

Oakdale Irrigation District

Oakdale, California



Comprehensive Annual Financial Report

For the Years Ended December 31, 2018 and 2017

Oakdale Irrigation District

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Finance Department

Sharon Cisneros, CPA
Chief Financial Officer

Oakdale Irrigation District
Comprehensive Annual Financial Report
For the Years Ended December 31, 2018 and 2017

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Introductory Section

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Statement from the General Manager

Steve Knell, General Manager

Since completion and adoption of its Programmatic Environmental Impact Report (PEIR) for the Water Resources Plan (WRP) in 2007, OID has strived to actively carry out the improvements identified in the WRP. Improvements under the WRP include canal maintenance and rehabilitation, flow control and measurement, groundwater well replacement, pipeline replacement, north-side regulating reservoir, turnout replacement and measurement, outflow management projects (i.e. spillage and runoff reduction and reuse), reclamation projects, SCADA system expansion, and annexation. Additionally, critical main canal and tunnel improvement projects have been implemented to reduce the risk of critical failures that could leave the District unable to deliver water to large portions of its service area. Implementation of the WRP has occurred generally according to schedule and in some cases ahead of schedule. It's a document that drives OID.

The estimated cost of infrastructure improvements identified in the WRP is in excess of \$170 million (2007 dollars). These improvements were intended to be implemented over the 25 year planning horizon in the WRP. The areas of capital investments identified include:

- Main Canals and Tunnels Improvement Projects (\$45 million)
- Canal and Lateral Rehabilitation (\$34 million)
- Flow Control and Measurement Structures (\$4 million)
- New and Replacement Groundwater Wells (\$14 million)
- Pipeline Replacement (\$45 million)
- North Side Regulating Reservoir (\$6 million)
- Irrigation Service Turnout Replacement (\$5 million)
- Outflow Management Projects (\$11 million)
- Reclamation Projects (\$6 million)
- Miscellaneous In-System Improvements (\$2 million)

Critical infrastructure and water conservation improvements being implemented are funded through fees collected from annexation of new lands and through local and regional temporary water sales and transfers. It is a pay-as-you-go approach. As water is conserved and transferred, OID receives revenue and implements additional improvements, resulting in additional water conservation. Since the WRP's implementation OID has invested over \$80 million into meeting its capital infrastructure needs. This year particularly, OID completed a landmark project in the building of a nearly 6,000 foot tunnel to replace an at-risk section of its South Main Canal.

OID also prepares an Agricultural Water Management Plan (AWMP), in compliance with the Water Conservation Act of 2009, to describe OID's ongoing agricultural water management practices and how these practices are driving water conservation. Together with the capital generation envisioned and implemented in the WRP and the vision and foresight of modernizing an irrigation district to meet the future water needs of the local community, while keeping water costs low and affordable, OID has shown itself to be a wise steward of its water resources and a public asset to its community.

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June 18, 2019

Honorable President
Members of the Board of Directors
Customers of the Oakdale Irrigation District:

We are pleased to present to you the Oakdale Irrigation District's (District) Comprehensive Annual Financial Report (CAFR) for the year ending December 31, 2018. This report is published to provide the District's Board of Directors, District citizens, staff, and other readers with detailed information concerning the financial position and activities of the District. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose.

The District's CAFR has been prepared using the financial reporting requirements set forth by the Governmental Accounting Standards Board (GASB) generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by an independent certified public accountant. This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it.

Fedak & Brown, LLP have issued an unmodified ("clean") opinion on the District's financial statements for the year ended December 31, 2018. The independent auditor's report is located on pages 10 and 11 of this report. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended December 31, 2018 are free of material misstatement.

The District was formed on November 1, 1909 as an irrigation district of the State of California formed pursuant to the provisions of Division 11 of the California Water Code (the "Act") for the purpose of delivering irrigation water to the agricultural lands within its boundaries. Geographically, the District encompasses parts of Stanislaus and San Joaquin Counties, about 12 miles northeast of Modesto and 30 miles southeast of Stockton. Urban areas in the District include the cities of Oakdale and Valley Home located in Stanislaus County. The District has one blended component unit, the Oakdale Irrigation District Financing Corporation ("Financing Corporation"). The Financing Corporation is a nonprofit public benefit corporation created in 1988 for the purpose of aiding the financing of projects for the District.

Water to supply the District comes principally from the Stanislaus River under well-established adjudicated water rights but also from water reclamation and drainage recovery systems and pumping from deep wells. The District's distribution systems include the Goodwin Diversion Dam on the Stanislaus River below the Tulloch Dam, at which point water is diverted into the District's main canal systems.

Currently the District operates and maintains over 330 miles of laterals, pipelines and tunnels, 24 deep wells, and 46 reclamation pumps to serve local customers. In general, the District's political organization and administration have not changed significantly over the last the years. However the District facilities and system operations have changed significantly as a result of replacement, improvement and modernization. The District provides surface irrigation (raw) water to over 3,000 connections, in addition to supplying domestic water to over 400 customers. The District does not presently operate a domestic water treatment plant or provide municipal or industrial water.

The District, along with South San Joaquin Irrigation District (“Districts”), entered into a joint cooperative agreement on January 21, 1948, named the Tri-Dam Project. (“Project”). Effective January 1, 2014, the Districts entered into a new power purchase and sale agreement with the City of Santa Clara, California, through its municipal electric utility, Silicon Valley Power. In 1982, the District and the South San Joaquin Irrigation District entered into a joint exercise of powers agreement in order to form the Tri-Dam Power Authority (Authority) for the purposes of exercising common powers in constructing, owning, operating, and maintaining facilities for the generation of electric power. Additional details regarding these investments are provided in Note 6 of the Notes to the Basic Financial Statements.

Governance

The District is governed by a 5-member Board of Directors who are elected by the residents of the District to staggered four-year terms. To facilitate matters, most business coming before the District’s Board is first considered by one of its committees. Each committee then reports to the full Board, which makes the final decision. There are seven standing committees that include Domestic Water, Finance, Personnel, Planning and Public Relations, San Joaquin Tributaries Authority, Tri-Dam Project, and Water/Engineering.

Land and Land Use

The District encompasses an area of approximately 80,941 acres, with an approximately 77,000 additional acres within its sphere of influence. Urban areas in the District include the cities of Oakdale and Valley Home located in Stanislaus County. Lands are relatively level, with elevations from near sea level at the west end of the District to 250 feet above sea level at the east end. District is presently considered to be nearly fully developed even though the total cropped acreage may vary from year-to-year depending on the amount of fallowed ground and/or newly annexed lands. Cropping patterns continue to evolve with irrigated pasture being converted to more profitable permanent crops such as almond and walnuts.

Financial Information and Budget Process

Management of the District is responsible for establishing and maintaining a system of internal control designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements that conform to generally accepted accounting principles. The system of internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met.

In addition, the District maintains extensive budgetary controls. The annual operating and capital improvement budget serve as the foundation for the District’s financial planning and control. Budgets are adopted on a basis consistent with Governmental Generally Accepted Accounting Principles (GAAP). Budgetary controls are set at the department level and maintained to ensure compliance with the budget approved by the Board. Department managers have the discretion to transfer appropriations between activities within their departments. The General Manager has the ability to approve capital improvement plan (CIP) overall appropriations. Budget appropriation increases require Board approval through the budget amendment process.

Local Economy

Economic Growth

The District’s service area encompasses a portion of both Stanislaus and San Joaquin Counties (“Counties”). These Counties are two of the most agriculturally rich regions in California. Because of the agricultural heritage, the Counties offer vast areas of open space and easy access to a world of adventure with nature. Oakdale is the gateway to Yosemite National Park and the Sierra Nevada foothills. The Stanislaus River winds through the middle of the District’s service area making about 60% of the District lying on the south side of the river and 40% lying on the north side. The river itself provides many opportunities for outdoor recreational sports including fishing, camping, hiking, and hunting.

Local Economy, continued

Economic Growth, continued

Agriculture and farming is the economic foundation of the Counties and one of the top industries in the Counties. The productive soils, low cost water, long growing seasons, progressive farming practices and extensive transportation networks combined support a successful farming and business region. According to Stanislaus County, farmers in Stanislaus County export more than 134 commodities to 106 countries around the world.

The District supports its community by purchasing locally whenever it is prudent to do so. The District has helped to support and continues to support several community water safety and other safety programs, and agricultural programs for its local community groups.

Within the District's service area there are a variety of industries, including government, agriculture, healthcare, education, and manufacturing. The largest employers in Stanislaus County are in the public service, education, and health services.

Long-Term Financial Planning

The District's use of unrestricted Net Position is subject only to the limitations imposed by the nature of its business, its articles of incorporation, and the environment in which it operates. As part of the budget process, the District forecasts revenue, expenditures and capital needs to address long-term financial concerns. The forecast is an integral part of the District's strategic planning and budget process.

Water Revenue

In accordance with California Law, the District reviews its fixed water user fees and charges, and other fees to determine if they are sufficient to cover operation and maintenance costs, capital improvement expenditures and debt service requirements. Such charges and fees are set by the District for the services provided by the District after a public hearing is held. The District sets its agricultural water rates prior to the beginning of the year to pay the costs associated to deliver water to the landowner. The District bills its agricultural water users on an annual basis for a water delivery charge, separate from the Counties' property tax bill, with payments due in December and June. Additionally, agricultural water users are billed during the irrigation season for water used based off of volumetric measurement. The District's domestic water users are billed on a monthly basis.

One of the greatest challenges facing the District centers on finding new ways to meet increasing demands while minimizing the financial impacts to customers. The District's agricultural customers have benefited from low rates due to revenues from water sales and wholesale power generation. However, because of five years of drought, and the potential of the continuation of the drought in the future, wholesale power generation and water available for sales are impacted, and may affect these rates. As stewards of this natural resource, it is incumbent upon us to help communicate the value of this resource and assist our customers in using it wisely.

In 2018, the District's irrigation water rates were supported by Tri-Dam Project and Tri-Dam Power Authority net earnings of \$9.4 million and out of area water sales of \$6.6 million.

Water Resources Plan

The District's Water Resources Plan (WRP), completed in June 2007, detailed how to rebuild and modernize its old and outdated system. The WRP's goals are to provide long-term protection of the District's water rights, address federal, state, and local challenges, rebuild/modernize an out-of-date system to meet the changing customer needs, develop affordable ways to finance improvements, and to involve the public in the process. The WRP proposes that the District undertake a program to fund approximately \$124 million in improvements to the irrigation delivery components of the Water System, and \$44 million in Main Canals and Tunnel Improvements Program.

Long-Term Financial Planning, continued

Water Resources Plan, continued

The District began the implementation of the WRP in 2008 and has completed approximately \$80 million of improvements to date. The District began updating the WRP in 2012 to take into consideration the improvements and events that have taken place since its implementation. Results from the updated WRP were completed and reviewed by the District in 2015.

The WRP proposed that the cost of these improvements be funded by revenues from water sales, connection charges levied on approximately 4,250 acres of annexed land within the District's sphere of influence, borrowing, revenue from the sale of captured drain water, and rate increases. It is anticipated that increased efficiencies in the water system from these improvements will create additional supplies for the District, reducing estimated delivery losses from approximately 40% currently to 20%. The WRP determined that the ability to sell water and supply annexed lands with water could be supported through increased water supplies made possible through a rehabilitated and modernized water delivery system. A total of 11,608 acres of land applied for annexation. Local Agency Foundation Commission (LAFCO) approved 7,274 acres for annexation in 2013, and an additional 1,090 acres were approved by LAFCO in October 2016.

Implementation and construction of specific elements of the WRP are subject to approval by the Board of Directors. The WRP, when fully completed over the next 15 to 20 years, will greatly enhance the District's operations and service. It will continue to be the District's 100-year commitment to the region; "To protect and develop its water resources for the maximum benefit of the community it serves by providing excellent irrigation and domestic water service."

Major Initiatives

In 2014, the District, along with CH2M Hill, prepared a water rate study for two reasons: 1) to comply with the provisions of SBx7-7 and to incorporate the added operating costs this legislation requires; and 2) to correct a revenue shortfall in the District's budget due to a decline in wholesale power revenues and water sales. In accordance with the provisions of Article XIII D, Section 6, of the California Constitution, the District on August 19, 2014 began the Prop 218 process of notifying agricultural water users of proposed increases in agricultural water rates. On October 21, 2014, the District held a hearing and approved to implement the proposed rates in 2015. The new rate structure includes a "Flat Rate" to be assessed on a per acre basis according to the Counties' assessor parcel maps, a "Volumetric Charge" per acre-foot per acre for water taken at the farm gate, and a "Drought Surcharge." Additionally, these rates are subject to a 3% escalator annually, at the District's discretion. This water study was fully implemented in 2016. The District elected not to implement the 3% annual escalator in 2018.

In 2010, following the introduction of Rubicon's Total Channel Control® (TCC®) technology and a comprehensive review of existing implementations in Australia, OID embarked on a pilot project to implement head-to-end installation of the TCC® canal automation system on two of OID's primary laterals totaling 15 miles in length. The system has been operational since the 2011 irrigation season and has improved the level of service to customers, eliminated the fluctuations at the supply point for a downstream DSO Division and nearly eliminating the operational spill at the end of OID's Claribel Lateral, resulting in a water savings of approximately 1,500 acre feet annually on that system. Efficiency improvements afforded by TCC® has enabled the District to further its ongoing efforts to conserve its water resources.

The District applied for a state grant under the Agricultural Water Use Efficiency 2015 Grants—Proposition 1 to further its commitment to future TCC® projects. A total of \$30 million in grants was made available with a potential cost share up to a 50% match and a funding cap per project of \$3 million. A total of 50 proposals were submitted with requests for approximately \$37.2 million in grant funding. Out of the 50 applications received, 38 are recommended to receive funding with OID's application being one of them in the amount of \$2,972,770.

Major Initiatives, continued

The project chosen for Prop. 1 funding is the first phase of a District-wide implementation of the TCC® system. A total of 17 additional miles on 4 separate lateral canals will be automated and operated in downstream level control as part of OID's proposed TCC® Expansion Project. Two of the four laterals were completed in 2018. After completed the project will enable the system to automatically control and coordinate the operation of water level control structures along an entire length of a canal, thereby providing and maintaining consistent flow rates to farmers while simultaneously eliminating operational spills, potentially reducing spillage by approximately 4,170 a.f. annually.

Additionally, the WRP addressed high hazard locations on its main canals and tunnels. In March 2017, the District began construction of a new 5,949 foot long tunnel, two portals, and associated improvements on its South Main Canal at an estimated cost of \$15.7 million to replace a failing section of its South Main Canal. The South Main Canal is one of the two arteries that supply surface irrigation water to approximately 42,736 acres. The District developed a reserve fund in anticipation of this project and is paying for it with cash reserves. The Two Mile Bar Tunnel was completed in February 2019.

Bonding

In 2009, the District made the decision to pursue accessing the capital markets as a source to finance several components of its WRP, specifically the construction of a north side regulating reservoir, a water reclamation project, and addressing high hazard locations on its main canal and tunnels.

On March 5, 2009, the District successfully issued Certificates of Participation bonds of \$32,145,000 at a true interest cost of 5.397% at a 30-year term with the option to pre-pay (without penalties) after August 1, 2019. On September 8, 2016, to take advantage of the bond market, the District refunded those bonds and issued Certificates of Participation Water Revenue Refunding bonds of \$26,165,000 at a true interest cost of 3.002% at a 22-year term with the option to pre-pay (without penalties) after August 1, 2023.

Independent Audit

The District is required by bond covenants and state statutes to obtain an annual audit of its financial statements by an independent certified public accountant. This year's annual audit of the District's financial statements was conducted by the accounting firm of Fedak & Brown, LLP. The Board of Directors appoints an accounting firm to perform the annual audit typically every three to four years. The auditor's report on the basic financial statements and individual fund statements and schedules is included in the financial section of this report.

