



Reliable resources for the Valley

Fresno, California

FINANCIAL STATEMENTS

**For the Year Ended
June 30, 2021**

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

June 30, 2021

TABLE OF CONTENTS

| | <u>Page</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Independent Auditor's Report | 1 |
| Management's Discussion and Analysis..... | 3 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statements of Net Position | 10 |
| Statements of Activities | 12 |
| Fund Financial Statements: | |
| Balance Sheets – General Fund | 14 |
| Reconciliation of the General Fund Balance Sheet to the Statement of Net Position..... | 15 |
| Statements of Revenues, Expenditures and Changes in Fund Balance – General Fund | 16 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the General Fund to the Statement of Activities..... | 17 |
| Statements of Net Position – Proprietary Fund..... | 18 |
| Statements of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund | 20 |
| Statements of Cash Flows – Proprietary Fund | 21 |
| Notes to the Basic Financial Statements | 23 |
| Required Supplementary Information: | |
| Budgetary Comparison Schedule – General Fund..... | 46 |
| Notes to the Budgetary Comparison Schedule | 47 |
| Schedule of Changes in the Net OPEB Liability and Related Ratios | 48 |
| Schedule of Other Postemployment Benefits Contributions | 49 |



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Kings River Conservation District
Fresno, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Kings River Conservation District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 control 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 District'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 District'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 opinions.

570 N. Magnolia Avenue, Suite 100
Clovis, CA 93611

tel 559.299.9540

fax 559.299.2344

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the District's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in net OPEB liability and related ratios, and the schedule of other postemployment benefits contributions, as listed in the table of contents, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Price Pange & Company

Clovis, California
December 3, 2021

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

Our discussion and analysis of the Kings River Conservation District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. This information is presented in conjunction with the audited financial statements that follow this section.

Financial Highlights

- The District's total assets from Governmental Activities decreased by \$167,405 the net result of an increase in cash, decrease in power benefit receivable, other receivables and increase in deferred outflow of resources. The deferred outflow of resources is due to the District's Other Post-Employment Benefits (OPEB) valuation for the fiscal year 2021 reporting period. A deferred outflow of resources is a deferral of the recognition of expenditures to the future period in which they occur.
- Total assets from Business-type Activities decreased by \$2,513,513 due primarily to the decrease in assets restricted for Pine Flat O&M reimbursements and due to capitalization of the relay upgrade.
- Liabilities from Governmental Activities increased by \$2,107,531 due to the net result of decrease in water rights payable of \$343,798, increase in District's Net Other Post-Employment Benefits (OPEB) obligation and decrease in accounts payable. Liabilities from Business-type Activities decreased by \$2,888,052, due to decrease of \$685,052 in the payable to Department of Water Resources (DWR), increase in unearned revenue, and decrease in accounts payable.
- The District recorded a decrease in total net position from Governmental Activities of \$165,384. This decrease is due to the net result of an increase in OPEB obligation, decrease in water rights payable and decrease in power benefits receivable. Net Position from Business-type Activities increased by \$374,539 as the net investment in capital assets decreased due to the net of the investment in capital assets increasing offset by the annual increase in accumulated depreciation. Funds restricted for the Operations and Maintenance account decreased. Unrestricted Net Position increased primarily due to a decrease in the liability due to DWR.
- District revenues from Governmental Activities included \$1,359,664 in property tax allocation. Business-type Activity revenue included \$8.03 million in electric generation revenue from the Jeff L. Taylor Pine Flat Power Plant.
- Operational costs of the Jeff L. Taylor Pine Flat (hydroelectric) Power Plant accounted for 52% of current year expenses. Governmental Activities, including General and Administrative expenses, accounted for 42% of total expenses in the current year, and River Maintenance expenses accounted for 6%.
- Total Program Revenues from Business-type Activities decreased by \$3,162,525 due to the decrease in the Pine Flat Power Benefit revenue and decrease in annual O&M revenue. Power Benefit revenue was \$1,148,897 in fiscal year 2021, about 35.52% of an expected average year. Precipitation in fiscal year 2021 was about 39% of normal. Precipitation in the prior year was about 70% of normal which allowed water to be carried over behind the Pine Flat Dam and used for irrigation and power generation in the current year.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by GASB Statement No. 34.

The District's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

Government-wide financial statements. The government-wide financial statements present the financial picture of the District from the economic resources' measurement focus using the accrual basis of accounting. The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general government and flood protection. The business-type activities include the power generation operations and construction.

Fund financial statements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other special districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. The District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's projects. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary funds. The District maintains one enterprise fund. Proprietary funds are reported using the accrual basis of accounting. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements but provide more detail and additional information. The District uses an enterprise fund to account for its hydro-generation operations plant.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 44 of this report.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$25.67 million at the close of the most recent fiscal year. The total net position for the District as a whole increased by \$209,155 from the prior year-end, which is reported as the change in net position in the statement of activities.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

KINGS RIVER CONSERVATION DISTRICT'S NET POSITION

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 6/30/2021 | 6/30/2020 | 6/30/2021 | 6/30/2020 | 6/30/2021 | 6/30/2020 |
| Assets | | | | | | |
| Current assets | \$ 25,637,728 | \$ 25,847,488 | \$ 173,472 | \$ 205,122 | \$ 25,811,200 | \$ 26,052,610 |
| Restricted assets | 208,021 | 199,545 | 4,169,978 | 5,561,305 | 4,377,999 | 5,760,850 |
| Capital assets | <u>4,608,769</u> | <u>4,574,890</u> | <u>17,251,597</u> | <u>18,342,133</u> | <u>21,860,366</u> | <u>22,917,023</u> |
| Total assets | <u>30,454,518</u> | <u>30,621,923</u> | <u>21,595,047</u> | <u>24,108,560</u> | <u>52,049,565</u> | <u>54,730,483</u> |
| Deferred Outflows of Resources | | | | | | |
| Deferred OPEB | <u>3,013,326</u> | <u>1,325,109</u> | <u>-</u> | <u>-</u> | <u>3,013,326</u> | <u>1,325,109</u> |
| Liabilities | | | | | | |
| Long-term liabilities | 11,168,720 | 8,565,670 | 9,893,463 | 10,578,515 | 21,062,183 | 19,144,185 |
| Other liabilities | <u>1,038,395</u> | <u>1,533,914</u> | <u>4,903,049</u> | <u>7,106,049</u> | <u>5,941,444</u> | <u>8,639,963</u> |
| Total liabilities | <u>12,207,115</u> | <u>10,099,584</u> | <u>14,796,512</u> | <u>17,684,564</u> | <u>27,003,627</u> | <u>27,784,148</u> |
| Deferred Inflows of Resources | | | | | | |
| Deferred OPEB | <u>2,387,804</u> | <u>2,809,139</u> | <u>-</u> | <u>-</u> | <u>2,387,804</u> | <u>2,809,139</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 4,608,769 | 4,574,890 | 17,251,597 | 18,342,133 | 21,860,366 | 22,917,023 |
| Restricted | 208,021 | 199,545 | - | - | 208,021 | 199,545 |
| Unrestricted | <u>14,056,135</u> | <u>14,263,874</u> | <u>(10,453,062)</u> | <u>(11,918,137)</u> | <u>3,603,073</u> | <u>2,345,737</u> |
| Total net position | <u>\$ 18,872,925</u> | <u>\$ 19,038,309</u> | <u>\$ 6,798,535</u> | <u>\$ 6,423,996</u> | <u>\$ 25,671,460</u> | <u>\$ 25,462,305</u> |

Much of the District's net position, \$21,860,366 (85%), reflects the amount by which the book value of capital assets (e.g., land, buildings, infrastructure, machinery and equipment) exceeds the related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to citizens and consumers. Consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the District's net position, \$208,021 (1.0%), represents resources that are subject to external restrictions on how they may be used.

The remainder of the District's net position, \$3,603,073, is available to be used to meet the District's ongoing obligations to citizens, customers and creditors.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

KINGS RIVER CONSERVATION DISTRICT'S CHANGES IN NET POSITION

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 6/30/2021 | 6/30/2020 | 6/30/2021 | 6/30/2020 | 6/30/2021 | 6/30/2020 |
| Revenues | | | | | | |
| Program: | | | | | | |
| Charges for services | \$ 3,332,093 | \$ 3,133,490 | \$ 8,036,008 | \$ 11,198,533 | \$ 11,368,101 | \$ 14,332,023 |
| Operating grants | 502,741 | 946,941 | - | - | 502,741 | 946,941 |
| General: | | | | | | |
| Property taxes | 1,359,664 | 1,289,688 | - | - | 1,359,664 | 1,289,688 |
| Investment earnings | 313,379 | 476,526 | 650 | 43,622 | 314,029 | 520,148 |
| Miscellaneous | 276,312 | 240,250 | 5 | 22,462 | 276,317 | 262,712 |
| Total revenues | <u>5,784,189</u> | <u>6,086,895</u> | <u>8,036,663</u> | <u>11,264,617</u> | <u>13,820,852</u> | <u>17,351,512</u> |
| Expenses | | | | | | |
| General and administrative | 5,709,055 | 5,740,067 | - | - | 5,709,055 | 5,740,067 |
| River maintenance | 808,487 | 1,238,904 | - | - | 808,487 | 1,238,904 |
| McMullin on-farm flood capture and recharge project | 6,480 | 39,296 | - | - | 6,480 | 39,296 |
| Pine flat power project | - | - | 7,087,675 | 8,606,070 | 7,087,675 | 8,606,070 |
| Total expenses | <u>6,524,022</u> | <u>7,018,267</u> | <u>7,087,675</u> | <u>8,606,070</u> | <u>13,611,697</u> | <u>15,624,337</u> |
| Excess (Deficiency) before Special Item and Transfers | (739,833) | (931,372) | 948,988 | 2,658,547 | 209,155 | 1,727,175 |
| Transfers | <u>574,449</u> | <u>1,731,905</u> | <u>(574,449)</u> | <u>(1,731,905)</u> | <u>-</u> | <u>-</u> |
| Change in net position | (165,384) | 800,533 | 374,539 | 926,642 | 209,155 | 1,727,175 |
| Net position - beginning | 19,038,309 | 18,237,776 | 6,423,996 | 5,497,354 | 25,462,305 | 23,735,130 |
| Net position - ending | <u>\$ 18,872,925</u> | <u>\$ 19,038,309</u> | <u>\$ 6,798,535</u> | <u>\$ 6,423,996</u> | <u>\$ 25,671,460</u> | <u>\$ 25,462,305</u> |

Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. Total assets of the governmental fund decreased from \$26.05 million at the end of the prior year to \$25.84 million at the end of the current fiscal year, a decrease of \$201,284.

