Fresno Irrigation District

Annual Financial Report

December 31, 2023 and 2022

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, 2023 and 2022

Fresno Irrigation District
Annual Financial Report
December 31, 2023 and 2022

Table of Contents

Financial Section

C.J. Brown & Company CPAs
An Accountancy Corporation

Christopher J. Brown, CPA, CGMA
Jonathan Abadesco, CPA
Jeffrey Palmer

Cypress Office:
10805 Holder Street, Suite 150
Cypress, California 90630
(657) 214-2307

Riverside Office:
5051 Canyon Crest Drive, Suite 203
Riverside, California 92507
(657) 214-2307

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, 2023 and 2022, 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, 2023 and 2022, 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 on pages 4 through 8, and required supplementary information on pages 37 and 38, 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 April 11, 2024 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
April 11, 2024

Fresno Irrigation District
Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022

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, 2023 and 2022. 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 2023, the District's net position decreased 2.57% or $3,764,106 to $142,519,373. In 2022, the District's net position increased 18.21% or $22,537,556 to $146,283,479.
- In 2023, the District's total revenues decreased 55.70% or $22,591,364 to $17,966,893. In 2022, the District's total revenues increased 65.08% or $15,989,410 to $40,558,257.
- In 2023, the District's total expenses increased 4.74% or $1,034,228 to $22,845,272. In 2022, the District's total expenses increased 19.02% or $3,484,831 to $21,811,044.
- In 2023, the District's total capital contributions decreased 70.60% or $2,676,070 to $1,114,273. In 2022, the District's total capital contributions increased 53.61% or $1,322,764 to $3,790,343.

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 36.

Statement of Net Position

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

Condensed Statements of Net Position

		2023	2022	Change	2021	Change
Assets:						
Current assets	$	44,383,136	42,111,847	2,271,289	27,182,533	14,929,314
Non-current assets		26,010,330	26,573,211	(562,881)	20,591,287	5,981,924
Capital assets, net		128,554,231	125,931,515	2,622,716	106,859,580	19,071,935
Total assets		198,947,697	194,616,573	4,331,124	154,633,400	39,983,173
Deferred outflows of resources		1,927,066	1,072,009	855,057	596,846	475,163
Liabilities:						
Current liabilities		28,246,121	16,728,974	11,517,147	17,359,339	(630,365)
Non-current liabilities		28,311,854	30,447,070	(2,135,216)	13,277,020	17,170,050
Total liabilities		56,557,975	47,176,044	9,381,931	30,636,359	16,539,685
Deferred inflows of resources		1,797,415	2,229,059	(431,644)	847,964	1,381,095
Net position:						
Net investment in capital assets		99,751,579	99,187,107	564,472	94,106,188	5,080,919
Restricted		2,704,263	2,700,046	4,217	2,699,508	538
Unrestricted		40,063,531	44,396,326	(4,332,795)	26,940,227	17,456,099
Total net position	$	142,519,373	146,283,479	(3,764,106)	123,745,923	22,537,556

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 $142,519,373and $146,283,479 as of December 31, 2023 and 2022, respectively.

By far, the largest portion of the District's net position (70% and 67.80% as of December 31, 2023 and 2022, 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.

Statement of Net Position, continued

The District's net position decreased 2.57% or $3,764,106. In 2022, the District's net position increased 18.21% or $22,537,556. 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, 2023 and 2022, the District showed a positive balance in its unrestricted net position of $40,063,531 and $44,396,326, 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

