

TULARE IRRIGATION DISTRICT

**BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

for the year ended December 31, 2021

**CUTTONE & MASTRO
Certified Public Accountants
7543 North Ingram, Suite 102
Fresno, California 93711**

TULARE IRRIGATION DISTRICT

DECEMBER 31, 2021

BOARD OF DIRECTORS / ADMINISTRATION

David G. Bixler	President
Richard Borges, Jr.	Vice President
Dave Martin	Director
Scott Rogers	Director
Michael J. Thomas	Director
Aaron Fukuda	General Manager, Secretary
Kathi Artis	Controller

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

This section of the annual financial report presents our discussion and analysis of the Tulare Irrigation District's financial performance during the fiscal year that ended on December 31, 2021. Please read it in conjunction with the District's financial statements which immediately follow this section.

FINANCIAL HIGHLIGHTS

◆ Net position is the difference between the assets and liabilities of the District. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating. As of December 31, 2021, the District's assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$32,822,750. Of this amount, \$6,801,572 (unrestricted net position) may be used to meet the District's ongoing obligations.

◆ During the year, the District's revenues were \$2,991,382 less than the expenses generated by the District. Particular water-related income sources accruing to the District in 2021 consisted of:

- Coming out of a dry year in 2020, the District experienced a below average water year in 2021. Deliveries to the District consisted of Kaweah River supplies totaling 1,426 acre-feet, allocations from the CVP Friant Unit (Class 1, Class 2, and other surplus supplies) of 1,093 acre-feet and tertiary treated wastewater from the City of Visalia of 9,020 acre-feet. Water sale revenues totaled \$160,085. The Kaweah River Power Authority sold the Terminus Hydropower plant in October 2020 and the District received a distribution of funds in the amount of \$2,875,000 in 2021.
- The District carried over 2,998 AF of water from 2020 into 2021 and had water sales or exchanges of \$1,183,679 in 2021.

◆ The District's share of Tulare County property taxes amounted to \$295,244, a decrease of \$19,903 from 2020. Interest income totaled \$92,304, which was \$122,879 less than for 2020 due to lower interest rates.

◆ The District also has exchange programs with Persian-Watson Ditch Company, Lindsay-Strathmore Irrigation District, Westlands Water District, Kern-Tulare Water District, Delano Earlimart Irrigation District, Lindmore Irrigation District, and Orange Cove Irrigation District.

◆ The District received \$281,776 in contributed capital in 2021 for several water management facility construction projects and studies. One such project, the McKay Point Reservoir project is being jointly pursued under agreement with Consolidated Peoples Ditch Company and Visalia & Kaweah Water Company. Reimbursements from the ditch and water companies for this project's labor, equipment and materials expense totaled \$170,978 in 2021.

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

FINANCIAL HIGHLIGHTS (continued)

◆The District has formed a Groundwater Sustainability Agency (GSA) along with the cities of Tulare and Visalia for the purpose of complying with the Sustainable Groundwater Management Act (SGMA) passed by the state legislature in the fall of 2014. In accordance with SGMA, a GSP was adopted in January 2020, and groundwater sustainability is to be achieved by 2040. The District established an administration agreement with the GSA, which requires the District to provide administrative services to the GSA and receive revenue to carry out those services.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented in this annual report include the activities of Tulare Irrigation District using the reporting model as prescribed by Governmental Accounting Standards Board Statement Number 34 (GASB 34). The report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information, if any. The District's financial statements include (1) Statement of Net Position (2) Statement of Revenues, Expenses and Changes in Net Position and (3) Statement of Cash Flows. 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 year 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. The basic financial statements also include notes that further explain some of the information presented in the financial statements and provide more detailed data.

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

CONDENSED COMPARATIVE FINANCIAL STATEMENT INFORMATION

Condensed financial information as compared to the previous year is as follows:

STATEMENTS OF NET POSITION

	2021	2020	Increase (Decrease)	Percentage of Change
<u>ASSETS:</u>				
Current and other assets	\$ 15,151,720	\$ 18,020,739	\$ (2,869,019)	-16%
Capital assets	30,979,000	31,132,876	(153,876)	0%
Total Assets	46,130,720	49,153,615	(3,022,895)	-6%
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows related to OPEB	1,104,375	1,157,458	(53,083)	-5%
Total assets and deferred outflows of resources	<u>\$ 47,235,095</u>	<u>\$ 50,311,073</u>	<u>\$ (3,075,978)</u>	-6%
<u>LIABILITIES:</u>				
Current Liabilities	\$ 1,576,162	\$ 1,271,527	\$ 304,635	24%
Long term liabilities	12,360,666	12,413,093	(52,427)	0%
Total liabilities	13,936,828	13,684,620	252,208	2%
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred assessments	475,517	467,776	7,741	2%
<u>NET POSITION:</u>				
Invested in capital assets, net of related debt	26,021,178	25,765,613	255,565	1%
Unrestricted	6,801,572	10,393,064	(3,591,492)	-35%
Total net position	32,822,750	36,158,677	(3,335,927)	-9%
Total liabilities, deferred inflows of resources and net position	<u>\$ 47,235,095</u>	<u>\$ 50,311,073</u>	<u>\$ (3,075,978)</u>	-6%

Explanation of changes in selected line item:

1. The net decrease in current and other assets includes an increase in cash of \$1,833,531, a decrease in net accounts and assessments receivables of \$1,783,680, a decrease in grants receivable of \$23,600, a decrease in net prepaid expenses and Quest for Water book inventory of \$20,270, a decrease in investments and joint venture investment of \$2,875,000 and no change in asset water exchange accounts.

2. The net decrease in capital assets of \$153,876 included \$608,264 of current year depreciation expense netted against \$798,933 of capital asset additions, \$-0- in net asset dispositions and prior period adjustment of \$344,545 depreciation expense.

3. The net increase in liabilities of \$252,208 included an increase in accounts payable and accrued liabilities of \$306,551, a decrease in long term debt of \$409,442, a decrease in liability water exchange accounts of \$81,150, and an increase in total OPEB retired medical benefit accrual obligation of \$436,249.