Preparation of this report was accomplished by the combined efforts of the Finance Department and other members of OID staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the District. We would like to thank the Board of Directors for their continued support in the planning and implementation of the Oakdale Irrigation District's fiscal policies and water resource management.

For a detailed analysis of the District's financial performance, it is recommended that the reader consult the Management's Discussion and Analysis and the Notes to the Basic Financial Statements found in the Financial Section this report.

Respectfully submitted,

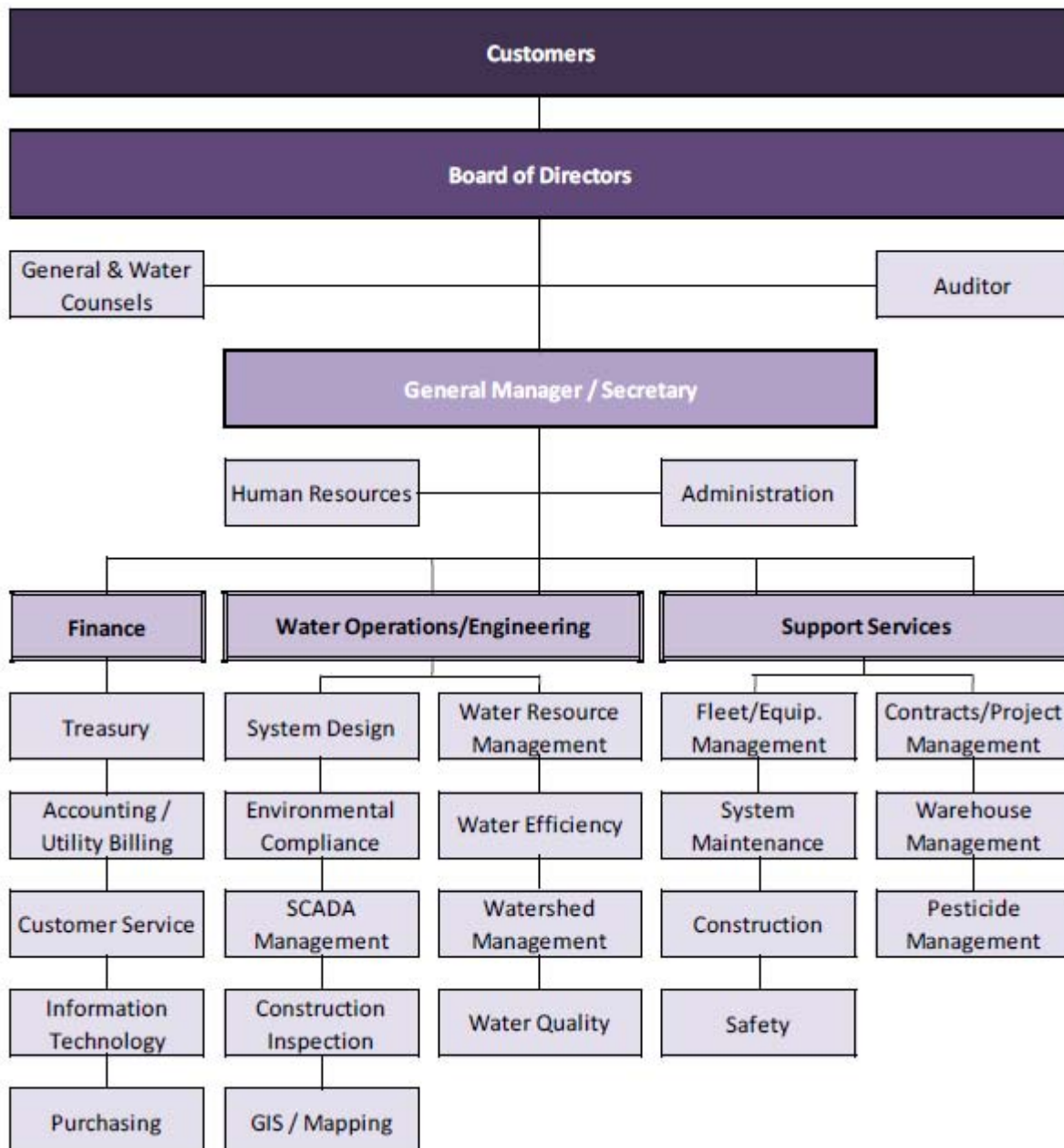


Steve R. Knell
General Manager



Sharon Cisneros, CPA
Chief Financial Officer

Organizational Chart



Oakdale Irrigation District
Elected and Appointed Officials
(as of December 31, 2018)



Division 3
Director Tom Orvis
President



Division 1
Director Gail Altieri
Vice President



Division 2
Director Herman
Doornenbal



Division 4
Director Linda Santos



Division 5
Director Brad DeBoer

Appointed Officials

Steven R. Knell, General Manager / Secretary

Department Managers

Sharon Cisneros, CPA, Chief Financial Officer / Treasurer

Jason Jones, Support Services Manager

Eric Thorburn, Water Operations Manager / Engineer



Government Finance Officers Association

**Certificate of
Achievement
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Presented to

**Oakdale Irrigation District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrell

Executive Director/CEO

Financial Section

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Fedak & Brown LLP

Certified Public Accountants

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Independent Auditor's Report

Board of Directors
Oakdale Irrigation District
Oakdale, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Oakdale Irrigation District (District), which comprises the statements of net position as of December 31, 2018 and 2017, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Oakdale Irrigation District as of December 31, 2018 and 2017, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 17 and the required supplementary information on pages 54 and 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory section on pages 1 through 9 and statistical section on pages 56 through 79, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 the District's internal control over financial reporting and compliance. This report can be found on pages 80 and 81.

Fedak & Brown LLP

Fedak & Brown LLP

Cypress, California

June 18, 2019

Oakdale Irrigation District
Management's Discussion and Analysis
For the Year Ended December 31, 2018 and 2017

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Oakdale Irrigation District (District) provides an introduction to the financial statements of the District for the years ended December 31, 2018 and 2017. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2018, the District's net position increased 5.67% or \$10,408,096. In 2017, the District's net position increased 8.38% or \$14,181,652.
- In 2018, the District's operating revenues increased 272.94% or \$7,563,185. In 2017, the District's operating revenues decreased 85.65% or \$16,544,199.
- In 2018, the District's non-operating revenues decreased 44.41% or \$11,353,481. In 2017, the District's non-operating revenues increased 53.60% or \$8,921,026.
- In 2018, the District's total expenses increased 8.94% or \$1,265,453. In 2017, the District's total expenses decreased 1.85% or \$266,623.

Required Financial Statements

This annual report consists of a series of financial statements. The Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and Statements 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.

Oakdale Irrigation District
Management's Discussion and Analysis, continued
For the Year Ended December 31, 2018 and 2017

Financial Analysis of the District, continued

These two statements report the District's *net position* and changes in them. You can think of the District's net position – the difference between 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, zoning, and new or changed government legislation, such as changes in Federal and State water quality standards.

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 23 through 53.

Statements of Net Position

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 \$193,878,662 and \$183,470,566 as of December 31, 2018 and 2017, respectively.

Condensed Statements of Net Position					
	2018	2017	Change	2016	Change
Assets:					
Current assets	\$ 72,696,950	70,353,507	2,343,443	64,856,121	5,497,386
Non-current assets	54,274,484	60,439,729	(6,165,245)	57,961,825	2,477,904
Capital assets, net	102,571,888	86,945,511	15,626,377	80,492,485	6,453,026
Total assets	229,543,322	217,738,747	11,804,575	203,310,431	14,428,316
Deferred outflows of resources	3,943,562	4,690,751	(747,189)	4,553,680	137,071
Liabilities:					
Current liabilities	8,159,706	5,997,492	2,162,214	5,183,082	814,410
Non-current liabilities	31,414,667	32,501,252	(1,086,585)	32,819,650	(318,398)
Total liabilities	39,574,373	38,498,744	1,075,629	38,002,732	496,012
Deferred inflows of resources:	33,849	460,188	(426,339)	572,465	(112,277)
Net position:					
Net investment in capital assets	78,065,150	61,674,185	16,390,965	54,336,573	7,337,612
Restricted	1,540,348	1,252,103	288,245	1,088,292	163,811
Unrestricted	114,273,164	120,544,278	(6,271,114)	113,864,049	6,680,229
Total net position	\$ 193,878,662	183,470,566	10,408,096	169,288,914	14,181,652

Oakdale Irrigation District
Management's Discussion and Analysis, continued
For the Year Ended December 31, 2018 and 2017

Statements of Net Position, continued

A portion of the District's net position, 40.26% and 33.62% as of December 31, 2018 and 2017, 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.

At the end of years 2018 and 2017, the District showed a positive balance in its unrestricted net position of \$114,273,164 and \$120,544,278, respectively. See note 11 for further discussion.

Statements of Revenues, Expenses, and Changes in Net Position

The statements of revenues, expenses, and changes in net position show how the District's net position changed during the years. In the case of the District, net position increased 5.67% or \$10,408,096 from \$183,470,566 to \$193,878,662, as a result of ongoing operations for the year ended December 31, 2018. The District's net position increased 8.38% or \$14,181,652 from \$169,288,914 to \$183,470,566, as a result of ongoing operations for the year ended December 31, 2017.

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

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>2016</u>	<u>Change</u>
Revenues:					
Operating revenues	\$ 10,334,219	2,771,034	7,563,185	19,315,233	(16,544,199)
Non-operating revenues	<u>14,211,128</u>	<u>25,564,609</u>	<u>(11,353,481)</u>	<u>16,643,583</u>	<u>8,921,026</u>
Total revenues	<u>24,545,347</u>	<u>28,335,643</u>	<u>(3,790,296)</u>	<u>35,958,816</u>	<u>(7,623,173)</u>
Expenses:					
Operating expenses	11,619,593	10,436,079	1,183,514	10,747,821	(311,742)
Depreciation expense	2,645,742	2,637,844	7,898	2,458,226	179,618
Non-operating expenses	<u>1,154,109</u>	<u>1,080,068</u>	<u>74,041</u>	<u>1,214,567</u>	<u>(134,499)</u>
Total expenses	<u>15,419,444</u>	<u>14,153,991</u>	<u>1,265,453</u>	<u>14,420,614</u>	<u>(266,623)</u>
Net income before capital contributions	9,125,903	14,181,652	(5,055,749)	21,538,202	(7,356,550)
Capital contributions	<u>1,282,193</u>	<u>-</u>	<u>1,282,193</u>	<u>2,804</u>	<u>(2,804)</u>
Change in net position	10,408,096	14,181,652	(3,773,556)	21,541,006	(7,359,354)
Net position, beginning of year	<u>183,470,566</u>	<u>169,288,914</u>	<u>14,181,652</u>	<u>147,747,908</u>	<u>21,541,006</u>
Net position, end of year	<u>\$ 193,878,662</u>	<u>183,470,566</u>	<u>10,408,096</u>	<u>169,288,914</u>	<u>14,181,652</u>

Oakdale Irrigation District
Management's Discussion and Analysis, continued
For the Year Ended December 31, 2018 and 2017

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

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

In 2018, the District's operating revenues increased 272.94% or \$7,563,185, due primarily to increases of \$6,568,098 in water sales and \$1,071,299 in agriculture water service fees; which were offset by a decrease of \$125,861 in other water service charges. In 2017, the District's operating revenues decreased 85.65% or \$16,544,199, due primarily to decreases of \$15,750,000 in water sales and \$794,199 due primarily to a rebate to customers.

In 2018, the District's non-operating revenues decreased 44.41% or \$11,353,481, due primarily to decreases of \$12,384,925 in the change in investment in the Tri-Dam Project and \$2,833,792 in annexation fees; which were offset by increases of \$2,999,500 in the change in investment in the Tri-Dam Authority and of \$642,505 in investment earnings. In 2017, the District's non-operating revenues increased 53.60% or \$8,924,190, due primarily to increases of \$5,022,880 in the change in investment in the Tri-Dam Project, \$2,833,792 in annexation fees, \$692,000 in the change in investment in the Tri-Dam Authority, and \$379,494 in investment earnings.

In 2018, the District's total expenses increased 8.94% or \$1,265,453, due primarily to increases of \$822,373 in operation and maintenance and \$675,972 in water operations; which were offset by a decrease of \$314,831 in general and administrative. In 2017, the District's total expenses decreased 185% or \$266,623, due primarily to decreases of \$157,102 in operation and maintenance, \$131,335 in interest expense, and \$98,032 in water operations; which were offset by an increase of \$179,618 in depreciation expense.

Capital Asset Administration

At the end of years 2018 and 2017, the District's investment in capital assets amounted to \$102,571,888 and \$86,945,511, respectively, (net of accumulated depreciation). This investment in capital assets includes land, water distribution and treatment plant, dams and reservoirs, buildings and structures, equipment, vehicles, and construction-in-process. See note 7 for further discussion.

Changes in capital asset amount for 2018 were as follows:

	Balance 2017	Additions	Transfers/ Deletions	Balance 2018
Capital assets:				
Non-depreciable assets	\$ 14,429,489	17,540,580	(6,446,452)	25,523,617
Depreciable assets	112,711,305	7,267,990	(322,430)	119,656,865
Accumulated depreciation	<u>(40,195,283)</u>	<u>(2,645,742)</u>	<u>232,431</u>	<u>(42,608,594)</u>
Total capital assets, net	<u>\$ 86,945,511</u>	<u>22,162,828</u>	<u>(6,536,451)</u>	<u>102,571,888</u>

Oakdale Irrigation District
Management's Discussion and Analysis, continued
For the Year Ended December 31, 2018 and 2017

Capital Asset Administration, continued

Changes in capital asset amount for 2017 were as follows:

	<u>Balance 2016</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2017</u>
Capital assets:				
Non-depreciable assets	\$ 6,332,984	8,554,617	(458,112)	14,429,489
Depreciable assets	111,835,805	994,363	(118,863)	112,711,305
Accumulated depreciation	<u>(37,676,304)</u>	<u>(2,621,944)</u>	<u>102,965</u>	<u>(40,195,283)</u>
Total capital assets, net	<u>\$ 80,492,485</u>	<u>6,927,036</u>	<u>(474,010)</u>	<u>86,945,511</u>

Debt Administration

In 2018, long-term debt decreased by \$928,373, due primarily to regular principal payment and amortization of premium on the District's outstanding debt. In 2017, long-term debt decreased by \$1,048,372, due to regular principal payment and amortization of premium on the District's outstanding debt. See note 9 for further discussion.

Changes in long-term debt amount for 2018 were as follows:

	<u>Balance 2017</u>	<u>Additions/ Deletions</u>	<u>Principal Payments</u>	<u>Balance 2018</u>
Long-term debt:				
Certificate of participation	\$ 28,710,817	<u>-</u>	<u>(928,373)</u>	27,782,444
Less: current portion	<u>(765,000)</u>			<u>(795,000)</u>
Non-current portion	<u>\$ 27,945,817</u>			<u>26,987,444</u>

Changes in long-term debt amount for 2017 were as follows:

	<u>Balance 2016</u>	<u>Additions/ Deletions</u>	<u>Principal Payments</u>	<u>Balance 2017</u>
Long-term debt:				
Certificate of participation	\$ 29,759,189	<u>-</u>	<u>(1,048,372)</u>	28,710,817
Less: current portion	<u>(885,000)</u>			<u>(765,000)</u>
Non-current portion	<u>\$ 28,874,189</u>			<u>27,945,817</u>

Oakdale Irrigation District
Management's Discussion and Analysis, continued
For the Year Ended December 31, 2018 and 2017

Economic Factors

Regional and statewide water supply issues continue to threaten the District's water rights and ultimately its long-term water supply reliability. As a result of a growing state population and no new significant reservoir storage being built, competition for limited water resources are increasing making for challenging times ahead in managing water supply and financial resources for many California water and irrigation districts. The revision of the 1995 Water Quality Plan for the Bay-Delta Estuary is a case in point. Californian's State Water Board is seeking 40% of the Unimpaired Flows in the Merced, Tuolumne and Stanislaus Rivers as part of a Phase I implementation to free up water for fishery purposes. They will be seeking 60% of UIF in the Sacramento Basin. While currently in litigation, the loss of such water would truly change the face of the Central Valley of our State.

