	(47)
Accrued liabilities	5,447	2,243
Ditch company payable	4,563	(474)
Net pension liability	(182,863)	44,313
USBR operating and maintenance deficit	-	-
Deferred inflows related to pension	<u>209,681</u>	<u>(14,173)</u>
 Net Cash Provided by Operating Activities	 \$ <u>638,956</u>	 \$ <u>849,628</u>

See Accompanying Notes to Financial Statements

PORTERVILLE IRRIGATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Operations

Porterville Irrigation District was formed as a special district in the State of California and is governed by a five-person Board of Directors. The District provides irrigation water to the rural area surrounding the City of Porterville in Tulare County.

Reporting Entity

In accordance with the requirements of Statement No. 14, *The Financial Reporting Entity, of the Government Accounting Standards Board (GASB)*, the financial statements must present the District (the primary government) and its component units. Pursuant to this criterion, no component units were identified for inclusion in the accompanying financial statements.

Basis of Presentation and Accounting

The District follows the provisions of the Governmental Accounting Standards Board Statement No. 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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation — The accounts of the District are organized as a Proprietary Fund/Enterprise Fund — Enterprise funds account for the operations in a manner similar to private business enterprises. The intent of the governing body is that the costs (including depreciation and amortization) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The focus of enterprise fund measurement is based upon determination of operating income, changes in net assets, financial position, and cash flows. The District's enterprise fund financial statements are presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Operating revenues, such as water sales and nonwater sales and services, and assessments, 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. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or ancillary activities.

**PORTERVILLE IRRIGATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021 and 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Budgetary Procedures

The District operates under a budget prepared and approved annually by the Board of Directors. The budget is prepared on a detailed line-item basis. Revenues are budgeted by source, and expenses are budgeted by use (source of water supplies, system operating and maintenance, equipment and shop, general operating, payroll, administrative and capital outlay). Once approved, the Board of Directors may amend the adopted budget when unexpected modifications are required in estimated revenues and expenses.

Cash and Cash Equivalents

Cash includes currency, demand deposits with banks and other financial institutions, and other accounts that have the general characteristics of demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash or those investments with original maturities of three months or less.

For purposes of the Statements of Cash Flows, the District considers cash on hand and in the bank as well as funds on deposit with the Local Agency Investment Fund (LAIF) and restricted cash to be cash and cash equivalents.

Receivables

All receivables are considered collectible because the District obtains a lien upon the property of the landowner once the receivable becomes delinquent. The District will maintain a lien on the property until the property is sold. No allowance for bad debts has been provided as no material write-offs are expected for receivables at December 31, 2021 and 2020.

Assessments

In accordance with provisions of Division II of the Water Code of the State of California, annual assessments are levied upon the land within the District to provide the funds necessary for the District to meet its financial obligations. To properly match revenues with expenses, the revenue from the assessments levied in the current year have been deferred to the subsequent year.

Groundwater Recharge Revenue

District land subject to the higher supplemental assessment rate approved in the 218 Election held in 2018, are given an opportunity to utilize their allocated share of the District's water in the form of groundwater recharge credits. For the years ended December 31, 2021 and 2020 the District had available 2,945 acre-ft and 12,500 acre-ft, respectively, for groundwater recharge credit allocation and irrigation delivery. This was offered at \$285 per acre-ft and \$70 per acre-ft for the years ended December 31, 2021 and 2020, respectively. The revenue earned for the sale of these credits is reported in the period the water was received by the District and recharged.

Capital Assets

The straight-line method has been used to determine depreciation based on the following estimated useful lives:

	<u>Years</u>
Transmission and distribution	20 & 40
Buildings and improvements	20 & 40
Vehicles & equipment	5-10

**PORTERVILLE IRRIGATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021 and 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Capital Assets, continued

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.

Water Exchange Accounts

The District engages in water transfers and exchanges with several entities. The amount of water exchange accounts is recorded at the price the District is currently paying for Friant Class 1 water. No water exchange balances were outstanding as of December 31, 2021 and 2020.

Uses 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.

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.

Income Tax

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.