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2021	2020	Increase (Decrease)	Percentage of Change
<u>OPERATING REVENUES:</u>				
Irrigation water sales	\$ 160,085	\$ 1,207,027	\$ (1,046,942)	-87%
Water transfers/exchanges to others	1,183,679	2,176,744	(993,065)	-46%
Current assessment	985,917	986,086	(169)	0%
U.S. environmental surcharge	1,053,449	1,053,601	(152)	0%
Nonwater sales and services	1,462,332	1,143,619	318,713	28%
Total operating revenues	<u>4,845,462</u>	<u>6,567,077</u>	<u>(1,721,615)</u>	-26%
<u>NONOPERATING REVENUES (EXPENSES):</u>				
Assessment penalties and fees	12,164	19,057	(6,893)	-36%
Property taxes	295,244	315,147	(19,903)	-6%
Interest and investment income	92,304	215,183	(122,879)	-57%
Joint venture income (loss)	-	(2,265,849)	2,265,849	-100%
Interest on long term debt	(109,146)	(230,825)	121,679	-53%
Capitalized equipment charges	12,761	104,743	(91,982)	-88%
Gain/(Loss) on sale of capital assets	38,500	(173)	38,673	-22354%
Grant income	7,163	-	7,163	
Other income	168,904	231,510	(62,606)	-27%
Total nonoperating revenues(expenses)	<u>517,894</u>	<u>(1,611,207)</u>	<u>2,129,101</u>	-132%
Total revenue	<u>5,363,356</u>	<u>4,955,870</u>	<u>407,486</u>	8%
<u>OPERATING EXPENSES:</u>				
Source of supply	3,624,260	3,671,753	(47,493)	-1%
Transmission and distributions	1,068,278	1,063,773	4,505	0%
Depreciation	608,264	477,906	130,358	27%
Administrative and general	3,335,712	2,968,985	366,727	12%
Total operating expenses	<u>8,636,514</u>	<u>8,182,417</u>	<u>454,097</u>	6%
CONTRIBUTED CAPITAL	<u>281,776</u>	<u>148,051</u>	<u>133,725</u>	90%
Change in net position	<u>\$ (2,991,382)</u>	<u>\$ (3,078,496)</u>	<u>\$ 87,114</u>	-3%

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

CAPITAL ASSET AND DEBT ADMINISTRATION

At December 31, 2021, the District had invested \$30,979,000 in a broad range of capital assets, including land, buildings, canals and ditches, water structures and equipment. This amount represents a net decrease of \$153,876 over last year.

Details to capital assets are as follows:

Capital Assets	2021	2020	Increase (Decrease)
Land	* \$ 5,754,086	\$ 4,177,330	\$ 1,576,756
Construction in progress	3,020,691	2,553,414	467,277
Water rights	320,400	320,400	-
Kaweah Lake Project	448,121	448,121	-
Rights of way	54,616	54,616	-
Bureau of Reclamation contract	10,371,321	10,371,321	-
Transmission system	* 12,370,354	13,907,110	(1,536,756)
Building and improvements	3,969,786	3,924,472	45,314
Machinery and equipment	3,949,490	3,819,627	129,863
Total capital asset	40,258,865	39,576,411	682,454
Accumulated depreciation	(9,279,865)	(8,443,535)	(836,330)
Net capital asset	<u>\$ 30,979,000</u>	<u>\$ 31,132,876</u>	<u>\$ (153,876)</u>

This year's capital asset additions included:

Additions to land	\$ 40,000
A/C unit for server room & repairs to Well	3,900
Repairs to TID well	41,414
2 computers	2,926
2022 dump truck	180,904
2021 Honda Pioneer	13,596
2021 Ford F150 Supercab	34,945
26' covered Hiway Cargo trailer	13,971
Construction in progress	467,277
	<u>\$ 798,933</u>

This year's capital disposition was trade-in of a 2008 Kenworth tractor with an original cost of \$116,479.

* During the year ended December 31, 2021, \$1,536,756 was moved from transmission system to land.

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

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long Term Debt

	Balance 1/1/2021	Additions	Principal Payments	Balance 12/31/2021	Percentage Change
Total other postemployment benefits	\$ 6,057,665	\$ 535,911	\$ 99,662	\$ 6,493,914	7.20%
2020 Refinance Installment Purchase Contract	5,150,600	-	482,601	4,667,999	-9.37%
Caterpillar Finance	216,664	-	64,485	152,179	-29.76%
American Capital Financial	-	142,404	4,760	137,644	100.00%
Totals	<u>\$ 11,424,929</u>	<u>\$ 678,315</u>	<u>\$ 651,508</u>	<u>\$ 11,451,736</u>	

ECONOMIC FACTORS RELATIVE TO FUTURE PERIODS

◆ A revised budget for 2022 indicating revenue sources (including grant income) totaling about \$7.9 million and expenses (including capital) totaling about \$12.4 million was approved by the Board of Directors in July 2022. The budget was based on water supply conditions known at that time, which are proving to be well below average and will likely be one of the driest years on record. This situation, as well as other factors taking shape in the near future, result in the following outlook for future periods:

- ◆ Irrigation water sales revenue is projected to be about \$568,000, which includes a short irrigation run in January 2022 along with tertiary treated water from the City of Visalia Wastewater Treatment Plant. Sales revenue is anticipated to decrease due to the dry year and lack of surface water to sell to growers. Following the Prop 218 implementation protocol, the Board instituted a cap on the water sales rate of \$55/AF and, for 2022, the summer rate was set at \$52/AF.
- ◆ Capital outlay for 2022 is assumed to be \$1.775 million, with about 99% devoted to five major projects - the McKay Point Reservoir Project, the Okieville Basin Project, the Seaborn Project, Area 18 Pipeline Project and the USBR Water Marketing Grant. Outside funding, the majority being federal and state grants, should contribute \$810,000 in 2022 to these and prior years' capital projects.

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

ECONOMIC FACTORS RELATIVE TO FUTURE PERIODS (continued)

◆The McKay Point Reservoir project is a joint venture project with the Consolidated Peoples Ditch Company and the Visalia and Kaweah Water Company, who are collectively, along with the District, the owners of the McKay Point property. The owners are proposing to develop a 4,000 acre-foot water storage reservoir to manage surface water supplies on the Kaweah River. In order to construct the reservoir the owners will utilize the services of an aggregate mining company to excavate the reservoir and market the removed materials. The owners will receive a royalty for the material that is sold and the revenue will be applied to the costs required to develop the reservoir. The project is currently in the planning and environmental review stages and costs associated with the project through 2021 amounted to \$1,670,668. These costs were mainly for the development of design drawings and the preparation of an administrative draft EIR. Costs associated with the design and construction of reservoir features are shared equally amongst the owners.

◆Commencing in the first quarter of 2021, the District expects to receive 10,000 to 12,000 AF annually of tertiary-treated wastewater from the City of Visalia as part of a long-term water exchange program. The receipt of this water should provide additional water sales income to the District; however, this income will be used to partially offset the costs incurred from the obligation to purchase one-half of this amount of water on average from USBR for delivery to recharge facilities in the vicinity of the City. Advance return water to the City is ongoing in 2022, with about 16,265 AF returned thus far.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our landowners, water users, local residents, cooperating governmental agencies and creditors with a general overview of the District's finances and to demonstrate the District's accountability for and proper stewardship and use of the monies it receives. If you have any questions about this report or need additional financial information, contact the District's administrative office at (559) 686-3425, located at 6826 Avenue 240, Tulare, California 93274.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tulare Irrigation District:

Opinion

We have audited the accompanying financial statements of the Tulare 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 Tulare 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 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 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 1-7, and the schedule of changes in total other postemployment benefits liability and related ratios on page 42, and the schedule of other postemployment benefit contributions on page 43 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.

