Fresno Irrigation District

Annual Financial Report

December 31, 2022 and 2021

Mission Statement

"Our mission is to protect and manage the surface and groundwater resources of the District in order to meet the present and future needs of the people and lands within the District."

Board of Directors

Name	Division	Title
Jerry Prieto Jr.	1	Vice President
Christopher Woolf	2	Director
Ryan Jacobsen	3	President
George Porter	4	Director
Greg Beberian	5	Director

Fresno Irrigation District
Bill Stretch, General Manager
2907 South Maple Avenue
Fresno, California 93725
(559) 233-7161
www.fresnoirrigation.com

Fresno Irrigation District

Annual Financial Report

December 31, 2022 and 2021

Fresno Irrigation District
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Financial Section

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Independent Auditor's Report

Board of Directors
Fresno Irrigation District
Fresno, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Fresno Irrigation District (District), which comprises the statements of net position as of December 31 2022 and 2021, and the related statements of revenues, expenses, and changes in net position for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Fresno Irrigation District, as of December 31 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Independent Auditor's Report, continued

Other Reporting Required by *Government Auditing Standards*

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

C.J. Brown & Company, CPAs

C.J. Brown & Company CPAs
Cypress, California
May 18, 2023

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Fresno Irrigation District (District) provides an introduction to the financial statements of the District for the years ended December 31, 2022 and 2021. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2022, the District's net position increased 18.21% or $22,537,556 to $146,283,479. In 2021, the District's net position increased 7.57% or $8,710,213 to $123,745,923.
- In 2022, the District's total revenues increased 65.30% or $15,733,007 to $39,825,867. In 2021, the District's total revenues decreased 15.73% or $4,496,815 to $24,092,860.
- In 2022, the District's total expenses increased 18.09% or $3,228,428 to $21,078,654. In 2021, the District's total expenses decreased 10.20% or $2,028,119 to $17,850,226.
- In 2022, the District's total capital contributions increased 53.61% or $1,322,764 to $3,790,343. In 2021, the District's total capital contributions decreased 27.08% or $916,442 to $2,467,579.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the District's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), deferred inflows of resources, and net position. It also provides the basis for computing a rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the District

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Financial Analysis of the District, continued

These two statements report the District's *net position* and changes in it. You can think of the District's net position – assets and deferred outflows of resources less liabilities and deferred inflows of resources – as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation, such as changes in Federal and State water regulations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 14 through 38.

Statement of Net Position

A summary of the statements of net position is as follows:

Condensed Statements of Net Position

		2022	2021	Change	2020	Change
Assets:						
Current assets	$	42,111,847	27,182,533	14,929,314	26,181,517	1,001,016
Non-current assets		26,573,211	20,591,287	5,981,924	21,416,210	(824,923)
Capital assets, net		125,931,515	106,859,580	19,071,935	99,617,382	7,242,198
Total assets		194,616,573	154,633,400	39,983,173	147,215,109	7,418,291
Deferred outflows of resources		1,072,009	596,846	475,163	1,151,264	(554,418)
Liabilities:						
Current liabilities		16,728,974	17,359,339	(630,365)	18,020,666	(661,327)
Non-current liabilities		30,447,070	13,277,020	17,170,050	14,601,994	(1,324,974)
Total liabilities		47,176,044	30,636,359	16,539,685	32,622,660	(1,986,301)
Deferred inflows of resources		2,229,059	847,964	1,381,095	708,003	139,961
Net position:						
Net investment in capital assets		99,187,107	94,106,188	5,080,919	84,333,098	9,773,090
Restricted		2,700,046	2,699,508	538	5	2,699,503
Unrestricted		44,396,326	26,940,227	17,456,099	30,702,607	(3,762,380)
Total net position	$	146,283,479	123,745,923	22,537,556	115,035,710	8,710,213

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $146,283,479 and $123,745,923 as of December 31, 2022 and 2021, respectively.

By far, the largest portion of the District's net position (67.80% and 76.05% as of December 31, 2022 and 2021, respectively) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are *not* available for future spending.

The District's net position increased 18.21% or $22,537,556. In 2021, the District's net position increased 7.57% or $8,710,213. The District's total net position is made up of three components: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. As of December 31, 2022 and 2021, the District showed a positive balance in its unrestricted net position of $44,396,326 and $26,940,227, respectively.

Statement of Revenues, Expenses, and Changes in Net Position

A summary of the statements of revenues, expenses, and changes in net position is as follows:

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2022	2021	Change	2020	Change
Revenues:					
Operating revenues	$ 39,804,380	24,067,376	15,737,004	27,623,805	(3,556,429)
Non-operating revenues	21,488	25,484	(3,996)	965,870	(940,386)
Total revenues	39,825,868	24,092,860	15,733,008	28,589,675	(4,496,815)
Expenses:					
Operating expenses	16,625,871	14,283,980	2,341,891	16,515,116	(2,231,136)
Depreciation expense	3,012,836	2,983,987	28,849	2,937,711	46,276
Non-operating expenses	1,439,948	582,259	857,689	425,518	156,741
Total expenses	21,078,654	17,850,226	3,228,428	19,878,345	(2,028,119)
Net income before capital contributions	18,747,213	6,242,634	12,504,579	8,711,330	(2,468,696)
Capital contributions	3,790,343	2,467,579	1,322,764	3,384,021	(916,442)
Changes in net position	22,537,556	8,710,213	13,827,343	12,095,351	(3,385,138)
Net position, beginning of year	123,745,923	115,035,710	8,710,213	102,940,359	12,095,351
Net position, end of year	$ 146,283,479	123,745,923	22,537,556	115,035,710	8,710,213

The statement of revenues, expenses, and changes in net position show how the District's net position changed during the year. In the case of the District, net position increased 18.21% or $22,537,556 from $123,745,923 to $146,283,479, as a result of ongoing operations for the year ended December 31, 2022. In 2021, the District's net position increased 7.57% or $8,710,213 from $115,035,710 to $123,745,923, as a result of ongoing operations.

A closer examination of the sources of changes in net position reveals that:

In 2022, the District's operating revenues increased 65.39% or $15,737,003, due primarily to increases of $15,134,079 in water sales and $395,939 in assessments. In 2021, the District's operating revenues decreased 12.87% or $3,556,429, due primarily to a decrease of $5,283,802 in water sales; which was offset by increases of $1,461,663 in project contributions and $307,122 in assessments.

In 2022, the District's non-operating revenues decreased 15.68% or $3,996. In 2021, the District's non-operating revenues decreased 97.36% or $940,386, due primarily to a decrease of $934,080 in investment income.