		2023	2022	Change	2021	Change
Revenues:						
Operating revenues	$	15,786,282	39,804,379	(24,018,097)	24,067,375	15,737,004
Non-operating revenues		2,180,610	753,877	1,426,733	501,472	252,405
Total revenues		17,966,893	40,558,257	(22,591,364)	24,568,847	15,989,410
Expenses:						
Operating expenses		18,989,367	16,625,871	2,363,496	14,283,980	2,341,891
Depreciation expense		3,226,146	3,012,836	213,310	2,983,987	28,849
Non-operating expenses		629,760	2,172,337	(1,542,577)	1,058,246	1,114,091
Total expenses		22,845,272	21,811,044	1,034,228	18,326,213	3,484,831
Net (loss) income before capital contributions		(4,878,379)	18,747,213	(23,625,592)	6,242,634	12,504,579
Capital contributions		1,114,273	3,790,343	(2,676,070)	2,467,579	1,322,764
Changes in net position		(3,764,106)	22,537,556	(26,301,662)	8,710,213	13,827,343
Net position, beginning of year		146,283,479	123,745,923	22,537,556	115,035,710	8,710,213
Net position, end of year	$	142,519,373	146,283,479	(3,764,106)	123,745,923	22,537,556

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 decreased 2.57% or $3,764,106 from $146,283,479 to $142,519,373, as a result of ongoing operations for the year ended December 31, 2023. In 2022, the District's net position increased 18.21% or $22,537,556 from $123,745,923 to $146,283,479, as a result of ongoing operations.

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

In 2023, the District's operating revenues decreased 60.34% or $24,018,097, due primarily to a decrease of $24,461,992 in water sales as a result of an extremely wet year, which was offset by an increase of $330,740 in assessments. In 2022, the District's operating revenues increased 65.39% or $15,737,004, due primarily to increases of $15,134,079 in water sales and $395,939 in assessments.

In 2023, the District's non-operating revenues increased 189.25% or $1,426,733, due primarily to increases of $779,155 in investment earnings and $648,816 in unrealized gain on investments. In 2022, the District's non-operating revenues increased 50.33% or $252,405, due primarily to an increase of $256,402 in investment earnings, which was offset by a decrease of $3,996 in gain from sale of capital assets.

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

In 2023, the District's operating expenses increased 14.22% or $2,363,496, due primarily to increases of $1,384,579 in maintenance, and $786,762 in general and administration. 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 2023, the District's non-operating expenses decreased 71.01% or $1,542,577, due primarily to a decrease in unrealized loss on investments. In 2022, the District's non-operating expenses increased 105.28% or $1,114,091, due primarily to increases of $965,819 in unrealized loss in investments, and $148,272 in interest expense.

Depreciation expense increased $213,310 and $28,849 for the years ended December 31, 2023 and 2022, respectively.

In 2023, the District's capital contributions decreased 70.60% or $2,676,070, due primarily to a decrease in grant revenues and developer projects. In 2022, the District's capital contributions increased 53.61% or $1,322,764, due primarily to an increase in grant revenues and developer projects.

Capital Asset Administration

As of December 31, 2023 and 2022, the District's capital assets (net of accumulated depreciation) amounted to $128,554,231 and $125,931,515, 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 2023 was as follows:

	Balance 2022	Additions	Transfers/ Deletions	Balance 2023
Capital assets:				
Non-depreciable assets	$ 42,680,381	5,295,002	(3,117,917)	44,857,466
Depreciable assets	138,165,903	3,671,777	-	141,837,680
Accumulated depreciation	(54,914,769)	(3,226,146)	-	(58,140,915)
Total capital assets, net	$ 125,931,515	5,740,633	(3,117,917)	128,554,231

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

Debt Administration

In 2023, long-term debt decreased by $1,354,890 due primarily to regular principal payment and amortization of premium on the District's outstanding debt.

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.

See note 7 for further discussion.