Cuttone & Mastro

Fresno, California
October 6, 2022

TULARE IRRIGATION DISTRICT

**STATEMENT OF NET POSITION
DECEMBER 31, 2021**

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

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS:

Cash and cash equivalents	\$ 10,434,828
Accounts receivable, water users and others	1,076,902
Assessments receivable	115,801
Grants receivable	31,936
Prepaid expense	<u>307,738</u>

Total current assets	<u>11,967,205</u>
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CAPITAL ASSETS:

Land and capital assets not being depreciated	19,969,235
Capital assets, net of depreciation	<u>11,009,765</u>

Total capital assets	<u>30,979,000</u>
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OTHER ASSETS:

Water exchange accounts	385,810
Quest for Water book inventory	3,337
Investments	<u>2,795,368</u>

Total other assets	<u>3,184,515</u>
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Total assets	46,130,720
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DEFERRED OUTFLOWS OF RESOURCES:

Deferred outflows related to OPEB	<u>1,104,375</u>
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Total assets and deferred outflows of resources	<u><u>\$ 47,235,095</u></u>
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The accompanying notes are an integral part of the financial statements

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

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

CURRENT LIABILITIES:

Accounts payable	\$ 566,116
Accrued salaries and wages	62,523
Accrued interest expense	33,259
Compensated absences	231,353
Other liabilities	12,741
Current portion of total other postemployment benefits obligation	100,000
Current portion of long term debt	<u>570,170</u>

Total current liabilities	<u>1,576,162</u>
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LONG TERM LIABILITIES:

Total other postemployment benefits obligation, net of current portion	6,393,914
Long term debt, net of current portion	4,387,652
Water exchange accounts	<u>1,579,100</u>

Total long term liabilities	<u>12,360,666</u>
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Total liabilities	13,936,828
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DEFERRED INFLOWS OF RESOURCES

Deferred assessments	<u>475,517</u>
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Total liabilities and deferred inflows of resources	<u>14,412,345</u>
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NET POSITION:

Invested in capital assets, net of related debt	26,021,178
Unrestricted	<u>6,801,572</u>

Total net position	<u>32,822,750</u>
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Total liabilities, deferred inflows of resources and net position	<u><u>\$ 47,235,095</u></u>
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The accompanying notes are an integral part of the financial statements

TULARE IRRIGATION DISTRICT

**STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021**

TULARE IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021

OPERATING REVENUES:

Irrigation water sales	\$ 160,085
Water transfers/exchange to others	1,183,679
Current assessment	985,917
U.S. environmental surcharge	1,053,449
Nonwater sales and services	1,462,332
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Total operating revenues	4,845,462
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OPERATING EXPENSES:

SOURCE OF SUPPLY:

Water purchases	556,858
Conveyance and O & M expenses	2,437,456
Friant general membership dues	98,101
Storage charges	100,423
Water stock assessments	230,468
Water rights fees	200,954
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Total source of supply	3,624,260
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TRANSMISSION AND DISTRIBUTION:

Water Service:

Salaries and wages	88,209
Utilities	13,045
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Total water service	101,254
	<hr/>

System Maintenance:

Salaries and wages	562,445
Repairs and supplies	110,259
Weed and pest control	213,432
Equipment rental	80,888
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Total system maintenance	967,024
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Total transmission and distribution	1,068,278
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The accompanying notes are an integral part of the financial statements

TULARE IRRIGATION DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021

OPERATING EXPENSES, continued:

DEPRECIATION	\$ 608,264
ADMINISTRATIVE AND GENERAL:	
Salaries and wages	870,655
Employee benefits and payroll taxes	1,357,849
Equipment maintenance	88,191
Materials and supplies	47,559
Utilities and telephone	48,613
Fuel	124,700
Insurance	153,707
Professional services	432,966
Association dues	15,812
Uncollectible Accounts	29,938
Office and general	165,722
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Total administrative and general	3,335,712
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Total operating expenses	8,636,514
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Operating loss	(3,791,052)
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NONOPERATING REVENUES (EXPENSES):

Assessment penalties and fees	12,164
Property taxes	295,244
Interest and investment income	92,304
Interest on long term debt	(109,146)
Capitalized equipment charges	12,761
Gain on sale of capital assets	38,500
Grant income	7,163
Other income	168,904
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Total nonoperating revenues (expenses)	517,894
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The accompanying notes are an integral part of the financial statements

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

<u>CONTRIBUTED CAPITAL</u>	<u>\$ 281,776</u>
Change in net position	(2,991,382)
Total net position, beginning of year as previously stated	36,158,677
Prior period adjustment	<u>(344,545)</u>
Total net position, beginning of year as restated	<u>35,814,132</u>
Total net position, end of year	<u><u>\$ 32,822,750</u></u>

The accompanying notes are an integral part of the financial statements

TULARE IRRIGATION DISTRICT

**STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021**

**TULARE IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from irrigation water sales	\$ 178,605
Cash received from water transfers/exchange to others	3,551,191
Cash received from assessments and US environmental surcharge	2,325,137
Cash received from nonwater sales and services	417,956
Cash payments for water and operations	(5,579,647)
Cash payments to employees	(1,521,342)
Other nonoperating income	<u>508,037</u>
Net cash used by operating activities	<u>(120,063)</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:

Proceeds from asset sales	38,500
Pay down of long term debt	(551,845)
Interest paid on long term debt	(101,167)
Cash paid for asset acquisitions	(656,529)
Contributed capital and grant proceeds	<u>257,331</u>
Net cash used by capital financing activities	<u>(1,013,710)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Cash received from Kaweah River Power Authority	2,875,000
Interest received from invested cash and cash equivalents	<u>92,304</u>
Net cash provided by investing activities	<u>2,967,304</u>
Increase in cash and cash equivalents	1,833,531
Cash and cash equivalents, beginning of year	<u>8,601,297</u>
Cash and cash equivalents, end of year	<u><u>\$ 10,434,828</u></u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING
ACTIVITIES:**

Property and equipment acquired under notes payable	\$ 142,404
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The accompanying notes are an integral part of the financial statements

**TULARE IRRIGATION DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021**

**RECONCILIATION OF LOSS FROM OPERATIONS
TO NET CASH USED BY OPERATING ACTIVITIES:**

Operating loss	\$ (3,791,052)
Adjustments to reconcile loss from operations to net cash used by operating activities:	
Depreciation	608,264
Other nonoperating income	476,312
Capitalized equipment charges	12,761
(Increase) decrease in:	
Accounts receivable, water users and others	1,875,405
Assessments receivable	(36,519)
Prepaid expense	20,167
Quest for Water books	103
Deferred outflows related to OPEB	53,083
Increase (decrease) in:	
Accounts payable	255,251
Accrued salaries and wages	14,259
Compensated absences	26,598
Other liabilities	2,465
Water exchange accounts	(81,150)
Deferred assessments	7,741
Other postemployment benefits obligation	436,249
	<hr/>
Net cash used by operating activities	<u><u>\$ (120,063)</u></u>

The accompanying notes are an integral part of the financial statements

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

NOTE 1 - Summary of Significant Accounting Policies

Organization

Tulare Irrigation District (the District) is a public agency created and operated under the laws of the State of California. Its prime purpose is to manage its water supplies derived from the Kaweah and St. Johns rivers and the Friant Unit of the Central Valley Project and to distribute that water to its landowners, either directly by canal-side deliveries or indirectly by groundwater recharge.

