

**Oakdale Irrigation District  
Improvement Districts**

**Annual Financial Report**

**For the Years Ended December 31, 2022 and 2021**



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**Oakdale Irrigation District Improvement Districts  
Annual Financial Report  
For the Years Ended December 31, 2022 and 2021**

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# **Financial Section**

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# C.J. Brown & Company CPAs

## An Accountancy Corporation

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

Board of Directors  
Oakdale Irrigation District  
Oakdale, California

#### **Opinion**

We have audited the accompanying financial statements of the business-type activities of the Oakdale Irrigation District Improvement Districts (Improvement District), component units of the Oakdale Irrigation District, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Improvement District's basic financial statements as listed in the table of contents.

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

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Improvement District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

## **Independent Auditor's Report, continued**

### **Auditor's Responsibilities for the Audits of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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



## Independent Auditor's Report, continued

### Required Supplementary Information

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

*C.J. Brown & Company, CPAs*

**C.J. Brown & Company CPAs**  
Cypress, California  
June 6, 2023

**Oakdale Irrigation District Improvement Districts**  
**Statements of Net Position**  
**December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Current assets:</b>		
Cash and cash equivalents (note 2)	\$ 1,412,546	1,402,748
Restricted – cash and cash equivalents (note 2)	36,650	56,609
Accrued interest receivable	5,612	624
Accounts receivable – water sales and services	6,590	18,399
Accounts receivable – other	183	-
Due from related organizations	119,640	117,818
Prepaid expenses and other deposits	5,901	4,560
<b>Total current assets</b>	<b>1,587,122</b>	<b>1,600,758</b>
<b>Non-current assets:</b>		
Capital assets – not being depreciated (note 3)	-	-
Capital assets – being depreciated, net (note 3)	348,922	338,014
<b>Total non-current assets</b>	<b>348,922</b>	<b>338,014</b>
<b>Total assets</b>	<b>1,936,044</b>	<b>1,938,772</b>
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	5,752	7,097
Due to related organizations	10,400	4,021
Debt service payment received for the District	36,650	190,946
Unearned revenue	179,867	56,609
<b>Total current liabilities</b>	<b>232,669</b>	<b>258,673</b>
<b>Total liabilities</b>	<b>232,669</b>	<b>258,673</b>
<b>Net position:</b>		
Net investment in capital assets	348,922	338,014
Unrestricted	1,354,453	1,342,085
<b>Total net position</b>	<b>\$ 1,703,375</b>	<b>1,680,099</b>

See accompanying notes to the basic financial statements

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

	<b>2022</b>	<b>2021</b>
<b>Operating revenues:</b>		
Maintenance and operation charges	\$ 326,672	323,384
<b>Total operating revenues</b>	<b>326,672</b>	<b>323,384</b>
<b>Operating expenses:</b>		
Operation and maintenance	223,570	201,927
General and administrative	54,917	56,169
<b>Total operating expenses</b>	<b>278,487</b>	<b>258,096</b>
<b>Operating income before depreciation expense</b>	<b>48,185</b>	<b>65,288</b>
Depreciation expense	(20,306)	(19,614)
<b>Operating income</b>	<b>27,879</b>	<b>45,674</b>
<b>Non-operating revenues:</b>		
Investment returns	(4,603)	(1,390)
<b>Total non-operating revenues</b>	<b>(4,603)</b>	<b>(1,390)</b>
<b>Changes in net position</b>	<b>23,276</b>	<b>44,284</b>
<b>Net position, beginning of year</b>	<b>1,680,099</b>	<b>1,635,815</b>
<b>Net position, end of year</b>	<b>\$ 1,703,375</b>	<b>1,680,099</b>

See accompanying notes to the basic financial statements

**Oakdale Irrigation District Improvement Districts**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers	\$ 305,437	400,112
Cash paid to vendors for materials and services	(274,794)	(336,190)
<b>Net cash provided by operating activities</b>	<b>30,643</b>	<b>63,922</b>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(31,213)	-
<b>Net cash used in capital and related financing activities</b>	<b>(31,213)</b>	<b>-</b>
<b>Cash flows from investing activities:</b>		
Interest and investment returns	(9,591)	(276)
<b>Net cash used in investing activities</b>	<b>(9,591)</b>	<b>(276)</b>
<b>Net (decrease)increase in cash and cash equivalents</b>	<b>(10,161)</b>	<b>63,646</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,459,357</b>	<b>1,395,711</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,449,196</b>	<b>1,459,357</b>
<b>Reconciliation of cash and cash equivalents to the statements of net position:</b>		
	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 1,412,546	1,402,748
Restricted – cash and cash equivalents	36,650	56,609
<b>Total cash and cash equivalents</b>	<b>\$ 1,449,196</b>	<b>1,459,357</b>

*Continued on next page*

See accompanying notes to the basic financial statements

**Oakdale Irrigation District Improvement Districts**  
**Statements of Cash Flows, continued**  
**For the Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 27,879	45,674
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
Depreciation expense	20,305	19,614
<b>Change in assets and liabilities</b>		
(Increase)Decrease in assets:		
Accounts receivable – water sales and services	11,809	4,290
Accounts receivable – other	(183)	-
Due from other government agencies	(1,822)	65,386
Prepaid expenses and other deposits	(1,341)	(293)
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	(1,345)	1,167
Due to related organizations	6,379	(78,969)
Debt service payment received for the District	(154,296)	7,742
Unearned revenue	123,258	(689)
Total adjustments	2,764	18,248
<b>Net cash provided by operating activities</b>	<b>\$ 30,643</b>	<b>63,922</b>
<b>Non-cash investing, capital, and financing transaction:</b>		
Change in fair value of investments	\$ (17,174)	(5,261)

See accompanying notes to the basic financial statements

**Oakdale Irrigation District Improvement Districts**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2022 and 2021**

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

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

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

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

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

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

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

**Oakdale Irrigation District Improvement Districts**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended December 31, 2022 and 2021**

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

**C. Financial Reporting**

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

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

***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 were effective for reporting periods beginning after June 15, 2021; however, in light of the COVID-19 pandemic, the effective date has been postponed by 18 months. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 91***

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this Statement were effective for reporting periods beginning after December 15, 2021.

