BANTA-CARBONA IRRIGATION DISTRICT

FINANCIAL REPORT
WITH
INDEPENDENT AUDITOR'S REPORT THEREON

December 31, 2021 and 2020

BANTA-CARBONA IRRIGATION DISTRICT
Financial Report
December 31, 2021 and 2020

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FECHTER & COMPANY
Certified Public Accountants

Craig R. Fechter, CPA, MST
(1976 - 2022)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Banta-Carbona Irrigation District
Tracy, California

We have audited the accompanying financial statements of the Banta-Carbona Irrigation District (the District), which comprise the statements of net position as of December 31, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended and the related notes to the financial statements.

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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Banta-Carbona Irrigation District, as of December 31, 2021 and 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

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Board of Directors
Banta-Carbona Irrigation District
Tracy, California

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of changes in net OPEB Liability and related ratios, as listed in the taopinionble 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Banta-Carbona Irrigation District's basic financial statements. The Supplemental Operating Statements and Cost of Service Rate Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Operating Statements and Cost of Service Rate Report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Fechter & Company
Certified Public Accountants

Fechter + Company

Sacramento, California
August 12, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This discussion and analysis of the Banta-Carbona Irrigation District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2021.

Please read it in conjunction with the District's Financial Statements and Independent Auditor's report, December 31, 2021.

REPORTING ON THE DISTRICT AS A WHOLE

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position reports information about the District as a whole and about its activities in a way that helps answer this question. This statement includes all assets and liabilities using the *accrual basis of accounting,* which is similar to the accounting used by most private-sector companies. Recognition of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Below is the District's condensed Statements of Net Position:

	2021	2020	2019
Current and other assets	$ 14,099,236	$ 12,910,312	$ 16,089,039
Capital assets	29,880,644	29,778,967	25,211,923
Total Assets	$ 43,979,880	$ 42,689,279	$ 41,300,962
Current liabilities	1,338,569	981,867	1,730,803
Non-current liabilities	6,370,412	5,177,285	6,133,311
Total Liabilities	7,708,981	6,159,152	7,864,114
Net investment in capital	29,880,644	29,778,967	25,211,923
Unrestricted	6,390,255	6,751,160	8,224,925
Total Net Position	$ 36,270,899	$ 36,530,127	$ 33,436,848

Statement of Revenues, Expenses, and Changes in Net Position

This statement reports the District's net position and changes in them. You can think of the District's net position, the difference between assets, what the District owns, and liabilities, what the District owes, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's county property tax allocation and the condition of the District's capital assets (roads, buildings, canals, pipelines, and pump stations) to assess the overall health of the District.

Below is the District's condensed Statements of Revenues, Expenses, and Changes in Net Position:

	2021	2020	2019
Operating revenues	$ 7,252,244	$ 7,783,113	$ 6,659,182
Operating expenses	9,071,429	6,490,473	7,581,670
Operating (loss) income	(1,819,185)	1,292,640	(922,488)
Non-operating revenues	1,245,668	1,800,639	1,602,820
Change in net position	(573,517)	3,093,279	680,332
Beginning net position, restated	36,844,416	33,436,848	32,756,516
Ending net position	$ 36,270,899	$ 36,530,127	$ 33,436,848

Cash and Equivalents

Cash consists of general checking accounts and funds deposited in the Local Agency Investment Fund (LAIF). The total of these funds is listed on the Statement of Net Position under Current Assets, Cash and Equivalents. These funds are derived from water sales to customers within or outside of the District, interest and finance charges, and sale of assets no longer necessary for District business, standby charges levied, and any county tax allocation.

The District as a Whole

The District's total net position changed from a year ago, decreasing from $36,530,127 to $36,270,899, as can be seen on the Statement of Revenues, Expenses, and Changes in Net Fund Position, page 7 of the District's "Financial Statements with Independent Auditor's Report, December 31, 2021".