The change in long-term debt amounts for 2023 was as follows:

		Balance 2022	Additions/ Deletions	Principal Payments	Balance 2023
Long-term debt:					
Bond payable	$	10,197,500	-	(575,894)	9,621,606
Other long-term debt		21,168,593	-	(778,996)	20,389,597
Total long-term debt		31,366,093	-	(1,354,890)	30,011,203
Less: current portion		(1,263,997)			(3,249,597)
Non-current portion	$	30,102,096			26,761,606

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

Economic Factors and Other Conditions Affecting Current Financial Position

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, 2023 and 2022

		2023	2022
Current assets:			
Cash and cash equivalents (note 2)	$	14,052,814	18,569,026
Restricted – cash and cash equivalents (note 2)		2,704,263	2,700,046
Investments (note 2)		8,760,453	9,438,852
Accrued interest receivable		325,021	233,134
Accounts receivable		403,102	453,049
Assessments receivable (note 3)		16,230,478	9,846,081
Due from other government agencies (note 4)		1,278,276	351,127
Prepaid expenses and other deposits		628,729	520,532
Total current assets		44,383,136	42,111,847
Non-current assets:			
Investments (note 2)		25,956,787	25,907,432
Assessments receivable (note 3)		39,645	98,531
Net OPEB asset (note 8)		-	553,350
Other assets		13,898	13,898
Capital assets – not being depreciated (note 5)		44,857,466	42,680,381
Capital assets – being depreciated, net (note 5)		83,696,765	83,251,134
Total non-current assets		154,564,561	152,504,726
Total assets		198,947,697	194,616,573
Deferred outflows of resources:			
Deferred OPEB outflows (note 8)		1,927,066	1,072,009
Total deferred outflows of resources	$	1,927,066	1,072,009

Continued on next page

See accompanying notes to the basic financial statements

Fresno Irrigation District
Statements of Net Position, continued
December 31, 2023 and 2022

	2023	2022
Current liabilities:		
Accounts payable and accrued expenses	$ 2,720,973	1,257,616
Accrued payroll and employee benefits	307,975	278,093
Accrued interest payable	113,172	256,414
Deposits	704,300	609,050
Unearned revenue	20,577,064	12,524,229
Long-term liabilities – due in one year:		
Compensated absences (note 6)	573,040	539,575
Bond payable (note 7)	505,000	485,000
Other long-term debt (note 7)	2,744,597	778,997
Total current liabilities	28,246,121	16,728,974
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 6)	366,370	344,974
Bond payable (note 7)	9,116,606	9,712,500
Other long-term debt (note 7)	17,645,000	20,389,596
Net OPEB liability (note 8)	1,183,878	-
Total non-current liabilities	28,311,854	30,447,070
Total liabilities	56,557,975	47,176,044
Deferred inflows of resources:		
Deferred OPEB inflows (note 8)	1,797,415	2,229,059
Total deferred inflows of resources	1,797,415	2,229,059
Net position:		
Net investment in capital assets (note 9)	99,751,579	99,187,107
Restricted (note 10)	2,704,263	2,700,046
Unrestricted	40,063,531	44,396,326
Total net position	$ 142,519,373	146,283,479

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, 2023 and 2022

		2023	2022
Operating revenues:			
Assessments	$	12,382,870	12,052,130
Water sales		790,272	25,252,265
Service charges		149,034	186,022
Pine Flat Dam water use revenue		508,902	279,279
Project contributions		1,756,039	1,683,269
Other operating revenue		199,165	351,415
Total operating revenues		15,786,282	39,804,379
Operating expenses:			
Water purchase		1,001,092	404,007
Transmission and distribution		5,555,560	5,960,491
Maintenance		5,522,110	4,137,530
General and administration		6,910,605	6,123,842
Total operating expenses		18,989,367	16,625,871
Operating (loss) income before depreciation expense		(3,203,084)	23,178,509
Depreciation expense		(3,226,146)	(3,012,836)
Operating (loss) income		(6,429,230)	20,165,673
Non-operating revenues(expenses):			
Rental income		20,250	20,250
Investment earnings		1,511,544	732,389
Unrealized gain (loss) on investments		648,816	(1,644,605)
Interest expense		(629,540)	(527,732)
(Loss) gain from sale of capital assets		(220)	1,238
Total non-operating revenues(expenses), net		1,550,850	(1,418,460)
Net (loss) income before capital contributions		(4,878,379)	18,747,213
Capital contributions:			
Contributed capital		1,114,273	3,790,343
Total capital contributions		1,114,273	3,790,343
Changes in net position		(3,764,106)	22,537,556
Net position, beginning of year		146,283,479	123,745,923
Net position, end of year	$	142,519,373	146,283,479