A significant portion of the District's costs are fixed, such as debt service on bonds, maintenance, system operations, labor, benefits, and administrative costs. The District has, and will continue to provide the best possible service and manage these costs to the betterment of its District customers.

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 General Manager or Chief Financial Officer at 1205 East F Street, Oakdale, California 95688 or by phone (209) 847-0341.

Basic Financial Statements

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Oakdale Irrigation District
Statements of Net Position
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents (note 2)	\$ 6,666,522	6,388,133
Restricted – cash and cash equivalents (note 2)	1,540,348	1,252,103
Investments (note 2 & 5)	60,077,273	59,271,760
Accrued interest receivable	452,216	384,176
Accounts receivable – water sales and services	219,534	153,418
Accounts receivable – other	2,412	8,988
Property tax receivable	22,678	721,739
Due from Improvement Districts	138,385	108,524
Due from other government agencies (note 3)	1,277,504	165,042
Prepaid expenses and other deposits	574,742	411,543
Materials and supplies inventory	865,429	632,648
Long-term assets – due in one year:		
Annexation fees receivable (note 4)	859,907	855,433
Total current assets	<u>72,696,950</u>	<u>70,353,507</u>
Non-current assets:		
Investment in joint-powers authorities (note 6)	40,167,235	44,976,430
Capital assets – not being depreciated (note 7)	25,523,617	14,429,489
Capital assets – being depreciated, net (note 7)	77,048,271	72,516,022
Long-term assets – due after one year:		
Annexation fees receivable (note 4)	14,107,249	15,463,299
Total non-current assets	<u>156,846,372</u>	<u>147,385,240</u>
Total assets	<u>229,543,322</u>	<u>217,738,747</u>
Deferred outflows of resources:		
Deferred pension outflows (note 10)	667,856	1,251,260
Deferred loss on defeasance of debt	3,275,706	3,439,491
Total deferred outflows of resources	<u>\$ 3,943,562</u>	<u>4,690,751</u>

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See accompanying notes to the basic financial statements

Oakdale Irrigation District
Statements of Net Position, continued
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 4,003,966	2,677,443
Due to Improvement District	114,777	140,782
Due to other Government Agencies	1,428	30,711
Other payables	4,800	2,800
Accrued payroll and employee benefits	204,643	184,367
Deposits for work-orders	13,300	16,400
Unearned revenue	2,035,480	1,230,104
Accrued interest payable	437,069	431,326
Long-term liabilities – due in one year:		
Compensated absences (note 8)	549,243	518,559
Certificate-of-participation (note 9)	795,000	765,000
Total current liabilities	<u>8,159,706</u>	<u>5,997,492</u>
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 8)	441,009	462,810
Certificate-of-participation (note 9)	26,987,444	27,945,817
Net pension liability (note 10)	3,986,214	4,092,625
Total non-current liabilities	<u>31,414,667</u>	<u>32,501,252</u>
Total liabilities	<u>39,574,373</u>	<u>38,498,744</u>
Deferred inflows of resources:		
Deferred pension inflows (note 10)	33,849	460,188
Total deferred inflows of resources	<u>33,849</u>	<u>460,188</u>
Net position: (note 11)		
Net investment in capital assets	78,065,150	61,674,185
Restricted	1,540,348	1,252,103
Unrestricted	114,273,164	120,544,278
Total net position	<u>\$ 193,878,662</u>	<u>183,470,566</u>

See accompanying notes to the basic financial statements

Oakdale Irrigation District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Agriculture water service fee	\$ 3,323,023	2,251,724
Domestic water delivery fee	216,578	213,011
Connection fees	51,832	5,750
Water sales	6,568,098	-
Other water service charges	174,688	300,549
Total operating revenues	<u>10,334,219</u>	<u>2,771,034</u>
Operating expenses:		
Operation and maintenance	4,663,601	3,841,228
General and administrative	3,832,205	4,147,036
Water operations	3,123,787	2,447,815
Total operating expenses	<u>11,619,593</u>	<u>10,436,079</u>
Operating loss before depreciation expense	(1,285,374)	(7,665,045)
Depreciation expense	(2,645,742)	(2,637,844)
Operating loss	<u>(3,931,116)</u>	<u>(10,302,889)</u>
Non-operating revenue(expense):		
Property taxes	2,622,192	2,517,293
Annexation fees	-	2,833,792
Investment earnings	1,858,886	1,216,381
Change in investment in Tri-Dam Project	5,750,305	18,135,230
Change in investment in Tri-Dam Authority	3,691,500	692,000
Improvement Districts operating charges, net	288,245	163,811
Gain(loss) from sale of capital assets	(66,103)	6,102
Interest expense – long-term debt	(1,088,006)	(1,080,068)
Total non-operating revenues(expense), net	<u>13,057,019</u>	<u>24,484,541</u>
Net income before capital contributions	<u>9,125,903</u>	<u>14,181,652</u>
Capital contributions:		
Contributed capital	1,282,193	-
Total capital contributions	<u>1,282,193</u>	<u>-</u>
Change in net position	10,408,096	14,181,652
Net position, beginning of the year	<u>183,470,566</u>	<u>169,288,914</u>
Net position, end of year	<u>\$ 193,878,662</u>	<u>183,470,566</u>

See accompanying notes to the basic financial statements

Oakdale Irrigation District
Statements of Cash Flows
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash receipts from customers for water sales and services	\$ 9,964,493	4,012,236
Cash receipts from others	258,384	126,795
Cash paid to vendors and suppliers for materials and services	(4,709,370)	(3,234,268)
Cash paid to employees for salaries and wages	(5,789,370)	(5,205,354)
Net cash used in operating activities	<u>(275,863)</u>	<u>(4,300,591)</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	3,321,253	2,530,067
Proceeds from annexation fees	1,351,576	2,018,314
Interest on annexation agreement	321,211	59,971
Net cash provided by non-capital financing activities	<u>4,994,040</u>	<u>4,608,352</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(18,362,118)	(9,090,868)
Proceeds from the sale of capital assets	23,896	6,100
Proceeds from capital contributions	1,282,193	-
Principal paid on long-term debt	(928,373)	(1,048,372)
Interest paid on long-term debt	(1,082,263)	(994,894)
Net cash used in capital and related financing activities	<u>(19,066,665)</u>	<u>(11,128,034)</u>
Cash flows from investing activities:		
Interest and investment earnings	1,469,635	1,002,150
Purchase of securities	(278,192,165)	(174,586,001)
Proceeds from sale of securities	277,386,652	168,459,904
Tri-Dam Power Authority cash distributions	3,691,500	692,000
Tri-Dam Project cash distribution	10,559,500	16,386,501
Net cash provided by investing activities	<u>14,915,122</u>	<u>11,954,554</u>
Net increase in cash and cash equivalents	566,634	1,134,281
Cash and cash equivalents, beginning of year	<u>7,640,236</u>	<u>6,505,955</u>
Cash and cash equivalents, end of year	<u>\$ 8,206,870</u>	<u>7,640,236</u>
Reconciliation of cash and cash equivalents to statements of net position:		
	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 6,666,522	6,388,133
Cash and cash equivalents - restricted for Improvement Districts	1,540,348	1,252,103
Total cash and cash equivalents	<u>\$ 8,206,870</u>	<u>7,640,236</u>

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See accompanying notes to the basic financial statements

Oakdale Irrigation District
Statements of Cash Flows, continued
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (3,931,116)	(10,302,889)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	2,645,742	2,637,844
Improvement Districts operating charges, net	288,245	163,811
Change in assets, deferred outflows, liabilities, and deferred inflows:		
(Increase)Decrease in assets:		
Accounts receivable – water sales and services	(66,116)	(53,723)
Accounts receivable – other	6,576	(5,161)
Due from Improvement Districts	(29,861)	(37,016)
Due from other government agencies	(1,112,462)	1,995,725
Prepaid expenses and other deposits	(163,199)	7,026
Materials and supplies inventory	(232,781)	83,930
Increase in deferred outflows of resources:		
Deferred pension outflows	583,404	(300,857)
Deferred loss on defeasance of debt	163,785	163,786
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	1,326,523	1,329,181
Due to Improvement District	(26,005)	(24,230)
Due to other Government Agencies	(29,283)	4,323
Other payables	2,000	2,790
Accrued payroll and employee benefits	20,276	24,726
Deposits for work-orders	(3,100)	3,600
Unearned revenue	805,376	(699,239)
Compensated absences (note 6)	8,883	94,300
Net pension liability	(106,411)	723,759
Increase(Decrease) in deferred inflows of resources:		
Deferred pension inflows	(426,339)	(112,277)
Total adjustments	<u>3,655,253</u>	<u>6,002,298</u>
Net cash provided by operating activities	<u>\$ (275,863)</u>	<u>(4,300,591)</u>
Non-cash investing, capital, and financing transaction:		
Change is fair value of investments	\$ (14,426)	(91,951)
Change in undistributed investment in Tri-Dam Project	\$ (4,809,195)	5,153,262

See accompanying notes to the basic financial statements

Oakdale Irrigation District
Notes to the Basic Financial Statements
For the Years Ended December 31, 2018 and 2017

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Oakdale Irrigation District (District) was formed November 1, 1909, pursuant to the provisions of the California Water Code. Geographically, the District encompasses parts of San Joaquin and Stanislaus Counties. The District is a special district governed by an elected five-member Board of Directors. As required by accounting principles generally accepted in the United States of America, these financial statements represent the District and its component unit.

The District's distribution system includes the Goodwin Diversion Dam (Goodwin Dam) on the Stanislaus River below the New Melones Dam, at which water is diverted into the District's main canals, laterals, and pipelines. In addition to such surface water facilities, the District owns and operates deep wells and water reclamation pumps and provides domestic water service. The District provides irrigation water to approximately 2,940 customers and domestic water to 762 customers (inclusive of Improvement Districts' customers). In addition, the District sells water and hydropower on the wholesale market.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity*. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a local election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and; 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The Oakdale Irrigation District Financing Corporation (the Financing Corporation) was organized in 1988 under Nonprofit Public Benefit Corporation Law, commencing with Section 5110 of the California Corporations Code for aiding the financing of projects for the District. The Financing Corporation is included in the District's reporting entity as a blended component unit due to the Board of Directors of the District serving as the Board of Directors of the Financing Corporation, the fact that the Financing Corporation is fiscally dependent on the District and the ability of the District to impose its will on the Financing Corporation. The Financing Corporation does not issue separate financial statements.

The District serves as administrator for 20 improvement districts (Improvement Districts) organized and operated within the District's boundaries. The Improvement Districts were organized under Provision Part 7, Division 11 of the Water Code of the State of California by two-thirds of the landowners in the Improvement District petitioning the District's Board to establish an improvement district to finance operations, maintenance, and repair work within the improvement districts. The District's Board of Directors establishes an improvement district with a board resolution that is filed with the County Recorder's Office. The District administers the Improvement Districts on behalf of the property owners, including the annual assessment levied upon the property owners, investing surplus cash, and paying all expenses of the Improvement Districts from assessments collected. The Improvement Districts have no separate Board of Directors, no staff or other separate activities not administered by the District.

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

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

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 (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 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 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 pronouncements in the current year:

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement replaces the requirements of Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57 – *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

In March 2016, the GASB issued Statement No. 81 – *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

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

C. Financial Reporting, continued

In March 2017, the GASB issued Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

In May 2017, the GASB issued Statement No. 86 – *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

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

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

3. Investments and Investment Policy

The District has adopted an investment policy directing the Treasurer to invest funds in investments in accordance with the 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.

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

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

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

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 the allowance method for the reservation and write-off of those accounts when material.

6. Property Taxes and Assessments

The Counties of San Joaquin and Stanislaus Assessor's Office assesses all real and personal property within the County each year. The Counties of San Joaquin and Stanislaus Tax Collector's Office bills and collects the District's share of property taxes and assessments. The Counties of San Joaquin and Stanislaus Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end is related to property taxes collected by the Counties of San Joaquin and Stanislaus, which have not been received by the District as of December 31. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

7. Materials and Supplies

Materials and supplies consist primarily of water pipe and pipefittings for construction and repair to the District's water treatment and distribution system. Materials and supplies are valued at cost using the average cost basis. Material and supply items are charged to expense at the time the items are consumed.

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

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

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

8. Restricted Assets

Certain assets of the District are restricted for use by Improvement Districts' operations and maintenance and, accordingly, are shown as restricted assets on the accompanying statements of net position. The District uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources by a third party.

9. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets as follows:

Land	No threshold
Land improvements	\$10,000
Buildings, building improvements, infrastructure, infrastructure improvement, and leasehold improvements	\$10,000
Intangible assets	\$5,000
Furniture, tools, equipment, computer, vehicles, and attachments	\$1,000
Capital leases	\$1,000
Gates, valves, and turnout structures	No threshold

Donated assets are recorded at estimated fair market value at the date of donation. 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 as follows:

Dams and reservoirs	50-100 years
Distribution systems	50-100 years
Building and improvements	50 years
Pumping plants	20 years
Automotive and equipment	3-10 years
Office equipment	5 years

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 delivery fees, and customer and developer deposits held at year-end.

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

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

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

12. Compensated Absences

The District's personnel policies provide for accumulation of vacation and sick leave. Liabilities for vacation are recorded when benefits are earned. Liabilities for sick are recorded as follows:

- Union employees – 25% of unused sick leave is accrued for the first 90 days and 50% of unused sick is accrued thereafter
- Exempt employees – 50% of unused all sick leave is accrued
- Other employees – 25% of unused sick is accrued for the first 60 days and 50% of unused sick is accrued thereafter

Cash payment of unused vacation and sick is available to those qualified employees when retired or terminated.

13. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Dates: June 30, 2017 and 2016
- Measurement Dates: June 30, 2018 and 2017
- Measurement Periods: July 1, 2017 to June 30, 2018 and July 1, 2016 to June 30, 2017

14. Deferred Inflows of Resources

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

15. Net Position

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

- **Net investment in capital assets component of net position** – 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 component of net position** – consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets.
- **Unrestricted component of net position** – 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
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

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

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

16. Budgetary Principles

The District adopts an annual budget typically in December 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.

17. Reclassification

The District has reclassified certain prior year information to conform with current year presentation.

(2) Cash and Investments

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

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 6,666,522	6,388,133
Restricted – cash and cash equivalents	1,540,348	1,252,103
Investments	<u>60,077,273</u>	<u>59,271,760</u>
Total	<u><u>\$ 68,284,143</u></u>	<u><u>66,911,996</u></u>

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

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents:		
Cash on hand	\$ 420	420
Deposits with financial institutions	4,330,028	3,837,110
California Local Agency Investment Fund	1,350,507	161,461
Money market mutual fund	<u>2,525,915</u>	<u>3,641,245</u>
Total cash and cash equivalents	<u>8,206,870</u>	<u>7,640,236</u>
Investments:		
U.S. Government Agency obligations	27,717,178	32,415,996
Commercial paper	15,515,417	12,229,785
Corporate bonds	<u>16,844,678</u>	<u>14,625,979</u>
Total investments	<u>60,077,273</u>	<u>59,271,760</u>
Total cash and investments	<u><u>\$ 68,284,143</u></u>	<u><u>66,911,996</u></u>

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(2) Cash and Cash Equivalents, continued

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.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (LAIF)	Upon Demand	None	None	\$50 M
Interest Bearing Checking Accounts	N/A	None	None	100%
U.S. Treasury Money-Market Fund	N/A	None	None	10%
Certificates of Deposit	5 years	IUQCI* of 85	30%	\$100,000
U.S. Treasury Bills and Notes	5 years	None	None	100%
U.S. Government Sponsored Entities	5 years	None	None	100%
Banker's Acceptances	180 days	Moody's A	40%	30%
Commercial Paper	270 days	Moody's A	15%	10%
Repurchase Agreements	30 days	None	10%	\$500,000
Medium Term Notes	5 years	Moody's AA	30%	10%
Negotiable Certificates of Deposit	2 years	Moody's A+	30%	10%

*Irwin Union Quality Code Index

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. 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, 2018 and 2017, 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.