The District includes about 70,000 acres of land, or about 110 square miles. About 65,000 acres regularly receive water supplied by the District. The District was formed in 1889 and contained only about 32,000 acres. The District constructed a canal to deliver water from the Kaweah River, a distance of about 15 miles and through the acquisition of other ditch company lands and water rights, the District grew to its present size by the late 1940's. Its facilities now include some 300 miles of canals and ditches, 30 miles of pipelines, and 535 turnouts to serve about 230 farms within the District.

The District spends money on facility maintenance, administration, personnel, equipment and supplies, water purchases, and capital construction projects. It recovers these costs by assessing properties, which benefit from the District water management activities, and by selling water to its landowners. Other revenue sources also help cover operating costs.

The District is governed by a five-person Board of Directors that is elected by the landowners of the District for four-year terms.

Reporting Entity

The District's basic financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units," include whether:

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

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

NOTE 1 - Summary of Significant Accounting Policies (continued)

Reporting Entity (continued)

Based on these criteria, the District has Rayo Water Company which should be reported as a blended component unit. A blended component units' accounts are to be blended into those of the District's by appropriate activity type to compose the primary government presentation. Because the activity of Rayo Water Company is not significant to Tulare Irrigation District, the District has reported the investment in Rayo Water Company at cost. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statements.

Fund Accounting

The operations of the District are accounted for in an enterprise fund. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where costs (expenses, including depreciation) of providing services to the general public on a continuing basis are financed through user charges.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts of the District and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The accrual basis of accounting is required for enterprise funds and is utilized by the District. Under this method, revenues are recorded when earned and expenses are recorded when incurred.

This report has been prepared in conformance with accounting principles generally accepted in the United States of America. The District applies Governmental Accounting Standards Board pronouncements.

Operating and Nonoperating Revenues

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

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

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

NOTE 1 - Summary of Significant Accounting Policies (continued)

Budgetary Procedures (continued)

may amend the adopted budget when unexpected modifications are required in estimated revenues and expenses. Typically, the budget is revised in May each year when water supplies and associated revenues and expenses are better known.

The District's annual operating budget is prepared on the cash basis. Consequently, certain revenue is budgeted when receipt is expected rather than when earned and certain expenses and purchases of assets are budgeted when cash is expected to be disbursed rather than when the obligation is incurred. The accrual basis of accounting is used to account for actual results of operations.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain 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. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The District maintains its cash accounts as authorized by the California Government Code.

For the purposes of these financial statements, the District considers cash in checking, cash in savings, and all other highly liquid investments with original maturities of three months or less at date of purchase to be cash and cash equivalents.

Allowance for Doubtful Accounts

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

Capital Assets

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

- Buildings and improvements 5-50 years
- Office equipment and furniture 5-10 years
- Equipment and vehicles 5-20 years
- Water structures 7-39 years
- Transmission pipeline 20-30 years

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

NOTE 1 - Summary of Significant Accounting Policies (continued)

Compensated Absences

Accumulated unpaid compensated absences are recognized as a liability of the District. Unused vacation days will accrue up to but not beyond, one and one-half times the applicable annual rate of each individual employee and if unused will be paid to the employee upon termination or retirement. Unused and accumulated sick leave for the purpose of compensated absences may be accumulated up to fifty percent of the total days accumulated with a maximum of 60 days and will be paid to the employee upon termination or retirement.

Net Position

Net position comprises the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Invested in capital assets, net of related debt - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any 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 covenants), 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 net position" or "invested in capital assets, net of related debt."

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.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. These taxes are levied from July 1 through June 30. Taxes are payable in two installments on November 1 and February 1 and are collected December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Tulare bills and collects the taxes for the District.

Income Taxes

The District is a governmental agency and is not subject to federal or state income taxes.

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

NOTE 1 - Summary of Significant Accounting Policies (continued)

Water Exchange Accounts

The District engages in water transfers and exchanges with several entities. The amount of water exchange accounts is recorded at \$50/acre foot, which is what the District is currently paying for Friant Class 1 water.

Subsequent Events

Management has evaluated subsequent events through October 6, 2022, the date the financial statements were available to be issued, and has determined that, except for the disclosure related to the Friant Water Authority FY 2020-2022 allocation correction disclosed in Note 16, no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any other subsequent events occurred, the nature of which would require disclosure.

NOTE 2 - Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2021 consisted of the following:

Imprest cash	\$ 400
Citizen's Business Bank - noninterest bearing checking - general fund	113,355
Citizen's Business Bank - noninterest bearing checking - payroll account	6,548
Citizen's Business Bank - premium money market	1,280,696
Tulare County Investment Pool (TCIP)	8,803,642
State of California Local Agency Investment fund (LAIF)	230,187
Total cash and cash equivalents	<u>\$ 10,434,828</u>

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

NOTE 2 - Cash and Cash Equivalents (continued)

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will 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 the District manages its exposure to interest rate risk is by purchasing a combination of shorter term 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 operations. All of the District's investments mature within 12 months.

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

NOTE 2 - Cash and Cash Equivalents (continued)

Disclosures Relating to Credit Risk

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

Concentration of Credit Risk

The District does not have an investment policy that contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

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 custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires California banks and savings and loan associations to collateralize a district's deposits by pledging government securities.

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

At December 31, 2021, the carrying amount of the District's cash deposits was \$1,400,599 and the bank balance was \$1,406,735. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balances, \$250,000 was covered by the federal depository insurance and \$1,156,735 was uninsured and collateralized (i.e., collateralized with securities held by the pledging financial institution at 110 percent of the deposits, in accordance with the State of California Government Code, deemed to be held in the District's name).

The District's investment in the LAIF and TCIP were 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.

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

NOTE 2 - Cash and Cash Equivalents (continued)

Investment in Tulare County Investment Pool

The Tulare County Investment Pool (TCIP) is a government investment pool managed and directed by the Tulare County Treasury Oversight Committee. The balance available for withdrawal is based on the accounting records maintained by TCIP, 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 1.09%. The District's investment in the Tulare County Investment Pool was not subject to credit risk categorization and is carried at amortized cost which approximates fair value.

Investment in State Investment Pool

The Local Agency Investment Fund (LAIF) 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 amortized cost which approximates fair value. All pooled funds are regulated by *California Government Code*.