In 2022, the District's operating expenses increased 16.40% or $2,341,891, due primarily to increases of $1,320,210 in transmission and distribution, $755,437 in maintenance, and $305,030 in general and administration. In 2021, the District's operating expenses decreased 13.51% or $2,231,136, due primarily to decreases of $2,110,644 in water purchase, $215,163 in transmission and distribution, and $161,677 in maintenance; which were offset by an increase of $256,348 in general and administrative.

In 2022, the District's non-operating expenses increased 147.30% or $857,689, due primarily to increases of $709,417 in investment loss, and $148,272 in interest expense. In 2021, the District's non-operating expenses increased 36.84% or $156,741, due primarily to an investment loss of $202,799; which was offset by a decrease of $46,058 in interest expense.

Statement of Revenues, Expenses, and Changes in Net Position, continued

Depreciation expense increased $28,849 and $46,276 for the years ended December 31, 2022 and 2021, respectively.

In 2022, the District's capital contributions increased 53.61% or $1,322,764, due primarily to an increase in grant revenues. In 2021, the District's capital contributions decreased 27.08% or $916,442, due primarily to a decrease in grant revenues.

Capital Asset Administration

As of December 31, 2022 and 2021, the District's capital assets (net of accumulated depreciation) amounted to $125,931,515 and $106,859,580, respectively. Capital assets (net of accumulated depreciation) include land, property and land rights, storage rights, transmission and distribution plant, buildings, equipment, telemetry system, office furniture and fixture, and construction-in-process. See note 5 for further discussion.

The change in capital asset amounts for 2022 was as follows:

		Balance 2021	Additions	Transfers/ Deletions	Balance 2022
Capital assets:					
Non-depreciable assets	$	30,983,288	19,028,691	(7,331,598)	42,680,381
Depreciable assets		127,783,566	10,388,060	(5,723)	138,165,903
Accumulated depreciation		(51,907,274)	(3,012,836)	5,341	(54,914,769)
Total capital assets, net	$	106,859,580	26,403,915	(7,331,980)	125,931,515

The change in capital asset amounts for 2021 was as follows:

		Balance 2020	Additions	Transfers/ Deletions	Balance 2021
Capital assets:					
Non-depreciable assets	$	23,274,298	8,979,139	(1,270,149)	30,983,288
Depreciable assets		125,651,701	2,532,926	(401,061)	127,783,566
Accumulated depreciation		(49,308,617)	(2,983,987)	385,330	(51,907,274)
Total capital assets, net	$	99,617,382	8,528,078	(1,285,880)	106,859,580

Debt Administration

In 2022, long-term debt increased by $19,168,593 primarily as a result of the drawdown from the installment purchase agreement and a decreased by $2,555,892 due primarily to regular principal payment and amortization of premium on the District's outstanding debt.

In 2021, long-term debt increased by $530,892, due primarily to regular principal payment and amortization of premium on the District's outstanding debt.

See note 7 for further discussion.

The change in long-term debt amounts for 2022 was as follows:

		Balance 2021	Additions/ Deletions	Principal Payments	Balance 2022
Long-term debt:					
Bond payable	$	10,753,392	-	(555,892)	10,197,500
Other long-term debt		4,000,000	19,168,593	(2,000,000)	21,168,593
Total long-term debt		14,753,392	19,168,593	(2,555,892)	31,366,093
Less: current portion		(2,465,000)			(1,263,997)
Non-current portion	$	12,288,392			30,102,096

The change in long-term debt amounts for 2021 was as follows:

		Balance 2020	Additions/ Deletions	Principal Payments	Balance 2021
Long-term debt:					
Bond payable	$	11,284,284	-	(530,892)	10,753,392
Other long-term debt		4,000,000	2,000,000	(2,000,000)	4,000,000
Total long-term debt		15,284,284	2,000,000	(2,530,892)	14,753,392
Less: current portion		(2,440,000)			(2,465,000)
Non-current portion	$	12,844,284			12,288,392

Economic Factors and Other Conditions Affecting Current Financial Position

The COVID-19 outbreak in the United States has caused business disruption through labor shortages and business closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Consequently, the related financial impact on the District and the duration cannot be estimated at this time.

Management is unaware of any other conditions which could have a significant impact on the District's current financial position, net position, or operating results in terms of past, present, and future.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Controller/CFO, DeAnn Hailey-Stork at 2907 South Maple Avenue, Fresno, California 93725 or at the District's website at www.fresnoirrigation.com.

Basic Financial Statements

Fresno Irrigation District
Statements of Net Position
December 31, 2022 and 2021

		2022	2021
Current assets:			
Cash and cash equivalents (note 2)	$	18,569,026	6,361,044
Restricted – cash and cash equivalents (note 2)		2,700,046	2,699,508
Investments (note 2)		9,438,852	4,244,144
Accrued interest receivable		233,134	110,400
Accounts receivable		453,049	339,292
Assessments receivable (note 3)		9,846,081	9,628,488
Due from other government agencies (note 4)		351,127	3,222,163
Prepaid expenses and other deposits		520,532	577,494
Total current assets		42,111,847	27,182,533
Non-current assets:			
Investments (note 2)		25,907,432	20,358,797
Assessments receivable (note 3)		98,531	218,592
Net OPEB asset (note 8)		553,350	-
Other assets		13,898	13,898
Capital assets – not being depreciated (note 5)		42,680,381	30,983,288
Capital assets – being depreciated, net (note 5)		83,251,134	75,876,292
Total non-current assets		152,504,726	127,450,867
Total assets		194,616,573	154,633,400
Deferred outflows of resources:			
Deferred OPEB outflows (note 8)		1,072,009	596,846
Total deferred outflows of resources	$	1,072,009	596,846

Continued on next page

See accompanying notes to the basic financial statements

Fresno Irrigation District
Statements of Net Position, continued
December 31, 2022 and 2021

	2022	2021
Current liabilities:		
Accounts payable and accrued expenses	$ 1,257,616	1,158,740
Accrued payroll and employee benefits	278,093	286,505
Accrued interest payable	256,414	130,738
Deposits	609,050	623,556
Unearned revenue	12,524,229	12,190,325
Long-term liabilities – due in one year:		
Compensated absences (note 6)	539,575	504,475
Bond payable (note 7)	485,000	465,000
Other long-term debt (note 7)	778,997	2,000,000
Total current liabilities	16,728,974	17,359,339
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 6)	344,974	322,533
Bond payable (note 7)	9,712,500	10,288,392
Other long-term debt (note 7)	20,389,596	2,000,000
Net OPEB liability (note 8)	-	666,095
Total non-current liabilities	30,447,070	13,277,020
Total liabilities	47,176,044	30,636,359
Deferred inflows of resources:		
Deferred OPEB inflows (note 8)	2,229,059	847,964
Total deferred inflows of resources	2,229,059	847,964
Net position:		
Net investment in capital assets (note 9)	99,187,107	94,106,188
Restricted (note 10)	2,700,046	2,699,508
Unrestricted	44,396,326	26,940,227
Total net position	$ 146,283,479	123,745,923