Total liabilities of the governmental fund decreased from \$1,533,914 the prior year to \$1,038,395 at the end of the current fiscal year. It was mainly due to the decrease in water rights payable and decrease in accounts payable

At the end of the current fiscal year, the District's governmental fund reported an ending fund balance of \$24.80 million, which is a increase of \$294,235 from the prior year. Total fund balance of the General Fund consists of the following:

- Nonspendable fund balance of \$374,538, which represents prepaid expenses and long-term receivable.
- Restricted fund balance of \$208,021. This amount represents fisheries management program reserves.
- Committed fund balance of \$5,000,000. This amount is allocated to the revenue stabilization fund.
- Assigned fund balance of \$8,575,000. This represents amounts allocated to the capital improvements reserve, OPEB obligations, compensated absences and DWR power purchase agreement risk.
- Unassigned fund balance of \$10.65 million.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

Total governmental fund revenues decreased from \$6.09 million in the prior year to \$5.78 million in the current fiscal year, a decrease of \$310,356. Grants revenue decreased by \$444,200 from the prior year as Local Levee Assistance grant is complete, and the McMullin On-Farm Flood Capture grant is nearly complete. However, the latter grant is extended to November 30, 2023. Governmental fund expenditures decreased from \$6.8 million in the prior year to \$6.0 million in the current year, a decrease of \$731,272.

Enterprise funds. Total assets of the Pine Flat Fund at the end of the fiscal year were \$21.84 million compared to \$24.27 million in the prior year, a decrease of \$2,429,393. The decrease in total assets resulted from net impact of increase in prepaid expenses, decrease in restricted assets such as Operations and maintenance reimbursements and due to capitalization of relay upgrade project.

Total liabilities of the Pine Flat Fund decreased by \$2,803,932, from \$17.85 million to \$15.04 million, due to decrease in accounts payable, in unearned revenue and decrease in funds due to California Department of Water Resources.

Pine Flat Fund electric generation revenues decreased by \$3,162,525 to \$8.0 million in the current fiscal year, compared to \$11.19 million in fiscal year 2019-2020. This decrease in revenues, for the most part, was from the decreased generation and sale of electricity.

Pine Flat Fund expenses decreased by \$1,518,395 to \$7.09 million in the current fiscal year compared to \$8.60 million last year. The decrease was largely due to decrease in water rights expenses and decrease in regulatory agency fees.

Government Funds Budgetary Highlights

General fund budget variances. Total budgeted expenditures and revenues in the final amended General Fund budget was greater than the original budget by \$95,000. The amendment was made to recognize the grant that was awarded after the original budget was approved.

Actual budget results were approved by the District's Board of Directors in July of 2021.

- Actual revenues were less than the final budget by \$1.47 million (20%). The deficit was mainly due to Investment earnings and grants revenue was projected higher than the actual amount received.
- Total expenditures were less than the final budget by \$2,509,110 (29.26%). Accounting services, other services and the McMullin grant were above budget estimates. These cost overruns were offset by savings in all other expense categories.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2021

Capital Assets

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$21,860,366 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, and flood control projects.

Capital Assets at Year-End

(Net of Depreciation, in Thousands)

| | Governmental | | Business-Type | | Totals | |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | <u>6/30/2021</u> | <u>6/30/2020</u> | <u>6/30/2021</u> | <u>6/30/2020</u> | <u>6/30/2021</u> | <u>6/30/2020</u> |
| Land and land rights | \$ 1,461 | \$ 1,461 | \$ 8 | \$ 8 | \$ 1,469 | \$ 1,469 |
| Buildings and structures | 33 | 6 | 7,931 | 8,449 | 7,964 | 8,455 |
| Penstocks and intake equipment | - | - | 6,916 | 7,376 | 6,916 | 7,376 |
| Turbines and generators | - | - | 1,476 | 1,607 | 1,476 | 1,607 |
| Equipment | 884 | 877 | 810 | 784 | 1,694 | 1,661 |
| Roads and landscaping | - | - | 111 | 118 | 111 | 118 |
| Kings River Channel Project costs | <u>2,231</u> | <u>2,231</u> | <u>-</u> | <u>-</u> | <u>2,231</u> | <u>2,231</u> |
| Total | <u>\$ 4,609</u> | <u>\$ 4,575</u> | <u>\$ 17,252</u> | <u>\$ 18,342</u> | <u>\$ 21,861</u> | <u>\$ 22,917</u> |

Additional information on the District's capital assets can be found in Note 4.

Long-Term Liabilities

The long-term liabilities include liabilities for net other post-employment benefits (OPEB). At June 30, 2021, the District had total long-term liabilities of \$10,548,725 of which will be due beyond one year.

Requests for Information

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need any additional information, contact the Chief Financial Officer at 4886 E. Jensen Avenue, Fresno, California 93725, or phone (559) 237-5567.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

STATEMENTS OF NET POSITION
June 30, 2021
(with summarized financial information as of June 30, 2020)

| | Governmental Activities | Business-Type Activities | Total | |
|---------------------------------------------------|----------------------------|-----------------------------|-------------------|-------------------|
| | | | 2021 | 2020 |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 23,156,742 | \$ 49 | \$ 23,156,791 | \$ 22,732,195 |
| Receivables: | | | | |
| Accrued interest | 137,182 | - | 137,182 | 97,239 |
| Due from California Department of Water Resources | 702,595 | - | 702,595 | 1,293,711 |
| Property taxes receivable | 3,367 | - | 3,367 | 56,262 |
| Other | 1,306,926 | - | 1,306,926 | 1,417,621 |
| Internal balances | 249,996 | (249,996) | - | - |
| Inventories | - | 314,814 | 314,814 | 312,879 |
| Prepaid expenses | 80,920 | 108,605 | 189,525 | 142,703 |
| Total current assets | 25,637,728 | 173,472 | 25,811,200 | 26,052,610 |
| Restricted assets: | | | | |
| Fisheries Management Program | 208,021 | - | 208,021 | 199,545 |
| Operation and maintenance account | - | 4,169,978 | 4,169,978 | 5,561,305 |
| Total restricted assets | 208,021 | 4,169,978 | 4,377,999 | 5,760,850 |
| Capital assets: | | | | |
| Land and land rights | 1,461,029 | 7,535 | 1,468,564 | 1,468,564 |
| Buildings and structures | 352,145 | 26,984,661 | 27,336,806 | 27,308,861 |
| Penstocks and intake equipment | - | 19,522,693 | 19,522,693 | 19,522,693 |
| Turbines and generators | - | 19,659,909 | 19,659,909 | 19,659,909 |
| Equipment | 1,909,977 | 10,215,805 | 12,125,782 | 11,922,827 |
| Roads and landscaping | - | 370,772 | 370,772 | 370,772 |
| Kings River Channel Project costs | 3,052,484 | - | 3,052,484 | 3,052,484 |
| Accumulated depreciation | (2,166,866) | (59,509,778) | (61,676,644) | (60,389,087) |
| Total capital assets, net | 4,608,769 | 17,251,597 | 21,860,366 | 22,917,023 |
| Total assets | 30,454,518 | 21,595,047 | 52,049,565 | 54,730,483 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred OPEB | 3,013,326 | - | 3,013,326 | 1,325,109 |
| Total deferred outflows of resources | 3,013,326 | - | 3,013,326 | 1,325,109 |

The notes to the basic financial statements are an integral part of this statement.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