Financial Ratios

"Working Capital" is the amount by which current assets exceed current liabilities. The current ratio, which compares current assets to current liabilities, is an indicator of the ability to pay current obligations. The current assets for 2021 are $14,099,236 and the current liabilities are $1,338,569 resulting in a current ratio of 10.5 for the year ending December 31, 2021, as compared to a current ratio of 13.1 for the previous year of 2020. The District still has an excellent ability to pay off its current liabilities with current assets being 10.5 dollars for every 1 dollar of current liabilities.

Business Type Activities

Operating revenues of the District's water sales decreased by $530,869 from 2020 to 2021. The decrease in 2021 is due primarily to a decrease in supplemental water sales and wheeling water services.

CAPITAL ASSETS

The District continued long term planning efforts to identify ways to improve conveyance in the lift canal, to automate the water delivery system, and to replace old pumping plants with new ones. But authorizing new construction of replacement capital projects was suspended due to the drought during 2021.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

As for the District's business-type activities, it is expected that in 2022 electric power costs could be higher due to drought and with less hydro power available in 2022. In 2022, operations and business activities might not resemble the activities of 2021 due to the on-going drought. This could result in higher supplemental water expenses and potentially less water sale revenue.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Secretary/Treasurer at Banta-Carbona Irrigation District, 3514 W. Lehman Road, Tracy, California 95304.

BANTA-CARBONA IRRIGATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2021

	2021	2020
ASSETS		
Current Assets:		
Cash and investments	$ 11,231,896	$ 10,994,933
Accounts receivable	1,026,210	62,209
Stand by charges receivable	122,494	55,018
Taxes receivable	185,014	185,014
Note receivable	51,236	52,954
Other receivable	911,423	757,793
Prepaid expenses	570,963	802,391
Total current assets	14,099,236	12,910,312
Capital Assets, Net		
Capital assets	29,880,644	29,778,967
TOTAL ASSETS	43,979,880	42,689,279
LIABILITIES		
Current Liabilities:		
Accounts payable	612,414	283,453
Unearned revenue	490,694	491,814
Compensated absences liability	235,461	206,600
Total current liabilities	1,338,569	981,867
Long-Term Liabilities:		
Other post employment benefits	6,370,412	5,177,285
TOTAL LIABILITIES	7,708,981	6,159,152
NET POSITION		
Net investment in capital assets	29,880,644	29,778,967
Unrestricted	6,390,255	6,751,160
TOTAL NET POSITION	$ 36,270,899	$ 36,530,127

The accompanying notes are an integral part of these financial statements.

BANTA-CARBONA IRRIGATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED
DECEMBER 31, 2021

	2021	2020
OPERATING REVENUES:		
Water sales - irrigation	$ 4,002,244	$ 4,533,113
Supplemental water sales	3,250,000	3,250,000
Total operating revenues	7,252,244	7,783,113
OPERATING EXPENSES:		
Sources of water	1,649,625	2,526,311
Pumping	2,099,286	1,488,391
Transmission and distribution	1,510,485	1,151,475
Administration and general	2,894,039	679,957
Fish screen	36,509	12,605
Depreciation	881,485	631,734
Total operating expenses	9,071,429	6,490,473
Operating income (loss)	(1,819,185)	1,292,640
NON-OPERATING REVENUES:		
Stand by charges	222,266	222,357
Interest income	58,310	185,929
County tax allocation	104,193	197,888
Contract/lease revenue	513,540	964,845
Grant revenue	156,725	-
Gain on sale of assets	-	5,698
Other	182,899	239,201
Net increase (decrease) in the value of investment	7,735	(15,279)
Total non-operating revenues	1,245,668	1,800,639
Change in net position	(573,517)	3,093,279
Beginning net position	36,530,127	33,453,414
Prior period adjustment	314,289	(16,566)
Beginning net position - restated	36,844,416	33,436,848
Ending net position	$ 36,270,899	$ 36,530,127

The accompanying notes are an integral part of these financial statements.