See accompanying notes to the basic financial statements

Fresno Irrigation District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2022 and 2021

		2022	2021
Operating revenues:			
Assessments	$	12,052,130	11,656,191
Water sales		25,252,265	10,118,186
Service charges		186,022	312,448
Pine Flat Dam water use revenue		279,279	115,872
Project contributions		1,683,269	1,703,574
Other operating revenue		351,415	161,105
Total operating revenues		39,804,380	24,067,376
Operating expenses:			
Water purchase		404,007	442,794
Transmission and distribution		5,960,491	4,640,281
Maintenance		4,137,530	3,382,093
General and administration		6,123,842	5,818,812
Total operating expenses		16,625,871	14,283,980
Operating income before depreciation expense		23,178,509	9,783,396
Depreciation expense		(3,012,836)	(2,983,987)
Operating income		20,165,673	6,799,409
Non-operating revenues(expenses):			
Rental income		20,250	20,250
Investment return		(912,216)	(202,799)
Interest expense		(527,732)	(379,460)
Gain from sale of capital assets		1,238	5,234
Total non-operating revenues(expenses), net		(1,418,460)	(556,775)
Net income before capital contributions		18,747,213	6,242,634
Capital contributions:			
Contributed capital		3,790,343	2,467,579
Total capital contributions		3,790,343	2,467,579
Changes in net position		22,537,556	8,710,213
Net position, beginning of year		123,745,923	115,035,710
Net position, end of year	$	146,283,479	123,745,923

See accompanying notes to the basic financial statements

Fresno Irrigation District
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	$ 39,912,489	23,917,871
Cash paid to vendors and suppliers for materials and services	(10,055,779)	(9,264,662)
Cash paid to employees for salaries and wages	(6,678,637)	(6,281,531)
Net cash provided by operating activities	23,178,073	8,371,678
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(19,585,770)	(9,375,288)
Proceeds from capital contributions	4,161,996	1,038,626
Proceeds from the sale of capital assets	1,620	20,965
Proceeds from debt	19,168,593	2,000,000
Principal paid on long-term debt	(2,465,000)	(2,440,000)
Interest paid on long-term debt	(492,948)	(464,260)
Net cash provided by (used in) capital and related financing activities	788,491	(9,219,957)
Cash flows from investing activities:		
Interest and investment earnings	609,655	479,758
Purchase of securities	(20,712,854)	(3,003,584)
Proceeds from sale of securities	8,324,906	3,515,291
Rental revenue	20,250	20,250
Net cash (used in) provided by investing activities	(11,758,042)	1,011,715
Net increase in cash and cash equivalents	12,208,521	163,436
Cash and cash equivalents, beginning of year	9,060,552	8,897,116
Cash and cash equivalents, end of year	$ 21,269,073	9,060,552

Reconciliation of cash and cash equivalents to the statements of net position:

	2022	2021
Cash and cash equivalents	$ 18,569,026	6,361,044
Restricted – cash and cash equivalents	2,700,046	2,699,508
Total cash and cash equivalents	$ 21,269,072	9,060,552

Continued on next page

See accompanying notes to the basic financial statements

Fresno Irrigation District
Statements of Cash Flows, continued
For the Years Ended December 31, 2022 and 2021

		2022	2021
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	20,165,673	6,799,409
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense		3,012,836	2,983,987
Change in assets, deferred outflows, liabilities, and deferred inflows:			
(Increase)Decrease in assets:			
Accounts receivable		(113,757)	(81,740)
Assessments receivable		(97,532)	(372,187)
Prepaid expenses and other deposits		56,962	(201,840)
Other assets		-	11,171
(Increase)Decrease in deferred outflows of resources:			
Deferred OPEB outflows		(475,163)	554,418
Increase(Decrease) in liabilities:			
Accounts payable and accrued expenses		98,876	(1,043,518)
Accrued payroll and employee benefits		(8,412)	41,190
Deposits for work-orders		(14,506)	(129,423)
Unearned revenue		333,904	433,845
Compensated absences		57,541	35,587
Net OPEB liability		(1,219,444)	(799,182)
Increase(Decrease) in deferred inflows of resources:			
Deferred OPEB inflows		1,381,095	139,961
Total adjustments		3,012,400	1,572,269
Net cash provided by operating activities	$	23,178,073	8,371,678
Non-cash investing, capital, and financing transaction:			
Change in fair value of investments	$	(1,644,605)	(678,786)
Non-cash capital contributions	$	2,499,383	866,628

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Fresno Irrigation District (District) was formed in 1920, under the California Irrigation Districts Act, as the successor to the privately owned Fresno Canal and Land Company. The District purchased all the rights and property of the company for the sum of $1,750,000. The assets of the company consisted of over 800 miles of canals and distributions works which were primarily constructed between 1850 and 1880 and the extensive water rights on Kings River. The District, which now comprises some 245,000 acres, lies entirely within Fresno County and includes the rapidly growing Fresno-Clovis metropolitan area.

The District's mission is to protect and manage the surface and groundwater resources of the District in order to meet present and future needs of the people and lands within the District. One of the primary purposes of the District is the delivery of surface water to its agricultural and urban customers. The District is an independent special district, governed by a five-member Board of Directors consisting of members from different geographic divisions of the District.

B. Basis of Accounting and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (assessments), water sales, capital grants, and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

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

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

The District has adopted the following GASB pronouncement in the current year:

In June 2017, the GASB issued Statement No. 87 – *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by 18 months. Earlier application is encouraged.

In May 2019, the GASB issued Statement No. 91 – Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this Statement were effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued Statement No. 92 – Omnibus 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

In March 2020, the GASB issued Statement No. 93 – Replacement of Interbank Offered Rates. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap; (6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

In October 2021, the GASB issued Statement No. 98 – The Annual Comprehensive Financial Report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

2. Uncertainty

The COVID-19 outbreak in the United States has caused business disruption through labor shortages and business closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Consequently, the related financial impact on the District and the duration cannot be estimated at this time.

3. Cash and Cash Equivalents

The District considers all highly liquid investments with a maturity of three months or less at the time of purchased to be cash equivalents.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

4. Investments and Investment Policy

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

5. Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset as follows:

- **Level 1** – Valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3** – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity, and other assumptions that are internally generated and cannot be observed in the market.

The District's investment in LAIF is valued at amortized cost and is not subject to the fair value measurement criteria.

6. Accounts Receivable and Allowance for Uncollectible Accounts

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses liens on parcels and the allowance method for the reservation and write-off of those accounts when material.