STATEMENTS OF NET POSITION
June 30, 2021
(with summarized financial information as of June 30, 2020)
(Continued)

| | Governmental Activities | Business-Type Activities | Total | |
|-------------------------------------------------|------------------------------------|-------------------------------------|----------------------|----------------------|
| | | | 2021 | 2020 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 766,129 | 960,622 | 1,726,751 | 2,949,075 |
| Water rights payable | 136,728 | - | 136,728 | 480,526 |
| Accrued expenses | 135,538 | - | 135,538 | 117,170 |
| Unearned revenue | <u>-</u> | <u>3,942,427</u> | <u>3,942,427</u> | <u>5,093,192</u> |
| Total current liabilities | <u>1,038,395</u> | <u>4,903,049</u> | <u>5,941,444</u> | <u>8,639,963</u> |
| Long-term liabilities: | | | | |
| Payable due within one year: | | | | |
| Compensated absences | 315,523 | - | 315,523 | 315,523 |
| Payable after one year: | | | | |
| Compensated absences | 304,472 | - | 304,472 | 289,111 |
| Due to California Department of Water Resources | - | 9,893,463 | 9,893,463 | 10,578,515 |
| Net OPEB liability | <u>10,548,725</u> | <u>-</u> | <u>10,548,725</u> | <u>7,961,036</u> |
| Total long-term liabilities | <u>11,168,720</u> | <u>9,893,463</u> | <u>21,062,183</u> | <u>19,144,185</u> |
| Total liabilities | <u>12,207,115</u> | <u>14,796,512</u> | <u>27,003,627</u> | <u>27,784,148</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred OPEB | <u>2,387,804</u> | <u>-</u> | <u>2,387,804</u> | <u>2,809,139</u> |
| Total deferred inflows of resources | <u>2,387,804</u> | <u>-</u> | <u>2,387,804</u> | <u>2,809,139</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 4,608,769 | 17,251,597 | 21,860,366 | 22,917,023 |
| Restricted for: | | | | |
| Other purposes | 208,021 | - | 208,021 | 199,545 |
| Unrestricted | <u>14,056,135</u> | <u>(10,453,062)</u> | <u>3,603,073</u> | <u>2,345,737</u> |
| Total net position | <u>\$ 18,872,925</u> | <u>\$ 6,798,535</u> | <u>\$ 25,671,460</u> | <u>\$ 25,462,305</u> |

The notes to the basic financial statements are an integral part of this statement.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2021
(with summarized financial information for the year ended June 30, 2020)

| | <u>Program Revenues</u> | | | | <u>Net (Expense) Revenue and Changes in Net Position</u> | | | |
|-----------------------------------------------------|-------------------------|-----------------------------|-------------------------------------------|-----------------------------------------|----------------------------------------------------------|---------------------------------|----------------------|----------------------|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> | |
| | | | | | | | <u>2021</u> | <u>2020</u> |
| Functions/Programs | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General and administrative | \$ 5,709,055 | \$ 3,332,093 | \$ 497,857 | \$ - | \$ (1,879,105) | \$ - | \$ (1,879,105) | \$ (1,694,569) |
| River maintenance | 808,487 | - | - | - | (808,487) | - | (808,487) | (1,238,904) |
| McMullin on-farm flood capture and recharge project | 6,480 | - | 4,884 | - | (1,596) | - | (1,596) | (4,363) |
| Total governmental activities | <u>6,524,022</u> | <u>3,332,093</u> | <u>502,741</u> | <u>-</u> | <u>(2,689,188)</u> | <u>-</u> | <u>(2,689,188)</u> | <u>(2,937,836)</u> |
| Business-type activities: | | | | | | | | |
| Pine Flat Power Project | <u>7,087,675</u> | <u>8,036,008</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>948,333</u> | <u>948,333</u> | <u>2,592,463</u> |
| Total business-type activities | <u>7,087,675</u> | <u>8,036,008</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>948,333</u> | <u>948,333</u> | <u>2,592,463</u> |
| Total District | <u>\$ 13,611,697</u> | <u>\$ 11,368,101</u> | <u>\$ 502,741</u> | <u>\$ -</u> | <u>(2,689,188)</u> | <u>948,333</u> | <u>(1,740,855)</u> | <u>(345,373)</u> |
| General revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes | | | | | 1,359,664 | - | 1,359,664 | 1,289,688 |
| Unrestricted investment earnings | | | | | 313,379 | 650 | 314,029 | 520,148 |
| Miscellaneous | | | | | 276,312 | 5 | 276,317 | 262,712 |
| Transfers | | | | | 574,449 | (574,449) | - | - |
| Total general revenues | | | | | <u>2,523,804</u> | <u>(573,794)</u> | <u>1,950,010</u> | <u>2,072,548</u> |
| Changes in net position | | | | | (165,384) | 374,539 | 209,155 | 1,727,175 |
| Net position - beginning | | | | | 19,038,309 | 6,423,996 | 25,462,305 | 23,735,130 |
| Net position - ending | | | | | <u>\$ 18,872,925</u> | <u>\$ 6,798,535</u> | <u>\$ 25,671,460</u> | <u>\$ 25,462,305</u> |

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

BALANCE SHEETS
GENERAL FUND
June 30, 2021
(with comparative financial information as of June 30, 2020)

| | 2021 | 2020 |
|---------------------------------------------------|-------------------|-------------------|
| ASSETS | | |
| Cash and investments | \$ 23,156,742 | \$ 22,732,146 |
| Receivables: | | |
| Accrued interest | 137,182 | 97,239 |
| Due from Enterprise Funds | 249,996 | 165,876 |
| Due from California Department of Water Resources | 702,595 | 1,293,711 |
| Property taxes receivable | 3,367 | 56,262 |
| Other | 1,306,926 | 1,417,621 |
| Prepaid expenses | 80,920 | 84,633 |
| Restricted assets: | | |
| Fisheries Management Program | 208,021 | 199,545 |
| Total assets | \$ 25,845,749 | \$ 26,047,033 |
| LIABILITIES | | |
| Accounts payable | \$ 766,129 | \$ 936,218 |
| Water rights payable | 136,728 | 480,526 |
| Accrued expenses | 135,538 | 117,170 |
| Total liabilities | 1,038,395 | 1,533,914 |
| FUND BALANCE | | |
| Nonspendable | 374,538 | 378,251 |
| Restricted | 208,021 | 199,545 |
| Committed | 5,000,000 | 5,000,000 |
| Assigned | 8,575,000 | 8,575,000 |
| Unassigned | 10,649,795 | 10,360,323 |
| Total fund balance | 24,807,354 | 24,513,119 |
| Total liabilities and fund balance | \$ 25,845,749 | \$ 26,047,033 |

The notes to the basic financial statements are an integral part of this statement.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

**RECONCILIATION OF THE GENERAL FUND BALANCE
SHEET TO THE STATEMENT OF NET POSITION
June 30, 2021**

Amounts reported for governmental activities in the statement of net position are different because:

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Total fund balance for governmental funds | \$ 24,807,354 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 4,608,769 |
| Certain amounts are not available to pay for current period expenditures and, therefore, are not reported in the governmental funds. | |
| Deferred outflow amounts related to OPEB | 3,013,326 |
| Deferred inflow amounts related to OPEB | (2,387,804) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at year-end consist of: | |
| Compensated absences | (619,995) |
| Net OPEB liability | <u>(10,548,725)</u> |
| Net position of governmental activities | <u>\$ 18,872,925</u> |

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
For the Year Ended June 30, 2021
(with comparative financial information for the year ended June 30, 2020)

| | 2021 | 2020 |
|-----------------------------------------------------------|---------------|---------------|
| REVENUES | | |
| Property taxes | \$ 1,359,664 | \$ 1,289,688 |
| Investment earnings | 308,404 | 499,052 |
| Grants revenue | 502,741 | 946,941 |
| Charges for services | 1,476,868 | 1,221,169 |
| General and administrative charges to Enterprise Funds | 1,855,225 | 1,912,320 |
| Other | 281,287 | 225,375 |
| Total revenues | 5,784,189 | 6,094,545 |
| EXPENDITURES | | |
| Current: | | |
| General and administrative | 5,018,668 | 5,391,652 |
| River maintenance | 875,034 | 1,238,630 |
| McMullin on-farm flood capture and recharge project | 6,480 | 39,296 |
| Capital outlay | 164,221 | 126,097 |
| Total expenditures | 6,064,403 | 6,795,675 |
| Excess (deficiency) of revenues over (under) expenditures | (280,214) | (701,130) |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers in from Enterprise Funds | 574,449 | 1,731,905 |
| Total other financing sources (uses) | 574,449 | 1,731,905 |
| Net changes in fund balance | 294,235 | 1,030,775 |
| Fund balance - beginning | 24,513,119 | 23,482,344 |
| Fund balance - ending | \$ 24,807,354 | \$ 24,513,119 |

The notes to the basic financial statements are an integral part of this statement.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GENERAL FUND
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021**

Amounts reported for governmental activities in the statement of activities are different because:

| | | |
|--------------------------------------------------------|----|---------|
| Net changes in fund balance - total governmental funds | \$ | 294,235 |
|--------------------------------------------------------|----|---------|

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$130,342 and no dispositions exceeded capital outlays of \$164,221 in the current period. | 33,879 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

| | |
|----------------------|-----------------|
| OPEB obligation | (478,137) |
| Compensated absences | <u>(15,361)</u> |

| | | |
|----------------------------------------------------------|----|------------------|
| Total changes in net position of governmental activities | \$ | <u>(165,384)</u> |
|----------------------------------------------------------|----|------------------|

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

STATEMENTS OF NET POSITION
PROPRIETARY FUND
June 30, 2021
(with summarized financial information as of June 30, 2020)

| | Pine Flat Power Project | |
|-----------------------------------|--------------------------------|--------------|
| | 2021 | 2020 |
| ASSETS | | |
| Current assets: | | |
| Cash and short-term investments | \$ 49 | \$ 49 |
| Inventories | 314,814 | 312,879 |
| Prepaid expenses | 108,605 | 58,070 |
| Total current assets | 423,468 | 370,998 |
| Noncurrent assets: | | |
| Restricted assets: | | |
| Operation and maintenance account | 4,169,978 | 5,561,305 |
| Total restricted assets | 4,169,978 | 5,561,305 |
| Capital assets: | | |
| Land and land rights | 7,535 | 7,535 |
| Buildings and structures | 26,984,661 | 26,984,661 |
| Penstocks and intake equipment | 19,522,693 | 19,522,693 |
| Turbines and generators | 19,659,909 | 19,659,909 |
| Equipment | 10,215,805 | 10,145,010 |
| Roads | 370,772 | 370,772 |
| Accumulated depreciation | (59,509,778) | (58,348,447) |
| Total capital assets, net | 17,251,597 | 18,342,133 |
| Total noncurrent assets | 21,421,575 | 23,903,438 |
| Total assets | 21,845,043 | 24,274,436 |