NOTE 3 - Assessment Valuation, Rate and Revenue Recognition

The assessment lien date is March 1. The first and second installments are due December 20 and June 20, respectively. The District's assessment is in accordance with a schedule based on land characteristic classifications on average ranging from \$1,400 to \$2,000 per acre. Total valuation under this formula was \$123,251,075 for the year ended December 31, 2021. The assessment rate was set at \$.8 per \$100, resulting in a total assessment of \$986,009 for the year ended December 31, 2021.

One half of the annual assessment revenues are recorded as income in the District's fiscal year. Money received for the second half of the current assessment is classified as deferred assessments to be recognized in the following year.

A charge in lieu of an assessment was fixed by the Board of Directors under provisions of Section 22280 of the California State Water Code to defray current environmental charges made by the United States government in accordance with the CVP Improvement Act of 1992. The fixed charge was based on a total acreage of approximately 65,000 acres with a minimum \$16 per acre charge, resulting in a total assessment of \$1,053,305 in 2021. Money received for the second half of the current assessment is classified as deferred assessments to be recognized in the following year.

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

NOTE 4 - Investments

The District has acquired shares in the following water and ditch companies in order to expand the amount of water supply available to the landowners within its boundaries. The costs of the investments as of December 31, 2021 are as follows:

Consolidated People Ditch Company	\$ 155,100
Evans Ditch Company	638,907
Persian Ditch Company	900
Rayo Water Company	1,050,000
Tulare Irrigation Company	365,675
Wutchumna Water Company	<u>584,786</u>
Total	<u><u>\$ 2,795,368</u></u>

NOTE 5 - Long Term Debt

Long term debt at December 31, 2021 consisted of the following:

Citizens Business Bank, payable in semiannual installments of \$286,456, including interest accrued at 2.1375 percent per annum, beginning on March 1, 2021 with the final payment due on September 1, 2030. This note is secured by pledge of future net revenues.

\$ 4,667,999

Caterpillar Finance Leasing, payable in monthly installments of \$6,214, including interest accrued at 5.35 percent per annum, beginning on March 1, 2019 with the final payment due on February 1, 2024. This note is secured by a Caterpillar Motor Grader with Slope Board.

152,179

American Capital Financial Services, payable in monthly installments of \$2,599, including interest accrued at 3.59 percent per annum, beginning on November 8, 2021 with the final payment due on October 8, 2026. This note is secured by a International HX620 SBA Dump Truck.

137,644

Total long term debt
Less current portion

4,957,822
570,170

Long term debt, net of current portion

\$ 4,387,652

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

NOTE 5 - Long Term Debt (continued)

Scheduled principal and interest repayments of long term debt are as follows:

Citizens Business Bank			
	Principal	Interest	Total
2022	\$ 475,663	\$ 97,250	\$ 572,913
2023	485,884	87,029	572,913
2024	496,326	76,587	572,913
2025	506,991	65,922	572,913
2026	517,886	55,027	572,913
2027-2030	2,185,249	106,400	2,291,649
Totals	\$ 4,667,999	\$ 488,215	\$ 5,156,214

Caterpillar Finance			
	Principal	Interest	Total
2022	\$ 68,041	\$ 6,526	\$ 74,567
2023	71,793	2,774	74,567
2024	12,345	83	12,428
Totals	\$ 152,179	\$ 9,383	\$ 161,562

American Capital Financial Services			
	Principal	Interest	Total
2022	\$ 26,466	\$ 4,722	\$ 31,188
2023	27,479	3,709	31,188
2024	28,530	2,658	31,188
2025	29,621	1,567	31,188
2026	25,548	442	25,990
Totals	\$ 137,644	\$ 13,098	\$ 150,742

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

NOTE 5 - Long Term Debt (continued)

A summary of the District's long term liabilities as of December 31, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Total other postemployment benefits	\$ 6,057,665	\$ 535,911	\$ 99,662	\$ 6,493,914	\$ 100,000
2020 Refinance Installment Purchase Contract	5,150,600	-	482,601	4,667,999	475,663
Caterpillar Finance	216,664	-	64,485	152,179	68,041
American Capital Financial Services	-	142,404	4,760	137,644	26,466
	<u>\$ 11,424,929</u>	<u>\$ 678,315</u>	<u>\$ 651,508</u>	<u>\$ 11,451,736</u>	<u>\$ 670,170</u>

NOTE 6 - Designated Unrestricted Net Position

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. 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, under the working supervision of the General Manager.

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

Infrastructure rehabilitation	\$ 250,000
Water rate stabilization	1,981,298
General operations	1,500,000
Capital asset acquisition	100,000
Building operating and maintenance, yard improvements	100,000
Ground water replenishment	121,711
Water stock acquisition	58,000
Dry year water purchases	1,000,000
Terminus dam and power plant facilities	50,000
U.S. environmental surcharge	<u>5,273,819</u>
Totals	<u>\$ 10,434,828</u>

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

NOTE 7 - Capital Assets

The following is a summary of changes in capital assets:

	<u>Balance</u> <u>12/31/2020</u>		<u>Additions</u>		<u>Deletions</u>		<u>Balance</u> <u>12/31/2021</u>
<u>Land and capital assets</u>							
<u>not being depreciated:</u>							
Land	\$ 4,177,330 *		\$ 1,576,755		\$ -		\$ 5,754,085
Construction in progress	2,553,414		547,005		79,727		3,020,692
Water rights	320,400		-		-		320,400
Kaweah Lake Project	448,121		-		-		448,121
Rights of way	54,616		-		-		54,616
Bureau of Reclamation contract	<u>10,371,321</u>		<u>-</u>		<u>-</u>		<u>10,371,321</u>
 Total land and capital assets not being depreciated:	 <u>17,925,202</u>		 <u>2,123,760</u>		 <u>79,727</u>		 <u>19,969,235</u>
<u>Other capital assets:</u>							
Transmission system	13,907,110		- *		1,536,756		12,370,354
Building and improvements	3,924,472		45,314		-		3,969,786
Machinery and equipment	<u>3,819,627</u>		<u>246,342</u>		<u>116,479</u>		<u>3,949,490</u>
 Total other capital assets at historical cost	 <u>21,651,209</u>		 <u>291,656</u>		 <u>1,653,235</u>		 <u>20,289,630</u>
 Accumulated depreciation	 <u>(8,443,535)</u>		 <u>(952,809)</u>		 <u>(116,479)</u>		 <u>(9,279,865)</u>
 Other capital assets, net	 <u>13,207,674</u>		 <u>(661,153)</u>		 <u>1,536,756</u>		 <u>11,009,765</u>
 Capital assets, net	 <u>\$ 31,132,876</u>		 <u>\$ 1,462,607</u>		 <u>\$ 1,616,483</u>		 <u>\$ 30,979,000</u>

* During the year ended December 31, 2021, \$1,536,756 was moved from transmission system to land.