New Accounting Pronouncements - GASB Statement No 87 – Leases

The objective of GASB Statement No. 87 is to improve the accounting and financial reporting of leases by governments. GASB Statement No. 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement is effective for reporting periods beginning after June, 2021 (was originally December 15, 2019), which for the District is the fiscal year ending December 31, 2022.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The carrying amount of cash and cash equivalents at December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Petty cash	\$ 200	\$ 200
Cash in Bank - Bank of America	205,373	233,867
State of California Local Agency Investment Fund (LAIF)	<u>3,703,526</u>	<u>3,491,602</u>
Total	<u>\$ 3,909,099</u>	<u>\$ 3,725,669</u>

**PORTERVILLE IRRIGATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021 and 2020**

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS, continued:

The District has not adopted an Investment Policy for its cash and cash equivalents. The District's cash and cash equivalents are invested mainly with the Local Agency Investment Fund (LAIF) and general checking account.

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. The California government Code requires California banks to secure the District's deposits by pledging government securities or first trust deed mortgage notes. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

The District's cash deposits with Bank of America are insured by the Federal Depository Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2021, all deposits were FDIC insured and as of December 31, 2020, the amount uninsured by the FDIC was \$10,701, and Bank of America has not properly collateralized the excess.

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of government investment pools such as Local Agency Investment Fund (LAIF).

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 and 2020 was .212% and .63% respectively. The District's investment in the Local Agency Investment Fund is carried at amortized cost which approximates fair value. All pooled funds are regulated by the California Government Code.

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. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposits	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

**PORTERVILLE IRRIGATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021 and 2020**

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS, continued:

Concentration of Credit Risk

The District has no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

3. RECEIVABLES

The total receivables at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Assessments-current	\$ 426,105	\$ 400,819
Recharge credits	-	216,299
Service Area #1 #2 Project	24,197	35,986
Certificates of sale and penalties	38,767	32,930
Interest	1,603	4,269
Other	<u>84,095</u>	<u>62,295</u>
	<u>\$ 574,767</u>	<u>\$ 752,598</u>

The District has placed several liens on properties with delinquent receivables in the amount of \$38,767 and \$32,930 as of December 31, 2021 and 2020, respectively.

4. CAPITAL ASSETS

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

	Balance <u>12/31/20</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/21</u>
Capital assets not being depreciated				
Land and land rights	\$ 17,360	\$ -	\$ -	\$ 17,360
Success Reservoir storage right	225,995	-	-	225,995
Perpetual water supply contract	4,219,005	-	-	4,219,005
Construction in progress	<u>84,872</u>	<u>21,382</u>	-	<u>106,254</u>
Totals	<u>4,547,232</u>	<u>21,382</u>	-	<u>4,568,614</u>
Capital assets being depreciated				
Transmission and distribution	3,554,644	-	-	3,554,644
Buildings and improvements	41,512	-	-	41,512
Vehicles & equipment	<u>148,699</u>	<u>71,050</u>	<u>36,181</u>	<u>183,568</u>
Totals	3,744,855	<u>\$ 71,050</u>	<u>\$ 36,181</u>	3,779,724
Less Accumulated depreciation	<u>(500,625)</u>	<u>(101,683)</u>	<u>36,181</u>	<u>(566,127)</u>
Total capital assets being depreciated	<u>3,244,230</u>			<u>3,213,597</u>
Net Book Value	<u>\$ 7,791,462</u>			<u>\$ 7,782,211</u>

5. INVESTMENT IN SUCCESS POWER PROJECT

The District, as a member of the Tule River Association, entered into an agreement for use of the waters of Tule River for power generation at Success Dam (Success Power Project). The District has a 12.0 participation percentage in the Project. For the years ended December 31, 2021 and 2020, the District increased its investment and recorded estimated revenue (loss) in the amount of (\$8,176) and \$1,007, respectively for the District's percentage of net income.