The notes to the basic financial statements are an integral part of this statement.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

STATEMENTS OF NET POSITION
PROPRIETARY FUND
June 30, 2021
(with summarized financial information as of June 30, 2020)
(Continued)

| | Pine Flat Power Project | |
|-------------------------------------------------|--------------------------------|--------------|
| | 2021 | 2020 |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 960,622 | 2,012,857 |
| Unearned revenue | 3,942,427 | 5,093,192 |
| Due to General Fund | 249,996 | 165,876 |
| Total current liabilities | 5,153,045 | 7,271,925 |
| Noncurrent liabilities: | | |
| Due to California Department of Water Resources | 9,893,463 | 10,578,515 |
| Total noncurrent liabilities | 9,893,463 | 10,578,515 |
| Total liabilities | 15,046,508 | 17,850,440 |
| NET POSITION | | |
| Net investment in capital assets | 17,251,597 | 18,342,133 |
| Unrestricted | (10,453,062) | (11,918,137) |
| Total net position | \$ 6,798,535 | \$ 6,423,996 |

The notes to the basic financial statements are an integral part of this statement.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2021
(with summarized financial information for the year ended June 30, 2020)

| | Pine Flat Power Project | |
|---------------------------------------|--------------------------------|---------------|
| | 2021 | 2020 |
| Operating Revenue: | | |
| Electric generation | \$ 8,036,008 | \$ 11,198,533 |
| Operating Expenses: | | |
| Operation and maintenance | 4,852,860 | 4,616,876 |
| Regulatory agency fees | 491,474 | 1,100,326 |
| Water rights expense | 574,448 | 1,731,905 |
| Depreciation | 1,168,893 | 1,156,963 |
| Total operating expenses | 7,087,675 | 8,606,070 |
| Operating income (loss) | 948,333 | 2,592,463 |
| Nonoperating Revenues (Expenses): | | |
| Investment earnings | 650 | 43,622 |
| Other revenues | 5 | 22,462 |
| Total nonoperating revenue (expenses) | 655 | 66,084 |
| Net income (loss) before transfers | 948,988 | 2,658,547 |
| Transfers to general fund | (574,449) | (1,731,905) |
| Changes in net position | 374,539 | 926,642 |
| Net position - beginning | 6,423,996 | 5,497,354 |
| Net position - ending | \$ 6,798,535 | \$ 6,423,996 |

The notes to the basic financial statements are an integral part of this statement.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

STATEMENTS OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2021
(with summarized financial information for the year ended June 30, 2020)

| | <u>Pine Flat Power Project</u> | |
|-------------------------------------------------------------------------|---------------------------------------|----------------------------|
| | <u>2021</u> | <u>2020</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | \$ 6,200,191 | \$ 10,911,566 |
| Cash paid for goods and services | <u>(7,023,487)</u> | <u>(7,214,971)</u> |
| Net cash provided by (used in) operating activities | <u>(823,296)</u> | <u>3,696,595</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Non-operating revenue | 5 | 22,462 |
| Transfers from (to) other funds | <u>(490,329)</u> | <u>(1,753,114)</u> |
| Net cash provided by (used in) noncapital financing activities | <u>(490,324)</u> | <u>(1,730,652)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Proceeds from sale of assets | - | 2,383 |
| Acquisition and construction of capital assets | <u>(78,357)</u> | <u>(592,262)</u> |
| Net cash provided by (used in) capital and related financing activities | <u>(78,357)</u> | <u>(589,879)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest and dividends | <u>650</u> | <u>43,622</u> |
| Net cash provided by (used in) investing activities | <u>650</u> | <u>43,622</u> |
| Net increase (decrease) in cash and cash equivalents | (1,391,327) | 1,419,686 |
| Cash and cash equivalents - beginning of year | <u>5,561,354</u> | <u>4,141,668</u> |
| Cash and cash equivalents - end of year | <u><u>\$ 4,170,027</u></u> | <u><u>\$ 5,561,354</u></u> |

The notes to the basic financial statements are an integral part of this statement.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

STATEMENTS OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2021
(with summarized financial information for the year ended June 30, 2020)

| | Pine Flat Power Project | |
|----------------------------------------------------------------------------------------------------------|--------------------------------|--------------|
| | 2021 | 2020 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | |
| Operating income (loss) | \$ 948,333 | \$ 2,592,463 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 1,168,893 | 1,156,963 |
| Changes in assets and liabilities: | | |
| Increase (decrease) in due to Department of Water Resources | (685,052) | (1,374,790) |
| Decrease (increase) decrease in inventories | (1,935) | (9,042) |
| Decrease (increase) in prepaid expenses | (50,535) | (15,632) |
| Increase (decrease) in accounts payable | (1,052,235) | 258,810 |
| Increase (decrease) in unearned revenue | (1,150,765) | 1,087,823 |
| Total adjustments | (1,771,629) | 1,104,132 |
| Net cash provided by (used in) operating activities | \$ (823,296) | \$ 3,696,595 |

Schedule of Non-Cash Capital and Related Financing Activities

| | 2021 | 2020 |
|----------------------------|-------------|-------------|
| Disposal of capital assets | \$ - | \$ (2,383) |

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES

Organization

The Kings River Conservation District (the District), a political subdivision of the State of California and generally referred to as a “special district”, was created in 1951 following the adoption of the Kings River Conservation District Act (the Act) by the California Legislature. The District’s boundaries cover approximately 1.2 million acres which includes the service area of the Kings River throughout Fresno, Kings and Tulare counties. The District’s primary purpose under the Act is to provide various services, including the acquisition, construction, maintenance and operation of works and property for the purpose of storage, conservation and distribution of water; the development, distribution and sale of electric power; and the drainage, reclamation and protection of land within the District’s service area. The District operates under the Kings River Conservation District Act and is governed by an elected seven-member Board of Directors (Board).

The District owns and operates the Jeff L. Taylor Pine Flat Power Plant located on the Kings River at Pine Flat Dam in Fresno County. This hydro-electric power plant has a rated capacity of 165 megawatts. The operations of the power plant are accounted for in an Enterprise Fund.

Electricity generated at the Pine Flat Power Plant is produced under contract with the State Water Project (SWP) contractors through the State of California, Department of Water Resources. Accounts receivables are unsecured. The District’s business is subject to uncontrollable factors such as weather, including drought.

This report includes all the funds for which the District’s Board has oversight responsibility. This oversight responsibility includes, but is not limited to, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

In evaluating the District as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the District may be financially accountable and, as such, should be included within the District’s financial statements. The District (the primary government) is financially accountable if it appoints a voting majority of the Organization’s governing board and (1) it is able to impose its will on the Organization, or (2) there is a potential for the Organization to provide specific financial burden on the District. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Based on these criteria, the District has one component unit. The Kings River Conservation District Public Financing Corporation (Corporation) was formed in August 2004, at the direction of the District, pursuant to the Nonprofit Public Benefit Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporation Code). The Corporation was formed primarily for the purpose of providing assistance to the District in the financing, refinancing, acquiring, constructing and rehabilitating of facilities, land and equipment, and in the sale or leasing of facilities, land and equipment for the use, benefit and enjoyment of the public served by the District and any other purpose incidental thereto. The Board of Directors of the District serves as the Board of Directors of the Corporation.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)

Basis of Presentation

Management's Discussion and Analysis – GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the District's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of private-sector organizations.

Government-Wide Statements: The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental fund:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The District reports the following major proprietary fund:

Pine Flat Power Project Fund: This fund accounts for the operations of the Pine Flat Power Plant on a fee-for-service basis in a manner similar to commercial enterprises.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting

Government-Wide and Proprietary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Grants are recognized as revenue as soon as all eligibility requirements have been met. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Assets, Liabilities and Net Position

Cash and Cash Equivalents

The District considers cash on hand, demand deposits and all highly liquid investments with original maturities of three months or less to be cash equivalents.

Property Tax Calendar

The District receives a share of the ad valorem property tax levied and collected by the counties in the District's service area, which is remitted to the District throughout the year. Property taxes are levied as of July 1, using a lien date of March 1, and are payable by property owners in two equal installments which are due by November 1 and February 1, respectively. The District recognizes revenues from property taxes when the revenues are earned and available. Revenues are considered available when they are collected in the reporting period or collection is expected soon enough after the period end to be used to pay liabilities of the reporting period.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Self-constructed assets are recorded at the amount of direct labor and material costs incurred. The District's policy has set the capitalization threshold at \$5,000.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| | |
|--------------------------------|-------------|
| Buildings and structures | 30-53 years |
| Penstocks and intake equipment | 53 years |
| Turbines and generators | 30-35 years |
| Equipment | 3-35 years |
| Roads and landscaping | 15-53 years |

Electric Generation Revenues

The District entered into the Pine Flat Power Sale Contract (Contract) with the California Department of Water Resources (Department) in 1979. Under the provisions of the Contract, the Department is required to purchase all electric energy produced by the Pine Flat Power Plant at a rate sufficient to cover the cost of producing the energy, plus the operation and maintenance and debt service costs of the plant until the year 2037. The Contract may be extended should minimum energy deliveries, as defined, not be met.