BANTA-CARBONA IRRIGATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED
DECEMBER 31, 2021

	2021	2020
Cash flows from operating activities:		
Cash received from customers	$ 6,759,823	$ 7,395,570
Cash paid to suppliers	(5,433,300)	(6,195,407)
Cash paid to employees	(1,284,590)	(1,216,344)
Net cash (used) provided by operating activities	41,933	(16,181)
Cash flows from non-capital financing activities:		
Stand by charges	154,790	222,788
County tax allocation	104,193	180,594
Contract/lease revenue	513,540	964,845
Grant revenue	156,725	-
Other	182,899	239,201
Net cash provided by non-capital financing activities	1,112,147	1,607,428
Cash flows from capital and related financing activities:		
Purchase of capital assets	(983,162)	(5,218,232)
Proceeds from sale of capital assets	-	25,152
Net cash used by capital and related financing activities	(983,162)	(5,193,080)
Cash flows from investing activities:		
Investment income received	66,045	170,650
Net cash provided by investing activities	66,045	170,650
Net decrease in cash and cash equivalents	236,963	(3,431,183)
Cash and cash equivalents, beginning of year	10,994,933	14,426,116
Cash and cash equivalents, end of year	$ 11,231,896	$ 10,994,933

The accompanying notes are an integral part of these financial statements.

(Continued)

BANTA-CARBONA IRRIGATION DISTRICT
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEAR ENDED
DECEMBER 31, 2021

	2021	2020
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ (1,819,185)	$ 1,292,640
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	881,485	631,734
Changes in assets and liabilities:		
Accounts receivable	(964,001)	576,930
Note receivable	1,718	3,307
Other receivable	470,982	(756,439)
Prepaid expenses	(78,895)	(59,391)
Accounts payable	328,961	(771,429)
Unearned revenue	(1,120)	22,222
Compensated absences	28,861	271
Other post employment benefits asset/liability	1,193,127	(956,026)
Net cash (used) provided by operating activities	$ 41,933	$ (16,181)

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

A. ORGANIZATION

Banta-Carbona Irrigation District was organized March 14, 1921, under California Irrigation District Law. The District now acts and operates under, and is governed by, the Statutory Authority known as the Water Code, State of California, Division 11, Irrigation Districts.

The District is located south of Tracy, California, in San Joaquin County, of which about 15,919 acres are assessable.

B. METHOD OF ACCOUNTING

The District's financial activities are accounted for using the principles of enterprise fund accounting. Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water to the water users in the District are financed through user charges. The District's financial statements have been prepared using the accrual basis of accounting.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials, labor, and direct overhead. Other expenses are non-operating. Restricted resources are used to fund appropriations only after unrestricted resources are depleted.

Cash and Investments – Cash consists of a general checking account and certificates of deposit. Investments consist of LAIF and securities. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable – In some cases, the District provides water to its customers, without receiving full payment in advance from the user. The users owe the District for water used, but have not provided collateral nor provided full payment as of the balance sheet date. The District records Accounts Receivable at face value and recognizes interest on past due amounts when collected. Receivables are past due after 30 days of request for payment. The District has the authority to place liens on property that has past due water bills due to the District.

The District uses the direct write-off method of recognizing bad debt losses. No allowance for uncollectible accounts has been provided. For the year under audit, no accounts are deemed uncollectible.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES, Continued

B. METHOD OF ACCOUNTING, Continued

Unearned Revenue – Unearned revenue represents the amount that customers have paid in advance of receiving services.

Net Position – Net position is the difference between assets and liabilities. Net investment in capital assets are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets. Net fund position is reported as restricted when there are legal limitations imposed on their use by legislation or external restriction by other governments, creditors, or grantors.

Financial Reporting – As permitted under GASB statement No. 20, paragraph 7, the District has selected consistently not to follow FASB pronouncements issued after November 30, 1989.