7. Property Assessments

In lieu of ad valorem assessments, the District has elected to raise funds required to carry on its business and affairs by means of fixed charges under Section 22280 of the Water Code based on the full cash value of lands within its jurisdiction. Annually, the District classifies lands on the basis of services to be provided during the subsequent calendar year and establishes the relative value of such services to be furnished by the District in a manner that is consistent with applicable classifications as approved by the voters of the District pursuant to Proposition 218. Assessments are levied on October of each year for the subsequent year. Assessment receivable at year end are assessments that are levied but not received at year end.

8. Restricted Assets

Certain assets of the District are set aside in a trust account to comply with the 2016A Bond Refunding agreement.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

9. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Donated assets are recorded at estimated fair market value at the date of donation. The District has set the capitalization threshold for reporting capital assets at $5,000. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. District policy has set the capitalization threshold for reporting capital assets as follows:

Transmission and distribution plan	10-50 years
Buildings	20-40 years
Equipment	5-20 years
Telemetry system	10 years
Office furniture and fixtures	3-15 years

10. Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

11. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources applicable to future periods.

12. Unearned Revenue

Unearned revenue consists of assessments of future year's water sales and service fees.

13. Compensated Absences

The District's personnel policies permit full-time employees to accumulate paid time-off (PTO) based on years of service. Cash payment of unused accumulate PTO is available to those qualified employees when retired or terminated or every quarter when the unused accumulated PTO balance is above 320 hours. Part-time employees accumulate sick time based on the requirements of the State. Sick time may not be cashed out.

14. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources applicable to future periods.

15. Post-Employment Benefit Other Than Pensions

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by PARS. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

16. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net investment in capital assets** – consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

- **Restricted** – consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets.

- **Unrestricted** – the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the *net investment in capital assets* or *restricted* components of net position.

17. Budgetary Principles

The District adopts an annual budget, typically in October each year, to take effect January 1 the following year. The budget is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions. The Board approves all budget addition appropriations. Budget integration is employed as a management control device.

(2) Cash and Investments

Cash and investments as of December 31 are classified in the accompanying financial statements as follows:

		2022	2021
Cash and cash equivalents	$	18,569,026	6,361,044
Restricted – cash and cash equivalents		2,700,046	2,699,508
Current investments		9,438,852	4,244,144
Non-current investments		25,907,432	20,358,797
Total	$	56,615,356	33,663,493

(2) Cash and Investments, continued

Cash and investments as of December 31 consist of the following:

		2022	2021
Cash and cash equivalents:			
Cash on hand	$	-	470
Deposits with financial institutions		21,260,259	9,051,327
California Local Agency Investment Fund		8,813	8,755
Total cash and cash equivalents		21,269,072	9,060,552
Investments:			
U.S. Government Agency obligations		14,665,761	9,996,114
Brokered certificates of deposit		9,203,030	7,515,927
Corporate bonds		11,477,493	7,090,900
Total investments		35,346,284	24,602,941
Total cash and investments	$	56,615,356	33,663,493

Investments Authorized by the California Government Code and the District's Investment Policy

The following table identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District; rather, the table addresses the general provisions of the California Government Code or the District's investment policy.

Investments Authorized by the California Government Code and the District's Investment Policy, continued

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (LAIF)	5 years	None	None	None
Interest Bearing Checking Accounts	N/A	None	None	None
Certificates of Deposit	5 years	None	30%	None
U.S. Treasuery Bills and Notes	5 years	None	None	None
U.S. Government Sponsored Entities	5 years	None	None	None
Bankers' Acceptances	180 days	None	40%	30%
Commercial Paper	270 days	NRSRO*	25%	10%
Repurchase Agreements	1 year	None	None	None
Reverse Repurchase Agreement	92 days	None	20% of base value	None
Medium Term Notes	5 years	NRSRO A	30%	10%
Negotiable Certificates of Deposit	5 years	None	30%	None

*Entity has other debt rated by a nationally recognized statistical rating organization (NRSRO) of A or higher and commercial paper that is rated by a NRSRO of A-1 or higher

(2) Cash and Investments, continued

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of 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 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. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

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 that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of December 31, 2022 and 2021, bank balances are federally insured up to $250,000. The remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Investment in State Investment Pool

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

The District's deposit and withdrawal restrictions and limitations are as follows:

- Same day transaction processing occurs for orders received before 10:00 a.m.
- Next day transaction processing occurs for orders received after 10:00 a.m.
- Maximum limit of 15 transactions (combination of deposits and withdrawals) per month.
- Minimum transaction amount requirement of $5,000, in increments of $1,000.
- Withdrawals of $10 million or more require 24 hours advance.
- Prior to funds transfer, an authorized person must call LAIF to do a verbal transaction.

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 that 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 matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations.

(2) Cash and Investments, continued

Interest Rate Risk, continued

As of December 31, 2022, the District's investments are scheduled to mature as follows:

		Remaining Maturity		
Investment Type	**Amount**	**12 Months or Less**	**13 to 24 Months**	**25-60 Months**
U.S. Government Agency obligations	$ 14,665,761	4,906,112	2,908,301	6,851,348
Brokered certificates of deposit	9,203,030	1,241,260	2,691,876	5,269,894
Corporate bonds	11,477,493	3,291,480	3,047,431	5,138,582
Total	$ 35,346,284	9,438,852	8,647,608	17,259,824

As of December 31, 2021, the District's investments are scheduled to mature as follows:

		Remaining Maturity		
Investment Type	**Amount**	**12 Months or Less**	**13 to 24 Months**	**25-60 Months**
U.S. Government Agency obligations	$ 9,996,114	1,018,676	2,058,652	6,918,786
Brokered certificates of deposit	7,515,927	2,518,517	256,978	4,740,432
Corporate bonds	7,090,900	706,951	4,354,991	2,028,958
Total	$ 24,602,941	4,244,144	6,670,621	13,688,176

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. Presented below is the minimum rating required by the California Government Code (where applicable), the District's investment policy, or debt agreements, and the actual rating as of the years ended for each investment type.