Generally, the District is reimbursed by the Department for operation and maintenance costs of the Pine Flat Power Plant as they are incurred. The District is also reimbursed for depreciation expense on capital assets, which were financed through the issuance of revenue bonds, as the bonds mature, and for all debt service costs, including amortization of deferred bond issue costs and costs associated with bond in-substance defeasance. Reimbursements for such expenses are received in periods different from those in which the related expenses are incurred. Revenues representing reimbursement of these expenses are accrued as the related expenses are incurred and any differences between revenues accrued and reimbursements received from the Department are accounted for as an amount due to or from the Department. Amounts received from the Department under the Contract are classified as electric generation revenues.

Capital asset acquisitions subsequent to the original bond issuance are reimbursed by the Department in full at the time of acquisition.

Major Customers

All of the Pine Flat Power Project Enterprise Fund's power sales revenue is generated by power sales to the California Department of Water Resources.

Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which vacation and sick leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Government-Wide Financial Statements

In the government-wide financial statements, net positions are classified in the following categories:

Net Investment in Capital Assets

This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvements of the assets.

Restricted Net Position

This amount is restricted by external creditors, grantors, contributors, or law or regulations of other governments.

Unrestricted Net Position

This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

The District considers restricted net position to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classification used in governmental fund financial statements are as follows.

Nonspendable Fund Balance

Amounts cannot be spent either because they are in nonspendable form (such as inventory or prepaid expense, and long-term loans and notes receivable) or because they are legally or contractually required to be maintained intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance

Amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, contributions, or laws or regulations of other governments, etc.) or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance

Amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of Board of Directors. Board of Directors is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 – ORGANIZATION AND ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Fund Financial Statements (Continued)

Assigned Fund Balance

Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Board of Directors may assign amounts for specific purposes.

Unassigned Fund Balance

This classification includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the District. This classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amount.

When an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

NOTE 2 – CASH AND INVESTMENTS

Summary of Cash and Investment Balances

The following is a reconciliation of the District's cash and investment balances as of June 30, 2021:

| | | |
|----------------------------|----|----------------------------------------------------------|
| Cash on hand | \$ | 475 |
| Bank deposits | | 955,775 |
| Investments | | <u>26,578,540</u> |
| Total cash and investments | \$ | <u>27,534,790</u> |
| | | Government-Wide Statement of Net Position |
| | | <hr/> |
| Cash and investments | \$ | 23,156,791 |
| Restricted assets | | <u>4,377,999</u> |
| Total cash and investments | \$ | <u>27,534,790</u> |

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized

The District strives to maintain the level of investment of idle funds as near to 100% as possible and operates its pooled idle cash investments under the Prudent Investor Standard. This affords a broad spectrum of investment opportunities so long as the investment is deemed prudent and is permissible under currently effective legislation of the State of California and other imposed legal restrictions. Permitted investments are identified in Section 53635 of the Government Code of California. Criteria for selecting investments and the absolute order of priority are safety, liquidity and yield. The primary basic premise underlying the District's investment policy is to insure the safety of principal and to provide funds when needed. A high dollar yield on investments, though important, ranks third in the priority of investment strategy.

Investment maturities are selected to anticipate cash needs, thereby obviating the need for forced liquidation and the accompanying loss of interest income.

The District operates its investment program with many Federal, State and self-imposed constraints. It does not buy stocks; it does not speculate; it does not deal in futures, options or security loan agreements. Longer-term investments (over one year) are generally limited to maturities of five years or less.

To maximize investment income, the District uses all available, economically feasible investment aids. Economic conditions and various money markets are monitored in order to assess the probable course of interest rates.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the District's investments (including investments held by trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity or earliest call date:

| Investment Type | Fair Value | Remaining Maturity (in Months) | | | |
|----------------------------------|----------------------|--------------------------------|-----------------|-----------------|---------------------|
| | | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | More Than 60 Months |
| State investment pool | \$ 2,228,000 | \$ 2,228,000 | \$ - | \$ - | \$ - |
| County investment pool | 19,923,946 | 19,923,946 | - | - | - |
| Local government investment pool | 256,616 | 256,616 | - | - | - |
| Held by bond trustee: | | | | | |
| Money market funds | 4,169,978 | 4,169,978 | - | - | - |
| Total | \$ 26,578,540 | \$ 26,578,540 | \$ - | \$ - | \$ - |

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 – CASH AND INVESTMENTS (Continued)

Credit Rate 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 actual rating as of year-end for each investment type:

| Investment Type | Amount | Ratings as of Year-End | | Not Rated |
|----------------------------------|----------------------|------------------------|---------------------|----------------------|
| | | A+f | AAAm | |
| State investment pool | \$ 2,228,000 | \$ - | \$ - | \$ 2,228,000 |
| County investment pool | 19,923,946 | - | - | 19,923,946 |
| Local government investment pool | 256,616 | 256,616 | - | - |
| Held by bond trustee: | | | | |
| Money market funds | 4,169,978 | - | 4,169,978 | - |
| Total | \$ 26,578,540 | \$ 256,616 | \$ 4,169,978 | \$ 22,151,946 |

Concentration of Credit Rate 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 follows:

| Issuer | Investment Type | Reported Amount | % of Total Investments |
|------------|--------------------|-----------------|------------------------|
| BNY Mellon | Money market funds | \$ 4,169,978 | 16% |

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. 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 the public agencies.

GASB Statement No. 40 requires that the following disclosures be made with respect to custodial credit risks relating to deposits and investments:

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

Cash Deposits

As of June 30, 2021, the carrying amount of the District's bank deposits was \$955,762 and the respective bank balances totaled \$956,044. The Federal Depository Insurance Corporation (FDIC) insures cash balances held at financial institutions of up to \$250,000. At June 30, 2021, \$705,762 of the bank balance exceeded amounts covered by FDIC.

Investment Valuation

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investments' fair value measurements are as follows at June 30, 2021:

| <u>Investments</u> | <u>Fair Value</u> |
|--------------------------------------------------------|----------------------|
| <u>Investments not subject to fair value hierarchy</u> | |
| State investment pool | \$ 2,228,000 |
| County investment pool | 19,923,946 |
| Local government investment pool | 256,616 |
| Money market funds | <u>4,169,978</u> |
| Total investments | <u>\$ 26,578,540</u> |

External Investment Pools

The District participates in three external investment pools, as defined by Government Accounting Standards Board (GASB) Statement No. 31. The Local Agency Investment Fund (LAIF), managed by the State of California Treasurer, and is not registered with the Securities and Exchange Commission. These funds are pooled with those of other agencies in the State and invested in accordance with State guidelines. The value of the District's shares in the LAIF that may be withdrawn is determined on an amortized cost basis, which may be different from the fair value of the District's position in the pool. The District's portion of the June 30, 2021 balance was \$2,228,000. A breakdown of the investments included in the balance is not available for the balance sheet date.

The District maintains cash deposits with the Fresno County Auditor-Controller/Treasurer and voluntarily participates in the common investment pool of the County. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer and is recorded on the amortized cost basis. Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required. In accordance with applicable state laws, the Fresno County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2021, the Fresno County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles. The District's portion of the June 30, 2021 balance was \$19,923,946.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 – CASH AND INVESTMENTS (Continued)

External Investment Pools(Continued)

The District maintains cash deposits with CalTRUST and voluntarily participates in the common investment pool. The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by CalTRUST for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by CalTRUST and is recorded on the amortized cost basis. Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required. In accordance with applicable state laws, all CalTRUST accounts comply with the limits and restrictions placed on agency investments by the California Government Code; no leverage is permitted in any of the CalTRUST accounts. The District's portion of the June 30, 2021 balance was \$256,616.

NOTE 3 – LONG-TERM RECEIVABLES

The only receivables not expected to be collected in one year are \$293,618 related to a grant retention within the general fund.