Capital Assets – Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over fair value of the asset and long lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

C. DEPRECIATION

The District provides for depreciation using the straight-line method over the estimated useful lives of the assets. The estimated useful lives by category are as follows:

General Properties	20-100 years
General Equipment	3-30 years
PL 984 Project	59-100 years
Fish Screen	100 years
Building	50 years

D. ESTIMATES

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

E. ASSESSMENTS

The District received property taxes from taxpayers in the portion of San Joaquin County within the District's boundaries. The due dates of these taxes are November 1st and February 1st. These taxes become delinquent December 10th and April 10th. The lien date for these taxes is January 1st. The collection dates are December 10th, June 30th, and September 30th.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at December 31, consist of the following:

	2021	2020
Petty cash	$ 100	$ 100
Deposits with financial institutions	1,982,508	4,977,516
Investments	9,249,288	6,017,317
Total	$ 11,231,896	$ 10,994,933

Investments are stated at fair value and consist of the following:

	2021	2020
LAIF	$ 9,128,194	$ 5,903,958
Manulife Financial Corp. stock	121,094	113,359
Total	$ 9,249,288	$ 6,017,317

The carrying amount of stock is determined by an independent pricing service contracted by the trustee holding the securities.

Financial instruments that potentially subject the District to concentrations of credit risk consist principally of cash and marketable securities. The District maintains, with a bank, cash deposits in excess of the $250,000 FDIC insured amounts. Deposits in excess of $250,000 in separate named accounts within one institution represent a credit risk to the company. As of December 31, 2021 and 2020, $1,730,911 and $5,383,486, respectively, are in excess of the insurance coverage.

The District's investments are classified as Category 3 – uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name, as defined by GASB Statement 3, *"Deposits with Financial Institutions, Investment, and Reverse Purchase Agreements."*

The District also has investments of $9,128,194 in Local Agency Investment Fund (LAIF). These investments are in structured notes and asset-backed securities comprised of United States Treasury Bills, Federal Notes, CDs, Corporate Bonds, and Time Deposits. The effective yield for the year ended 2021 was 0.304% and withdrawals require a one day notice.

The District also owns 6,340 shares of Manulife Financial Corporation stock with a value of $121,094 and $113,359 at December 31, 2021 and 2020. The securities are held by Mellon Investors Services in the District's name. The District's investments as of December 31, 2021, are summarized below:

Investment	Maturity Year	0-1 Years Before Maturity	1-5 Years Before Maturity	Credit Rating
Oak Valley Community Bank	2021	$ 1,982,508	$ -	N/A
LAIF Investment Fund	2021	9,128,194	-	N/A
Manulife Financial	2021	121,094	-	A

NOTE 3 – OTHER RECEIVABLES

Other receivables at December 31, consist of the following:

	2021	2020
Friant Water Authority conveyance fees	$ -	$ 524,070
Refund due for Central Valley Project water	-	233,563
Yamasaki Farms	286,881	-
USBR - Mid-Pacific Region	624,612	-
Other	(70)	160
Total	$ 911,423	$ 757,793

NOTE 4 – PREPAID EXPENSES

Prepaid expenses at December 31, consist of the following:

	2021	2020
Water conveyance and storage	$ 7,234	$ 317,557
Power	499,720	420,831
Insurance	36,943	34,469
Dues	27,066	29,534
Total	$ 570,963	$ 802,391

NOTE 5 – CAPITAL ASSETS

Capital assets at December 31, 2021, are recorded at cost and consist of:

	Balance 01/01/2021	Additions	Retirements	Transfers	Balance 12/31/2021
Capital assets, non-depreciable:					
Land	$ 1,783,416	$ -	$ -	$ -	$ 1,783,416
Right of way	560,212	-	-	-	560,212
Total capital assets, non-depreciable	2,343,628	-	-	-	2,343,628
Capital assets, depreciable:					
Fish screen project	8,567,621	24,696	-	-	8,592,317
General property & equipment	27,693,349	958,466	-	-	28,651,815
PL 984 project	1,025,403	-	-	-	1,025,403
Buildings	844,854	-	-	-	844,854
Total capital assets, depreciable	38,131,227	983,162	-	-	39,114,389
Less accumulated depreciation	(10,695,888)	(881,485)	-	-	(11,577,373)
Total capital assets, depreciable, net	27,435,339	101,677	-	-	27,537,016
Total capital assets, net	$ 29,778,967	$ 101,677	$ -	$ -	$ 29,880,644