Credit ratings as of December 31, 2022, were as follows:

			Rating as of Year-End		
Investment Type	**Minimum Legal Rating**	**Amount**	**AAAm/A-1+ AA/AA+/AA-**	**A-1/A+/ A/A-/BBB+**	**Unrated**
U.S. Government Agency obligations	N/A	$ 14,665,761	14,665,761	-	-
Brokered certificates of deposit	N/A	9,203,030	-	-	9,203,030
Corporate bonds	Aaa	11,477,493	447,800	11,029,693	-
Total		$ 35,346,284	15,113,561	11,029,693	9,203,030

(2) Cash and Investments, continued

Credit Risk, continued

Credit ratings as of December 31, 2021, were as follows:

Investment Type	Minimum Legal Rating	Amount	Rating as of Year-End AAAm/A-1+ AA/AA+/AA-	A-1/A+/ A/A-/BBB+	Unrated
U.S. Government Agency obligations	N/A	$ 9,996,114	9,996,114	-	-
Brokered certificates of deposit	N/A	7,515,927	-	-	7,515,927
Corporate bonds	Aaa	7,090,900	-	7,090,900	-
Total		$ 24,602,941	9,996,114	7,090,900	7,515,927

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments as of December 31, are as follows:

Investment	2022	2021
U.S. Government Agency obligations		
Federal Home Loan Bank	$ 7,661,590	3,043,986
Freddie Mac	4,618,129	3,919,906
Federal Farm Credit Bank	1,876,562	3,032,222
Corporate bonds		
Bank of New York Mellon Corporation	2,238,772	2,336,281

Fair Value Hierarchy

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at December 31, 2022, are as follows:

Description	December 31, 2022	Fair Value Measurement at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Agency obligations	$ 14,665,761	-	14,665,761	-
Brokered certificates of deposit	9,203,030	-	9,203,030	-
Corporate bonds	11,477,493	-	11,477,493	-
	35,346,284	-	35,346,284	-
Investments measured at amortized cost:				
California Local Agency Investment Fund	8,813			
Total	$ 35,355,097			

(2) Cash and Investments, continued

Fair Value Hierarchy, continued

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at December 31, 2021, are as follows:

		Fair Value Measurement at Reporting Date Using:		
Description	December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Agency obligations	$ 9,996,114	-	9,996,114	-
Brokered certificates of deposit	7,515,927	-	7,515,927	-
Corporate bonds	7,090,900	-	7,090,900	-
	24,602,941	-	24,602,941	-
Investments measured at amortized cost:				
California Local Agency Investment Fund	8,755			
Total	$ 24,611,696			

(3) Assessments Receivable

Assessments receivable as of December 31 consists of the following:

	2022	2021
Short-term asssessment	$ 9,846,081	9,628,488
Long-term assessment	98,531	218,592
Total assessment receivable	$ 9,944,612	9,847,080

(4) Due from Other Government Agencies

Grants receivable as of December 31 consists of the following:

	2022	2021
Fresno Metropolitan Flood Control District	$ 172,616	3,222,163
Department of Water Resources	178,511	-
Total grants receivable	$ 351,127	3,222,163

(5) Capital Assets

The change in capital assets for 2022 were as follows:

	Balance 2021	Additions/ Transfers	Deletions/ Transfers	Balance 2022
Non-depreciable assets:				
Land	$ 9,938,620	15,144,681	-	25,083,301
Property and land rights	1,750,000	-	-	1,750,000
Storage rights - Pine Flat Dam	1,781,918	-	-	1,781,918
Construction-in-process	17,512,750	3,884,010	(7,331,598)	14,065,162
Total non-depreciable assets	30,983,288	19,028,691	(7,331,598)	42,680,381
Depreciable assets:				
Transmission and distribution plant	109,988,224	9,441,004	-	119,429,228
Buildings	9,228,891	384,410	-	9,613,301
Equipment	7,152,336	506,414	(5,723)	7,653,027
Telemetry system	539,198	-	-	539,198
Office furniture and fixtures	874,917	56,232	-	931,149
Total depreciable assets	127,783,566	10,388,060	(5,723)	138,165,903
Accumulated depreciation:				
Transmission and distribution plant	(42,445,981)	(2,325,638)	-	(44,771,619)
Buildings	(2,291,713)	(250,888)	-	(2,542,601)
Equipment	(6,000,554)	(382,311)	5,341	(6,377,524)
Telemetry system	(492,764)	(6,947)	-	(499,711)
Office furniture and fixtures	(676,262)	(47,052)	-	(723,314)
Total accumulated depreciation	(51,907,274)	(3,012,836)	5,341	(54,914,769)
Total depreciable assets, net	75,876,292	7,375,224	(382)	83,251,134
Total capital assets, net	$ 106,859,580	26,403,915	(7,331,980)	125,931,515

(5) Capital Assets, continued

The change in capital assets for 2021 were as follows:

	Balance 2020	Additions/ Transfers	Deletions/ Transfers	Balance 2021
Non-depreciable assets:				
Land	$ 9,938,620	-	-	9,938,620
Property and land rights	1,750,000	-	-	1,750,000
Storage rights - Pine Flat Dam	1,781,918	-	-	1,781,918
Construction-in-process	9,803,760	8,979,139	(1,270,149)	17,512,750
Total non-depreciable assets	23,274,298	8,979,139	(1,270,149)	30,983,288
Depreciable assets:				
Transmission and distribution plant	107,926,321	2,061,903	-	109,988,224
Buildings	9,228,891	-	-	9,228,891
Equipment	6,958,265	271,274	(77,203)	7,152,336
Telemetry system	539,198	-	-	539,198
Office furniture and fixtures	999,026	199,749	(323,858)	874,917
Total depreciable assets	125,651,701	2,532,926	(401,061)	127,783,566
Accumulated depreciation:				
Transmission and distribution plant	(40,165,422)	(2,280,559)	-	(42,445,981)
Buildings	(2,040,730)	(250,983)	-	(2,291,713)
Equipment	(5,662,004)	(415,754)	77,204	(6,000,554)
Telemetry system	(491,725)	(1,039)	-	(492,764)
Office furniture and fixtures	(948,736)	(35,652)	308,126	(676,262)
Total accumulated depreciation	(49,308,617)	(2,983,987)	385,330	(51,907,274)
Total depreciable assets, net	76,343,084	(451,061)	(15,731)	75,876,292
Total capital assets, net	$ 99,617,382	8,528,078	(1,285,880)	106,859,580

(6) Compensated Absences

The change in compensated absences for 2022 were as follows:

Balance 2021	Earned	Taken	Balance 2022	Current Portion	Long-term Portion
$ 827,008	537,217	(479,676)	884,549	539,575	344,974

The change in compensated absences for 2021 were as follows:

Balance 2020	Earned	Taken	Balance 2021	Current Portion	Long-term Portion
$ 791,421	509,692	(474,105)	827,008	504,475	322,533

(7) Long-term Debt

The change in long-term debts for 2022 was as follows:

		Balance 2021	Additions/ Deletions	Principal Payments	Balance 2022	Current Portion	Long-term Portion
Bond payable:							
Revenue Refunding Bond Series 2016A	$	9,390,000	-	(465,000)	8,925,000	485,000	8,440,000
Add: Unamortized premium		1,363,392	-	(90,892)	1,272,500	-	1,272,500
Total bond payable		10,753,392	-	(555,892)	10,197,500	485,000	9,712,500
Other long-term debt:							
Warrant payable		2,000,000	-	(2,000,000)	-	-	-
Installment payment agreement - Kenneson		-	779,193	-	779,193	389,597	389,596
Installment payment agreement - Crossland		-	389,400	-	389,400	389,400	-
Installment purchase agreement		2,000,000	18,000,000	-	20,000,000	-	20,000,000
Total other long-term debt		4,000,000	19,168,593	(2,000,000)	21,168,593	778,997	20,389,596
Total long-term debt		14,753,392	19,168,593	(2,555,892)	31,366,093	1,263,997	30,102,096
Current portion		(2,465,000)			(1,263,997)		
Non-current portion	$	12,288,392			30,102,096		