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(2) Cash and Cash Equivalents, continued

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 \$10,000,000 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 change 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.

As of December 31, 2018, the District's investments are scheduled to mature as follows:

Investment Type	Amount	Remaining Maturity	
		12 Months Or Less	13 to 24 Months
California Local Agency Investment Fund	\$ 1,350,507	1,350,507	-
Money market mutual fund	2,525,915	2,525,915	-
U.S. Government Agency obligations	27,717,178	27,717,178	-
Commercial paper	15,515,417	15,515,417	-
Corporate bonds	16,844,678	12,399,053	4,445,625
Total	\$ 63,953,695	59,508,070	4,445,625

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(2) Cash and Cash Equivalents, continued

Interest Rate Risk, continued

As of December 31, 2017, the District's investments are scheduled to mature as follows:

Investment Type	Amount	Remaining Maturity	
		12 Months Or Less	13 to 24 Months
California Local Agency Investment Fund	\$ 161,461	161,461	-
Money market mutual fund	3,641,245	3,641,245	-
U.S. Government Agency obligations	32,415,996	32,415,996	-
Commercial paper	12,229,785	12,229,785	-
Corporate bonds	14,625,979	14,625,979	-
Total	\$ 63,074,466	63,074,466	-

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 (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year ended for each investment type.

Credit ratings as of December 31, 2018, 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-	Unrated
California Local Agency Investment Fund	N/A	\$ 1,350,507	-	-	1,350,507
Money market mutual fund	AAA/Aaa	2,525,915	2,525,915	-	-
U.S. Government Agency obligations	N/A	27,717,178	27,717,178	-	-
Commercial paper	A-1+	15,515,417	4,503,217	11,012,200	-
Corporate bonds	Aaa	16,844,678	5,103,739	11,740,939	-
Total		\$ 63,953,695	39,850,049	22,753,139	1,350,507

Credit ratings as of December 31, 2017, 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-	Unrated
California Local Agency Investment Fund	N/A	\$ 161,461	-	-	161,461
Money market mutual fund	AAA/Aaa	3,641,245	3,641,245	-	-
U.S. Government Agency obligations	N/A	32,415,996	32,415,996	-	-
Commercial paper	A-1+	12,229,785	4,991,486	7,238,299	-
Corporate bonds	Aaa	14,625,979	2,599,820	12,026,159	-
Total		\$ 63,074,466	43,648,547	19,264,458	161,461

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(2) Cash and Cash Equivalents, continued

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 are as of December 31, are as follows:

<u>Investment</u>	<u>2018</u>	<u>2017</u>
Federal Home Loan Bank	\$ 21,552,403	31,418,176
Federal National Mortgage Association	6,164,775	-

(3) Due from Other Government Agencies

As of December 31, amounts due from other government agencies consist of the following:

<u>Government Agency</u>	<u>2018</u>	<u>2017</u>
Department of Water Resources	\$ 1,173,539	-
Office of the State Controller	101,475	101,475
South San Joaquin Irrigation District	-	61,140
Others	2,490	2,427
Total	<u>\$ 1,277,504</u>	<u>165,042</u>

(4) Annexation Fees Receivable

Changes in annexation fees receivable for 2018 were as follows:

	<u>Balance 2017</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2018</u>
Annexation fee receivable:				
Trinitas	\$ 14,734,124	-	(792,203)	13,941,921
Paddock	40,852	-	(1,767)	39,085
Hoekstra	1,027,040	-	(40,890)	986,150
Naraghi	516,715	-	(516,715)	-
Total annexation fee receivable	16,318,731	<u>-</u>	<u>(1,351,575)</u>	14,967,156
Less: current portion	(855,433)			(859,907)
Total non-current portion	<u>\$ 15,463,298</u>			<u>14,107,249</u>

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(4) Annexation Fees Receivable, continued

Changes in annexation fees receivable for 2017 were as follows:

	<u>Balance 2016</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2017</u>
Annexation fee receivable:				
Trinitas	\$ 15,503,254	-	(769,130)	14,734,124
Paddock	-	516,715	-	516,715
Hoekstra	-	1,027,040	-	1,027,040
Naraghi	-	40,853	-	40,853
Total annexation fee receivable	15,503,254	<u>1,584,608</u>	<u>(769,130)</u>	16,318,732
Less: current portion	<u>(769,130)</u>			<u>(855,433)</u>
Total non-current portion	<u>\$ 14,734,124</u>			<u>15,463,299</u>

Trinitas LLC Annexation

On August 2013, the District entered into agreements organized under nine separate limited liability companies (LLC) to accept the annexation of 7,274.25 acres of land. The annexation fee totaled \$24,684,585, bearing an interest rate of 3.00%, expiring on September 2032. Principal and interest payment of \$1,234,227 are due annually on September 3. If annexation fees become delinquent as defined in the agreements, the District is not required to deliver water to the annexed land and may terminate the agreements.

Future payments to be received under the agreements are as of December 31, 2018, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 815,970	418,258	1,234,228
2020	840,449	393,778	1,234,227
2021	865,662	368,565	1,234,227
2022	891,632	342,595	1,234,227
2023	918,381	315,846	1,234,227
2024-2028	5,022,083	1,149,053	6,171,136
2029-2032	4,587,744	349,166	4,936,910
Total	13,941,921	<u>3,337,261</u>	<u>17,279,182</u>
Current	<u>(815,970)</u>		
Non-current	<u>\$ 13,125,951</u>		

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(4) Annexation Fees Receivable, continued

Paddock Annexation

In 2017, the District accepted the annexation of 25.04 acres of land into the District. The District financed the annexation fee totaling \$45,852, bearing an interest rate of 3.00%, expiring on September 2035. Principal and interest payment of \$2,992 are due annually on September 3. The District is not required to deliver water to the annexed land and may terminate the agreements if annexation fees become delinquent as defined in the agreements.

Future payments to be received under the agreements are as of December 31, 2018, are as follows:

<u>Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$	1,820	1,173	2,993
2020		1,874	1,118	2,992
2021		1,930	1,062	2,992
2022		1,988	1,004	2,992
2023		2,048	944	2,992
2024-2028		11,199	3,762	14,961
2029-2033		12,983	1,978	14,961
2034-2035		5,243	229	5,472
Total		39,085	11,270	50,355
Current		(1,820)		
Non-current	\$	37,265		

Hoekstra Annexation

In 2017, the District accepted the annexation of 430 acres of land into the District. The District financed the annexation fee totaling \$1,098,741 bearing an interest rate of 3.00%, expiring on September 2036. Principal and interest payment of \$71,702 are due annually on September 3. The District is not required to deliver water to the annexed land and may terminate the agreements if annexation fees become delinquent as defined in the agreements.

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(4) Annexation Fees Receivable, continued

Hoekstra Annexation, continued

Future payments to be received under the agreements are as of December 31, 2018, are as follows:

<u>Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$	42,117	29,584	71,701
2020		43,381	28,321	71,702
2021		44,682	27,020	71,702
2022		46,023	25,679	71,702
2023		47,403	24,298	71,701
2024-2028		259,220	99,288	358,508
2029-2033		300,507	58,001	358,508
2034-2035		202,817	12,289	215,106
Total		986,150	304,480	1,290,630
Current		(42,117)		
Non-current	\$	944,033		

Naraghi Annexation

In 2017, the District accepted the annexation of 220 acres of land into the District. The District financed the annexation fee totaling \$552,778 bearing an interest rate of 3.00%, expiring on September 2036. Principal and interest payment of \$71,702 are due annually on September 3. The District is not required to deliver water to the annexed land and may terminate the agreements if annexation fees become delinquent as defined in the agreements. As of December 31, 2018, the principal of the annexation fee was paid in full.

(5) Investment at Fair Value Hierarchy

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at December 31, 2018, are as follows:

<u>Description</u>	<u>December 31, 2018</u>	<u>Fair Value Measurement at Reporting Date using:</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U.S. Government Agency obligations	\$ 27,717,178	-	27,717,178	-
Commercial paper	15,515,417	-	15,515,417	-
Corporate bonds	16,844,678	-	16,844,678	-
	60,077,273	-	60,077,273	-
Investments measured at amortized cost:				
Local Agency Investment Fund	1,350,507			
Money market fund	2,525,915			
Total	\$ 63,953,695			

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(5) Investment at Fair Value Hierarchy, continued

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at December 31, 2017, are as follows:

Description	December 31, 2017	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	\$ 32,415,996	-	32,415,996	-
Commercial paper	12,229,785	-	12,229,785	-
Corporate bonds	14,625,979	-	14,625,979	-
Total	59,271,760	-	59,271,760	-
Investments measured at amortized cost:				
Local Agency Investment Fund	161,461			
Money market fund	3,641,245			
Total	\$ 63,074,466			

(6) Investment in Joint-Powers Authorities

Jointly governed organizations are legal entities or other organizations that result from a contractual arrangement and that are owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility as permitted by the California Government Code.

As of December 31, 2018, the District's participation in these jointly governed organizations consists of the following balance:

	2017	Additions	Deletions	2018
Tri-Dam Project	\$ 44,976,430	5,750,305	(10,559,500)	40,167,235

As of December 31, 2017, the District's participation in these jointly governed organizations consists of the following balance:

	2016	Additions	Deletions	2017
Tri-Dam Project	\$ 43,227,701	18,135,230	(16,386,501)	44,976,430

The District has recorded its interest in the joint-powers authorities under the equity method of accounting whereby, the District's equity in the joint-powers authorities is equal to the original cost of assets contributed plus their pro rata share of the net position of the joint-powers authorities.

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(6) Investment in Joint-Powers Authorities, continued

Tri-Dam Project

On January 21, 1948, the District and the South San Joaquin Irrigation District entered into a joint cooperative agreement to form the Tri-Dam Project (Project). The Project constructed and currently operates a series of irrigation and power dams along the Stanislaus River. The Project presently includes the Donnell's Dam, Tunnel, and Power Plant; Beardsley Dam, Afterbay, and Power Plant; Tulloch Dam, Afterbay, and Power Plant; and the Goodwin Dam and related facilities. The Project's principal activities are the storage and delivery of water to each participating District and the hydraulic generation of electricity. On January 1, 2014, the Project entered into an exclusive power purchase and sale agreement with the City of Santa Clara, California, through its municipal electric utility, Silicon Valley Power.

The Project is governed by the ten members of the Board of Directors in each District. The District and the South San Joaquin Irrigation District share the cost of the Project, with the exception of the Goodwin Dam and related facilities. Each District is responsible for the operations and net position of the Project. Should the Project become insolvent, each District is legally required to contribute funds to satisfy the Project's creditors. The Project's individual assets are owned equally (50%) between each District. As a result, the District has an equity interest in the Project that is recorded as an investment in the Tri-Dam Project on the District's statements of net position under GASB Statements No. 14 and 61. Each year the District adjusts its investment in the Project by its proportionate share (50%) of the Project's net position. Audited financial statements are available from the Project at P.O. Box 1158, Pinecrest, California 95364-0158 or at www.tridamproject.com.

Tri-Dam Power Authority

On October 14, 1982, the District and the South San Joaquin Irrigation District entered into a joint exercise of powers agreement to form the Tri-Dam Power Authority (Authority), effective through January 1, 2034. The Authority constructed and currently operates a hydroelectric power facility on the Stanislaus River with the proceeds of a \$62,000,000 bond issue which was defeased in November 2016. The Authority was formed for the purpose of exercising common powers in constructing, operating, and maintaining facilities for the generation of electric energy.

The Authority is governed through a Board of Commissioners comprised of the members of each participating Districts' Board of Directors. However, the operations and net position of the Authority belong solely to the Authority as a separate legal entity. Should the Authority become insolvent, the District would not be liable for the Authority debts. Upon termination of the Joint Exercise of Powers Agreement, all assets of the Authority will be distributed to the members in proportion to their respective 50% contribution. Since the District has only a residual equity interest in the Authority, it is not recorded as an equity investment on the District's Statements of Net Position according to GASB Statements No. 14 and 61. Only distributions received from the Authority are recorded as non-operating revenues. Audited financial statements are available from the Authority at P.O. Box 1158, Pinecrest, California 95364-0158 or at www.tridamproject.com.

San Joaquin Tributaries Authority

On November 2012, the District, Modesto Irrigation District, South San Joaquin Irrigation District, Turlock Irrigation District, and the City and County of San Francisco ("Parties") entered into a joint powers agreement to form the San Joaquin Tributaries Authority (SJTA). The SJTA develops and facilitates an environment in which the Parties are able to provide water in an efficient manner at a reasonable cost, ensure long-term reliability of the systems, and works with other governmental and public agencies to promote the common welfare of the landowner and water users served by SJTA members.

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(6) Investment in Joint-Powers Authorities, continued

San Joaquin Tributaries Authority, continued

The District has a residual equity interest in the SJTA and it is not recorded as an equity investment on the District's statement of net position according to GASB Statements No. 14 and 61. Under the joint powers agreement, the District is responsible to provide the SJTA a proportionate amount (\$250,000 or approximately 7%) of funds for operating expenses. The SJTA does not issue separate financial statements.

(7) Capital Assets

Changes in capital assets for 2018 were as follows:

	Balance 2017	Additions/ Transfers	Deletions/ Transfers	Balance 2018
Non-depreciable assets:				
Land	\$ 3,150,292	6,400	-	3,156,692
Construction-in-process	11,279,197	17,534,180	(6,446,452)	22,366,925
Total non-depreciable assets	14,429,489	17,540,580	(6,446,452)	25,523,617
Depreciable assets:				
Buildings	942,633	10,351	-	952,984
Dams and reservoirs	10,170,420	33,658	-	10,204,078
Distribution systems	90,765,559	6,395,099	(77,038)	97,083,620
Automotive and equipment	6,514,452	727,312	(204,991)	7,036,773
Office equipment	711,319	43,117	(40,401)	714,035
Domestic water systems	3,606,922	58,453	-	3,665,375
Total depreciable assets	112,711,305	7,267,990	(322,430)	119,656,865
Accumulated depreciation:				
Buildings	(586,349)	(23,325)	-	(609,674)
Dams and reservoirs	(1,853,573)	(200,081)	-	(2,053,654)
Distribution systems	(30,832,656)	(1,847,705)	27,088	(32,653,273)
Automotive and equipment	(4,358,563)	(467,845)	164,942	(4,661,466)
Office equipment	(625,594)	(27,364)	40,401	(612,557)
Domestic water systems	(1,938,548)	(79,422)	-	(2,017,970)
Total accumulated depreciation	(40,195,283)	(2,645,742)	232,431	(42,608,594)
Total depreciable assets, net	72,516,022	4,622,248	(89,999)	77,048,271
Total capital assets, net	\$ 86,945,511	22,162,828	(6,536,451)	102,571,888

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(7) Capital Assets, continued

Changes in capital assets for 2017 were as follows:

	Balance 2016	Additions/ Transfers	Deletions/ Transfers	Balance 2017
Non-depreciable assets:				
Land	\$ 2,851,729	298,563	-	3,150,292
Construction-in-process	3,481,255	8,256,054	(458,112)	11,279,197
Total non-depreciable assets	6,332,984	8,554,617	(458,112)	14,429,489
Depreciable assets:				
Buildings	942,633	-	-	942,633
Dams and reservoirs	10,170,420	-	-	10,170,420
Distribution systems	90,307,447	458,112	-	90,765,559
Automotive and equipment	6,083,549	508,091	(77,188)	6,514,452
Office equipment	724,834	28,160	(41,675)	711,319
Domestic water systems	3,606,922	-	-	3,606,922
Total depreciable assets	111,835,805	994,363	(118,863)	112,711,305
Accumulated depreciation:				
Buildings	(563,357)	(22,992)	-	(586,349)
Dams and reservoirs	(1,653,632)	(199,941)	-	(1,853,573)
Distribution systems	(28,997,218)	(1,835,438)	-	(30,832,656)
Automotive and equipment	(3,962,446)	(458,507)	62,390	(4,358,563)
Office equipment	(641,601)	(24,568)	40,575	(625,594)
Domestic water systems	(1,858,050)	(80,498)	-	(1,938,548)
Total accumulated depreciation	(37,676,304)	(2,621,944)	102,965	(40,195,283)
Total depreciable assets, net	74,159,501	(1,627,581)	(15,898)	72,516,022
Total capital assets, net	\$ 80,492,485	6,927,036	(474,010)	86,945,511

(8) Compensated Absences

Changes in compensated absences for 2018 were as follows:

	Balance 2017	Earned	Taken	Balance 2018	Current Portion	Long-term Portion
\$	981,369	610,730	(601,847)	990,252	549,243	441,009

Changes in compensated absences for 2017 were as follows:

	Balance 2016	Earned	Taken	Balance 2017	Current Portion	Long-term Portion
\$	887,069	563,298	(468,998)	981,369	518,559	462,810

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(9) Long-term Debt

Changes in long-term debt for 2018 were as follows:

	<u>Balance 2017</u>	<u>Additions/ Deletions</u>	<u>Principal Payments</u>	<u>Balance 2018</u>
Certificate of participation:				
Revenue Refunding Bond Series 2016A	\$ 25,280,000	-	(765,000)	24,515,000
Add: Unamortized premium	<u>3,430,817</u>	<u>-</u>	<u>(163,373)</u>	<u>3,267,444</u>
Total certificate of participation	28,710,817	<u>-</u>	<u>(928,373)</u>	27,782,444
Current portion	<u>(765,000)</u>			<u>(795,000)</u>
Non-current portion	<u>\$ 27,945,817</u>			<u>26,987,444</u>

Changes in long-term debt for 2017 were as follows:

	<u>Balance 2016</u>	<u>Additions/ Deletions</u>	<u>Principal Payments</u>	<u>Balance 2017</u>
Certificate of participation:				
Revenue Refunding Bond Series 2016A	\$ 26,165,000	-	(885,000)	25,280,000
Add: Unamortized premium	<u>3,594,189</u>	<u>-</u>	<u>(163,372)</u>	<u>3,430,817</u>
Total certificate of participation	29,759,189	<u>-</u>	<u>(1,048,372)</u>	28,710,817
Current portion	<u>(885,000)</u>			<u>(765,000)</u>
Non-current portion	<u>\$ 28,874,189</u>			<u>27,945,817</u>

Revenue Refunding Bond Series 2016A

On March 5, 2009, the District issued the Certificate of Participation (Water Facilities Project) Series 2009 in the amount of \$32,145,000 secured by a lien on the District's net revenues. The District is required to collect net revenues equal to 110% of the debt service payments on this debt issuance and all other parity debt payable from the District's net revenues. The proceeds were used to finance the acquisition and construction of certain water system improvements, and repairs to the District's existing facilities.

On September 8, 2016, the District issued the Certificates of Participation Revenue Refunding Bond Series 2016A in the amount of \$26,165,000. The proceeds were used to refinance and defease the Certificate of Participation (Water Facilities Project) Series 2009. The debt bears an interest rate ranging from 3.0% to 5.0%, with principal and interest due semi-annually on February 1 and August 1 of each year, and maturing on August 1, 2038.

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(9) Long-term Debt, continued

Revenue Refunding Bond Series 2016A, continued

Annual debt service requirements for the certificate of participation are as follows:

Year	Principal	Interest	Total
2019	\$ 795,000	1,051,250	1,846,250
2020	830,000	1,019,450	1,849,450
2021	865,000	986,250	1,851,250
2022	880,000	968,950	1,848,950
2023	920,000	924,950	1,844,950
2024-2028	5,205,000	4,037,750	9,242,750
2029-2033	6,645,000	2,599,250	9,244,250
2034-2038	8,375,000	868,700	9,243,700
Total	24,515,000	12,456,550	36,971,550
Premium	3,267,444		
Current	(795,000)		
Non-current	\$ 26,987,444		

(10) Defined Benefit Pension Plan

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

Benefits Provided

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

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 60 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(10) Defined Benefit Pension Plan

Benefits Provided, continued

The District participates in the Plan's miscellaneous risk pool. The provisions and benefits for the Plan's miscellaneous pool in effect at December 31 2018 and 2017, are summarized as follows:

	2018		2017	
	Classic	PEPRA	Classic	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date				
Benefit formula	2.0% @ 60	2.0% @ 62	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.1% to 2.4%	1.1% to 2.4%	1.1% to 2.4%	1.1% to 2.4%
Required employee contribution rates	7.00%	6.25%	7.00%	6.25%
Required employer contribution rates	7.63%	6.84%	7.20%	6.53%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1, following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the years ended December 31, 2018 and 2017, the contributions recognized as part of pension expense for the Plan were as follows:

	2018	2017
Contributions – employer	\$ 431,153	404,701

Net Pension Liability

As of December 31, 2018 and 2017, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	2018	2017
Proportionate share of net pension liability	\$ 3,986,214	4,092,625

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(10) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of December 31, 2018 and 2017, the net pension liability of the Plan is measured as of June 30, 2018 and 2017 (the measurement dates), respectively. The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 and 2016 (the valuation dates), rolled forward to June 30, 2018 and 2017, respectively, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan's miscellaneous risk pool as of the measurement dates June 30, 2018 and 2017, was as follows:

	Proportionate Share
Proportion – June 30, 2016	0.03893 %
Increase in proportion	0.00234
Proportion – June 30, 2017	0.04127
Increase in proportion	0.00010
Proportion – June 30, 2018	0.04137 %

Deferred Outflows(Inflows) of Resources Related to Pensions

For the years ended December 31, 2018 and 2017, the District recognized pension expense of \$435,975 and \$310,625, respectively.

As of December 31, 2018 and 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 204,184	-	296,368	-
Differences between actual and expected experience	100,898	-	-	(89,193)
Changes in assumptions	343,066	-	767,088	-
Net differences between projected and actual earnings on plan investments	19,708	-	187,804	-
Adjustment due to changes in proportions and difference in employer contributions	-	(33,849)	-	(370,995)
Total	\$ 667,856	(33,849)	1,251,260	(460,188)

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(10) Defined Benefit Pension Plan, continued

Deferred Outflows(Inflows) of Resources Related to Pensions, continued

As of December 31, 2018 and 2017, the District reported \$204,184 and \$296,368, respectively, as deferred outflows of resources related to contributions subsequent to the measurement date. Pension contributions subsequent to the measurement for the year ended December 31, 2018, will be recognized as a reduction of the net pension liability for the year ended December 31, 2019. Pension contributions subsequent to the measurement for the year ended December 31, 2017, was recognized as a reduction of the net pension liability for the year ended December 31, 2018.

As of December 31, 2018, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending December 31,	Deferred Net Outflows(Inflows of Resources
2019	\$ 359,175
2020	201,538
2021	(95,038)
2022	(35,852)

Actuarial Assumptions

The total pension liabilities in the June 30, 2017 and 2016, actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation dates	June 30, 2017 and 2016
Measurement dates	June 30, 2018 and 2017
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions	
Discount rate	7.15%
Inflation	2018: 2.50% 2017: 2.75%
Salary increase	Varies by entry age and service
Mortality Table*	Derived using CalPERS membership data
Period upon which actuarial Experience survey assumptions were based	2018: 1997 – 2015 2017: 1997 - 2011
Post-retirement benefit increase	2018: Contract COLA up to 2.50% until PPPA floor on purchasing power applies; 2.50% thereafter 2017: Contract COLA up to 2.75% until PPPA floor on purchasing power applies; 2.75% thereafter

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(10) Defined Benefit Pension Plan, continued

Actuarial Assumptions, continued

* In 2018, the mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017, experience study report (based on CalPERS demographic data from 1997 to 2015) available online on the CalPERS website.

In 2017, the mortality table used above was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 Experience Study report (based on CalPERS demographic data from 1997 to 2011) available online on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2018 and 2017, for the PERF C was 7.15%. This discount rate is not adjusted for administrative expenses.

The PERF C fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for those pension plans' investments were applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The tables below reflects long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

Asset Class	2018			2017		
	Target Allocation	Real Return Years 1-10	Real Return Years 11+	Target Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	50.00 %	4.80 %	5.38 %	51.0 %	5.25 %	5.71 %
Global Fixed Income	28.00	1.00	2.62	20.0	0.99	2.43
Inflation Sensitive	0.00	0.77	1.81	6.0	0.45	3.36
Private Equity	8.00	6.30	7.23	10.0	6.83	6.95
Real Asset	13.00	3.75	4.93	10.0	4.50	5.13
Infrastructure and Forestland	0.00	0.00	0.00	2.0	4.50	5.09
Liquidity	1.00	0.00	(0.92)	1.0	(0.55)	(1.05)
Total	100.00 %			100.0 %		

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(10) Defined Benefit Pension Plan, continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate.

As of December 31, 2018, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
District's net pension liability	\$ 6,959,079	3,986,214	1,532,162

As of December 31, 2017, the District's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
District's net pension liability	\$ 6,452,630	4,092,625	2,223,439

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See pages 54 and 55 for the Required Supplementary Information.

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(11) Net Position

The balance at December 31, consists of the following:

	<u>2018</u>	<u>2017</u>
Net investment in capital assets:		
Capital assets, net	\$ 102,571,888	86,945,511
Certificate of participation, current	(795,000)	(765,000)
Certificate of participation, non-current	(23,720,000)	(24,515,000)
Unamortized premium	(3,267,444)	(3,430,817)
Deferred loss on defeasance of debt	3,275,706	3,439,491
Total investment in capital assets	<u>78,065,150</u>	<u>61,674,185</u>
Restricted net position:		
Cash and cash equivalent -restricted for Improvement Districts	<u>1,540,348</u>	<u>1,252,103</u>
Total restricted net position	<u>1,540,348</u>	<u>1,252,103</u>
Unrestricted net position:		
Non-spendable net position:		
Inventory of materials and supplies	865,429	632,648
Prepaid expenses	<u>574,742</u>	<u>411,543</u>
Total non-spendable net position	<u>1,440,171</u>	<u>1,044,191</u>
Spendable net position - designated:		
Main canal / Tunnel improvement	2,279,231	20,064,000
Capital replacement / Improvement	18,000,000	18,000,000
Debt service	11,000,000	6,000,000
Operating	4,738,000	3,738,000
Rate-stabilization	3,388,000	2,388,000
Rural water replacement / Improvement	824,836	763,165
Vehicle and equipment replacement	504,297	492,366
Building and facilities	3,075,000	475,000
Employee compensated absences	<u>179,084</u>	<u>981,369</u>
Total spendable net position	<u>43,988,448</u>	<u>52,901,900</u>
Spendable net position - undesignated:	<u>68,844,545</u>	<u>66,598,187</u>
Total unrestricted net position	<u>114,273,164</u>	<u>120,544,278</u>
Total net position	<u>\$ 193,878,662</u>	<u>183,470,566</u>

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(12) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a founding member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase the appropriate amount of insurance coverage. At December 31, 2018, the District participated in the liability and property programs of the ACWA/JPIA as follows:

- General liability: The general liability coverage through ACWA/JPIA who purchases specific occurrence excess insurance from commercial excess, reinsurance carriers, or other pooling agencies. The arrangement with ACWA/JPIA is in substance a transfer of pooling (sharing) of risks among the participants in the ACWA/JPIA's programs.
- Property: The property insurance coverage is as follows: 1) Buildings, personal property, fixed equipment, additional coverage, and on premise vehicle coverage with a deductible of \$1,000; 2) Mobile equipment and vehicle with a deductible of \$1,000; 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. ACWA/JPIA will reimburse the District for losses to scheduled property that is insured by the terms and conditions of the purchased insurance or reinsurance, less any applicable deductible.
- 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 year ended December 31, 2018 and 2017. 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, 2018 and 2017.

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(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, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 83

In November 2016, the GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement (1) addresses accounting and financial reporting for certain asset retirement obligations (AROs), (2) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (3) requires that recognition occur when the liability is both incurred and reasonably estimable, (4) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, (5) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually, and (6) requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 84

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

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

Governmental Accounting Standards Board Statement No. 88

In April 2018, the GASB issued Statement No. 88 – *Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 89

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

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

Governmental Accounting Standards Board Statement No. 90

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

(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.

Oakdale Irrigation District
Notes to the Basic Financial Statements, continued
For the Year Ended December 31, 2018 and 2017

(14) Commitments and Contingencies, continued

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement, or modification of water facilities and distribution systems within its service area. As of December 31, 2018, the District remaining commitments were as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Remaining Commitment</u>
Two Mile Bar Tunnel		
New tunnel construction	\$ 16,590,910	427,631
Project management	1,504,505	168,402
Biological services	290,764	126,484
Engineering	256,000	39,746
South Main Canal - Segment 4 Design	79,727	14,811
TCC		
Clear SCADA HMI improvement	45,000	24,015
Technical support	45,000	14,398
Total	\$ <u>18,811,906</u>	<u>815,487</u>

(15) Subsequent Events

Events occurring after December 31, 2018, have been evaluated for possible adjustment to the financial statements or disclosure as of June 18, 2019, 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.

Required Supplementary Information

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Oakdale Irrigation District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of December 31, 2018
Last Ten Years*

Description	Measurement Dates				
	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
District's proportion of the net pension liability	0.04127%	0.04127%	0.03893%	0.03347%	0.04327%
District's proportionate share of the net pension liability	\$ 3,986,214	4,092,925	3,368,866	2,297,303	2,692,547
District's covered payroll	\$ 5,155,206	4,546,326	4,369,901	4,300,181	4,435,167
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	77.32%	90.03%	77.09%	53.42%	60.71%
Plan's fiduciary net position as a percentage of the total pension liability	75.26%	73.31%	74.06%	78.40%	79.82%

Notes to the Schedules of the District's Proportionate Share of the Net Pension Liability

Changes in Benefit Terms – The District can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for the District's plan can be found in the plan's annual valuation report.

Changes of Assumptions – In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00 percent to 2.75 percent. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period, and remained adjusted for administrative expenses.

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

Oakdale Irrigation District
Schedules of Pension Plan Contributions
As of December 31, 2018
Last Ten Years*

Description	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Actuarially determined contribution	\$ 385,465	598,115	526,811	488,805	333,676
Contributions in relation to the actuarially determined contribution	<u>(385,465)</u>	<u>(358,036)</u>	<u>(379,349)</u>	<u>(345,487)</u>	<u>(333,676)</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>240,079</u>	<u>147,462</u>	<u>143,318</u>	<u>-</u>
District's covered payroll	\$ <u>4,500,035</u>	<u>4,546,326</u>	<u>4,369,901</u>	<u>4,300,181</u>	<u>4,435,167</u>
Contribution's as a percentage of covered-employee payroll	<u>8.57%</u>	<u>13.16%</u>	<u>12.06%</u>	<u>11.37%</u>	<u>7.52%</u>

Notes to the Schedules of Pension Plan Contributions

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

Statistical Section

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Oakdale Irrigation District Statistical Section

This part of the Oakdale Irrigation District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the District's overall financial health.