**PORTERVILLE IRRIGATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021 and 2020**

5. INVESTMENT IN SUCCESS POWER PROJECT, contiued

Unaudited separate financial statements of the Success Power Project are available, and condensed financial information for the most recent years are shown below:

	December <u>31, 2021</u>	December <u>31, 2020</u>
Total assets	\$ 157,572	\$ 300,701
Total liabilities	<u>-</u>	<u>-</u>
Net assets	\$ <u>157,572</u>	\$ <u>300,701</u>
Total revenues	\$ 331	\$ 66,439
Total expenses	<u>68,461</u>	<u>58,050</u>
Changes in net assets	\$ <u>(68,130)</u>	\$ <u>8,389</u>

6. INVESTMENT IN DITCH STOCKS

The District has acquired shares in a number of water and ditch companies in order to expand the amount of water supply available to the landowners within its boundaries. The total investment of \$111,704 as of December 31, 2021 and 2020 is reported on the Statement of Net Position at historical cost. Management does not consider the investments to be impaired. The amount of water received will vary from year to year. The number of shares owned as of December 31, 2021 and 2020 and the acre-feet allocated to the District for the 2021 and 2020 are as follows:

<u>Ditch / Water Company</u>	<u># of Shares</u>	<u>Acre-ft/Share</u>	<u>Total Acre-Ft</u>
Gilliam-McGee Ditch Co	178.00	2.50	445.00
Hubbs & Minor Ditch Co	19.00	4.70	89.30
Porter Slough Ditch Co	63.00	3.00	189.00
Pioneer Water Co	138.67	1.50	208.01
Poplar Irrigation Co	1.00	55.00	<u>55.00</u>
Total			<u>986.31</u>

7. LONG-TERM DEBT

2020 Installment Purchase Agreement

On November 5, 2020 the District refinanced the long-term debt (Certificates of Participation) in the amount of \$4,413,430 that were issued by the District to provide funds 1) to pay the United States Bureau of Reclamation and 2) to pay costs of delivery of the Certificates. Interest rate is 1.49% per annum on this issue.

Debt service requirements on the Installment Purchase Agreement are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 429,240	\$ 57,884	\$ 487,124
2023	433,730	51,454	485,184
2024	442,990	44,923	487,913
2025	446,800	38,294	485,094
2026	455,350	31,573	486,923
2027-2030	<u>1,891,310</u>	<u>56,813</u>	<u>1,948,123</u>
Total	\$ <u>4,099,420</u>	\$ <u>280,941</u>	\$ <u>4,380,361</u>

**PORTERVILLE IRRIGATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021 and 2020**

7. LONG-TERM DEBT, continued:

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

	<u>Beginning</u>			<u>Ending</u>	<u>Current</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Portion</u>
Installment Purchase Agreement	\$ 4,413,430	\$ -	\$ 314,010	\$ 4,099,420	\$ 429,240
Net Pension Liability	<u>426,772</u>	<u>-</u>	<u>182,863</u>	<u>243,909</u>	<u>-</u>
Total	<u>\$ 4,840,202</u>	<u>\$ -</u>	<u>\$ 496,873</u>	<u>\$ 4,343,329</u>	<u>\$ 429,240</u>

8. RELATED PARTY TRANSACTIONS

The members of the District's Board of Directors are required to live 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. In addition, routine transactions occur between the District and jointly governed organizations.

9. JOINTLY GOVERNED ORGANIZATIONS

The District has an ongoing financial interest and/or financial responsibility (but no equity interests) with the following JPAs:

Friant Water Authority

Formed in 2004, for the purpose to, among other things, acquire, protect, preserve and enhance water supplies and water rights, related to our contracts with the USBR. The Friant Water Authority also operates and maintains the Friant-Kern canal.

Deer Creek and Tule River Authority

The Deer Creek and Tule River Authority (DCTRA) is comprised of eight special districts for the purpose of affecting more efficient operation and management of their activities. DCTRA is governed by a board of directors consisting of representatives from each member district.

Tule River Association

The Tule River Association (TRA) is comprised of five entities including special districts, water companies, and other water agencies, for the purpose of facilitating the flow and storage of Tule River water. TRA is governed by a board of directors consisting of representatives from each member district.