NOTE 5 – CAPITAL ASSETS, Continued

Capital assets at December 31, 2020, are recorded at cost and consist of:

	Balance 01/01/2020	Additions	Retirements	Transfers	Balance 12/31/2020
Capital assets, non-depreciable:					
Land	$ 1,783,416	$ -	$ -	$ -	$ 1,783,416
Right of way	560,212	-	-	-	560,212
Construction in progress	2,295,751	-	-	(2,295,751)	-
Total capital assets, non-depreciable	4,639,379	-	-	(2,295,751)	2,343,628
Capital assets, depreciable:					
Fish screen project	8,567,621	-	-	-	8,567,621
General property & equipment	20,228,846	5,218,232	(49,480)	2,295,751	27,693,349
PL 984 project	1,025,403	-	-	-	1,025,403
Buildings	844,854	-	-	-	844,854
Total capital assets, depreciable	30,666,724	5,218,232	(49,480)	2,295,751	38,131,227
Less accumulated depreciation	(10,094,180)	(631,734)	30,026	-	(10,695,888)
Total capital assets, depreciable, net	20,572,544	4,586,498	(19,454)	2,295,751	27,435,339
Total capital assets, net	$ 25,211,923	$4,586,498	$ (19,454)	$ -	$ 29,778,967

Total depreciation expense for 2021 and 2020 was $881,485 and $631,734, respectively.

NOTE 6 – RETIREMENT PLAN

Effective July 31, 1974, the District adopted the Association of California Water Agencies Master Compensation Deferral Plan pursuant to Section 457 of the Internal Revenue Code. The total District payroll for the year was $1,313,235, of which $1,216,615 was covered by the pension plan. To be eligible to participate in the Plan, an employee must have completed one year of service. An employee becomes fully vested immediately. The Plan allows the participants to direct their investments in their accounts. The District matches the employee's contribution at a rate of 130%, with a maximum contribution by the District of $195 per month. Retirement plan expenses for the year ended December 31, 2021 and December 31, 2020, are $32,731 and $33,908, respectively.

NOTE 7– ECONOMIC DEPENDENCY

The District was organized to contract fees and administers delivery of water supplies to landowners within the geographical boundaries of the District. Therefore, the District's existence relies exclusively on the continuance of the need for water supplies by the landowners within the District.

NOTE 8 – RISK OF EXPOSURE

The District is exposed to the risk of loss in various ways. The District is open to loss from injury due to the equipment and property the District owns and operates. The District is covered for loss from a general liability insurance coverage of $20,000,000. The District is also covered by auto, workmen's compensation, and public official's insurance contracts.

NOTE 9 – JOINT VENTURE

The District joined the Power and Water Resources Pooling Authority (PWRPA) in an attempt to secure a source of power in the future. During the year, the District paid $2,065,693 in fees to the PWRPA. The District may withdraw from the PWRPA at any time.

NOTE 10 – POST-RETIREMENT HEALTH INSURANCE

Plan Description. In addition to the pension benefits described in Note 6, the District provides post-retirement health care insurance to all employees who retire from the District on or after attaining age 65 with at least 15 years of service. Currently, three employees meet these eligibility requirements.

If a retiree, or his or her spouse, reaches 65 and becomes eligible for Medicare or otherwise becomes entitled to governmentally provided or mandated health insurance benefits, then the District may replace its then existing approved health insurance coverage with supplemental health insurance of a type and amount to be determined by the District.