The change in long-term debts for 2021 was as follows:

		Balance 2020	Additions/ Deletions	Principal Payments	Balance 2021	Current Portion	Long-term Portion
Bond payable:							
Revenue Refunding Bond Series 2016A	$	9,830,000	-	(440,000)	9,390,000	465,000	8,925,000
Add: Unamortized premium		1,454,284	-	(90,892)	1,363,392	-	1,363,392
Total bond payable		11,284,284	-	(530,892)	10,753,392	465,000	10,288,392
Other long-term debt:							
Warrant payable		4,000,000	-	(2,000,000)	2,000,000	2,000,000	-
Installment purchase agreement		-	2,000,000	-	2,000,000	-	2,000,000
Total other long-term debt		4,000,000	2,000,000	(2,000,000)	4,000,000	2,000,000	2,000,000
Total long-term debt		15,284,284	2,000,000	(2,530,892)	14,753,392	2,465,000	12,288,392
Current portion		(2,440,000)			(2,465,000)		
Non-current portion	$	12,844,284			12,288,392		

Revenue Refunding Bond, Series 2016A

In April 2007, the District issued the Certificate of Participation (Water Facilities Project), Series 2007 in the amount of $16,575,000. The proceeds were used to finance certain improvements to the District's water infrastructure.

On September 8, 2016, the District issued the Water Revenue Refunding Bonds, Series 2016A in the amount of $11,415,000 secured by the District's net revenues. The proceeds were used to refund the outstanding Certificates of Participation (Water Facilities Project) and pay for cost of issuance of the 2016A bonds. The debt bears an interest rate ranging from 3.0% to 5.0%, with interest due semi-annually on April 1 and October 1 of each year, principal due annually on October 1 of each year, and maturing on October 1, 2036.

(7) Long-term Debt, continued

Revenue Refunding Bond Series 2016A, continued

Annual debt service requirements for the bond are as follows:

Year		Principal	Interest	Total
2023	$	485,000	364,850	849,850
2024		505,000	350,300	855,300
2025		520,000	335,150	855,150
2026		535,000	319,550	854,550
2027		560,000	292,800	852,800
2028-2032		3,225,000	1,035,750	4,260,750
2033-2037		3,095,000	315,600	3,410,600
Total		8,925,000	3,014,000	11,939,000
Premium		1,272,500		
Current		(485,000)		
Non-current	$	9,712,500		

Warrant, Series 2018

On September 24, 2018, the District entered into a warrant agreement with Wells Fargo Bank, National Association in the amount of $6,000,000 secured by the District's net revenues. The proceeds from the warrant were used to finance the cost of the acquisition, construction, and improvement of certain facilities which are commonly known as the Central Basin Project and the Wagner Basin Project. The warrant interest rate is variable with a maximum of 12.00%. Interest payments are due semi-annually on February 1 and August 1 of each year, principal payments are due annually on August 1 of each year, and matures on August 1, 2022. The District's warrant agreement with Wells Fargo Bank, National Association was fully paid in 2022.

Installment Payment Agreement - Kenneson

On March 25, 2022, the District entered into a secured promissory note agreement with G. Stephen Dee and Margaret "Peggy" Dee, Trustees of the George M. Kenneson Inheritance Trust (Kenneson) in the amount of $779,193 to purchase a parcel of land. The land is for the purpose of constructing a groundwater recharge and regulation basin in response to California's Sustainable Groundwater Management Act. The installment payment agreement bears an interest rate of 3%, with principal and interest payments due annually on May 4 of each year, and matures on May 4, 2024.

Annual payments of principal and interest are as follows:

Year		Principal	Interest	Total
2023	$	389,597	23,376	412,973
2024		389,596	11,688	401,284
Total		779,193	35,064	814,257
Current		(389,597)		
Non-current	$	389,596		

(7) Long-term Debt, continued

Installment Payment Agreement - Crossland

On December 15, 2022, the District entered into a secured promissory note agreement with Thomas E. Crossland and Chantelle L. Crossland, Trustees of the Thomas E. Crossland Family Trust (Crossland) in the amount of $389,400 to purchase a parcel of land. The land is for the purpose of constructing a groundwater recharge and regulation basin in response to California's Sustainable Groundwater Management Act. The installment payment agreement bears an interest rate of 6%, with one principal and interest payment payable on or before January 31, 2023.

Annual payments of principal and interest are as follows:

Year	Principal	Interest	Total
2023	$ 389,400	2,688	392,088
Total	389,400	2,688	392,088
Current	(389,400)		
Non-current	$ -		

2021 Installment Purchase Agreement

On December 1, 2021, the District entered into an installment purchase agreement with Wells Fargo Bank, National Association in the amount of $20,000,000 secured by the pledge of revenues. The proceeds from the installment purchase agreement are to be used to finance the cost to acquire certain land and develop such land for groundwater recharge purposes, and to acquire certain other improvements to the District's water infrastructure. The installment purchase agreement bears an interest rate of 1.72% with installment payments of principal and interest due semi-annually on June 30 and December 31 of each year, commencing on June 30, 2022. The installment purchase agreement is scheduled to mature on December 31, 2031. As of December 31, 2022, $20,000,000 was advanced under the installment purchase agreement, where $4,621,685 remains to be spent by the District for future land for groundwater recharge purposes.

(8) Other Post Employment Benefits

Plan Description

The District's defined benefit Other Post Employment Benefir or OPEB plan (Plan) provides OPEB for all permanent full-time employees and consists of the Public Agency Retirement Services (PARS). PARS receives contributions from the District and other participating employers prefunding accounts to pay for health care or other post-employment benefits in accordance with the terms of the participating employers' plans. Contributions are voluntarily determined by the District's own funding schedule, and there are no long-term contracts for contributions to the Plan. As such, contributions to PARS are elective and not required. PARS is an agent multiple-employer plan administered by the PARS. PARS financial report is available upon request.

Benefits Provided

The District provides medical/Rx insurance for its retirees and their dependents through the California Public Employees' Medical and Hospital Care Act (PEMHCA). Employees may choose one of five medical options: Blue Shield Access+, Kaiser HMO, PERS Gold PPO, PERS Platinum PPO, or UnitedHealthCare (UHC) HMO. The District provides dental and vision insurance through Ameritas.