See accompanying notes to the basic financial statements

Fresno Irrigation District
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

		2023	2022
Cash flows from operating activities:			
Cash receipts from customers for water sales and services	$	17,658,804	39,912,487
Cash paid to vendors and suppliers for materials and services		(10,052,622)	(10,055,779)
Cash paid to employees for salaries and wages		(7,046,314)	(6,678,637)
Net cash provided by operating activities		559,868	23,178,071
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets		(5,437,392)	(19,585,770)
Proceeds from capital contributions		(224,346)	4,161,996
Proceeds from the sale of capital assets		(219)	1,620
Proceeds from debt		-	19,168,593
Principal paid on long-term debt		(1,263,996)	(2,465,000)
Interest paid on long-term debt		(863,676)	(492,948)
Net cash (used in) provided by capital and related financing activities		(7,789,630)	788,491
Cash flows from investing activities:			
Interest and investment earnings		1,419,657	609,655
Purchase of securities		(1,252,049)	(20,712,854)
Proceeds from sale of securities		2,529,909	8,324,906
Rental revenue		20,250	20,250
Net cash provided by (used in) investing activities		2,717,767	(11,758,042)
Net (decrease) increase in cash and cash equivalents		(4,511,995)	12,208,520
Cash and cash equivalents, beginning of year		21,269,072	9,060,552
Cash and cash equivalents, end of year	$	16,757,077	21,269,072

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

		2023	2022
Cash and cash equivalents	$	14,052,814	18,569,026
Restricted – cash and cash equivalents		2,704,263	2,700,046
Total cash and cash equivalents	$	16,757,077	21,269,072

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, 2023 and 2022

	2023	2022
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ (6,429,230)	20,165,673
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	3,226,146	3,012,836
Change in assets, deferred outflows, liabilities, and deferred inflows:		
(Increase)Decrease in assets:		
Accounts receivable	49,947	(113,757)
Assessments receivable	(6,325,511)	(97,532)
Prepaid expenses and other deposits	(108,197)	56,962
(Increase)Decrease in deferred outflows of resources:		
Deferred OPEB outflows	(855,057)	(475,163)
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	1,463,357	98,876
Accrued payroll and employee benefits	29,882	(8,412)
Deposits for work-orders	95,250	(14,506)
Unearned revenue	8,052,835	333,904
Compensated absences	54,861	57,541
Net OPEB liability	1,737,229	(1,219,445)
Increase(Decrease) in deferred inflows of resources:		
Deferred OPEB inflows	(431,644)	1,381,095
Total adjustments	6,989,098	3,012,399
Net cash provided by operating activities	$ 559,868	23,178,071
Non-cash investing, capital, and financing transaction:		
Change in fair value of investments	$ 648,816	(1,644,605)
Non-cash capital contributions	$ 411,470	2,499,383

See accompanying notes to the basic financial statements

(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 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.

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

C. Financial Reporting, continued

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.

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.

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.

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.

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

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. 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.

3. 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.

4. 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.

5. 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.

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

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

6. 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 in October of each year for the subsequent year. Assessment receivable at year end are assessments that are levied but not received at year end.

7. Restricted Assets

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

8. 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

9. 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.

10. Deferred Outflows of Resources

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

11. Unearned Revenue

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

12. 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.

13. Deferred Inflows of Resources

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

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

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

14. 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.

15. 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.