Eastern Tule Groundwater Sustainability Agency

The Eastern Tule Groundwater Sustainability Agency (GSA) is comprised of eight special districts for the purpose of managing groundwater in a sustainable fashion. GSA is governed by a board of directors consisting of representatives from each member district.

10. DITCH COMPANIES PAYABLE

The District is acting as a repository agent for three Ditch Companies in the collection of ditch stock assessments and the disbursement of funds for various expenses of the Ditch Companies. The District Manager is acting as Secretary for the Ditch Companies and the District Assessor/Collector is acting as Treasurer for the Ditch Companies.

PORTERVILLE IRRIGATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021 and 2020

11. NET POSITION

The District's net position is categorized as net investment in capital assets (net of related debt) and unrestricted.

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. As of December 31, 2021, and 2020, the net investment in capital assets amounted to \$3,682,791 and \$3,378,032, respectively.

Unrestricted Net Position - This category represents net position of the District that do not meet the definition of "restricted" consisting of restraints placed on net position use through external constraints imposed by creditors, or net investments in capital assets. As of December 31, 2021, and 2020, the unrestricted net position amounted to \$3,030,232 and \$2,730,459, respectively.

12. COMMITMENTS AND CONTINGENCIES

Water Delivery Contract

In December 2010, the District entered into a long-term contract with the United States Bureau of Reclamation (USBR 9(d) Contract) to purchase up to 16,000-acre feet of Class I water and up to 30,000-acre feet of Class II water each year from the Friant Division of the Central Valley Project (CVP). This contract has no termination date and remains in effect as long as the District follows the terms of the contract.

In April 2013, the District permanently assigned all rights to 1,000-acre feet of Class I water to another Irrigation District in return for consideration of \$5,000,000.

The rate per acre-foot paid by the District for this contract water is determined annually in accordance with applicable Federal law and associated regulations. Water rates in effect at December 31, 2021 were \$25.38 per acre-foot for Class I and \$10.16 per acre-foot for Class II water. Water rates in effect at December 31, 2020 were \$23.98 per acre-foot for Class I and \$6.15 per acre-foot for Class II water.

A factor in determining the cost of water is the operating and maintenance (O&M) deficit or surplus the District has with the USBR. In 2019, the District made a voluntary payment of \$245,146 and created a surplus of O&M in the amount of \$157,907. The surplus as of December 31, 2021 and 2020 was \$398,716 and \$7,202, respectively. The surplus increased due to the USBR's change in allocations as of September 30, 2019. The surplus will be used in determining the 2021 and future water rates. In addition, as of September 30, 2020 and 2019, the District had a capital and construction cost deficit of \$192,949 and \$453,144, respectively. The construction costs will continue to accumulate or adjust annually and be due by 2030. As of the issuance of the Districts audited financial statements, the Districts operating and maintenance deficit or surplus and capital and construction cost have not been determined by the USBR for the year ended September 30, 2021.

Joint-Powers Authority-Friant Water Authority

As a Friant contractor the District is obligated to share in the cost of operating and maintenance costs of the Friant-Kern Canal. An agreement also exists between the Friant Water Authority (the Authority) and the San Luis & Delta-Mendota Water Authority (SLDMWA) that defines how the Authority is to compensate SLDMWA for the water delivered to Settlement (Exchange) Contractors from their project facilities. Settlement contractors receive their water without charge from those facilities and Friant Division Contractors are responsible for the OM&R costs incurred by the SLDMWA in delivering Settlement water. The District is also obligated to share in these costs.

**PORTERVILLE IRRIGATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021 and 2020**

12. COMMITMENTS AND CONTINGENCIES, continued:

Friant-Kern Canal Middle Reach Capacity Correction – In addition, as a Friant contractor, the District has a future obligation to the Friant Water Authority for its proportion of project cost for the Friant-Kern Canal Middle Reach Capacity Correction Project. This project is to repair a 35-mile stretch of the canal that has subsided due to groundwater pumping during the last drought. The Project is to be constructed in phases, with Phase 1 expected to begin in the 4th quarter of 2021. The estimated cost of Phase 1 is \$263 million with funding coming from both Federal and non-Federal sources.