As of December 31, 2018, the District has adopted the provisions of GASB 75 for financial reporting of Other Post-Employment Benefits (OPEB). This provision requires the District to perform periodic valuations to determine annual accounting costs related to OPEB. The District uses the alternative measurement method to calculate the post-retirement health insurance benefits liability. The assumptions used to calculate future inflation of healthcare costs and salary increases are that they will match the rate of inflation. Mortality rates provided by standard industry guides have been used to determine the expected length of benefits for participants. The District's use of the alternate method requires that deferred inflows and outflows run through current expense. Investment earnings will not reflect deferred inflows because there is no OPEB trust established. The plan expenses are paid as they come due and not prefunded. The OPEB liability at December 31, 2021 was $6,370,412.

Contributions. The contribution requirements of the District are established and may be amended by the District's board. While GASB Statement 75 requires that the liability for all post-employment benefits be measured, it does not require that an agency "pre-fund" the accrued liability. The District will pay for the post-employment healthcare cost on a "pay-as-you-go" basis. The provisions of GASB Statement 75 determine the amount that must be presented as an annual expense and accrued liability on the District's financial statements. The contributions made on behalf of the plan members for the year ended December 31, 2021 were $127,895.

The District's net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

NOTE 10 – POST-RETIREMENT HEALTH INSURANCE, Continued

Actuarial Assumptions. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Assumed retirement age	65
Discount rate	3.37 percent
Salary increases	3.00 percent
Healthcare cost trend rate	4.30 to 4.90 percent for Medical; 4.30 to 5.90 percent for Pharmacy; 3.00 to 3.50 percent for Dental; 3.00 percent for Vision

The probability of remaining employed until retirement age from current and entry age by age comes from the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

Mortality Table derived from RP2000 Mortality Table for Males and Females Projected 18 years.

Changes in the Net OPEB Liability. The table below shows the changes in the District's total OPEB liability, the Plan Fiduciary Net Position, and the net OPEB liability during the measurement period ending on December 31, 2021.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Balance at January 1, 2021	$ 5,177,285	-	$ 5,177,285
Changes recognized for the measurement period:			
Service cost	218,495	-	218,495
Interest	130,106	-	130,106
Effect of economic/demographic gains or losses	1,845,062	-	1,845,062
Changes in assumptions	(872,641)	-	(872,641)
Employer contributions	(127,895)	(127,895)	-
Benefit payments	-	127,895	(127,895)
Net changes	1,193,127	-	1,193,127
Balance at December 31, 2021	$ 6,370,412	$ -	$ 6,370,412

NOTE 10 – POST-RETIREMENT HEALTH INSURANCE, Continued

Sensitivity of the District's Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.37 percent) or 1 percentage point higher (4.37 percent) than the current discount rate:

	1% Decrease 2.37%	Discount Rate 3.37%	1% Increase 4.37%
District's net OPEB liability	$ 7,316,685	$ 6,370,412	$ 5,611,413

Sensitivity of the District's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease in Baseline Trend	Baseline Trend	1% Increase in Baseline Trend
District's net OPEB liability	$ 5,597,580	$ 6,370,412	$ 7,332,743

NOTE 11 – COMMITMENT

In 2010, the District entered into an agreement with the Power and Water Resources Pooling Authority (PWRPA) to receive an 8.8976% share of PWRPA's 4.7284% cost share of the Lodi Energy Center (LEC). The District is billed its share of capital costs associated with the building of LEC (approximately $71,000 per year) through its monthly energy bill and is included in "pumping expense" on the District's Statement of Revenues, Expenses, and Changes in Net Position. At the end of its commitment, the District estimates its investment in the LEC to have no value and, therefore, is reporting its share of payments as operating costs in the year paid. The District also participates under a rate agreement as a participant of PWRPA in the LEC and, thereby, pays rates reflecting costs and energy associated with PWRPA's generation entitlement share in the LEC. The District's estimated future commitment at December 31, 2021, is approximately $1,382,112.