**Oakdale Irrigation District Improvement Districts**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended December 31, 2022 and 2021**

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

**C. Financial Reporting, continued**

***Governmental Accounting Standards Board Statement No. 92***

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

***Governmental Accounting Standards Board Statement No. 93***

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

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020;

***Governmental Accounting Standards Board Statement No. 97***

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform;



**Oakdale Irrigation District Improvement Districts**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended December 31, 2022 and 2021**

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

**C. Financial Reporting, continued**

*Governmental Accounting Standards Board Statement No. 97, continued*

(2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021.

For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

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

**1. Use of Estimates**

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

**2. Uncertainty**

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

**3. Cash and Cash Equivalents**

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

**Oakdale Irrigation District Improvement Districts**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended December 31, 2022 and 2021**

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

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

**4. Accounts Receivable**

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

**5. Capital Assets**

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

Depreciation is calculated using the straight-line method over the following estimated useful lives:

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

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

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

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

**7. Unearned Revenue**

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

**8. Net Position**

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

- **Net investment in capital assets** – consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- **Restricted** – consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets.
- **Unrestricted** – consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted components of net position.

**Oakdale Irrigation District Improvement Districts**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended December 31, 2022 and 2021**

**(2) Cash and Cash Equivalents**

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

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 1,412,546	1,402,748
Restricted – cash and cash equivalents	36,650	56,609
Total	\$ 1,449,196	1,459,357

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

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents:		
Deposits with financial institutions	\$ 397,863	383,032
California Local Agency Investment Fund	1,051,333	1,076,325
Total	\$ 1,449,196	1,459,357

***Investment Policy***

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

***Custodial Credit Risk***

The custodial credit risk for *deposits* is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the Improvement District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. As of December 31, 2022 and 2021, bank balances are federally insured up to \$250,000. The remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Improvement District’s name.

***Interest Rate Risk***

Interest rate risk is the risk that the change in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to the change in market interest rates. The Improvement District does not maintain investments subject to interest rate risk.

**Oakdale Irrigation District Improvement Districts**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended December 31, 2022 and 2021**

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

*Investment in State Investment Pool*

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

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

*Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Improvement District's investment in LAIF is not rated.

*Concentration of Credit Risk*

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

**(3) Capital Assets**

The change in capital assets for 2022 was as follows:

	<u>Balance 2021</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2022</u>
Non-depreciable assets:				
Construction-in-process	\$ -			-
Total non-depreciable assets	-	-	-	-
Depreciable assets:				
Water distribution systems	1,100,353	31,213	-	1,131,566
Total depreciable assets	1,100,353	31,213	-	1,131,566
Accumulated depreciation:				
Water distribution systems	(762,339)	(20,305)	-	(782,644)
Total accumulated depreciation	(762,339)	(20,305)	-	(782,644)
Total depreciable assets, net	338,014	10,908	-	348,922
Total capital assets, net	\$ 338,014	10,908	-	348,922

**Oakdale Irrigation District Improvement Districts**  
**Notes to the Basic Financial Statements, continued**  
**For the Years Ended December 31, 2022 and 2021**

**(3) Capital Assets, continued**

The change in capital assets for 2021 was as follows:

	<u>Balance 2020</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2021</u>
Non-depreciable assets:				
Construction-in-process	\$ 71,546		(71,546)	-
Total non-depreciable assets	<u>71,546</u>	<u>-</u>	<u>(71,546)</u>	<u>-</u>
Depreciable assets:				
Water distribution systems	1,028,807	71,546	-	1,100,353
Total depreciable assets	<u>1,028,807</u>	<u>71,546</u>	<u>-</u>	<u>1,100,353</u>
Accumulated depreciation:				
Water distribution systems	(742,725)	(19,614)	-	(762,339)
Total accumulated depreciation	<u>(742,725)</u>	<u>(19,614)</u>	<u>-</u>	<u>(762,339)</u>
Total depreciable assets, net	<u>286,082</u>	<u>51,932</u>	<u>-</u>	<u>338,014</u>
Total capital assets, net	<u>\$ 357,628</u>	<u>51,932</u>	<u>(71,546)</u>	<u>338,014</u>

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

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

***Governmental Accounting Standards Board Statement No. 94***

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

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

**Oakdale Irrigation District Improvement Districts**  
**Notes to the Basic Financial Statements, continued**  
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**(4) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 96***

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

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

***Governmental Accounting Standards Board Statement No. 99***

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

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

***Governmental Accounting Standards Board Statement No. 100***

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

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

**Oakdale Irrigation District Improvement Districts**  
**Notes to the Basic Financial Statements, continued**  
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**(4) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued**

***Governmental Accounting Standards Board Statement No. 100, continued***

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

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

***Governmental Accounting Standards Board Statement No. 101***

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

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

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

**(5) Commitments and Contingencies**

***Litigation***

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

**(6) Subsequent Events**

Events occurring after December 31, 2022, have been evaluated for possible adjustments to the financial statements or disclosures as of June 6, 2023, which is the date the financial statements were available to be issued. The Improvement District is not aware of any subsequent events that would require recognition or disclosure in the financial statements.