16. 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:

		2023	2022
Cash and cash equivalents	$	14,052,814	18,569,026
Restricted – cash and cash equivalents		2,704,263	2,700,046
Current investments		8,760,453	9,438,852
Non-current investments		25,956,787	25,907,432
Total	$	51,474,317	56,615,356

(2) Cash and Investments, continued

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

		2023	2022
Cash and cash equivalents:			
Deposits with financial institutions	$	11,691,623	21,260,259
California Local Agency Investment Fund		5,065,455	8,813
Total cash and cash equivalents		16,757,078	21,269,072
Investments:			
U.S. Government Agency obligations		13,045,601	14,665,761
Brokered certificates of deposit		10,342,468	9,203,030
Corporate bonds		11,329,170	11,477,493
Total investments		34,717,239	35,346,284
Total cash and investments	$	51,474,317	56,615,356

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, 2023 and 2022, 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, 2023, 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	$ 13,045,601	2,962,057	5,684,299	4,399,245
Brokered certificates of deposit	10,342,468	2,721,634	3,104,472	4,516,362
Corporate bonds	11,329,170	3,076,762	-	8,252,409
Total	$ 34,717,239	8,760,453	8,788,771	17,168,016

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

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, 2023, 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	Aaa	$ 13,045,601	13,045,601	-	-
Brokered certificates of deposit	N/A	10,342,468	-	-	10,342,468
Corporate bonds	A3	11,329,170	2,455,993	8,873,177	-
Total		$ 34,717,239	15,501,594	8,873,177	10,342,468

(2) Cash and Investments, continued

Credit Risk, continued

Credit ratings as of December 31, 2022, 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	Aaa	$ 14,665,761	14,665,761	-	-
Brokered certificates of deposit	N/A	9,203,030	-	-	9,203,030
Corporate bonds	A3	11,477,493	447,800	11,029,693	-
Total		$ 35,346,284	15,113,561	11,029,693	9,203,030

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	2023	2022
U.S. Government Agency obligations		
Federal Home Loan Bank	$ 5,811,444	7,661,590
Freddie Mac	3,792,855	4,618,129
Federal Farm Credit Bank	2,935,516	1,876,562
Corporate bonds		
Bank of New York Mellon Corporation	-	2,238,772
JPMorgan Chase & Company	1,999,567	-

Fair Value Hierarchy

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at December 31, 2023, are as follows:

Description	December 31, 2023	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	$ 13,045,601	-	13,045,601	-
Brokered certificates of deposit	10,342,468	-	10,342,468	-
Corporate bonds	11,329,170	-	11,329,170	-
	34,717,239	-	34,717,239	-
Investments measured at amortized cost:				
California Local Agency Investment Fund	5,065,455			
Total	$ 39,782,694			

(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, 2022, are as follows:

		Fair Value Measurement at Reporting Date Using:		
Description	December 31, 2022	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			

(3) Assessments Receivable

Assessments receivable as of December 31 consists of the following:

	2023	2022
Short-term asssessment	$ 16,230,478	9,846,081
Long-term assessment	39,645	98,531
Total assessment receivable	$ 16,270,123	9,944,612

(4) Due from Other Government Agencies

Grants receivable as of December 31 consists of the following:

	2023	2022
Fresno Metropolitan Flood Control District	$ -	172,616
Department of Water Resources	1,278,276	178,511
Total grants receivable	$ 1,278,276	351,127

(5) Capital Assets

The change in capital assets for 2023 were as follows:

