

**Oakdale Irrigation District  
Improvement Districts**

**Annual Financial Report**

**For the Years Ended December 31, 2025 and 2024**



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**Oakdale Irrigation District Improvement Districts  
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For the Years Ended December 31, 2025 and 2024**

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# **Financial Section**

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# C.J. Brown & Company CPAs

## An Accountancy Corporation

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### **Independent Auditor's Report**

Board of Directors  
Oakdale Irrigation District  
Oakdale, California

#### ***Report on the Audit of the Financial Statements***

##### ***Opinion***

We have audited the accompanying financial statements of the business-type activities of the Oakdale Irrigation District Improvement Districts (Improvement District), component units of the Oakdale Irrigation District, as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Improvement 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 Improvement District, as of December 31, 2025 and 2024, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Improvement District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 Improvement 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 Audits 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing the audits in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Improvement 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 Improvement 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

## Independent Auditor's Report, continued

### *Required Supplementary Information*

Management has omitted the management, discussion, and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*C.J. Brown & Company, CPAs*

**C.J. Brown & Company, CPAs**  
Cypress, California  
June 22, 2026

**Oakdale Irrigation District Improvement Districts**  
**Statements of Net Position**  
**December 31, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 1,351,697	1,377,767
Accrued interest receivable	12,289	13,110
Accounts receivable – water sales and services	9,490	17,951
Due from related organizations	167,007	147,602
<b>Total current assets</b>	<b>1,540,483</b>	<b>1,556,430</b>
<b>Non-current assets:</b>		
Capital assets – not being depreciated (note 3)	-	-
Capital assets – being depreciated, net (note 3)	350,130	359,844
<b>Total non-current assets</b>	<b>350,130</b>	<b>359,844</b>
<b>Total assets</b>	<b>1,890,613</b>	<b>1,916,274</b>
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	14,183	18,476
Due to related organizations	7,609	17,957
Debt service payment received for the District	-	187,809
Unearned revenue	196,322	-
<b>Total current liabilities</b>	<b>218,114</b>	<b>224,242</b>
<b>Total liabilities</b>	<b>218,114</b>	<b>224,242</b>
<b>Net position:</b>		
Net investment in capital assets	350,130	359,844
Unrestricted	1,322,369	1,332,188
<b>Total net position</b>	<b>\$ 1,672,499</b>	<b>1,692,032</b>

See accompanying notes to the basic financial statements

**Oakdale Irrigation District Improvement Districts**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended December 31, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Operating revenues:</b>		
Maintenance and operation charges	\$ 325,328	325,998
<b>Total operating revenues</b>	<b>325,328</b>	<b>325,998</b>
<b>Operating expenses:</b>		
Operation and maintenance	315,347	348,567
General and administrative	59,903	59,610
<b>Total operating expenses</b>	<b>375,250</b>	<b>408,177</b>
<b>Operating loss before depreciation</b>	<b>(49,922)</b>	<b>(82,179)</b>
Depreciation expense	(19,379)	(20,019)
<b>Operating loss</b>	<b>(69,301)</b>	<b>(102,198)</b>
<b>Non-operating revenues:</b>		
Investment returns	55,929	60,182
Loss on sale of capital assets	(6,161)	-
<b>Total non-operating revenues, net</b>	<b>49,768</b>	<b>60,182</b>
<b>Changes in net position</b>	<b>(19,533)</b>	<b>(42,016)</b>
<b>Net position, beginning of year</b>	<b>1,692,032</b>	<b>1,734,048</b>
<b>Net position, end of year</b>	<b>\$ 1,672,499</b>	<b>1,692,032</b>

See accompanying notes to the basic financial statements

**Oakdale Irrigation District Improvement Districts**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers	\$ 322,897	297,583
Cash paid to vendors for materials and services	(389,891)	(413,269)
<b>Net cash used in operating activities</b>	<b>(66,994)</b>	<b>(115,686)</b>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(15,826)	(26,126)
<b>Net cash used in capital and related financing activities</b>	<b>(15,826)</b>	<b>(26,126)</b>
<b>Cash flows from investing activities:</b>		
Interest and investment returns	56,750	58,149
<b>Net cash provided by investing activities</b>	<b>56,750</b>	<b>58,149</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(26,070)</b>	<b>(83,663)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,377,767</b>	<b>1,461,430</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,351,697</b>	<b>1,377,767</b>
<b>Reconciliation of cash and cash equivalents to the statements of net position:</b>		
	<b>2025</b>	<b>2024</b>
Cash and cash equivalents	\$ 1,351,697	1,377,767
<b>Total cash and cash equivalents</b>	<b>\$ 1,351,697</b>	<b>1,377,767</b>