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

NOTE 7 - Capital Assets (continued)

Bureau of Reclamation Contract

The District entered into a contract for water service with the United States Bureau of Reclamation (USBR) in 1950 for 30,000 acre-feet of Class I water and 141,000 acre-feet of Class 2 water from the Friant Unit of the Central Valley Project. The annual water supplies made available to the District under this contract have served an important role along with the District's Kaweah River water right supplies in providing irrigation water for water users in the District and for groundwater recharge purposes. It is estimated that this contract has allowed for the importation by the District of about 4,000,000 acre-feet of water into the region since 1950 that has either offset groundwater pumping or supplemented the limited underground supply in the Kaweah groundwater basin.

The original water service contract had a term of 40 years and expired in 1991. Efforts to renew the contract were preceded by a series of interim renewal contracts until 2001, at which time another long-term contract with a term of 25 years was executed with USBR. Attempts to secure renewal contracts were coupled with litigation entitled Natural Resources Defense Council, et al v Kirk Rodgers et al, which litigation challenged USBR's authority and implementation practices for such renewals under the oversight of then-current USBR Mid-Pacific Regional Director Rodgers.

A Stipulation of Settlement of the litigation was reached in 2006 and enabling federal legislation to implement the Settlement was passed in 2009. The Settlement stipulated certain water releases from Friant Dam to the lower San Joaquin River for fishery restoration purposes, and called for plans to restore fishery habitat along portions of the San Joaquin River and to mitigate for the water loss impacts to Friant contractors stemming from the relinquishment of contract water for the river release program.

The legislation authorizes the Friant contractors, including the District, to convert their respective long-term water service contracts to water repayment contracts in accordance with a 1939 Congressional Act. Under this Act, a contractor payment of outstanding construction costs of the pertinent federal water supply project (in this case the Central Valley Project) ultimately due by said contractor allow for a conversion to a permanent contract with no term nor renewal provisions. Heretofore, Friant Unit construction costs were not to be paid off in full until 2030, at which time USBR may or may not permit any such conversion. The legislation further established an up-front discount in the construction costs to be paid off and provided for future reductions in the cost of water to partially offset the financing costs to borrow sufficient funds to make the lump-sum payments.

USBR acquiesced to such conversions now as the lump-sum payments were to be dedicated to the restoration and water make-up goals of the Settlement. The District's discounted portion of remaining construction costs was about \$10,370,000, and a 20-year loan was secured at a favorable interest rate in December 2010 to provide most of this pay-off amount. The new permanent water repayment contract was executed at that time and the District's contract water rates were reduced and commensurate with the pay-off and remaining construction costs.

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

NOTE 8 - Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by Empower Retirement. All compensation deferred under the Plan and all property and rights purchased with such compensation are held in trust for the exclusive benefit of the participants and their beneficiaries, and are not subject to the rights of the District's general creditors.

NOTE 9 - Employee Retirement Plan in Effect

The District adopted a defined contribution retirement plan effective January 1, 1998, and amended October 12, 2003. The Plan is known as the Tulare Irrigation District Retirement Plan (the Plan) and is governed by 3 trustees appointed by the District. The Plan administrator is Employee Fiduciary, LLC. The District contributes 5 percent of total allowable compensation for each participating employee for each pay period. Employee contributions are not allowed to the Plan. The Plan will however match up to the first 4 percent of compensation deferred by an employee into the 457 Plan administered by the District.

The Plan is fully funded and employees become 50 percent vested in District contributions after 5 years of service and 100 percent vested after 10 years of service, when the employee reaches the Plan's early retirement age of 60 or leaves the District because of total and permanent disability or death. District contributions and matching amounts are forfeited if employment ends before 50 percent vesting. Employees over 21 years of age who attain 1,000 work hours are eligible after 12 months of service and may enter the Plan on the first day of any month.

The District had 21 participating employees during December 2021. During 2021, 19 of those participating made employee contributions eligible for the District match. The 2021 total District payroll was \$1,515,080 of which \$1,410,230 is attributed to employees eligible to participate in the Plan. District contributions and match for the year ended December 31, 2021 were \$122,208. The District has no unfunded accrued liability to the Plan at December 31, 2021.

NOTE 10 - Postemployment Benefits Other than Pensions (OPEB)

General Information about the OPEB Plan

Plan Description

The District provides a self-funded, single employer, defined benefit plan to provide medical, vision and dental plans for all eligible active and retired District employees and their dependents (just the employee and spouse in the case of retired employees). As established by board policy, the plan covers all employees who retire from the District on a voluntary basis and who are at least 60 years of age and have worked for the District for at least 15 consecutive years or have worked for the District for at least 30 consecutive years regardless of age. For employees hired on or after December 11, 2012 the age of retirement is 65 years of age and have worked for the District for at least 20 consecutive years. This benefit is not available to employees hired on or after August 25, 2017.

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

NOTE 10 - Postemployment Benefits Other than Pensions (OPEB) (continued)

Funding Policy

The District funds the benefits on a pay-as-you-go basis, where the current year premiums are paid as they are incurred. The District does not currently fund the OPEB plan. The District pays 100 percent of the medical premium of the retired employee and pays 85 percent of the medical premium of the retired employee's spouse until the death of the retiree. The retired employee pays the other 15 percent of the medical premium. The District pays 100 percent of the vision and dental premiums for both the retired employee and the retired employee's spouse until the death of the retiree. Coverage and premium payments for a surviving spouse will extend for 5 years beyond the death of the retiree or until the surviving spouse's Medicare eligibility, whichever comes first. For 2021, the District paid \$98,734 for benefits for 8 retirees, including spouses.

Benefits Provided

Integrated medical/prescription drug coverage is provided through the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA). 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.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefit payments	7
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>17</u>
	24

Net OPEB Liability

The District's net OPEB Liability of \$6,493,914 was based on an actuarial valuation as of December 31, 2021 and a measurement date of December 31, 2021, and a discount rate of 1.84%.

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

NOTE 10 - Postemployment Benefits Other than Pensions (continued)

Net OPEB Liability (continued)

Actuarial Assumptions

The net OPEB liability was determined using an actuarial valuation as of January 1, 2020, using the following actuarial assumptions:

Inflation rate	3.00%
Salary increases	3.00%, average, including inflation
Discount rate	1.84%, net of investment expense, including inflation
Healthcare cost trend rates	5.50% per year graded to 4.5% per year for 2023 and thereafter 4.00% per year for dental and vision for all future years
Retirees' share of cost	Retirees pay 15% of the premium for spousal medical coverage

The discount rate was based on the Fidelity GO AA 20-year Municipal Index.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Table for Males or Females, as appropriate, with generational projection using MP-2016.

All actuarial assumptions used in measuring the Total OPEB Liability are described in the December 31, 2021 actuarial valuation. 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.