(8) Other Post Employment Benefits, continued

Employees Covered by Benefit Terms

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

	2022	2021
Inactive employees currently receiving benefits	31	34
Active employees	90	92
Total	121	126

Contributions

The District funds retiree health care benefits on a pay-as-you-go basis. The District recognizes expenditures for its share of the annual premiums as these benefits become due. The contribution requirements are established and may be amended by the District's Board of Directors. The Board establishes rates based on an actuarially determined rate. For the years ended December 31, 2022 and 2021, the District's contributions are limited according to the following schedule:

	District Contributions	
	Employee	Spouse
Hired before January 1, 2006	100%	100%
Hired between January 1, 2006 and May 13, 2014	100% of UHC HMO or Kaiser HMO, if elected; otherwise, 100% of UHC HMO	50% of UHC HMO or Kaiser HMO, if elected; otherwise, 50% of UHC HMO
Hired on or after May 13, 2014	100% of UHC HMO	Dollar cap per schedule

Actuarial Assumptions

As of and for the year ended December 31, 2022, the District's net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. As of and for the year ended December 31, 2022, the District's net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00%
Investment rate of return	6.00%, net of OPEB plan investment expense
Healthcare cost trend rates	2022: Medical – 6.00% in 2022, 5.50% for 2023, and 5.20% for 2024-2030, and 5% for 2031 and later years.

Pre-retirement and post-retirement mortality rates were based from the CalPERS Experience Study (2000-2019).

(8) Other Post Employment Benefits, continued

Actuarial Assumptions, continued

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class for the December 31, 2021 and 2019, actuarial valuations:

Asset Class	Assumed Asset Allocation	Real Rate of Return
Broad U.S. equity	25.0 %	4.4 %
U.S. fixed	35.0	1.5
High yield	35.0	3.1
Cash equivalents	5.0	0.1
Total	100 %	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00%. The long-term expected rate of return on Plan investment was to the extent that the Plan's fiduciary net position (if any) is projected to be enough to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return. In addition, a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher was used if the previous conditions were not met.

Changes in the Net OPEB Liability

	2022			2021
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability(Asset)	Net OPEB Liability(Asset)
Balance at beginning of year	$ 9,550,593	8,884,498	666,095	1,465,277
Changes for the year:				
Service cost	235,044	-	235,044	209,813
Interest	577,239	-	577,239	550,163
Difference between expected and actual experience	(1,601,996)	-	(1,601,996)	-
Changes in assumptions	219,504	-	219,504	-
Employer contributions	-	334,840	(334,840)	(833,067)
Net investment income	-	364,082	(364,082)	(769,711)
Benefit payments	(334,840)	(334,840)	-	-
Trustees fees	-	(49,686)	49,686	23,987
Administrative expenses	-	-	-	19,633
Net change	(905,049)	314,396	(1,219,445)	(799,182)
Balance at end of year	$ 8,645,544	9,198,894	(553,350)	666,095

(8) Other Post Employment Benefits, continued

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

For the years ended December 31 2022 and 2021, the District recognized OPEB expense of $208,115 and $285,411, respectively. At December 31, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Contribution subsequent to the measurement date	$ 313,514	-	268,044	-
Difference between expected and actual return on investments	290,537	(326,843)	-	(258,020)
Difference between expected and actual experience	-	(1,902,216)	-	(589,944)
Changes in assumption	467,958	-	328,802	-
	$ 1,072,009	(2,229,059)	596,846	(847,964)

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

Year	Deferred Outflow(Inflow) of Resources
2023	$ (185,119)
2024	(300,719)
2025	(222,330)
2026	(165,642)
2027	(209,376)
Thereafter	(387,378)

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

As of December 31, 2022, the net OPEB liability(asset) of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage point higher (7.00%) than the current discount rate (6.00%) is as follows:

	1% Decrease	Current Rate	1% Increase
District's net OPEB liability(asset)	$ 661,346	(553,350)	(1,555,506)

(8) Other Post Employment Benefits, continued

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

As of December 31, 2021, the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage point higher (7.00%) than the current discount rate (6.00%) is as follows:

		1% Decrease	Current Rate	1% Increase
District's net OPEB liability(asset)	$	1,959,199	666,095	(404,471)

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

As of December 31, 2022, the net OPEB liability(asset) of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00% decreasing to 4.00%) or 1-percentage-point higher (7.00% decreasing to 6.00%) than the current healthcare cost trend rates (6.00% decreasing to 5.00%) is as follows:

		1% Decrease	Current Rate	1% Increase
District's net OPEB liability(asset)	$	(1,622,928)	(553,350)	762,609

As of December 31, 2021, the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00% decreasing to 4.00%) or 1-percentage-point higher (7.00% decreasing to 6.00%) than the current healthcare cost trend rates (6.00% decreasing to 5.00%) is as follows:

		1% Decrease	Current Rate	1% Increase
District's net OPEB liability(asset)	$	(544,788)	666,095	2,152,171

(9) Net Investment in Capital Assets

The balance at December 31, consists of the following:

		2022	2021
Net investment in capital assets:			
Non-depreciable capital assets, net	$	42,680,381	30,983,288
Depreciable capital assets, net		83,251,134	75,876,292
Bond payable		(8,925,000)	(9,390,000)
Bond premium		(1,272,500)	(1,363,392)
Warrant payable		-	(2,000,000)
Installment payment agreements		(1,168,593)	
Installment purchase agreement		(20,000,000)	(2,000,000)
Unused proceeds from debt issuance		4,621,685	2,000,000
Total investment in capital assets		99,187,107	94,106,188

(10) Restricted

The balance at December 31, consists of the following:

		2022	2021
Restricted net position:			
Restricted for debt service - cash and cash equivalents	$	2,700,046	2,699,508
Total restricted net position	$	2,700,046	2,699,508

(11) Defined Contribution Plan

The District sponsors the Fresno Irrigation District Employees' Retirement Plan (ERP). The ERP is a defined contribution plan covering all permanent District employees with over two months of service. The District contributes 0.50% of an eligible employee's eligible gross pay after one year of service. In addition, the District matches an employee's contributions up to 6.00% of his/her gross pay. For the years ended December 31, 2022 and 2021, the District's contributions to the ERP totaled $369,962 and $356,840, respectively.

(12) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a founding member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase the appropriate amount of insurance coverage.