For funding from non-Federal sources, the Authority has established a project cost-sharing amount of \$50 million to be covered by all of the Friant-Kern Canal Contractors. The District’s share is based on its current operations, maintenance and repair (OM&R) allocation under the existing OM&R allocation policy. The canal repairs should not have an effect on the District’s water deliveries.

The current estimated share of the District's obligation is \$981,859 and the estimated funding request schedule from the FWA is as follows:

<u>Invoice Date</u>	<u>Payment Due Date</u>	<u>Amount</u>
August 13, 2021	October 1, 2021	\$ 145,119
November 19, 2021	January 3, 2022	156,484
February 11, 2022	April 1, 2022	149,316
May 13, 2022	July 1, 2022	151,943
August 19, 2022	October 3, 2022	245,465
November 18, 2022	January 3, 2023	<u>133,533</u>
		<u>\$ 981,859</u>

The District’s allocated amounts for the first and second payments were \$143,519 and 154,759, respectively, both which were paid by the District in 2021. The difference between the amounts paid and the allocation amounts above will be adjusted in the future payment.

SLDMWA JPP Rewind Project – On November 6, 2020 the Friant Water Authority (FWA) entered into a Funding Agreement with the San Luis Delta Mendota Water Authority (SLDMWA). The Agreement calls for FWA to make 5 scheduled payments between November 2020 and August 1, 2022 as reported below. In addition, the Agreement calls for FWA to make a “Public Debt; Offset Payment” under which FWA paid what would have been its share of the actual cost of the bond issuance of \$104,537 on February 1, 2021. FWA made the first Funding Agreement payment of \$1,755,108 on November 19, 2020. On February 25, 2021 the FWA acted to invoice the Friant Division Contractors for the payments made utilizing the SLDMWA allocation percentages in effect for the water year (WY) the payments are made. The District’s allocated amount for the first payment made by the FWA in November 2020 was \$34,437. This amount was paid by the District in April of 2021.

FWA’s estimated payment schedule is as follows:

<u>Payment</u>	<u>Date</u>	<u>Friant Share at 40% of Total</u>	<u>District's Allocated Share based on:</u>
Unit 1 NTP	November 2020	\$ 1,755,108	WY 2020 Percentage
Unit 1 Mid	June 1, 2021	N/A	
Unit 4 NTP	July 1, 2021	995,154	WY 2021 Percentage
Unit 1 Test	November 1, 2021	701,919	WY 2021 Percentage
Unit 4 Mid	April 1, 2022	778,678	WY 2022 Percentage
Unit 4 Test	August 1, 2022	<u>709,007</u>	WY 2022 Percentage
		<u>\$ 4,939,866</u>	

**PORTERVILLE IRRIGATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021 and 2020**

12. COMMITMENTS AND CONTINGENCIES, continued

Joint Management Agreement

On July 24, 2006, Porterville Irrigation District, Saucelito Irrigation District, and Terra Bella Irrigation District entered into an agreement wherein, the Districts established a "Joint Manager" that would report to each of the Districts. Under the terms of the agreement, the Joint Manager is an employee of Terra Bella Irrigation District. Salary, benefits and incidental costs and expenses of the Joint Manager are to be shared equally by the three District's. This agreement became effective September 1, 2006: Porterville Irrigation District's portion of contract management services paid to Terra Bella Irrigation District for the years ended December 31, 2021 and 2020 was \$103,489 and \$112,036, respectively.

Other Cases

Porterville Irrigation District, as a member of the Friant Water Authority, is also a party through the Authority in various cases currently in litigation concerning releases of water from Friant Dam into the San Joaquin River. Adverse decisions on these litigations could significantly reduce the water supply available to the District. The financial impact of an unfavorable decision in any of these cases cannot be estimated.

13. EMPLOYEE RETIREMENT SYSTEM

A. General Information about the Pension Plans

Plan Descriptions — All qualified permanent and probationary employees are eligible to participate in the Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. 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.