	Balance 2022	Additions/ Transfers	Deletions/ Transfers	Balance 2023
Non-depreciable assets:				
Land	$ 25,083,301	-	(45,758)	25,037,543
Property and land rights	1,750,000	-	-	1,750,000
Storage rights - Pine Flat Dam	1,781,918	-	-	1,781,918
Construction-in-process	14,065,162	5,295,002	(3,072,159)	16,288,005
Total non-depreciable assets	42,680,381	5,295,002	(3,117,917)	44,857,466
Depreciable assets:				
Transmission and distribution plant	119,429,228	3,472,830	-	122,902,058
Buildings	9,613,301	-	-	9,613,301
Equipment	7,653,027	188,581	-	7,841,608
Telemetry system	539,198	-	-	539,198
Office furniture and fixtures	931,149	10,366	-	941,515
Total depreciable assets	138,165,903	3,671,777	-	141,837,680
Accumulated depreciation:				
Transmission and distribution plant	(44,771,619)	(2,546,888)	-	(47,318,507)
Buildings	(2,542,601)	(268,264)	-	(2,810,865)
Equipment	(6,377,524)	(350,912)	-	(6,728,436)
Telemetry system	(499,711)	(1,039)	-	(500,750)
Office furniture and fixtures	(723,314)	(59,043)	-	(782,357)
Total accumulated depreciation	(54,914,769)	(3,226,146)	-	(58,140,915)
Total depreciable assets, net	83,251,134	445,631	-	83,696,765
Total capital assets, net	$ 125,931,515	5,740,633	(3,117,917)	128,554,231

(5) Capital Assets, continued

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

(6) Compensated Absences

The change in compensated absences for 2023 were as follows:

Balance 2022	Earned	Taken	Balance 2023	Current Portion	Long-term Portion
$ 884,549	621,227	(566,366)	939,410	573,040	366,370

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

(7) Long-term Debt

The change in long-term debts for 2023 was as follows:

	Balance 2022	Additions/ Deletions	Principal Payments	Balance 2023	Current Portion	Long-term Portion
Bond payable:						
Revenue Refunding Bond Series 2016A	$ 8,925,000	-	(485,000)	8,440,000	505,000	7,935,000
Add: Unamortized premium	1,272,500	-	(90,894)	1,181,606	-	1,181,606
Total bond payable	10,197,500	-	(575,894)	9,621,606	505,000	9,116,606
Other long-term debt:						
Installment payment agreement - Kenneson	779,193	-	(389,596)	389,597	389,597	-
Installment payment agreement - Crossland	389,400	-	(389,400)	-	-	-
Installment purchase agreement	20,000,000	-	-	20,000,000	2,355,000	17,645,000
Total other long-term debt	21,168,593	-	(778,996)	20,389,597	2,744,597	17,645,000
Total long-term debt	31,366,093	-	(1,354,890)	30,011,203	3,249,597	26,761,606
Current portion	(1,263,997)			(3,249,597)		
Non-current portion	$ 30,102,096			26,761,606		

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		

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 the 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
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		585,000	264,800	849,800
2029-2033		3,370,000	894,750	4,264,750
2034-2037		2,365,000	191,800	2,556,800
Total		8,440,000	2,649,150	11,089,150
Premium		1,181,606		
Current		(505,000)		
Non-current	$	9,116,606		

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 mature 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
2024	$	389,597	11,688	401,285
Total		389,597	11,688	401,285
Current		(389,597)		
Non-current	$	-		

(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%. The installment payment agreement was fully paid as of January 31, 2023.

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, 2023, $20,000,000 was advanced under the installment purchase agreement, where $1,208,551 remains to be spent by the District for future land for groundwater recharge purposes.

Annual payments of principal and interest are as follows:

Year	Principal	Interest	Total
2024	$ 2,355,000	344,000	2,699,000
2025	2,395,000	303,494	2,698,494
2026	2,435,000	262,300	2,697,300
2027	2,475,000	220,418	2,695,418
2028	2,520,000	177,848	2,697,848
2029-2032	7,820,000	270,470	8,090,470
Total	20,000,000	1,578,530	21,578,530
Current	(2,355,000)		
Non-current	$ 17,645,000		

(8) Other Post Employment Benefits

Plan Description

The District's defined benefit Other Post Employment Benefit 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.

(8) Other Post Employment Benefits, continued

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.