At December 31, 2022, the District participated in the liability and property programs of the ACWA/JPIA as follows:

- General liability: The general liability coverage is through ACWA/JPIA with limits of liability of $5 million per occurrence.
- Property: The property insurance coverage is as follows: 1) Buildings, personal property, fixed equipment, and unscheduled vehicle on premises with a deductible of $2,500; 2) Mobile equipment and vehicle with a deductible of $2,500 and $1,000, respectively; 3) Boiler and machinery accidental breakdown with a deductible of $50,000 for turbine units and associated equipment, electrical generators, and electrical power distribution, and a deductible of $25,000 for all other objects; 4) Flood with a deductible of $100,000; and 5) Earthquake with a deductible equivalent to 5% per unit of insurance, subject to a $75,000 minimum.
- Crime: Crime coverage includes public employee theft, depositor forgery or alteration, computer and funds transfer fraud up to $100,000 subject to a deductible of $1,000; Excess crime coverage include public employee dishonesty, forgery or alteration, computer fraud, faithful performance of duty, pension plans including ERISA, and impersonation fraud (sublimit of $250,000) up to $1,000,000, subject to a deductible of $100,000.

Coverage for workers' compensation is provided by the Special District Risk Management Authority (SDRMA). The District's coverage is as follows:

- Workers' compensation insurance coverage up to $5,000,000 per occurrence.

(12) Risk Management, continued

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ended December 31, 2022, 2021, 2020. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated, net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of December 31, 2022, 2021, and 2020.

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the report date, which have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

Governmental Accounting Standards Board Statement No. 99

In April 2022, the GASB issued Statement No. 99 – Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(14) Commitments and Contingencies

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes that the ultimate outcome of such matters, if any, will not materially affect its financial conditions.

Water Delivery Contract

The District entered into a contract with the United States Bureau of Reclamation (USBR) which provides the District the opportunity to purchase up to 75,000 acre-feet of Class II water per contract year when this water is available. The rate, which can change on October 1 of each year, was $34.33 per acre-foot as of December 31, 2022. As a condition of the contract, the District is also committed to pay a pro-rata share of the operating and maintenance costs of the Friant-Kern Canal at a current annual cost of approximately $250,000. Also, the District is committed to pay for the "Middle Reach Correction" project (Project) on the Friant Kern Canal. In 2022, total cost for the project was $389,873.

Pine Flat Dam Storage

The District has a perpetual right to water storage at the Pine Flat Dam. The District's percentage share is 11.8232% (119,000 acre-feet). The District's current share of operations and maintenance costs at the Pine Flat Dam is approximately $176,000 per year.

Central Valley Project

In connection with the District's water contract, the U.S. Congress has passed legislation mandating that the Central Valley Project collect sufficient revenue to cover the entire project operation and maintenance costs. Project operation and maintenance costs are being computed on a utility type charge, on a project-wide basis. Any net project deficit is being charged against individual contracts. In 2010, the District paid off the Capital Component of the Central Valley Project associated with their Class II Contract in the amount of $3.2 million that allowed the District convert to a 9(d) water service contract. Any future capital projects initiated by the USBR will be factored into the District's price of water.

(15) Subsequent Events

Events occurring after December 31, 2022, have been evaluated for possible adjustment to the financial statements or disclosure as of May 18, 2023, which is the date the financial statements were available to be issued. The District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

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Required Supplementary Information

Fresno Irrigation District
Schedules of Changes in the Net OPEB Liability and Related Ratios
December 31, 2022
Last Ten Years*

		2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$	235,044	209,813	185,210	215,826	209,540
Interest		577,239	550,163	544,407	507,605	485,119
Differences between expected and actual experience		(1,601,996)	-	(783,368)	-	-
Changes of assumptions		219,504	-	436,606	-	-
Benefit payments		(334,840)	(333,067)	(290,597)	(299,808)	(339,411)
Net change in total OPEB liability		(905,049)	426,909	92,258	423,623	355,248
Total OPEB liability - beginning		9,550,593	9,123,684	9,031,426	8,607,803	8,252,555
Total OPEB liability - ending	$	8,645,544	9,550,593	9,123,684	9,031,426	8,607,803
Plan fiduciary net position						
Contributions - employer	$	334,840	833,067	290,597	299,808	339,411
Net investment income		364,082	769,711	844,340	(117,971)	564,205
Benefit payments		(334,840)	(333,067)	(290,597)	(299,808)	(339,411)
Trustees fees		(49,686)	(23,987)	(22,582)	(21,850)	(21,628)
Administrative expenses		-	(19,633)	(18,516)	(17,428)	(16,880)
Net change in fiduciary net position		314,396	1,226,091	803,242	(157,249)	525,697
Total fiduciary net position - beginning		8,884,498	7,658,407	6,855,165	7,012,414	6,486,717
Total fiduciary net position - ending	$	9,198,894	8,884,498	7,658,407	6,855,165	7,012,414
District's net OPEB liability (asset)	$	(553,350)	666,095	1,465,277	2,176,261	1,595,389
Plan fiduciary net position as a percentage of the total OPEB liability		106.40%	93.03%	83.94%	75.90%	81.47%
Covered-employee payroll	$	6,862,225	6,118,502	5,935,560	5,649,274	5,220,556
District's net OPEB liability as a percentage of covered-employee payroll		-8.06%	10.89%	24.69%	38.52%	30.56%

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Fresno Irrigation District
Schedules of Plan Contributions
December 31, 2022
Last Ten Years*

		2022	2021	2020	2019	2018
Actuarially determined contributions	$	334,840	833,067	290,597	299,808	301,289
Contributions in relation to the actuarially determined contribution		(334,840)	(833,067)	(290,597)	(299,808)	(301,289)
Contribution deficiency	$	-	-	-	-	-
Covered-employee payroll	$	6,862,225	6,118,502	5,935,560	5,649,274	5,220,556
Contributions as a percentage of covered-employee payroll		4.88%	13.62%	4.90%	5.31%	5.77%

Notes to Schedule

Actuarially determined contribution rates represent the service cost and a 30-year amortization (as a level percent of pay) of the net OPEB liability. The actuarially determined contribution is a potential payment to the plan determined using a contribution allocation procedure and may be compared to the pay-as-you-go payment.

Methods and assumptions used to determine the contribution rates are as follows:

Valuation date	December 31, 2021
Actuarial cost method	Entry age
Amortization method	Level percent of pay
Inflation	3.00%
Salary increases	3.00%
Investment rate of return	6.00% net of OPEB plan investment expense
Healthcare cost trend rate	6.00% for 2020 and decreasing 0.10% per year to 5.00% for 2030 and later years
Pre-retirement mortality	Based on the CalPERS Experience Study (2000-2019)
Post-retirement mortality	RP-2014 Healthy Annuitant Mortality, without projection based on the CalPERS Experience Study (2000-2019)

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

Report on Internal Controls and Compliance

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on the Audits of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Fresno Irrigation District
Fresno, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Fresno Irrigation District (District), which comprise the statements of net position as of December 31, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon May 18, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on the Audits of Financial Statements Performed in Accordance with *Government Auditing Standards,* continued

Purpose of this Report

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

C.J. Brown & Company, CPAs

C.J. Brown & Company CPAs
Cypress, California
May 18, 2023