Benefits Provided — CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect as of December 31, 2021 and 2020, are summarized as follows:

	Miscellaneous	
	Classic - Prior to January 1, 2013	PEPRA - On or after January 1, 2013
Hire Date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement Age	50-55	52-67
Monthly benefits, as of % of eligible compensation	2%	2%
Required employee contribution rates	7.0%	6.25%
Required employer contribution rates	7.634%	6.842%

**PORTERVILLE IRRIGATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021 and 2020**

13. EMPLOYEE RETIREMENT SYSTEM, continued:

Contributions — Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate.

Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CaIPERS. 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 Local Government is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the years ended December 31, 2021 and 2020, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous Plan</u>	
	<u>2021</u>	<u>2020</u>
Contributions - employer	\$ 41,598	\$ 30,920
Contributions – employee (paid by employee)	\$ 12,328	\$ 9,615

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

Net Pension Liability – As of December 31, 2021 and 2020, the Local Government reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>	
	<u>2021</u>	<u>2020</u>
Miscellaneous Plan	\$ <u>243,909</u>	\$ <u>426,772</u>
Aggregate Net Pension Liability	\$ <u>243,909</u>	\$ <u>426,772</u>

The Local Government's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each 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 Local Government's proportion of the net pension liability was based on a projection of the Local Government's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Local Government's proportionate share of the net pension liability for each Plan as of December 31, 2021 and 2020 was as follows:

	<u>Miscellaneous Plan</u>
Proportion – December 31, 2020	0.01012%
Proportion – December 31, 2021	<u>0.01285%</u>
Change – Increase/(Decrease)	<u>0.00273%</u>

At December 31, 2021 and 2020, the District recognized pension expense of \$79,295 and \$67,857, respectively.

**PORTERVILLE IRRIGATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021 and 2020**

13. EMPLOYEE RETIREMENT SYSTEM, continued:

Deferred Outflows and Inflows of Resources Related to Pension – At December 31, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2021</u>	<u>2020</u>
	Deferred	Deferred
	Outflows of	Outflows of
	<u>Resources</u>	<u>Resources</u>
Differences between Expected and actual Experience	\$ 27,352	\$ 21,993
Difference between Projected and Actual Investment Earnings	-	12,678
Changes in Employer’s Proportion	21,506	32,198
Pension Contributions Made Subsequent to Measurement Date	<u>34,001</u>	<u>26,869</u>
	<u>\$ 82,859</u>	<u>\$ 93,738</u>
	<u>2021</u>	<u>2020</u>
	Deferred	Deferred
	Inflows of	Inflows of
	<u>Resources</u>	<u>Resources</u>
Changes of Assumptions	\$ -	\$ 3,044
Difference between Projected and Actual Investment Earnings	212,920	-
Differences between Employer’s Contributions and Proportionate Share of Contributions	<u>70,378</u>	<u>70,573</u>
	<u>\$ 283,298</u>	<u>\$ 73,617</u>

The \$34,001 and \$26,869 reported as deferred outflows of resources as of December 31, 2021 and 2020, respectively, 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 and 2021, 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:

<u>Fiscal Year Ending December 31:</u>	<u>Miscellaneous</u>
2022	\$ (62,796)
2023	(58,361)
2024	(54,443)
2025	(58,840)
2026	-
Thereafter	-
	<u>\$ (234,440)</u>

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:

**PORTERVILLE IRRIGATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021 and 2020**

13. EMPLOYEE RETIREMENT SYSTEM, continued:

	<u>Miscellaneous</u>
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:

<u>Asset Class (1)</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10(2)</u>	<u>Real Return Years 11+(3)</u>
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	<u>1.00%</u>	0.00%	-0.92%
Total	<u>100.00%</u>		

**PORTERVILLE IRRIGATION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021 and 2020**

13. 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 for PERF C was 7.15%. 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 Districts 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%	Current Discount Rate	Discount Rate +1%
		6.15%	7.15%	8.15%
2021	Employer’s Net Pension Liability/(Asset) – Miscellaneous	\$ 487,207	\$ 243,909	\$ 42,779
		Discount Rate -1%	Current Discount Rate	Discount Rate +1%
		6.15%	7.15%	8.15%
2020	Employer’s Net Pension Liability/(Asset) – Miscellaneous	\$ 667,478	\$ 426,772	\$ 227,884

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 all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes of Assumptions – In 2021 and 2020, there were no changes.