NOTE 4 – CAPITAL ASSETS

A summary of capital asset activity for governmental activities for the year ended June 30, 2021 is as follows:

| | Balances June 30, 2020 | Acquisitions | Dispositions | Balances June 30, 2021 |
|-------------------------------------------|---------------------------|------------------|----------------|---------------------------|
| Governmental Activities: | | | | |
| Non-depreciable assets: | | | | |
| Land and land rights | \$ 1,461,029 | \$ - | \$ - | \$ 1,461,029 |
| | <u>1,461,029</u> | <u>-</u> | <u>-</u> | <u>1,461,029</u> |
| Depreciable assets: | | | | |
| Buildings and structures | 324,200 | 27,945 | - | 352,145 |
| Equipment | 1,777,817 | 136,276 | (4,116) | 1,909,977 |
| Kings River Channel Project costs | 3,052,484 | - | - | 3,052,484 |
| | <u>5,154,501</u> | <u>164,221</u> | <u>(4,116)</u> | <u>5,314,606</u> |
| Total capital assets | <u>6,615,530</u> | <u>164,221</u> | <u>(4,116)</u> | <u>6,775,635</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and structures | (318,264) | (603) | - | (318,867) |
| Equipment | (900,557) | (129,739) | 4,116 | (1,026,180) |
| Kings River Channel Project costs | (821,819) | - | - | (821,819) |
| Total accumulated depreciation | <u>(2,040,640)</u> | <u>(130,342)</u> | <u>4,116</u> | <u>(2,166,866)</u> |
| Governmental activity capital assets, net | <u>\$ 4,574,890</u> | <u>\$ 33,879</u> | <u>\$ -</u> | <u>\$ 4,608,769</u> |

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 4 – CAPITAL ASSETS (Continued)

A summary of capital asset activity for business-type activities for the year ended June 30, 2021 is as follows:

| | Balances June 30, 2020 | Acquisitions | Dispositions | Balances June 30, 2021 |
|----------------------------------------------|---------------------------|-----------------------|----------------|---------------------------|
| Business-Type Activities: | | | | |
| Non-depreciable assets: | | | | |
| Land and land rights | \$ 7,535 | \$ - | \$ - | \$ 7,535 |
| | <u>7,535</u> | <u>-</u> | <u>-</u> | <u>7,535</u> |
| Depreciable assets: | | | | |
| Buildings and structures | 26,984,661 | - | - | 26,984,661 |
| Penstocks and intake equipment | 19,522,693 | - | - | 19,522,693 |
| Turbines and generators | 19,659,909 | - | - | 19,659,909 |
| Equipment | 10,145,010 | 78,357 | (7,562) | 10,215,805 |
| Roads and landscaping | 370,772 | - | - | 370,772 |
| | <u>76,683,045</u> | <u>78,357</u> | <u>(7,562)</u> | <u>76,753,840</u> |
| Total capital assets | <u>76,690,580</u> | <u>78,357</u> | <u>(7,562)</u> | <u>76,761,375</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and structures | (18,535,713) | (517,715) | - | (19,053,428) |
| Penstocks and intake equipment | (12,146,718) | (460,396) | - | (12,607,114) |
| Turbines and generators | (18,052,930) | (131,473) | - | (18,184,403) |
| Equipment | (9,360,491) | (52,314) | 7,562 | (9,405,243) |
| Roads and landscaping | (252,595) | (6,995) | - | (259,590) |
| Total accumulated depreciation | <u>(58,348,447)</u> | <u>(1,168,893)</u> | <u>7,562</u> | <u>(59,509,778)</u> |
| Business-type activities capital assets, net | <u>\$ 18,342,133</u> | <u>\$ (1,090,536)</u> | <u>\$ -</u> | <u>\$ 17,251,597</u> |

Depreciation expense was charged to the following functions on the statement of activities:

| | |
|----------------------------------|---------------------|
| Governmental Activities: | |
| General and Administrative | \$ 58,656 |
| River Maintenance | 71,686 |
| Business-Type Activities: | |
| Pine Flat Power Project | <u>1,168,893</u> |
| Total | <u>\$ 1,299,235</u> |

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 – DUE TO/FROM CALIFORNIA DEPARTMENT OF WATER RESOURCES

Amounts due from the Department represent reimbursements in connection with the Contract and are collected over the life of the bond issued. The amount included in accounts receivable of the General Fund, \$702,595 as of June 30, 2021, represents amounts to which the District is entitled for the sale of power delivered to the Department. Amounts due to the Department from the Enterprise Fund, \$9,893,463 as of June 30, 2021, represent reimbursements to be paid to the Department for depreciation expense on capital assets, and certain other operating expenses.

NOTE 6 – RESTRICTED ASSETS

Restricted assets are comprised of accrued interest receivable and cash deposits and short-term investments held by a trustee in different accounts aggregated by their restricted use. Such assets are restricted for the normal operation and maintenance of the Pine Flat Power Plant. The revenue bond indenture agreements limit the investment of the restricted assets to time or demand deposits of federal government obligations.

Restricted assets consist of the following at June 30, 2021:

| | <u>Market Value</u> |
|---------------------------------------------------------------------------------------------------------------------|---------------------|
| General Fund Fisheries Management Program: | |
| Cash is held in the District's general checking account and is included with the bank balances described in Note 2. | \$ 208,021 |
| Pine Flat Power Project Enterprise Fund: | |
| Cash is held by a trustee and is included with the investment balances described in Note 2. | <u>4,169,978</u> |
| Total restricted assets | <u>\$ 4,377,999</u> |

NOTE 7 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditures) until then. The District has OPEB related items that qualify to be reported in deferred outflows of resources. The OPEB related deferred outflows of resources are described in detail in Note 15.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category and it OPEB deferrals. The OPEB related deferred inflows of resources are described in detail in Note 15.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 8 – GENERAL FUND CERTIFICATES OF PARTICIPATION

General Fund Certificates of Participation

In June 2009, the District issued \$3,595,000 in Revenue Certificates of Participation at rates of 3.00% to 5.25%, to retire the District's short-term debt. The net proceeds of the certificates were used to retire the District's Commercial Paper Certificates, Series A (Tax-Exempt), to establish a debt service reserve fund, an acquisition fund, and pay the costs of issuance of the certificates.

In 2015 the District defeased the 2009A Certificates of Participation by placing cash in irrevocable escrow accounts held and managed by bank trustees, and invested in U.S. Treasury obligations, the principal and interest on which would provide amounts sufficient to pay the principal and interest on the defeased bonds in accordance with the schedule of remaining payments due. Accordingly, the escrow account and the defeased bonds are not included in the District's financial statements. On June 30, 2021, \$1,825,000 of certificates of participation outstanding were considered defeased.

NOTE 9 – COMPENSATED ABSENCES

As of June 30, 2021, compensated absences payable are as follows:

| Balance June 30, 2020 | Additions | Deletions | Balance June 30, 2021 | Due Within One Year |
|--------------------------|------------|--------------|--------------------------|------------------------|
| \$ 604,634 | \$ 330,883 | \$ (315,522) | \$ 619,995 | \$ 315,523 |

NOTE 10 – INTERFUND BALANCES AND ACTIVITY

Due to/from Other Funds

Due to/from other funds at June 30, 2021 consist of the following:

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| Due to the General Fund from the Pine Flat Power Project Enterprise Fund for overhead charges overbilled by the General Fund to the Pine Flat Fund | \$ <u>249,996</u> |
| Total | \$ <u>249,996</u> |

Transfers to/from Other Funds

The Pine Flat Enterprise Fund made operating transfers to the General Fund of \$574,449 during the year ended June 30, 2021 which consisted of power generation revenue.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 11 – CLASSIFICATIONS OF FUND BALANCES

The details of the fund balances are presented below:

| | 2021 | 2020 |
|-----------------------------------|---------------|---------------|
| Nonspendable: | | |
| Prepaid expenses | \$ 80,920 | \$ 84,633 |
| Long-term receivables | 293,618 | 293,618 |
| Total nonspendable | 374,538 | 378,251 |
| Restricted for: | | |
| Fisheries management program | 208,021 | 199,545 |
| Total restricted | 208,021 | 199,545 |
| Committed to: | | |
| Revenue stabilization fund | 5,000,000 | 5,000,000 |
| Total committed | 5,000,000 | 5,000,000 |
| Assigned to: | | |
| Other post-employment benefits | 2,500,000 | 2,500,000 |
| Capital improvements | 5,000,000 | 5,000,000 |
| DWR power purchase agreement risk | 500,000 | 500,000 |
| Compensated absences | 575,000 | 575,000 |
| Total assigned | 8,575,000 | 8,575,000 |
| Unassigned | 10,649,795 | 10,360,323 |
| Total fund balance | \$ 24,807,354 | \$ 24,513,119 |

Revenue stabilization Fund

In 2015, the Board of Directors approved a resolution to establish a revenue stabilization arrangement with a deposit of \$3,150,000, which Board of Directors increased to \$5,000,000 in 2016. The revenue stabilization funds may be spent if power generation revenue is less than \$1,050,000. If it's spent, the draw out will be the amount needed to bring the power generation revenue total to \$1,050,000. In years where power generation revenue is greater than \$1,050,000, the fund is to be replenished up to \$260,000.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 12 – PENSION PLAN

The District provides retirement savings opportunities for all its full-time employees through: 1) a defined contribution plan administered by the District; 2) a 457 Deferred Compensation Plan (457 Plan) administered by ICMA Retirement Corporation (ICMA); and 3) a Union Pension Plan administered by the Stationary Engineers Local 39 Pension Trust Fund.

- 1) The Pension Plan is a defined contribution plan, and benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate during the first plan quarter after the completion of six months of service and the attainment of at least 20 ½ years of age. The plan requires that participating employees contribute up to 9% of their base salary each quarter with a matching contribution by the District.
- 2) The 457 Plan is a tax-deferred defined contribution plan, and benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate immediately in the employee contribution, but the District does not match the employee's contribution until after the completion of six months of service. There is no minimum contribution amount, but the District's match and the employee's contributions together cannot exceed the annual allowable contribution limits set forth by the IRS Code.
- 3) The combination of matching contributions by the District to the Pension Plan or the 457 Plan cannot exceed 9% of the employee's base annual salary. The District's contributions for each employee (and earnings allocated to the employee's account) are fully vested after five years of continuous service. District contributions and related plan earnings forfeited by employees who leave employment prior to being fully vested are used to reduce the District's current period contribution requirement.
- 4) The Union Pension Plan became available to represented Flood Maintenance Unit Employees on July 1, 2006. The District contributes \$1.97 per hour for all straight-time hours worked or paid for during the year ended June 30, 2021. The Flood Maintenance Unit employees agreed to voluntarily decline participation in the defined contribution plan. Represented Flood Maintenance Unit employees may contribute to the 457 Plan subject to the contribution limits set forth by the IRS Code, but there is no employer match of contributions from represented Flood Maintenance Unit employees.