*Continued on next page*

See accompanying notes to the basic financial statements

**Oakdale Irrigation District Improvement Districts**  
**Statements of Cash Flows, continued**  
**For the Years Ended December 31, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ <u>(69,301)</u>	<u>(102,198)</u>
<b>Adjustments to reconcile operating loss to net cash used in operating activities:</b>		
Depreciation expense	19,379	20,019
<b>Change in assets and liabilities</b>		
(Increase)Decrease in assets:		
Accounts receivable – water sales and services	8,461	4,621
Accounts receivable – other	-	89
Due from other government agencies	(19,405)	(41,821)
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	(4,293)	(5,731)
Due to related organizations	(10,348)	639
Debt service payment received for the District	(187,809)	8,696
Unearned revenue	<u>196,322</u>	<u>-</u>
Total adjustments	<u>2,307</u>	<u>(13,488)</u>
<b>Net cash used in operating activities</b>	<b>\$ <u>(66,994)</u></b>	<b><u>(115,686)</u></b>
<b>Non-cash investing, capital, and financing transaction:</b>		
Change in fair value of investments	<u>\$ 2,956</u>	<u>6,698</u>

See accompanying notes to the basic financial statements

**Oakdale Irrigation District Improvement Districts**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2025 and 2024**

**(1) Reporting Entity and Summary of Significant Accounting Policies**

**A. Organization and Operations of the Reporting Entity**

The Oakdale Irrigation District Improvement Districts (Improvement District) is comprised of nineteen improvement districts that were formed, upon petition of landowners, pursuant to Part 7, Division 11, and Section 23600 of the California Water Code. The purpose of the Improvement District is to make improvements to landowner properties in connection with providing drinking or irrigation water by the Oakdale Irrigation District. The Improvement District is a separate enterprise fund of the Oakdale Irrigation District and is combined in the accompanying financial statements for reporting purposes due to the immateriality of the individual improvement districts. The Oakdale Irrigation District has oversight responsibility of the Improvement District for the purposes specified in the Water Code, including administering the annual assessment upon the landowners, investing surplus cash, and paying all expenses of the Improvement District. The landowners are responsible for all obligations within their district including the costs of maintenance and operations, as well as the costs of improvements to their respective water systems. The Improvement District has no separate board of directors and has no employees or operations that are separate from the Oakdale Irrigation District. However, the Oakdale Irrigation District is not obligated in any manner for the debts of the Improvement District nor is the Oakdale Irrigation District entitled to any surpluses upon dissolution of the Improvement District.

**B. Basis of Accounting and Measurement Focus**

The Improvement District's resources are allocated to and accounted for in these basic financial statements as nineteen separate enterprise funds of the proprietary fund group. The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position represents the amounts available for future operations.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. An enterprise fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statements of net position. Net position is segregated between net investment in capital assets, restricted, and unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The Improvement District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Maintenance and operation charges are recognized in the period for which they are effective. When such funds are received prior to the year for which they are effective, they are recorded as unearned revenues. Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Improvement District. Operating revenues consist primarily of maintenance and operation charges. Non-operating revenues and expense consist of those revenues and expenses that are related to financing and investing types of activities, and result from non-exchange transactions or ancillary activities.

**Oakdale Irrigation District Improvement Districts**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended December 31, 2025 and 2024**

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

**C. Financial Reporting**

The Improvement District's 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 Improvement District's proprietary fund.

The Improvement District has adopted the following GASB pronouncements in the current year:

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.

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.

**D. Assets, Liabilities, and Net Position**

**1. Use of Estimates**

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

**2. Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Improvement District considers all highly liquid debt instruments purchased with a maturity of three (3) months or less to be cash equivalents.

**Oakdale Irrigation District Improvement Districts**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended December 31, 2025 and 2024**

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

**D. Assets, Liabilities, and Net Position, continued**

**3. Accounts Receivable**

Accounts receivable consists of maintenance and operations charges to landowners of the Improvement District. The Improvement District does not have an allowance for doubtful accounts due to the ability to place a lien on the landowners' property and the Improvement District's collection history.

**4. Capital Assets**

Capital assets are recorded at historical cost. It is the Improvement District's policy to capitalize assets with a cost greater than \$1,000 with a useful life of more than one year. Donated assets, if any, are valued at estimated fair value on the date received. Self-constructed assets are recorded based on the amount of direct labor, material, and certain overhead charged to the constructed asset. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Distribution systems	50 - 100 years
Automobiles and equipment	3 - 5 years
Office equipment	5 years
Pumping plants	10 - 20 years
Buildings	25 years

Maintenance and repairs are charged to operations when incurred. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

**5. Due from / to Oakdale Irrigation District**

The due from Oakdale Irrigation District represents cash received for maintenance and operations billed by the Oakdale Irrigation District on behalf of the Improvement District. The due to Oakdale Irrigation District represents administration charges and maintenance and operations charges due to the Oakdale Irrigation District that were not paid at year end.

**6. Unearned Revenue**

Unearned revenue consists of maintenance and operation charges received from property owners for future year's expenses.