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

NOTE 10 - Postemployment Benefits Other than Pensions (continued)

Changes in the Net OPEB Liability

Service cost	\$ 236,330
Interest	124,888
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions or other inputs	174,693
Benefit payments	(99,662)
Administrative expenses	-
	<hr/>
Change in net OPEB liability	436,249
Net OPEB liability - beginning	<hr/> 6,057,665
Net OPEB liability - ending	<hr/> <hr/> \$ 6,493,914

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the District's net OPEB Liability as of December 31, 2021 calculated using the discount rate of 1.84%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.84%) or 1 percentage point higher (2.84%) than the current rate:

	1% Decrease (0.84%)	Current Rate (1.84%)	1% Increase (2.84%)
	<hr/>	<hr/>	<hr/>
Net OPEB liability (asset)	\$ 7,743,685	\$ 6,493,914	\$ 5,498,407

Sensitivity of the net OPEB Liability to changes in the healthcare trend rates - The following presents the District's net OPEB liability as of December 31, 2020, as well as what the District's net OPEB liability would be if it were calculated using healthcare trend rates that are 1 percentage point lower (5.00% per year for 2020 graded down to 3.5% for 2023 and thereafter) or 1 percentage point higher (7.00% per year for 2020 graded down to 5.5% for 2023 and thereafter).

	1% Decrease (4.5% current, 3.5% ultimate)	Current Rate (5.5% current, 4.5% ultimate)	1% Increase (6.5% current, 5.5% ultimate)
	<hr/>	<hr/>	<hr/>
Net OPEB liability (asset)	\$ 5,282,337	\$ 6,493,914	\$ 8,092,695

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

NOTE 10 - Postemployment Benefits Other than Pensions (continued)

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

The current balances of collective deferred outflows and deferred inflows of resources as of December 31, 2021 were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 72,470	\$ -
Changes in assumptions or other inputs	1,031,905	-
Difference between projected and actual return on investments	-	-
Total	<u>\$ 1,104,375</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources will be recognized in OPEB expenses as follows:

<u>Year ended</u> <u>December 31,</u>	<u>Deferred Outflows</u> <u>of Resources</u>
2022	\$ 227,776
2023	227,776
2024	227,776
2025	227,773
2026	113,110
2027	77,706
2028	2,458
	<u>\$ 1,104,375</u>

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

NOTE 10 - Postemployment Benefits Other than Pensions (continued)

These schedules are projected and are subject to revision as of December 31, 2022 for experience gains and losses between the valuation date and December 31, 2022; specifically, benefit payments greater than or less than expected, and any required changes in discount rate.

The annual OPEB Expense recognized by the District 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 net 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 District as of December 31, 2021 were as follows:

Net OPEB Liability at beginning of measurement period (a)	\$ 6,057,665
Net OPEB Liability at end of measurement period (b)	6,493,914
Change in net OPEB liability [(b)-(a)]	<u>436,249</u>
Change in deferred outflows	53,083
Change in Deferred inflows	-
Employer contributions *	<u>99,662</u>
Net OPEB expense from December 31, 2020 to December 31, 2021	<u><u>\$ 588,994</u></u>

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

NOTE 11 - Related Party Transactions

The District owns stock in several water and ditch companies. The District supplies various administrative services and ditch maintenance to the following companies. During the year ended December 31, 2021 the following amounts were paid to the District from:

Tulare Irrigation Company	\$ 15,642
Evans Ditch Company	15,280
Rayo Water Company	117,669
Mid-Kaweah Groundwater Sustainability Agency	<u>269,251</u>
	<u><u>\$ 417,842</u></u>

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

NOTE 11 - Related Party Transactions (continued)

The District paid to the following companies:

Tulare Irrigation Company	\$ 41,440
Evans Ditch Company	25,222
Mid-Kaweah Groundwater Sustainability Agency	<u>140,000</u>
	<u><u>\$ 206,662</u></u>

The following amounts are included in accounts receivable:

Due from Tulare Irrigation Company	\$ 2,873
Due from Evans Ditch Company	5,038
Due from Mid-Kaweah Groundwater Sustainability Agency	<u>732</u>
	<u><u>\$ 8,643</u></u>

NOTE 12 - Water Exchange Accounts

The District engages in a number of water transfers and exchanges from year to year, both with other Friant water districts and agencies/ditch companies within the Kaweah Basin. The District has a variety of exchange arrangements of varying duration, as listed below:

Westlands Water District – The District acquired additional stock in Wutchumna Water Company and sole ownership of Rayo Water Company and, in trade, committed to a water debt of 125,000 AF to be paid back over a 25-year period. The debt has been substantially paid off, now standing at about 5,400 AF. Delivery points for returned water are the Friant-Kern Canal or San Luis Reservoir.

Lindsay-Strathmore Irrigation District – LSID assigns up to 75% of its Kaweah River supplies from Wutchumna Water Company to the District in all years. The District owes back up to 30,000 AF in any year during which LSID is unable to meet its irrigation demands with remaining supplies. Exchanges are completed in each successive year, and no amounts owed to either district remain after such annual exchanges. Term of agreement – expires in 2023; subject to renewal.

Kern-Tulare Water District – KTWD acquires Friant supplies for delivery to the District, ½ of which are owed back. KTWD may also, under certain circumstances, pay for the District Friant allotments and owe back one-fourth of amounts so purchased. Annual amounts owed back to KTWD vary and are dependent on the annual Friant allocation. KTWD pays for cost of return water. Term of agreement – expires in 2029.

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

NOTE 12 - Water Exchange Accounts (continued)

Sun World International – Sun World assigns its Kaweah River supply (via Wutchumna Water Company) to the District each year. The District owes back, at ratios of 1 for every 2 ½ or 3 ½ taken, its Friant Class 2 or Class 1 water in the same year as received. Amounts owed to or by Sun World may accrue over time, depending on Kaweah v. Friant supply availability from year to year. Sun World pays for cost of return water and associated exchange fees to the District, estimated at about \$200,000 annually. Term of agreement – expires in 2041; subject to renewal.

Annual Transfers/Exchanges – To avoid water losses due to reservoir spills or seasonal value differentials, the District engages from time to time in water transfers (sales or purchases) and leveraged exchanges. Exchange ratios vary. Such annual arrangements are not long-term in nature, but at any point in time water may be owed by or owed to the District stemming from such annual arrangements. Typical arrangements for such transfers and exchanges often involve a letter agreement memorializing the respective commitments of both parties.

Identified below are the amounts of water owed by the District and to the District by others, along with estimated monetary values for each amount. For amounts owed by the District, the monetary value would be considered a liability; for water amounts owed to the District, the associated monetary value would be considered an asset.