The District's total payroll for the year ended June 30, 2021 was approximately \$4,137,458. The District's matching contributions to the plans were calculated using the base salaries of participating employees, which aggregated approximately \$3,967,755 for the year ended June 30, 2021. For the year ended June 30, 2021, employee contributions totaled \$330,852 and the District recognized pension expense of \$269,082, which comprise of contributions made by the District to the Plan.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 13 – JOINT POWERS INSURANCE AUTHORITY

The District is a member of the Association of California Water Agencies – Joint Powers Insurance Authority (“ACWA/JPIA”) whose members have pooled funds to self-insure for general liability, property claims and workers’ compensation claims. Insurance premiums are based on the District’s respective payroll and loss history or insured values. Retrospective premium adjustments are determined by the ACWA/JPIA based on the cost of claims against a member during applicable policy years.

As of September 30, 2020, the ACWA/JPIA reported assets totaling \$237,525,073. The ACWA/JPIA financial statements were audited by other auditors, whose report dated April 7, 2021, expressed an unmodified opinion on those statements. Separate financial statements are available from the ACWA/JPIA. A summary of those financial statements as of September 30, 2020, and for the year then ended is as follows:

| | |
|----------------------------|---------------------------|
| Total assets | \$ 237,525,073 |
| Deferred outflows | 1,054,750 |
| Total liabilities | (113,075,164) |
| Deferred inflows | <u>(1,817,452)</u> |
| Net position | <u>\$ 123,687,207</u> |
| Revenues | \$ 197,639,443 |
| Expenses | <u>(172,886,738)</u> |
| Change in net position | <u>\$ 24,752,705</u> |

The District has coverage against claims up to a limit of \$55 million for comprehensive general, auto liability, and public officials’ liability. Should the District discontinue its participation in ACWA/JPIA, the District could be liable for additional premiums for certain periods in the event ACWA/JPIA becomes underfunded.

Additionally, the District has separate policies with different carriers with per occurrence limits of insurance for Pine Flat of \$191 million.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

In 1999, the District entered into an agreement with the Kings River Water Association (“KRWA”) and the California Department of Fish and Game (“CDFG”) to provide funds to design, install, operate and maintain selected physical improvements to the Kings River below the Pine Flat Dam, which will enhance fish and wildlife resources. The agreement required the District and KRWA to collectively provide \$100,000 per year for ten years commencing in May of 1999. CDFG contributed \$700,000 over the same ten-year period.

On June 26, 2009, the District and KRWA signed a ten-year extension of the agreement with CDFG under terms similar to the original agreement. The District and KRWA agreed to extend the funding obligation of \$100,000 per year through May 2019. The District, KRWA and CDFG have now agreed to a third ten-year agreement that maintains the program’s planning and improvement development work while continuing a doubling of minimum river releases, a reservoir temperature control pool of 100,000 acre-feet (10% of Pine flat Lake’s capacity) and financial support from the partnering agencies. The District and KRWA have agreed to extend the funding obligation of \$100,000 per year through May 2029. The District’s unspent funds related to this program as of June 30, 2021 were \$208,021.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 14 – COMMITMENTS AND CONTINGENCIES (Continued)

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus, COVID-19, a pandemic. Accordingly, some functions of the District's operations were limited to protect the health and safety of its employees. The financial impact that could occur as a result of the pandemic is unknown at this time.

NOTE 15 – POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. As of June 30, 2021, there is no balance in the Plan Fiduciary Net Position.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

| | |
|--------------------|-------------------------------|
| Valuation Date | June 30, 2019 |
| Reporting Period | July 1, 2020 to June 30, 2021 |
| Measurement Period | July 1, 2019 to June 30, 2020 |

Plan Description

Plan Description. The Kings River Conservation District Retired Employees Healthcare Plan is a single employer defined benefit healthcare plan administered by the District. The District provides medical, dental, and vision insurance benefits to eligible retirees, their spouses and dependents. To earn this benefit, employees must have reached the age of sixty years with ten years of service to the District; or have reached the age of fifty-five years with twenty-five years of service and become permanently disabled. The District also provides benefits for directors who had taken office prior to January 1, 1995 and completed twelve years of service. The District provides coverage for surviving family members of an enrollee who dies while covered under the plan. Coverage for the enrolled family members then continues until any one of a specific set of circumstances occurs. There are no assets accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4. The Retiree Health Plan does not issue a financial report.

Funding Policy. The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2021, the District contributed \$155,402 to the plan, the entire amount for current premiums. Plan members receiving benefits contributed \$43,090, or approximately 22% of the total premiums, through their required contribution of one-half of the dependent cost for health insurance coverage. Dental and vision insurance benefits are 100% paid by the District for retirees and their dependents.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the entry age normal (EAN) cost method. Under the Entry Age Normal cost method, the Normal Cost for each participant is determined as a level percent of payroll throughout the participant's working career. Accrued Liability for active employees is the portion of benefit liability attributed to service years to date. Normal Cost is the amount of benefit liability attributed to the current employment year. Normal Cost for retired employees is zero.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 15 – POST-RETIREMENT BENEFITS OTHER THAN PENSIONS (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

Plan Description (Continued)

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Employees Covered

As of the June 30, 2020, the measurement date, the following current and former employees were covered by the benefit terms under the Healthcare Plan:

| | |
|--------------------------------------------------------------------------|------------------|
| Active employees | 46 |
| Inactive employees or beneficiaries currently receiving benefit payments | 19 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Total | <u>65</u> |

Contributions

The District's policy, as stated in the employee handbook, allows District employees to participate in the Plan. The contributions made are based on the District's policy. For the fiscal year ended June 30, 2021, the District's cash contributions were \$155,402 in payments to the Plan as the District is on the pay-as-you-go basis.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the June 30, 2021 total OPEB liability, based on the following actuarial methods and assumptions below:

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial assumptions come in part from the professional judgment of the Actuary, working within the scope of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

The following simplifying assumptions were made:

Retirement age for active employees—Based on the historical average retirement age, the District employees were assumed to retire at age 70 and the Pine Flat Power Plant employees were assumed to retire at age 63.

Marital status—Percent of married members at the calculation date was assumed to be 80% and continue throughout retirement.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 15 – POST RETIREMENT BENEFITS OTHER THAN PENSIONS (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

Net OPEB Liability (Continued)

Mortality—Life expectancies were based on the MP-2019 Employee Mortality tables for males and females.

Turnover—Non-group-specific age-based turnover data from GASB Statement No. 75 was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Medical cost trend rate—A rate of 5.0% was used through 2020. A rate of 7.25% will be used for Non-Medicare for 2021 and will decrease to an ultimate rate of 4% in 2076. A rate of 6.3% will be used for Medicare for 2021 and will decrease to an ultimate rate of 4% in 2076.

Dental, vision and other cost trend rate—A rate of 2.75% was used.

Health insurance premiums—2018 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate—The inflation rate of 2.75% is based on the estimate for the Plan's long-time horizon.

Payroll growth rate—The expected long-term payroll growth rate was assumed to be 3% annually.

Discount rate—Based on the historical and expected returns of the District's short-term investment portfolio, a discount rate of 2.21% was used.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 15 – POST RETIREMENT BENEFITS OTHER THAN PENSIONS (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

Changes in the OPEB Liability

The changes in the net OPEB liability for the Healthcare Plan are as follows:

| | Increase (Decrease) | | |
|--------------------------------------------------------------|-----------------------------------|------------------------------------------|---------------------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability/Asset (c) = (a) - (b) |
| Balance at June 30, 2020 (Measurement Date June 30, 2019) | \$ 7,961,036 | \$ - | \$ 7,961,036 |
| Changes recognized for the measurement period: | | | |
| Service cost | 405,727 | - | 405,727 |
| Interest | 289,719 | - | 289,719 |
| Changes of assumptions | 2,070,323 | - | 2,070,323 |
| Actual vs. expected experience | - | - | - |
| Contributions-employer | - | 178,080 | (178,080) |
| Benefit payments | (178,080) | (178,080) | - |
| Net Changes | <u>2,587,689</u> | <u>-</u> | <u>2,587,689</u> |
| Balance at June 30, 2021 (Measurement Date June 30, 2020) | <u>\$ 10,548,725</u> | <u>\$ -</u> | <u>\$ 10,548,725</u> |

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

The sensitivity analysis of the District regarding the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower (1.21 percent) or one percentage point higher (3.21 percent) than the current rate, for measurement period ended June 30, 2020 is presented below:

| | 1% Decrease (1.21%) | Discount Rate (2.21%) | 1% Increase (3.21%) |
|----------------------------|------------------------|--------------------------|------------------------|
| Net OPEB Liability (Asset) | 12,637,898 | 10,548,725 | 8,892,735 |

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

The sensitivity analysis of the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower (4.00%) or one percentage point higher (6.00%) than the current rate, for measurement period ended June 30, 2020 is presented below:

| | 1% Decrease (4.00%) | Trend Rate (5.00%) | 1% Increase (6.00%) |
|----------------------------|------------------------|-----------------------|------------------------|
| Net OPEB Liability (Asset) | 8,554,270 | 10,548,725 | 13,197,421 |

OPEB Plan Fiduciary Net Position

The District is on the pay-as-you-go financing requirements, so the Plan Fiduciary Net Position represents the 2020 Employer Contributions offset by the Benefit Payments, which nets to a \$0 balance.