Employees Covered by Benefit Terms

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

	2023	2022
Inactive employees currently receiving benefits	34	31
Active employees	94	90
Total	128	121

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, 2023 and 2022, 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, 2023, the District's net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. As of and for the year ended December 31, 2023, the District's net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

(8) Other Post Employment Benefits, continued

Actuarial Assumptions, continued

The total OPEB liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Investment rate of return	5.50%, net of OPEB plan investment expense
Healthcare cost trend rates	5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 precent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2024-2029 and 4.00 percent for 2030 and later years.

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

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, 2023, actuarial valuations:

Asset Class	Assumed Asset Allocation	Real Rate of Return
Broad U.S. equity	25.0 %	4.4 %
U.S. fixed	35.0	1.8
High yield	35.0	3.8
Cash equivalents	5.0	0.2
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.

(8) Other Post Employment Benefits, continued

Changes in the Net OPEB Liability

	2023			2022
	Total OPEB Liability	**Fiduciary Net Position**	**Net OPEB Liability(Asset)**	**Net OPEB Liability(Asset)**
Balance at beginning of year	$ 8,645,544	9,198,894	(553,350)	666,095
Changes for the year:				
Service cost	275,784	-	275,784	235,044
Interest	552,380	-	552,380	577,239
Difference between expected and actual experience	530,342	-	530,342	(1,601,996)
Changes in assumptions	199,745	(1,227,162)	1,426,907	219,504
Employer contributions	-	369,745	(369,745)	(334,840)
Net investment income	-	723,393	(723,393)	(364,082)
Benefit payments	(369,745)	(369,745)	-	-
Trustees fees	-	(24,450)	24,450	49,686
Administrative expenses	-	(20,503)	20,503	-
Net change	1,188,506	(548,722)	1,737,228	(1,219,445)
Balance at end of year	$ 9,834,050	8,650,172	1,183,878	(553,350)

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

For the years ended December 31 2023 and 2022, the District recognized OPEB expense of $450,527 and $208,115, respectively. At December 31, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Contribution subsequent to the measurement date	-	-	313,514	-
Difference between expected and actual return on investments	$ 1,141,971	(233,685)	290,537	(326,843)
Difference between expected and actual experience	477,833	(1,322,768)	-	(1,902,216)
Changes in assumption	307,262	(240,962)	467,958	-
	$ 1,927,066	(1,797,415)	1,072,009	(2,229,059)

(8) Other Post Employment Benefits, continued

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

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
2024	$ 110,952
2025	167,640
2026	123,905
2027	(189,067)
2028	(140,536)
Thereafter	56,757

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

As of December 31, 2023, 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 (4.50%) or 1-percentage point higher (6.50%) than the current discount rate (5.50%) is as follows is as follows:

	1% Decrease	Current Rate	1% Increase
District's net OPEB liability(asset)	$ 2,460,938	1,183,878	114,459

As of December 31, 2022, 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)	$ 661,346	(553,350)	(1,555,506)

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

As of December 31, 2023, 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 is as follows:

	1% Decrease	Current Rate	1% Increase
District's net OPEB liability(asset)	$ (9,290)	1,183,878	2,661,983

As of December 31, 2022, 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 is as follows:

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

(9) Net Investment in Capital Assets

The balance at December 31, consists of the following:

		2023	2022
Net investment in capital assets:			
Non-depreciable capital assets, net	$	44,857,466	42,680,381
Depreciable capital assets, net		83,696,765	83,251,134
Bond payable		(8,440,000)	(8,925,000)
Bond premium		(1,181,606)	(1,272,500)
Installment payment agreements		(389,597)	(1,168,593)
Installment purchase agreement		(20,000,000)	(20,000,000)
Unused proceeds from debt issuance		1,208,551	4,621,685
Total investment in capital assets		99,751,579	99,187,107

(10) Restricted

The balance at December 31, consists of the following:

		2023	2022
Restricted net position:			
Restricted for debt service - cash and cash equivalents	$	2,704,263	2,700,046
Total restricted net position	$	2,704,263	2,700,046

(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, 2023 and 2022, the District's contributions to the ERP totaled $393,684 and $369,962, 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.