**7. 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** – consists of 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.

**Oakdale Irrigation District Improvement Districts**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended December 31, 2025 and 2024**

**(2) Cash and Cash Equivalents**

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

	2025	2024
Cash and cash equivalents	\$ 1,351,697	1,377,767
Total	\$ 1,351,697	1,377,767

Cash and cash equivalents as of December 31 consist of the following:

	2025	2024
Cash and cash equivalents:		
Deposits with financial institutions	\$ 186,963	266,512
California Local Agency Investment Fund	1,164,734	1,111,255
Total	\$ 1,351,697	1,377,767

***Investment Policy***

The Improvement District has adopted the investment policy of the Oakdale Irrigation District. The Oakdale Irrigation District’s investment policy may be found in the notes to the Oakdale Irrigation District’s basic financial statements.

***Investment in State Investment Pool***

The Improvement District is a voluntary participant in the 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 Improvement District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the Improvement 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 balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

***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).

**Oakdale Irrigation District Improvement Districts**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended December 31, 2025 and 2024**

**(2) Cash and Cash Equivalents, continued**

***Custodial Credit Risk, continued***

The California Government Code and the Improvement 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. As of December 31, 2025 and 2024, 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 Improvement District’s name.

***Interest Rate Risk***

Interest rate risk is the risk that the change 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 the change in market interest rates. The Improvement District does not maintain investments subject to interest rate risk.

***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. The Improvement District’s investment in LAIF is not rated.

***Concentration of Credit Risk***

The investment policy of the Oakdale Irrigation District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The Improvement District has no investments subject to concentration of credit risk.

**(3) Capital Assets**

The change in capital assets for 2025 was as follows:

	<u>Balance 2024</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2025</u>
Non-depreciable assets:				
Construction-in-process	\$ -	-	-	-
Total non-depreciable assets	-	-	-	-
Depreciable assets:				
Water distribution systems	1,184,918	15,827	(89,282)	1,111,463
Total depreciable assets	1,184,918	15,827	(89,282)	1,111,463
Accumulated depreciation:				
Water distribution systems	(825,074)	(19,379)	83,120	(761,333)
Total accumulated depreciation	(825,074)	(19,379)	83,120	(761,333)
Total depreciable assets, net	359,844	(3,552)	(6,162)	350,130
Total capital assets, net	\$ 359,844	(3,552)	(6,162)	350,130

**Oakdale Irrigation District Improvement Districts**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended December 31, 2025 and 2024**

**(3) Capital Assets, continued**

The change in capital assets for 2024 was as follows:

	<u>Balance 2023</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2024</u>
Non-depreciable assets:				
Construction-in-process	\$ 8,362	-	(8,362)	-
Total non-depreciable assets	<u>8,362</u>	<u>-</u>	<u>(8,362)</u>	<u>-</u>
Depreciable assets:				
Water distribution systems	1,150,430	34,488	-	1,184,918
Total depreciable assets	<u>1,150,430</u>	<u>34,488</u>	<u>-</u>	<u>1,184,918</u>
Accumulated depreciation:				
Water distribution systems	(805,055)	(20,019)	-	(825,074)
Total accumulated depreciation	<u>(805,055)</u>	<u>(20,019)</u>	<u>-</u>	<u>(825,074)</u>
Total depreciable assets, net	<u>345,375</u>	<u>14,469</u>	<u>-</u>	<u>359,844</u>
Total capital assets, net	<u>\$ 353,737</u>	<u>14,469</u>	<u>(8,362)</u>	<u>359,844</u>

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

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

***Governmental Accounting Standards Board Statement No. 103***

In April 2024, the GASB issued Statement No. 103 – *Financial Reporting Model Improvements*. The primary objective of this Statement is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assessing a government’s accountability. Also, this Statement: (1) continues the requirement that the basic financial statements be preceded by management’s discussion and analysis (MD&A), which is presented as required supplementary information (RSI); (2) describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence; (3) requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses; (4) requires governments to present each major component unit separately in the reporting entity’s statement of net position and statement of activities if it does not reduce the readability of the statements; and (5) requires governments to present budgetary comparison information using a single method of communication—RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 104***

In September 2024, the GASB issued Statement No. 104 – *Disclosure of Certain Capital Assets*. The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. Also, this Statement establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement apply to the financial statements of all state and local governments.

**Oakdale Irrigation District Improvement Districts**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended December 31, 2025 and 2024**

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

***Governmental Accounting Standards Board Statement No. 104, continued***

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 105***

In December 2025, the GASB issued Statement No. 105 – *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

**(5) Commitments and Contingencies**

***Litigation***

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

**(6) Subsequent Events**

Events occurring after December 31, 2025, have been evaluated for possible adjustments to the financial statements or disclosures as of June 22, 2026, which is the date the financial statements were available to be issued. The Improvement District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.