Table of Contents

	<u>Page No.</u>
Financial Trends	57-62
These schedules contain financial trend information for assessing the District's financial performance and well-being over time.	
Revenue Capacity	63-70
These schedules present revenue capacity information to assess the District's ability to generate revenues. Water sales and service fees, wholesale power sales, and property taxes are the District's most significant revenue sources.	
Debt Capacity Data	71-73
These schedules present information to assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt. Additionally, provided are schedules regarding legal debt margin, direct and overlapping bonded debt in the county in which the District conducts 90% of its business.	
Demographic and Economic Information	74-76
These schedules provide information on the demographic and economic environment in which the District conducts business.	
Operating Information	77-79
These schedules provide information on the District's service infrastructure to assist the 77 reader in the understanding of how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources

Unless otherwise noted, the information in these schedules are derived from the comprehensive annual financial reports of the relevant years.

**Oakdale Irrigation District
Net Position by Component
Last Ten Fiscal Years**

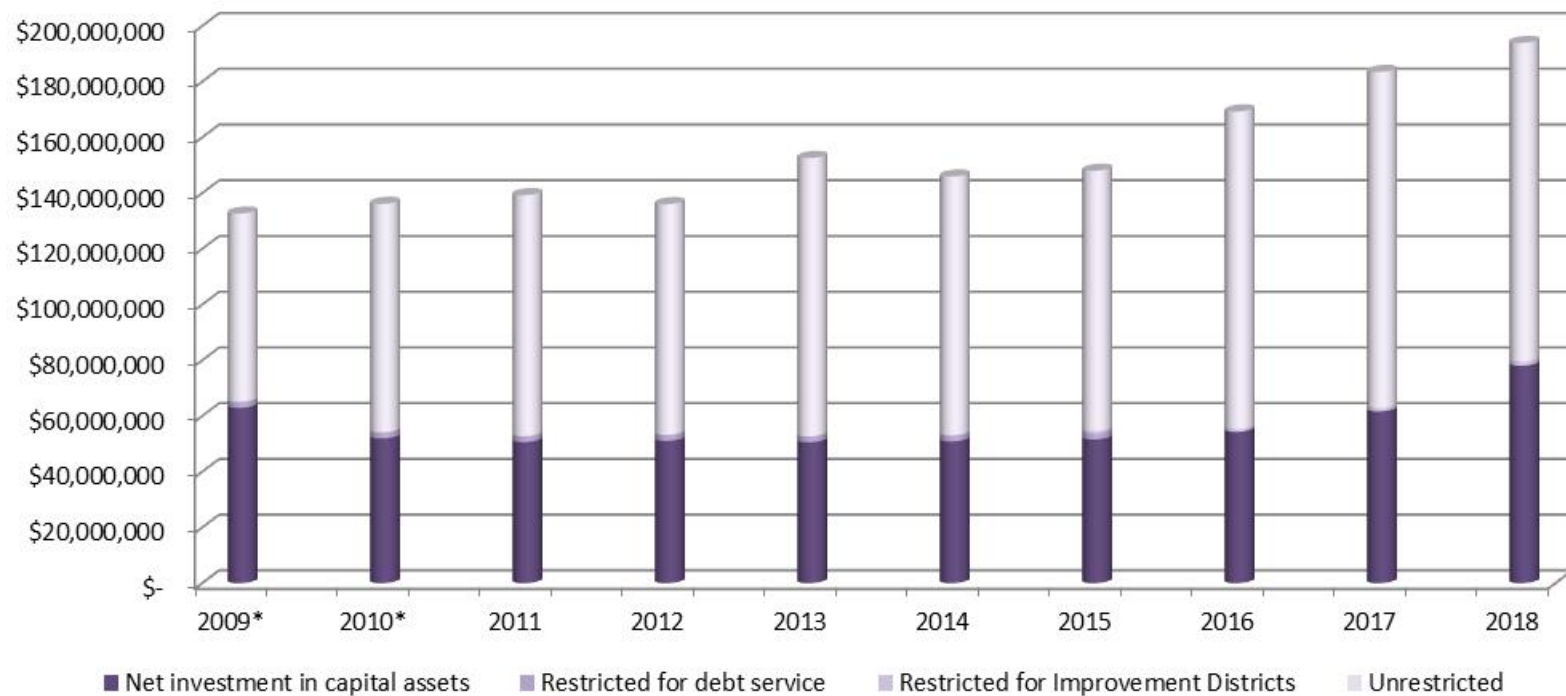
Table 1

	2009*	2010*	2011	2012	2013	2014	2015	2016	2017	2018
Net investment in capital assets	\$ 62,942,193	51,969,687	50,633,121	51,077,784	50,566,062	50,885,465	51,589,942	54,327,485	61,665,511	78,056,887
Restricted for debt service	2,151,068	2,149,900	2,149,258	2,149,241	2,149,190	2,149,347	2,149,260	-	-	-
Restricted for remediation projects	279,001	283,870	288,824	185,941	157,691	158,957	160,114	-	-	-
Restricted for Improvement Districts	-	-	-	-	-	-	959,980	1,088,292	1,252,103	1,540,348
Unrestricted	67,561,952	82,020,800	86,474,704	82,776,915	99,869,808	92,897,221	93,321,229	113,873,137	120,552,952	114,281,427
Total net position	\$ 132,934,214	136,424,257	139,545,907	136,189,881	152,742,751	146,090,990	148,180,525	169,288,914	183,470,566	193,878,662

Note: The District's assets consist primarily of distribution canals and pipelines.

* Information was not available to restate these years for the implementation of GASB Statement No. 65

Chart 1



Oakdale Irrigation District
Changes in Net Position
Last Ten Fiscal Years

Table 2

	2009*	2010*	2011	2012	2013	2014	2015	2016	2017	2018
Operating revenues	\$									
Agricultural water service fees	1,183,770	54,115	1,210,632	1,240,838	1,516,917	1,378,393	2,341,654	3,157,236	2,080,171	3,323,023
Domestic water delivery fees	219,280	190,533	205,949	202,134	215,111	213,932	194,386	201,224	213,011	216,578
Other water related revenues	148,674	191,098	144,879	189,118	174,566	212,940	221,196	206,773	472,102	174,688
Connection fees	250	785	1,150	1,250	1,200	1,810	19,726	-	5,750	51,832
Water sales	8,564,635	4,076,889	2,066,879	-	4,000,000	-	5,750,000	15,750,000	-	6,568,098
Total operating revenues	10,116,609	4,513,420	3,629,489	1,633,340	5,907,794	1,807,075	8,526,962	19,315,233	2,771,034	10,334,219
Operating expenses										
Operation and maintenance	3,833,008	4,403,284	4,057,837	4,165,511	5,019,045	3,751,234	3,845,339	3,998,330	3,841,228	4,663,601
General and administrative	5,934,548	3,277,323	3,680,603	3,806,305	3,839,314	3,347,853	2,734,946	4,203,644	4,147,036	3,832,205
Water operations	1,857,692	1,920,053	1,917,244	2,298,764	2,632,570	2,212,021	2,082,555	2,545,847	2,447,815	3,123,787
Total operating expenses	11,625,248	9,600,660	9,655,684	10,270,580	11,490,929	9,311,108	8,662,840	10,747,821	10,436,079	11,619,593
Operating loss before depreciation expense	(1,508,639)	(5,087,240)	(6,026,195)	(8,637,240)	(5,583,135)	(7,504,033)	(135,878)	8,567,412	(7,665,045)	(1,285,374)
Depreciation expense	(1,838,609)	(2,254,109)	(2,289,009)	(2,419,575)	(2,415,604)	(2,464,433)	(2,440,541)	(2,458,226)	(2,637,844)	(2,645,742)
Operating loss	(3,347,248)	(7,341,349)	(8,315,204)	(11,056,815)	(7,998,739)	(9,968,466)	(2,576,419)	6,109,186	(10,302,889)	(3,931,116)
Non-operating revenue(expense):										
Property taxes	2,100,740	1,946,205	1,925,629	1,893,079	1,893,770	2,037,400	2,230,344	2,566,034	2,517,293	2,622,192
Annexation fees	-	100,828	259,168	-	18,913,050	-	-	-	2,833,792	-
Investment earnings	304,318	60,580	53,758	152,101	274,814	675,681	622,378	836,887	1,216,381	1,858,886
Joint ventures	6,551,641	9,900,556	10,868,617	7,066,296	7,156,205	2,001,707	2,369,339	13,112,350	18,827,230	9,441,805
Improvement Districts operating charges, net	-	-	-	-	-	-	120,912	128,312	163,811	288,245
Gain(loss) from sale of capital assets	(20,497)	(9,399)	(20,284)	(7,953)	16,779	131,094	(6,645)	(3,164)	6,102	(66,103)
Interest expense – long-term debt	(1,351,703)	(1,178,660)	(1,272,272)	(1,511,488)	(1,477,080)	(1,532,664)	(1,510,785)	(1,211,403)	(1,080,068)	(1,088,006)
Total non-operating revenues(expense), net	7,584,499	10,820,110	11,814,616	7,592,035	26,777,538	3,313,218	3,825,543	15,429,016	24,484,541	13,057,019
Net income before capital contributions	4,237,251	3,478,761	3,499,412	(3,464,780)	18,778,799	(6,655,248)	1,249,124	21,538,202	14,181,652	9,125,903
Capital contributions:										
Contributed capital	435,867	11,282	1,815	108,754	118,558	3,487	1,343	2,804	-	1,282,193
Total capital contributions	435,867	11,282	1,815	108,754	118,558	3,487	1,343	2,804	-	1,282,193
Changes in net position	4,673,118	3,490,043	3,501,227	(3,356,026)	18,897,357	(6,651,761)	1,250,467	21,541,006	14,181,652	10,408,096
Net position, beginning of year	128,261,096	132,934,214	136,424,257	139,545,907	136,189,881	152,742,751	146,090,990	148,180,525	169,288,914	183,470,566
Prior period adjustment	-	-	(379,577)	-	(2,344,487)	-	839,068	(432,617)	-	-
Net position, beginning of year	128,261,096	132,934,214	136,044,680	139,545,907	133,845,394	152,742,751	146,930,058	147,747,908	169,288,914	183,470,566
Net position, end of year	132,934,214	136,424,257	139,545,907	136,189,881	152,742,751	146,090,990	148,180,525	169,288,914	183,470,566	193,878,662

- Notes: 1. The District's largest source of revenues comes from the cash distributions from its Joint Ventures.
2. Water Sales are the District's second largest source of revenue.
3. The District entered into its first long-term water sales agreement in 1999 that expired in 2011.
4. The District issued debt in the form of certificates of participation in March 2009.
5. The District annexed 8,468 acres of land in August 2013.

* Information was not available to restate these years for the implementation of GASB Statement No. 65.

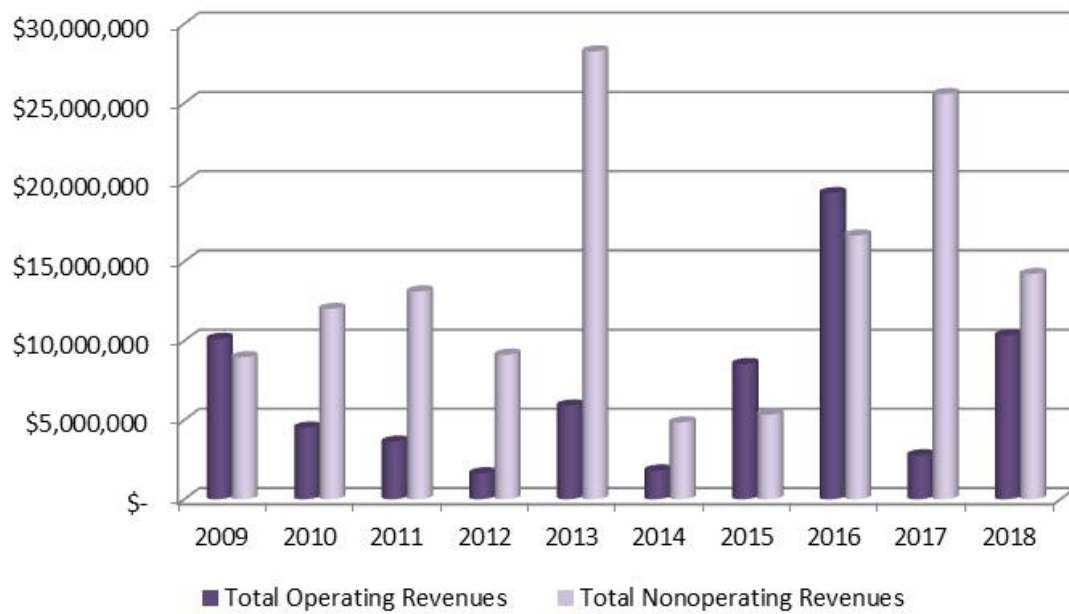
Oakdale Irrigation District
Revenue by Source
Last Ten Fiscal Years

Table 3

Year	Operating Revenues			Nonoperating Revenues					Total Revenues
	Water Charges	Other Operating Income	Water Transfer Sales	Property Taxes	Interest Income	Tri-Dam Project and Power Authority Distribution	Undistributed Earnings of Tri-Dam Project	Annexation and Other Nonoperating Income	
2009	\$ 1,183,770	368,204	8,564,635	2,100,740	304,318	7,650,000	(1,098,359)	-	19,073,308
2010	54,115	382,416	4,076,889	1,946,205	60,580	2,550,000	7,350,556	100,828	16,521,589
2011	1,210,632	351,978	2,066,879	1,925,629	53,758	13,955,114	(3,086,497)	259,168	16,736,661
2012	1,240,838	392,502	-	1,893,079	152,101	7,334,000	(267,704)	-	10,744,816
2013	1,516,917	390,877	4,000,000	1,893,770	274,814	7,332,000	(175,795)	18,929,829	34,162,412
2014	1,378,393	428,682	-	2,037,400	675,681	4,662,000	(2,660,293)	131,094	6,652,957
2015	2,341,654	435,308	5,750,000	2,230,344	622,378	4,379,500	(2,010,161)	114,267	13,863,290
2016	3,157,236	407,997	15,750,000	2,566,034	836,887	7,959,088	5,153,262	125,148	35,955,652
2017	2,080,171	690,863	-	2,517,293	1,216,381	17,078,500	1,748,730	3,003,705	28,335,643
2018	3,323,023	443,098	6,568,098	2,622,192	1,858,886	14,251,000	(4,809,195)	288,245	24,545,347