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 15 – POST RETIREMENT BENEFITS OTHER THAN PENSIONS (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

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

For the fiscal year ended June 30, 2021, the District recognized net OPEB expense of \$681,540 (\$695,446 of Service Costs and Interest expenses, offset by Changes of assumptions of \$13,907). As of the fiscal year ended June 30, 2021, the District reported deferred inflows and outflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---------------------------------------------------|------------------------------------------------------|-----------------------------------------------------|
| OPEB contributions subsequent to measurement date | \$ 203,402 | \$ - |
| Changes of assumptions | 2,809,924 | (432,058) |
| Difference between expected and actual experience | <u>-</u> | <u>(1,955,746)</u> |
| Total | <u>\$ 3,013,326</u> | <u>\$ (2,387,804)</u> |

The \$203,402 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as expense as follows:

| <u>Fiscal Year Ending June 30:</u> | <u>Deferred Outflows/(Inflows) of Resources</u> |
|-----------------------------------------------|----------------------------------------------------------------|
| 2022 | \$ (13,907) |
| 2023 | (13,907) |
| 2024 | (13,907) |
| 2025 | (13,907) |
| 2026 | 30,920 |
| Thereafter | <u>446,828</u> |
| Total | <u>\$ 422,120</u> |

NOTE 16 – RECLASSIFICATION

Certain reclassifications were made to the 2020 financial statements in order to conform to the presentation shown. These reclassifications had no effect on the District's fund balance nor net position at June 30, 2020.

THIS PAGE IS LEFT BLANK INTENTIONALLY.

REQUIRED SUPPLEMENTARY INFORMATION

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2021

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> <u>Amounts</u> | <u>Variance with</u> <u>Final Budget</u> |
|-----------------------------------------------------------|------------------------|-----------------------|---------------------------------|---------------------------------------------|
| Revenues: | | | | |
| Property taxes | \$ 1,255,000 | \$ 1,255,000 | \$ 1,359,664 | \$ 104,664 |
| Investment earnings | 490,659 | 490,659 | 308,404 | (182,255) |
| Grants revenue | 1,656,000 | 1,751,000 | 502,741 | (1,248,259) |
| Charges for services | 1,456,198 | 1,456,198 | 1,476,868 | 20,670 |
| General and administrative charges to Enterprise Funds | 1,988,109 | 1,988,109 | 1,855,225 | (132,884) |
| Other | <u>318,835</u> | <u>318,835</u> | <u>281,287</u> | <u>(37,548)</u> |
| Total revenues | <u>7,164,801</u> | <u>7,259,801</u> | <u>5,784,189</u> | <u>(1,475,612)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Salaries and wages | 2,536,269 | 2,536,269 | 2,505,910 | 30,359 |
| Directors' fees | 42,000 | 42,000 | 42,000 | - |
| Payroll taxes and benefits | 1,304,066 | 1,304,066 | 1,191,516 | 112,550 |
| Pension plan | 307,903 | 307,903 | 269,082 | 38,821 |
| Legal fees | 53,500 | 53,500 | 28,074 | 25,426 |
| Accounting services | 19,000 | 19,000 | 25,249 | (6,249) |
| Other services | 224,685 | 255,685 | 315,716 | (60,031) |
| Engineering services | 217,700 | 217,700 | 5,318 | 212,382 |
| Weather modification | 352,395 | 352,395 | 245,770 | 106,625 |
| Insurance | 218,456 | 218,456 | 188,834 | 29,622 |
| Maintenance of structures | 822,123 | 822,123 | 184,757 | 637,366 |
| Maintenance of equipment | 105,275 | 105,275 | 97,624 | 7,651 |
| Office expense | 215,159 | 215,159 | 169,461 | 45,698 |
| Rents and leases | 133,500 | 197,500 | 106,198 | 91,302 |
| Transportation and travel | 139,800 | 139,800 | 64,238 | 75,562 |
| Contributions to other agencies | 1,495,700 | 1,495,700 | 403,735 | 1,091,965 |
| Miscellaneous | 120,587 | 120,587 | 50,220 | 70,367 |
| McMullin on-farm flood capture and recharge project | 2,395 | 2,395 | 6,480 | (4,085) |
| Capital outlay | <u>168,000</u> | <u>168,000</u> | <u>164,221</u> | <u>3,779</u> |
| Total expenditures | <u>8,478,513</u> | <u>8,573,513</u> | <u>6,064,403</u> | <u>2,509,110</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,313,712)</u> | <u>(1,313,712)</u> | <u>(280,214)</u> | <u>1,033,498</u> |
| Other financing sources (uses): | | | | |
| Transfers in from Enterprise Funds | <u>-</u> | <u>-</u> | <u>574,449</u> | <u>574,449</u> |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>574,449</u> | <u>574,449</u> |
| Net change in fund balance | <u>\$ (1,313,712)</u> | <u>\$ (1,313,712)</u> | <u>294,235</u> | <u>\$ 1,607,947</u> |
| Fund balance - beginning | | | <u>24,513,119</u> | |
| Fund balance - ending | | | <u>\$ 24,807,354</u> | |

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

NOTES TO THE BUDGETARY COMPARISON SCHEDULE
June 30, 2021

NOTE 1 – BUDGETARY INFORMATION

An annual non appropriated budget, which establishes the total spending authority for the General Fund, is adopted by the Board just prior to the beginning of the District's fiscal year. Budgetary control is exercised at the fund level. The Board may authorize amendments to the budget during the year as deemed necessary. Budgeted amounts are reported as amended.

The budgetary basis of accounting is consistent with generally accepted accounting principles applicable to the District's financial statements.

NOTE 2 – EXCESS EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2021, expenditures exceeded appropriations in the following categories:

| <u>Appropriations Category</u> | <u>Excess Expenditures</u> |
|-----------------------------------------------------|--------------------------------|
| General Fund: | |
| Current: | |
| Accounting services | \$ 6,249 |
| Other services | 60,031 |
| McMullin on-farm flood capture and recharge project | 4,085 |

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
Last Ten Fiscal Years*

| <i>For the Measurement Period Ended June 30:</i> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|-----------------------------------------------------------------------------|---------------------------------|--------------------------------|--------------------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 405,727 | \$ 399,888 | \$ 438,554 |
| Interest on the total OPEB liability | 289,719 | 325,461 | 272,704 |
| Actual and expected experience difference | - | (2,607,662) | - |
| Changes in assumptions | 2,070,323 | 1,310,890 | (718,189) |
| Changes in benefit terms | - | - | - |
| Benefit payments | <u>(178,080)</u> | <u>(116,576)</u> | <u>(112,328)</u> |
| Net Changes in total OPEB liability | 2,587,689 | (687,999) | (119,259) |
| Total OPEB liability - beginning | <u>7,961,036</u> | <u>8,649,035</u> | <u>8,768,294</u> |
| Total OPEB liability - ending (a) | <u>\$ 10,548,725</u> | <u>\$ 7,961,036</u> | <u>\$ 8,649,035</u> |
| Plan Fiduciary Net Position | | | |
| Contribution - employer | \$ 178,080 | \$ 116,576 | \$ 112,328 |
| Net investment income | - | - | - |
| Benefit payments | (178,080) | (116,576) | (112,328) |
| Administrative expense | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in plan fiduciary net position | - | - | - |
| Plan fiduciary net position - beginning | <u>-</u> | <u>-</u> | <u>-</u> |
| Plan fiduciary net position - ending (b) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Net OPEB liability - ending (a) - (b) | <u>\$ 10,548,725</u> | <u>\$ 7,961,036</u> | <u>\$ 8,649,035</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 0.00% | 0.00% |
| Covered employee payroll | 3,979,755 | 3,986,678 | 3,844,456 |
| District's net OPEB liability as a percentage of covered-employee payroll | 265.06% | 199.69% | 224.97% |
| Measurement date | 6/30/2020 | 6/30/2019 | 6/30/2018 |

Notes to Schedule:

* Schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

The Notes to Required Supplementary Information (RSI) are integral to the above schedules.

Changes of assumptions : In 2020, the discount rate was changed from 3.50% to 2.21%
The actuarial cost method was updated to Entry Age Normal (EAN) cost method

KINGS RIVER CONSERVATION DISTRICT
Fresno, California

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
Last Ten Fiscal Years***

| Fiscal Year Ended June 30 | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---------------------------------------------------------------|------------------|------------------|------------------|
| Actuarially Determined Contribution (ADC) | \$ 155,402 | \$ 145,080 | \$ 85,586 |
| Contributions in relation to the ADC | 155,402 | 145,080 | 85,586 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered- employee payroll | \$ 3,979,755 | \$ 3,986,678 | \$ 3,844,456 |
| Contributions as a percentage of covered-employee payroll | 3.90% | 3.64% | 2.23% |

Notes to Schedule:

Methods of assumptions used to determine contributions:

| | |
|------------------------------------------|---------------------------------------------|
| Actuarial cost method | Entry age normal |
| Discount rate | 2.21% |
| Inflation | 2.75% |
| Payroll growth | 3.00% |
| Healthcare cost-trend rates | 7.25% for 2021, decreasing to 4% in 2076 |
| Dental, vision and other cost trend rate | 2.75% |
| Retirement age | 65.5 |
| Percent married | 80% |
| Mortality | CalPERS 1997-2015 Experience Study |

* Schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.