	<u>Acre Feet</u>	<u>Value @ \$50/AF</u>
<u>Amounts owed by the District</u>		
Westlands Water District	5,385	\$ 269,250
Kern-Tulare Water District	11,500	575,000
Delano Earlimart Irrigation District	11,500	575,000
Lindsay Strathmore Irrigation District	1,864	93,200
Orange Cove Irrigation District	1,333	66,650
	<u>31,582</u>	<u>\$ 1,579,100</u>
<u>Amounts owed to the District</u>		
Persian-Watson Ditch Company	2,520.9	\$ 126,045
Lindsay-Strathmore Irrigation District	2,683.3	134,165
Lindmore Irrigation District	2,512.0	125,600
	<u>7,716.2</u>	<u>\$ 385,810</u>

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

NOTE 13 - Commitments and Contingencies

Insurance Coverage and Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is covered under commercial insurance policies for workers' compensation, automobile, general liability, and other business related coverages. Expenditures and claims in excess of the District's deductible for the related insurance coverage are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. The District is unaware of any actual or potential claims that would materially affect its financial condition. Therefore, no provision has been recorded.

Water Delivery Contract - United States Bureau of Reclamation (USBR)

USBR Operating and Maintenance Surplus

A factor in determining the cost of water is the operating and maintenance (O&M) deficit or surplus the District has with the USBR. The deficit is interest bearing. However, as of September 30, 2020, the last reported date, the District had an O&M surplus of \$39,112. This surplus has been requested as a refund, however, it is not recorded in the accompanying financial statements as a receivable.

Water Supply Contract

The District holds a Contract with the Bureau for water service. Under this Contract the District has access to an entitlement of the total Class 1 and Class 2 water allocated by the Bureau of Reclamation in any given Contract Year. In addition to its Class 1 and Class 2 Contract other supplies are intermittently made available to the District by the Bureau of Reclamation depending on hydrology (such as Temporary Contract (215) water or Recovered Water Account (RWA) Water).

The price of Class 1 and Class 2 water is established annually to pay the costs of the USBR operations and maintenance, water marketing, and environmental restoration and Friant Surcharge fees established by the CVPIA. The price of Temporary 215 water is also established annually and does not include water marketing or CVPIA charges. The price of RWA water is a flat rate of \$10 per acre foot. A factor in determining the cost of water is the operating and maintenance deficit or surplus the District has with the USBR. The District had an operating and maintenance surplus of \$39,112, as of September 30, 2020 (See above). In addition, as of September 30, 2020, the District had a capital and construction cost deficit of \$742,303 for Class 1 water and a surplus of \$1,642,872 for Class 2 water. The construction costs will continue to accumulate annually and be due by 2030.

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

NOTE 13 - Commitments and Contingencies (continued)

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 O&M costs incurred by the SLDMWA in delivering Settlement water. The District is also obligated to share in these costs.

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 is \$94,327. This amount was paid by the District in 2021.

<u>Payment</u>	<u>Date</u>	<u>Friant Share at 40% of Total</u>	<u>District Allocated Share 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	709,007	WY 2022 Percentage
		<u>\$ 4,939,866</u>	

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

NOTE 13 - Commitments and Contingencies (continued)

Friant-Kern Canal Capacity Correction

As a Friant contractor, the District has a potential future obligation to the Friant Water Authority for its proportion of project cost for the Friant-Kern Canal 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 beginning 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 \$2,612,368 and the estimated funding request schedule from the FWA is as follows:

<u>Invoice Date</u>	<u>Payment Due Date</u>	<u>Amount</u>
November 19, 2021	January 3, 2022	\$ 460,895
February 11, 2022	April 1, 2022	439,785
May 13, 2022	July 1, 2022	447,520
August 19, 2022	October 3, 2022	818,762
November 18, 2022	January 3, 2023	445,406
		<u>\$ 2,612,368</u>

Other Cases

The Tulare 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.

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

NOTE 14 - Reclassification

During 2021, the District reclassified fixed assets in the amount of \$1,536,756 from transmission system to land, as discussed in Note 7.

NOTE 15 - Prior Period Adjustment

During 2021, it was discovered that fixed assets included in transmission system should have been depreciated since 2016. The District recorded \$344,545 of depreciation as a prior period adjustment. As a result, the beginning net position of the District has been restated to reflect the District's total depreciation expense. This resulted in the following changes as of December 31, 2020.

As previously reported, December 31, 2020	\$ 36,158,677
Understatement of depreciation expense	<u>(344,545)</u>
As restated, December 31, 2020	<u><u>\$ 35,814,132</u></u>

There is no effect in the change in net position for the year ended December 31, 2021. The effect of the corrections on changes in net position for the year ended December 31, 2020 was a decrease of \$68,909.

NOTE 16 - Friant Water Authority FY 2020-2022 Allocation Correction

In the process of updating to the 25-year rolling average to add fiscal year 2020 actual deliveries, Friant Water Authority's (FWA) staff discovered that the calculation used to implement and derive the allocation percentages for operating, maintenance, and replacement (OM&R) costs in fiscal year 2020 and 2021 to all contractors used a calculation that differed from the calculation set forth in the Friant-Kern Canal and Delta-Mendota Canal Conveyance & Pumping Facilities Cost Recovery Methodology Policy for OM&R Costs, effective October 1, 2019. At FWA's June 23, 2022 Board of Directors' meeting, the FWA Board of Directors approved a correction to the calculation that requires a true-up of allocated OM&R costs to all Friant Division Contractors.

The District's total allocation true-up amount is \$758,069 and is due by September 30, 2024. Required monthly payments of \$126,345 are due beginning July 1, 2022 without interest through December 31, 2022. From January 1, 2023 through September 30, 2023, interest will be set at the 2-year Treasury rate and from October 1, 2023 through September 30, 2024, interest will be set at the 2-year Treasury rate plus 200 basis points.

REQUIRED SUPPLEMENTARY INFORMATION

TULARE IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS*
AS OF DECEMBER 31, 2021

The components of the District's net OPEB liability as of December 31, 2021 were as follows:

Reporting fiscal year ending	2021	2020	2019
Discount Rate			
Total OPEB liability			
Service cost	\$ 236,330	\$ 187,178	\$ 109,931
Interest	124,888	144,202	155,619
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	126,821
Changes of assumptions	174,693	672,622	675,854
Benefit payments	(99,662)	(123,743)	(112,296)
Net change in total OPEB liability	436,249	880,259	955,929
Total OPEB liability - beginning	6,057,665	5,177,406	4,221,477
Total OPEB liability - ending (a)	\$ 6,493,914	\$ 6,057,665	\$ 5,177,406
 Plan fiduciary net position			
Contributions - employer	\$ 99,662	\$ 123,743	\$ 112,296
Net investment income	-	-	-
Benefit payments	(99,662)	(123,743)	(112,296)
Administrative expense	-	-	-
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -
 District's net OPEB liability - ending (a) - (b)	\$ 6,493,914	\$ 6,057,665	\$ 5,177,406
 Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%
 Covered-employee payroll	\$ 1,464,707	\$ 1,553,426	\$ 1,729,291
 Net OPEB liability as a percentage of covered-employee payroll	443.36%	389.96%	299.39%

* 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 years are presented.

See independent auditor's report.

**TULARE IRRIGATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS LIABILITY CONTRIBUTIONS
AS OF DECEMBER 31, 2021**

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

See independent auditor's report.