**Oakdale Irrigation District
Operating and Non-operating Revenues
Last Ten Fiscal Years**

Chart 2

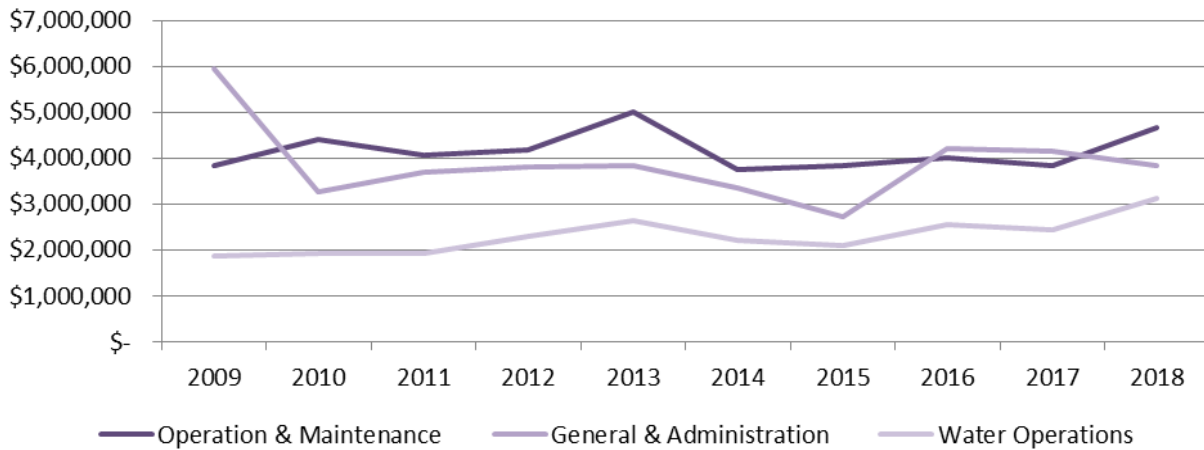


**Oakdale Irrigation District
Operating Expense by Source
Last Ten Fiscal Years**

Table 4

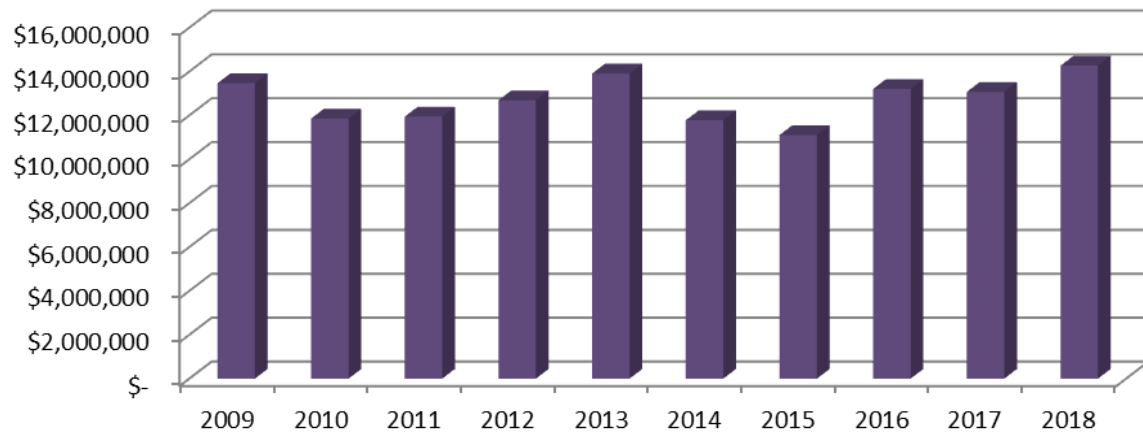
Year	Operation & Maintenance	General & Administration	Water Operations	Property Depreciation	Total Operating Expenses
2009	\$ 3,833,008	5,934,548	1,857,692	1,838,609	13,463,857
2010	4,403,284	3,277,323	1,920,053	2,254,109	11,854,769
2011	4,057,837	3,680,603	1,917,244	2,289,009	11,944,693
2012	4,165,511	3,806,305	2,298,764	2,419,575	12,690,155
2013	5,019,045	3,839,314	2,632,570	2,415,604	13,906,533
2014	3,751,234	3,347,853	2,212,021	2,464,433	11,775,541
2015	3,845,339	2,734,946	2,082,555	2,440,541	11,103,381
2016	3,998,330	4,203,644	2,545,847	2,458,226	13,206,047
2017	3,841,228	4,147,036	2,447,815	2,637,844	13,073,923
2018	4,663,601	3,832,205	3,123,787	2,645,742	14,265,335

Chart 3



**Oakdale Irrigation District
Total Operating Expense
Last Ten Fiscal Years**

Chart 4



Oakdale Irrigation District
Property Tax Levy and Collections – County of Stanislaus
Last Ten Fiscal Years

Table 5

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		District's	
		Amount	Percent of Levy	Share of 1% Property Tax	% of County Levy
2008/2009	474,286,882	451,524,927	95.20%	1,737,418	0.37%
2009/2010	446,704,648	430,564,452	96.39%	1,579,084	0.35%
2010/2011	436,493,485	424,593,296	97.27%	1,593,599	0.37%
2011/2012	426,313,135	416,034,209	97.59%	1,546,634	0.36%
2012/2013	427,774,039	417,419,791	97.58%	1,540,527	0.36%
2013/2014	448,139,124	438,298,281	97.80%	1,571,080	0.35%
2014/2015	491,947,597	482,999,011	98.18%	1,754,109	0.36%
2015/2016	526,506,616	515,308,358	97.87%	2,076,105	0.39%
2016/2017	557,726,852	548,386,591	98.33%	2,170,418	0.39%
2017/2018	593,209,301	579,232,498	97.64%	2,622,192	0.44%

Source: County of Stanislaus, California
Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2018

Oakdale Irrigation District
Principal Property Tax Payers – County of Stanislaus
Last Ten Fiscal Years

Table 6


Taxpayer	Type of Business	2017 / 2018			2008/2009		
		Property Taxes	Rank	Percentage of Total Property Taxes	Property Taxes	Rank	Percentage of Total Property Taxes
Gallo Winery	Manufacturing	\$ 5,000,231	1	0.8429%	\$ 1,980,255	3	0.4175%
Pacific Gas and Electric	Utility	4,248,809	2	0.7162%	1,838,227	4	0.3876%
World International, LLC	Nonclassified	3,237,703	3	0.5458%	3,589,757	1	0.7569%
Gallo Glass Co.	Commercial	3,213,673	4	0.5417%	2,543,430	2	0.5363%
Doctor's Medical Center	Medical	2,517,888	5	0.4245%	1,368,817	6	0.2886%
Excel Monte Vista LP	Nonclassified	1,877,170	6	0.3164%	-		0.0000%
WR Griffin Patterson LLC	Nonclassified	1,487,418	7	0.2507%	-		0.0000%
Fresno Farming LLC	Nonclassified	1,372,759	8	0.2314%	-		0.0000%
Bronco Wine Co	Commercial	1,360,259	9	0.2293%	-		0.0000%
Hunt Wesson Foods Inc	Manufacturing	1,294,471	10	0.2182%	1,141,780	9	0.2407%
Recot Inc (Frito Lay)	Manufacturing	-		0.0000%	1,215,949	7	0.2564%
SBC California	Utility	-		0.0000%	1,378,681	5	0.2907%
Del Monte Corp.	Manufacturing	-		0.0000%	1,099,179	10	0.2318%
Foster Dairy Farms	Manufacturing	-		0.0000%	1,167,115	8	0.2461%
Total		<u>\$ 25,610,381</u>		<u>4.3171%</u>	<u>\$ 17,323,190</u>		<u>3.6526%</u>

Source: County of Stanislaus Auditor/Controller's Office

Note: County of San Joaquin not available at publication of this report.

**Oakdale Irrigation District
Water Customer Accounts
Last Ten Fiscal Years**

Table 7

Category	% of Total		Water Consumed (acre feet)	% of Total Consumed	Sales	
	Water Accounts	Water Accounts			Revenues (in dollars)	% of Total Revenues
Agriculture (Ag)	3,028	86.42%	211,601	99.75% 	\$ 3,323,023	93.88%
Domestic Water	476	13.58%	540	0.25%	216,808	6.12%
TOTAL	3,504	100.00%	212,141	100.00%	\$ 3,539,831	100.00%

**Oakdale Irrigation District
Water Production and Deliveries
Last Ten Fiscal Years**

Water Production – Table 8

Year	Diverted from Stanislaus River	Groundwater Pumping	Reclamation Pumping	Total Production	Percent of 10-year Ave.
2009	233,145	15,676	9,667	258,488	113.8%
2010	216,593	5,682	7,720	229,995	101.3%
2011	218,321	2,244	7,390	227,955	100.4%
2012	231,725	6,634	8,210	246,569	108.6%
2013	244,642	10,112	7,789	262,543	115.6%
2014	201,360	16,858	6,461	224,679	98.9%
2015	164,955	12,567	3,317	180,839	79.6%
2016	183,695	3,577	937	188,209	82.9%
2017	199,390	2,451	3,971	205,812	90.6%
2018	208,727	2,874	3,616	215,217	94.8%

Water Deliveries – Table 9

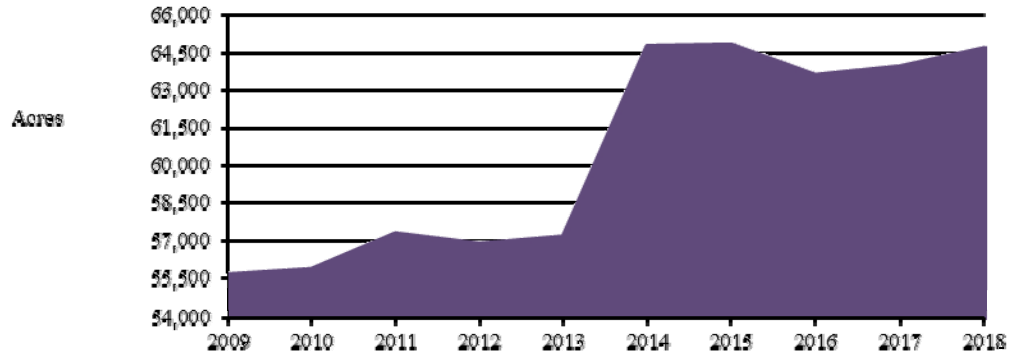
Year	Total Water Production	Total Agricultural Water Delivered	Water Transfers	Total Deliveries	Percent of 10-year Ave.
2009	258,488	209,771	55,390	265,161	123.0%
2010	229,995	180,584	41,000	221,584	102.8%
2011	227,955	232,367	26,000	258,367	119.9%
2012	246,569	229,297	-	229,297	106.4%
2013	262,543	245,144	40,000	285,144	132.3%
2014	224,679	201,086	-	201,086	93.3%
2015	180,839	168,698	11,500	180,198	83.6%
2016	188,209	134,182	50,500	184,682	85.7%
2017	205,812	134,182	-	134,182	62.2%
2018	215,217	164,548	31,309	195,857	90.9%

Oakdale Irrigation District
Irrigated Acres
Last Ten Fiscal Years

Table 10

Water Year	Irrigated Acres
2009	55,610
2010	55,824
2011	57,246
2012	56,836
2013	57,121
2014	64,724
2015	64,780
2016	63,572
2017	63,915
2018	64,642

Chart 5

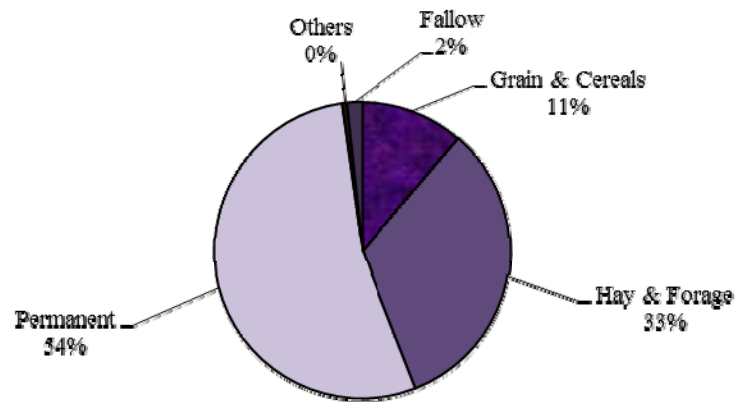


**Oakdale Irrigation District
Crops
Last Ten Fiscal Years**

Table 11

Categories	2018
Grain & Cereals	7,340
Hay & Forage	21,147
Permanent	34,716
Others	333
Fallow	1,106
Total	64,642

Chart 6



**Oakdale Irrigation District
Irrigation Water Charges
Last Ten Fiscal Years**

Table 12

Water Year	Water Charges (per acre)						
	Min. per acre	1.01 - 2.00	2.01 - 4.00	4.01 - 6.00	6.01 - 8.00	8.01 - 10.00	10.01 & above
2008	\$30.00	\$30.00	\$28.00	\$26.00	\$24.00	\$22.00	\$19.50
2009	30.00	30.00	28.00	26.00	24.00	22.00	19.50
2010	30.00	30.00	28.00	26.00	24.00	22.00	19.50
2011	30.00	30.00	28.00	26.00	24.00	22.00	19.50
2012	30.00	30.00	28.00	26.00	24.00	22.00	19.50
2013	30.00	30.00	28.00	26.00	24.00	22.00	19.50
2014	30.00	30.00	28.00	26.00	24.00	22.00	19.50
	Minimum						
2015	54.00	54.00	27.00	27.00	27.00	27.00	27.00
2016	55.62	55.62	27.81	27.81	27.81	27.81	27.81
2017	55.62	55.62	27.81	27.81	27.81	27.81	27.81
2018	55.62	55.62	27.81	27.81	27.81	27.81	27.81

Water Year	Volumetric Charges (per acre-foot per acre)				
	Up to 3.0 per aft.	3.01 - 5.0 per aft.	5.01 - 7.0 per aft.	7.01 - 8.0 per aft.	Over 8.01 per aft.
2015	\$3.24	\$6.44	\$8.55	\$10.71	\$21.37 ^(1, 2)
2016	3.24	6.44	8.55	10.71	21.37
2017	3.24	6.44	8.55	10.71	21.37
2017	3.24	6.44	8.55	10.71	21.37

(1) The year 2015 was the first year the District set volumetric charges, however they were not implemented until 2016.

**Oakdale Irrigation District
Ten Largest Water Users
Last Ten Fiscal Years**

Table 13

Landowner	No. of Gross Acres	Percent of Total	Water Delivery Fee Revenue	Percent of Total
Trinitas LLC Affiliates	7,593.13	11.75% ⁽¹⁾	\$ 211,165	10.87% ⁽²⁾
John Brichetto Family Trusts	4,707.21	7.28%	130,908	6.74%
V.A. Rodden Inc.	1,626.18	2.52%	45,224	2.33%
G3 Enterprises, Inc.	961.80	1.49%	26,748	1.38%
Sharon Naraghi	960.52	1.49%	26,712	1.38%
Hoekstra Family	867.30	1.34%	24,120	1.24%
Peter Postma's	811.81	1.26%	22,576	1.16%
Desimas & Bairos Dairy	591.68	0.92%	16,455	0.85%
AL Gilbert Company	560.30	0.87%	15,582	0.80%
Wanty Family Partnership	534.18	0.83%	14,856	0.76%
TOTALS	19,214.11	29.72%	\$ 534,344	27.51%

(1) Based on the total 2018 irrigable acres of 64,642.

(2) Based on the total 2018 water delivery fees of \$1,942,231.

Oakdale Irrigation District
Legal debt Margin Information – Counties of Stanislaus and San Joaquin
Last Ten Fiscal Years

Table 14

COUNTY OF STANISLAUS						
Fiscal Year Ending	Assessed Value	Debt Limit Percentage	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Debt Applicable to the Limit as a Percentage of Debt Limit
2009	40,424,458,781	1.25%	505,305,735	-	505,305,735	0%
2010	37,297,148,953	1.25%	466,214,362	-	466,214,362	0%
2011	35,558,908,063	1.25%	444,486,351	-	444,486,351	0%
2012	34,775,090,759	1.25%	434,688,634	-	434,688,634	0%
2013	33,924,599,417	1.25%	424,057,493	-	424,057,493	0%
2014	35,600,228,524	1.25%	445,002,857	-	445,002,857	0%
2015	39,675,277,121	1.25%	495,940,964	-	495,940,964	0%
2016	42,354,843,404	1.25%	529,435,543	-	529,435,543	0%
2017	44,827,487,765	1.25%	560,343,597	-	560,343,597	0%
2018	50,135,873,331	1.25%	626,698,417	-	626,698,417	0%

The legal debt limit percentage is set by statute. Debt includes only general obligation bonded debt supported by property taxes.

COUNTY OF SAN JOAQUIN						
Fiscal Year	Assessed Value	Debt Limit Percentage	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Debt Applicable to the Limit as a Percentage of Debt Limit
2009	58,479,414,286	1.25%	730,992,679	-	730,992,679	0%
2010	51,835,497,707	1.25%	647,943,721	-	647,943,721	0%
2011	54,830,715,039	1.25%	685,383,938	-	685,383,938	0%
2012	52,784,184,872	1.25%	659,802,311	-	659,802,311	0%
2013	52,751,468,188	1.25%	659,393,352	-	659,393,352	0%
2014	55,426,721,693	1.25%	692,834,021	-	692,834,021	0%
2015	60,375,379,114	1.25%	754,692,239	-	754,692,239	0%
2016	64,089,425,179	1.25%	801,117,815	-	801,117,815	0%
2017	67,671,767,489	1.25%	845,897,094	-	845,897,094	0%
2018	72,199,514,185	1.25%	902,493,927	-	902,493,927	0%

Government Code Section 29909 and *Revenue and Tax Code* Section 135 limit the County's ability to raise resources through the issuance of debt to finance acquisitions or construction of County facilities.