REQUIRED SUPPLEMENTARY INFORMATION

**PORTERVILLE IRRIGATION DISTRICT
A COST SHARING MULTIPLE EMPLOYER
DEFINED BENEFIT PENSION PLAN
As of December 31, 2021
Last 10 Years***

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

	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/17</u>	<u>12/31/18</u>	<u>12/31/19</u>	<u>12/31/20</u>	<u>12/31/21</u>
Proportion of the net pension liability	.00644%	.00788%	.00859%	.00893%	.00955%	.01012%	.01285%
Proportionate share of the net pension liability	\$ 176,598	\$ 273,591	\$ 338,411	\$ 336,623	\$382,459	\$ 426,772	\$ 243,909
Covered – employee payroll	\$ 83,094	\$ 40,836	\$ 90,132	\$ 94,502	\$129,768	\$ 140,284	\$ 159,444
Proportionate Share of the net pension liability as percentage of covered-employee payroll	212.53%	669.98%	375.46%	356.21%	294.73%	304.22%	152.97%
Plan’s fiduciary net position	1,331,931	1,281,324	1,389,775	1,401,477	1,385,387	1,382,022	1,598,823
Plan fiduciary net position as a percentage of the total pension liability	88.29%	82.40%	80.42%	80.63%	78.37%	76.41%	86.76%

Schedule of Contributions – Miscellaneous Plan

	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/17</u>	<u>12/31/18</u>	<u>12/31/19</u>	<u>12/31/20</u>	<u>12/31/21</u>
Actuarially determined contributions	\$ 5,355	\$ 7,935	\$ 13,023	\$ 10,625	\$ 22,916	\$ 26,869	\$ 34,001
Contributions in relation to the actuarially determined contributions	<u>5,355</u>	<u>7,935</u>	<u>13,023</u>	<u>10,625</u>	<u>22,916</u>	26,869	34,001
Contributions deficiency (excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Covered-employee payroll	\$ 83,094	\$ 40,836	\$ 90,132	\$ 94,502	\$ 129,768	\$ 140,284	\$ 159,444
Contributions as a percentage of covered-employee payroll	6.44%	19.43%	14.44%	11.24%	17.66%	19.15%	21.32%

* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

OTHER SUPPLEMENTARY INFORMATION

**PORTERVILLE IRRIGATION DISTRICT
SUPPLEMENTARY INFORMATION
December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Schedule of Transmission and Distribution Expenses		
Fuel	\$ 9,639	\$ 8,328
Medical insurance - employees	22,760	23,361
Miscellaneous	6	100
Payroll taxes	8,402	8,185
Repairs & maintenance	16,773	46,278
Reservoir expense	82,978	-
Retirement	27,083	21,850
Salaries	103,096	99,781
Supplies	2,552	2,739
Utilities	2,030	3,341
Weed control	7,066	10,406
Workman's compensation insurance	<u>3,869</u>	<u>5,309</u>
	<u>\$ 286,254</u>	<u>\$ 229,678</u>

Schedule of Administrative and General Expenses		
Assessments	\$ 11,662	\$ 10,471
Audit	11,700	11,250
Bond financing legal fees	-	76,004
Contract Labor	-	8
Contract management services	103,489	112,036
Director's medical insurance	53,457	49,298
Director's salaries	4,725	4,950
Dues and subscriptions	158,694	310,594
Engineering fees	24,180	6,403
Insurance and bonds	9,710	9,150
Legal	74,730	94,924
Medical insurance - employees	32,778	11,822
Miscellaneous	5,313	40,047
Payroll Taxes	7,412	4,758
Repairs and maintenance	17,168	13,286
Retirement	52,212	46,007
Salaries	89,333	57,998
Supplies	7,093	3,967
Telephone	5,101	4,750
Travel	225	244
Utilities	3,016	2,726
Workman's compensation insurance	<u>409</u>	<u>389</u>
	<u>\$ 672,407</u>	<u>\$ 871,082</u>