NOTE 12 – COVID-19

In January 2020, the virus SARS -CoV-2 was transmitted to the United States from overseas sources. This virus, responsible for the Coronavirus disease COVID-19 has proven to be extremely virulent. Although the financial impact on the District thus far has been minimal, the long-term economic impact in the State of California and the County of San Joaquin, as yet has not been determined. Therefore, any potential impact on the District is not yet known.

NOTE 13 – PRIOR PERIOD ADJUSTMENTS

During the year, a prior period adjustment of $314,289 was recorded to reflect an understatement of receivables due from the Bureau of Reclamation of $624,612 and an overstatement of prepaid expenses of $310,323.

NOTE 14 – DATE OF MANAGEMENT EVALUATION

Management has evaluated subsequent events through August 12, 2022, the date which the financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BANTA-CARBONA IRRIGATION DISTRICT
Required Supplementary Information
Schedule of Changes in Net OPEB Liability and Related Ratios
December 31, 2021

Last 10 Fiscal years*

	2021	2020	2019	2018
Net OPEB liability				
Service cost	$ 218,495	$ 218,495	$ 282,329	$ 282,329
Interest	130,106	159,844	206,238	112,515
Effect of economic/demographic gains or losses	1,845,062	(1,285,555)	(227,705)	1,432,666
Change in assumptions	(872,641)	69,431	1,064,147	(1,051,595)
Benefit payments	(127,895)	(118,241)	(129,362)	(112,360)
Net change in Net OPEB liability	1,193,127	(956,026)	1,195,647	663,555
Net OPEB liability - beginning	5,177,285	6,133,311	4,937,664	4,274,109
Net OPEB liability - ending	$ 6,370,412	$ 5,177,285	$ 6,133,311	$ 4,937,664
Covered payroll	$ 1,313,451	$ 1,216,615	$ 1,232,128	$ 1,232,128
Net OPEB liability (asset) as a percentage of payroll	485.01%	425.55%	497.78%	400.74%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%

* Fiscal year ended December 31, 2018 was the first year of implementation.
Additional years will be presented as they become available.

OTHER SUPPLEMENTARY INFORMATION

BANTA-CARBONA IRRIGATION DISTRICT
SUPPLEMENTAL OPERATING STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2021 and 2020

	2021	2020
Water Sales - Irrigation:		
Sales	$ 2,477,318	$ 2,525,315
Water contract Kasson	278,601	327,452
Outside District	295,871	160,365
Transfer water	950,454	1,519,981
Total Water Sales - Irrigation	$ 4,002,244	$ 4,533,113
Source of Water:		
Operating & maintenance	$ 66,872	$ 142,753
CVP water	26,208	242,135
CVP water rights fees	24,620	22,387
CVP repayment obligation	-	1,078,332
River water rights fees	12,785	11,677
Environmental reviews/studies	376,683	150,536
Supplemental water expenses	1,032,554	87,771
Transfer water CVP	109,903	790,720
Total Source of Water	$ 1,649,625	$ 2,526,311
Pumping:		
Pump tending	$ 38,009	$ 148,293
Pump house	52,005	66,728
Pump repairs	85,779	76,466
Panel & switch gear	24,697	17,653
Lift station (power)	1,868,654	1,107,679
Drain pump	27,714	68,242
Power lines	216	2,214
Security	750	1,116
Pump tending materials	-	-
Drainage wells & pumps, PR	1,462	-
Total Pumping	$ 2,099,286	$ 1,488,391
Transmission and Distribution:		
Supervision labor	$ 102,312	$ 99,332
Ditch tending	410,950	244,052
Kasson District repair	559	1,812
Lift canals	76,905	92,771
Canals and ditch repair	83,192	80,903
Structures repair	94,535	62,872
Weed control	354,257	205,590
Rodent control	2,817	4,051
Road right of way	44,014	50,875
Dust control	68,268	61,146
District maintenance yard	22,382	11,040
Vehicle expense	24,354	42,145
Tires & fuel	98,835	71,250
Trucks & tractors	1,016	7,155
Tools & equipment	35,370	24,581
Power - office & shop	12,448	12,742
Modern feasibility study	-	337
Kasson payroll	78,162	78,696
Disposal of toxic waste	109	125
Total Transmission and Distribution	$ 1,510,485	$ 1,151,475