Oakdale Irrigation District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 15

Year	Business-Type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	Certificate of Participation	Notes Payable	Borrow Site Agreement			
2009	\$ 31,773,330	\$ 3,192	\$ 100,000	\$ 31,876,522	0.20%	\$ 60.56
2010	31,225,865	1,944	50,000	31,277,809	0.20%	58.95
2011	30,718,429	696	-	30,719,125	0.18%	59.34
2012	30,160,993	-	-	30,160,993	0.17%	57.71
2013	28,578,558	-	-	28,578,558	0.15%	54.28
2014	28,331,123	-	-	28,331,123	0.15%	53.42
2015	27,678,687	-	-	27,678,687	0.13%	51.41
2016	26,165,000	-	-	26,165,000	0.12%	48.31
2017	25,280,000	-	-	25,280,000	0.11%	45.50
2018	24,515,000	-	-	24,515,000	not available	44.59

Note: The District had no significant debt outstanding prior to 2009.

¹ Percentage of Personal Income is based on Stanislaus County Personal Income only.

Refer to the Schedule of Demographic and Economic Statistics on page 75 for personal income and population data for both Counties.

Oakdale Irrigation District
Estimated Direct Overlapping Bonded Debt – County of Stanislaus
As of December 31, 2016

Table 16

2016-17 Assessed Valuation:

\$44,822,955,648 (includes unitary utility valuation)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable (1)</u>	<u>Debt 12/1/16</u>
Yosemite Community College District	73.317 %	\$ 207,262,183
Modesto High School District	100.000	34,857,498
Turlock Joint Union High School District and School Facilities Improv. District No.	97.781-98.166	26,922,389
Ceres Unified School District	100.000	64,921,358
Newman-Crows Landing Unified School District	100.000	21,257,982
Oakdale Joint Unified School District	98.576	12,790,236
Patterson Joint Unified School District	98.764	24,184,911
Riverbank Unified School District	100.000	11,117,452
Other Unified School Districts	100.000	31,511,290
Modesto City School District	100.000	8,710,677
Stanislaus Union School District	100.000	21,230,000
Sylvan School District	100.000	29,599,284
Other School Districts	81.145-100.00	20,436,174
Oak Valley Hospital District	100.000	31,680,000
Newman Drainage District	100.000	70,000
Empire Union School District Community Facilities District No. 87-1	100.000	7,572,834
City Community Facilities Districts	100.000	127,330,000
Schools Infrastructure Financing Agency Mello-Roos Act Bonds	100.000	22,230,000
Salida Area Community Facilities District No. 1988-1	100.000	23,135,000
Western Hills Water District Community Facilities District No. 1	100.000	45,290,000
1915 Act Bonds (estimate)	100.000	2,006,837
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 774,116,105
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Stanislaus County Certificates of Participation	100.000 %	\$ 33,995,000
Stanislaus County Office of Education Certificates of Participation	100.000	2,805,000
Modesto High School and City School District Certificates of Participation	100.000	16,420,000
Ceres Unified School District Certificates of Participation	100.000	10,525,000
Newman-Crows Landing Unified School District	100.000	10,127,000
Salida Union School District Certificates of Participation	100.000	9,215,000
Other School Districts Certificates of Participation	Various	19,307,400
City of Modesto General Funds Obligation	100.000	57,390,000
City of Oakdale Certificates of Participation and Pension Obligation Bonds	100.000	5,407,826
Other City Certificates of Participation	100.000	1,387,659
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 166,579,885
Less: City of Newman Wastewater Certificates of Participation (100% supported)		2,920,000
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 163,659,885
<u>OVERLAPPING TAX INCREMENT DEBT:</u>		
County Redevelopment Agencies		\$ 15,315,000
Ceres Redevelopment Agencies		38,105,000
Turlock Redevelopment Agencies		35,740,000
Other Redevelopment Agencies		47,364,657
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$ 136,524,657
GROSS COMBINED TOTAL DEBT		\$ 1,077,220,647 (2)
NET COMBINED TOTAL DEBT		\$ 1,074,300,647
<u>Ratios to 2016-17 Assessed Valuation:</u>	<u>Ratios to Redevelopment Incremental Valuation (\$4,054,601,828):</u>	
Total Overlapping Tax and Assessment Debt..... 1.73%	Overlapping Tax Increment Debt	3.37%
Total Direct Debt (\$33,995,000)..... 0.08%		
Gross Combined Total Debt 2.40%		
Net Combined Total Debt..... 2.40%		

(1) The percentage of overlapping debt applicable to the county is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the county divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: Stanislaus County Auditor/Controller's Office - current year not available.
San Joaquin County information is not available.

Oakdale Irrigation District
Principal Employers – County of Stanislaus
Last Ten Fiscal Years

Table 17

Employer	2017			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
E & J Gallo Winery	6,700	1	2.97%	3,250	2	1.58%
County of Stanislaus	4,480	2	1.99%	4,458	1	2.16%
Modesto City Schools	3,556	3	1.58%	3,113	3	1.51%
Doctors Medical Center	2,600	4	1.15%	1,984	7	0.96%
Memorial Medical Center	2,400	5	1.06%	3,013	4	1.46%
Foster Farms	2,200	6	0.89%	1,647	9	0.80%
Del Monte Foods	2,010	7	0.89%	1,700	8	0.83%
Stanislaus Food Products	1,875	8	0.83%	-		0.00%
Ceres Unified School District	1,790	9	0.79%	-		0.00%
Save Mart Supermarkets	1,650	10	0.73%	-		0.00%
Turlock School District	-		0.00%	2,120	5	1.03%
Seneca (Signature) Foods	-		0.00%	2,100	6	1.02%
Modesto Junior College	-		0.00%	1,643	10	0.80%
Total	22,561		9.91%	21,778		10.57%

Oakdale Irrigation District
Population – Counties of Stanislaus and San Joaquin
Last Ten Fiscal Years

Table 18

COUNTY OF STANISLAUS					
Calendar Year	Population	Population % of Increase	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2009	526,383	0.09%	15,948,738	\$ 31,485	15.3%
2010	530,584	0.80%	15,980,924	31,248	16.4%
2011	517,685	-2.43%	16,652,338	31,006	15.1%
2012	522,651	0.96%	17,810,902	32,115	15.2%
2013	526,549	0.75%	18,528,026	34,138	13.0%
2014	530,327	0.72%	19,341,120	35,259	7.6%
2015	538,388	2.25%	21,236,783	36,356	5.5%
2016	541,560	0.59%	22,360,836	29,445	7.5%
2017	555,624	2.60%	23,446,103	42,793	6.2%
2018	549,815	-1.05%	not available	not available	6.3%

COUNTY OF SAN JOAQUIN					
Calendar Year	Population	Population % of Increase	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2009	689,480	0.56%	21,765,614	\$ 32,115	15.4%
2010	694,293	0.70%	22,503,652	32,743	18.1%
2011	693,589	-0.10%	23,243,047	33,440	15.9%
2012	695,750	0.31%	24,047,531	34,345	14.7%
2013	703,919	1.17%	25,014,730	35,545	12.8%
2014	710,731	0.97%	26,773,886	37,527	10.6%
2015	719,511	2.22%	28,834,765	39,835	8.9%
2016	733,709	1.97%	30,102,917	40,996	7.8%
2017	745,424	1.60%	31,920,185	42,822	6.4%
2018	758,744	1.79%	not available	not available	6.0%

Chart 7

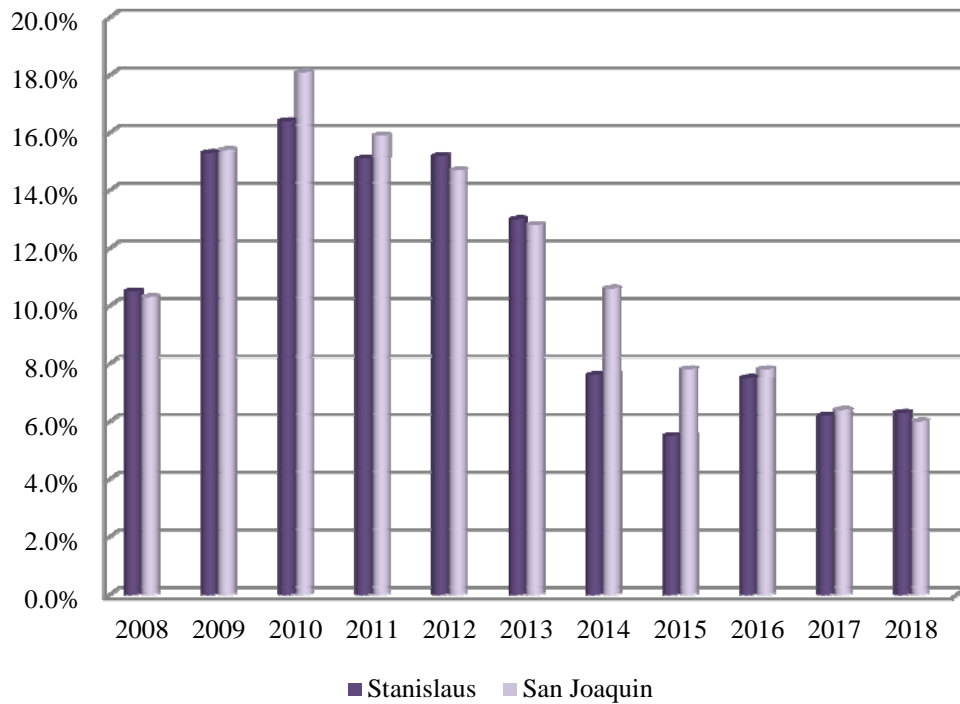
Counties of San Joaquin and Stanislaus Population



Oakdale Irrigation District
Unemployment Rate – Counties of Stanislaus and San Joaquin
Last Ten Fiscal Years

Chart 8

Counties of San Joaquin and Stanislaus Unemployment Rates



Oakdale Irrigation District
Full-Time District Employees by Function
Last Ten Fiscal Years

Table 19

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Water Operations	29	29	31	31	29	28	28	27	32	33
Operations and Maintenance	23	25	23	20	23	25	25	25	31	29
Finance	4	5	5	5	5	5	5	5	5	6
Engineering	4	4	4	4	1	2	2	2	3	3
Administration	4	4	4	4	4	4	3	3	3	4
Contract Management	3	3	2	2	1	1	-	-	-	-
Total	67	70	69	66	63	65	63	62	74	75

Oakdale Irrigation District
Capital Assets Statistics by Function
Last Ten Fiscal Years

Table 20

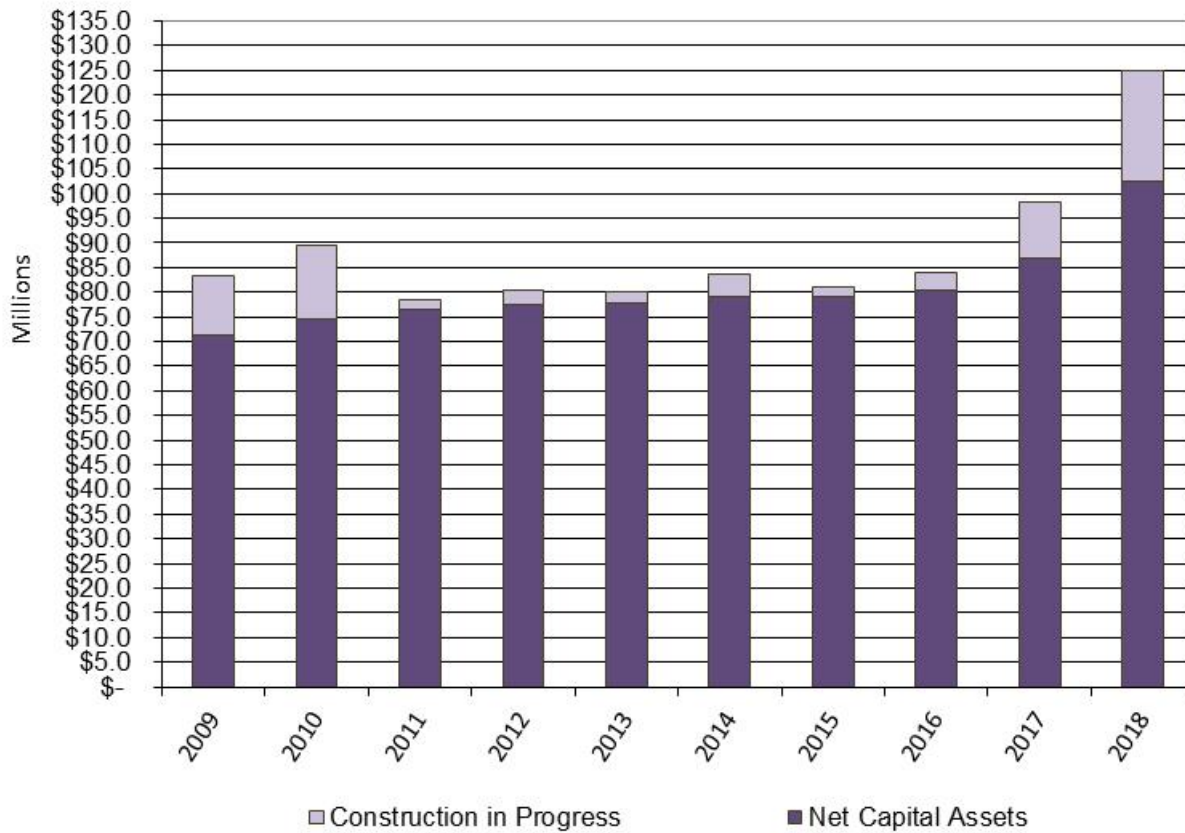
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Ag Water										
Miles of laterals and tunnels	230	230	230	230	230	230	230	230	230	230
Miles of pipelines	100	100	100	100	100	100	100	100	100	100
Number of production wells	24	24	25	25	25	25	25	25	24	24
Number of reclamation pumps	44	44	44	44	44	44	44	42	42	42
Number of river pumps	4	4	4	4	4	4	4	4	4	4
Number of regulating reservoirs	2	3	3	3	3	3	3	3	3	3
Number of dams	2	2	2	2	2	2	2	2	2	2
Domestic Water										
Miles of distribution pipelines	6.59	6.59	6.59	6.59	6.59	6.59	6.59	6.59	6.59	6.59
Number of deep wells	8	8	8	8	8	8	8	8	8	8
Number of fire hydrants	84	84	84	84	84	84	84	84	84	84

**Oakdale Irrigation District
Capital Assets
Last Ten Fiscal Years**

Table 21

Year	Total Assets (excluding CIP)	Construction in Progress	Accumulated Depreciation	Net Capital Assets
2009	81,252,356	11,860,591	(21,775,816)	71,337,131
2010	83,282,666	15,123,864	(23,912,488)	74,494,042
2011	100,445,511	2,011,561	(26,048,581)	76,408,491
2012	103,053,665	2,832,794	(28,372,445)	77,514,014
2013	105,834,198	2,489,756	(30,649,256)	77,674,698
2014	107,800,010	4,282,672	(32,866,096)	79,216,586
2015	112,583,918	1,913,853	(35,229,142)	79,268,629
2016	114,687,534	3,481,255	(37,676,304)	80,492,485
2017	115,861,597	11,279,197	(40,195,283)	86,945,511
2018	122,813,557	22,366,925	(42,608,594)	102,571,888

Chart 9



Report on Internal Controls and Compliance

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

Board of Directors
Oakdale Irrigation District
Oakdale, 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 Oakdale Irrigation District (District), which comprise the statements of net position as of December 31, 2018 and 2017, 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 date June 18, 2019.

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.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
June 18, 2019