(12) Risk Management, continued

At December 31, 2023, 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.

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, 2023, 2022, 2021. 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, 2023, 2022, and 2021.

(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. 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.

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

Governmental Accounting Standards Board Statement No. 102

In December 2023, the GASB issued Statement No. 102 – Certain Risk Disclosures. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, 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 $38.94 per acre-foot as of December 31, 2023. 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.

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 $150,000 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, 2023, have been evaluated for possible adjustment to the financial statements or disclosure as of April 11, 2024, 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.

< Page Intentionally Left Blank >

Required Supplementary Information

Fresno Irrigation District
Schedules of Changes in the Net OPEB Liability and Related Ratios
December 31, 2023
Last Ten Years*

		2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	$	275,784	235,044	209,813	185,210	215,826	209,540
Interest		552,380	577,239	550,163	544,407	507,605	485,119
Differences between expected and actual experience		530,342	(1,601,996)	-	(783,368)	-	-
Changes of assumptions		199,745	219,504	-	436,606	-	-
Benefit payments		(369,745)	(334,840)	(333,067)	(290,597)	(299,808)	(339,411)
Net change in total OPEB liability		1,188,506	(905,049)	426,909	92,258	423,623	355,248
Total OPEB liability - beginning		8,645,544	9,550,593	9,123,684	9,031,426	8,607,803	8,252,555
Total OPEB liability - ending	$	9,834,050	8,645,544	9,550,593	9,123,684	9,031,426	8,607,803
Plan fiduciary net position							
Contributions - employer	$	369,745	334,840	833,067	290,597	299,808	339,411
Net investment income		723,393	364,082	769,711	844,340	(117,971)	564,205
Changes of assumptions		(1,227,162)	-	-	-	-	-
Benefit payments		(369,745)	(334,840)	(333,067)	(290,597)	(299,808)	(339,411)
Trustees fees		(24,450)	(49,686)	(23,987)	(22,582)	(21,850)	(21,628)
Administrative expenses		(20,503)	-	(19,633)	(18,516)	(17,428)	(16,880)
Net change in fiduciary net position		(548,722)	314,396	1,226,091	803,242	(157,249)	525,697
Total fiduciary net position - beginning		9,198,894	8,884,498	7,658,407	6,855,165	7,012,414	6,486,717
Total fiduciary net position - ending	$	8,650,172	9,198,894	8,884,498	7,658,407	6,855,165	7,012,414
District's net OPEB liability (asset)	$	1,183,878	(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		87.96%	106.40%	93.03%	83.94%	75.90%	81.47%
Covered-employee payroll	$	7,457,476	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		15.88%	-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, 2023
Last Ten Years*

		2023	2022	2021	2020	2019	2018
Actuarially determined contributions	$	242,588	334,840	833,067	290,597	299,808	301,289
Contributions in relation to the actuarially determined contribution		(242,588)	(334,840)	(833,067)	(290,597)	(299,808)	(301,289)
Contribution deficiency	$	-	-	-	-	-	-
Covered-employee payroll	$	7,457,476	6,862,225	6,118,502	5,935,560	5,649,274	5,220,556
Contributions as a percentage of covered-employee payroll		3.25%	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, 2023
Actuarial cost method	Entry age
Amortization method	Level percent of pay
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	5.50% net of OPEB plan investment expense
Healthcare cost trend rate	5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 precent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2024-2029 and 4.00 percent for 2030 and later years.

* 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

C.J. Brown & Company CPAs
An Accountancy Corporation

Christopher J. Brown, CPA, CGMA
Jonathan Abadesco, CPA
Jeffrey Palmer

Cypress Office:
10805 Holder Street, Suite 150
Cypress, California 90630
(657) 214-2307

Riverside Office:
5051 Canyon Crest Drive, Suite 203
Riverside, California 92507
(657) 214-2307

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, 2023 and 2022, 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 April 11, 2024.

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
April 11, 2024