BANTA-CARBONA IRRIGATION DISTRICT
SUPPLEMENTAL OPERATING STATEMENTS (Continued)
FOR THE YEARS ENDED
DECEMBER 31, 2021 and 2020

	2021	2020
Administration and General:		
General manager	$ 159,904	$ 154,160
District officer	93,266	90,520
Clerical	32,607	31,426
Office supplies	156,224	79,591
Printing	107	-
Telephone	19,767	8,505
Property insurance	54,014	52,619
Safety costs	6,967	9,316
Pension fund	32,731	33,908
Employee benefits	712,171	775,541
OPEB expense	1,193,127	(956,026)
Workers' compensation	44,752	45,156
Personnel general	3,150	2,538
Vacation and sick leave	150,790	136,248
Longevity pay	12,667	12,676
Taxes and license	14,070	15,456
Flood control	5,391	664
Other	14,340	12,622
Director's fees	5,200	7,100
District officer expense	11,795	14,708
Legal and audit	89,573	50,825
Janitorial	3,578	4,099
Water conservation	3,405	7,232
Association dues	71,931	69,820
Election expense	75	68
Rainy days	2,437	21,185
Total Administration and General	$ 2,894,039	$ 679,957
Fish Screen:		
Payroll	$ 13,764	$ 3,565
Maintenance	22,745	9,040
Total Fish Screen	$ 36,509	$ 12,605

BANTA-CARBONA IRRIGATION DISTRICT
Cost of Service Rate Report
December 31, 2021

Cost of Service Rate: "Cost of Service" refers to the total costs by the District in its operations, exclusive of the amounts paid for Central Valley Project water supply pursuant to the District's contract with the United States and Reclamation Law, as reported in the District's Annual Financial Report. The Cost of Service Rate shall be the rate calculated by the District on an annual basis as follows:

$3,975,839	+	$7,434,589	/2	=	$ 5,705,214
(Prior Year Cost of Services)		(Current Year Cost of Services)			

(48,107 acre-feet) + (47,798 acre-feet) /2 = 47,953 acre-feet
(Total average acre-feet of water delivered by the District over the prior and current years)

Cost of Service Rate = $5,705,214/47,953 acre-feet = $118.98/acre-feet

Summary of Amounts Used in Calculations

Acre-Feet of Water Delivered:	2021	2020
Inside	37,910	38,872
Outside	1,989	1,082
Kasson	7,899	8,153
Total Acre-Feet of Water Delivered	47,798	48,107

Costs:	2021	2020
Pumping	$ 2,099,286	$ 1,488,391
Transmission and Distribution	1,510,485	1,151,475
Administrative and General	2,894,039	679,957
Fish Screen	36,509	12,605
Depreciation	881,485	631,734
Water Rights Fees – River	12,785	11,677
Total Costs	$ 7,434,589	$ 3,975,839

BANTA-CARBONA IRRIGATION DISTRICT
OTHER REPORT

FECHTER & COMPANY
Certified Public Accountants

Craig R. Fechter, CPA, MST
(1976 - 2022)

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Banta-Carbona Irrigation District
Tracy, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of Banta-Carbona Irrigation District (District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 12, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that we have not identified.

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and California Society of CPAs

Board of Directors
Banta-Carbona Irrigation District
Tracy, California

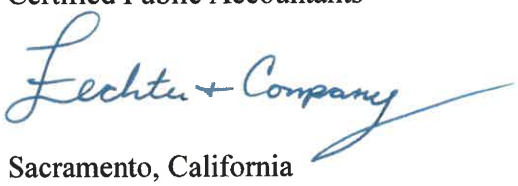
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fechter & Company,
Certified Public Accountants



Sacramento, California
August 12, 2022