BANTA-CARBONA IRRIGATION DISTRICT

Financial Report
With
Independent Auditor's Report Thereon

December 31, 2024 and 2023, Restated

BANTA-CARBONA IRRIGATION DISTRICT
Financial Report
December 31, 2024 and 2023, Restated

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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

Opinion

We have audited the accompanying financial statements of the business-type activities of the Banta-Carbona Irrigation District as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Banta-Carbona Irrigation District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Banta-Carbona Irrigation District, as of December 31, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Restatement

As discussed in Note 12 to the financial statements, Banta-Carbona Irrigation District has restated its December 31, 2023 financial statements to correct an error in the accounting for accounts payable and accounts receivable. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Banta-Carbona Irrigation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

3445 American River Drive, Suite A | Sacramento, California 95864
phone 916-333-5360 | fax 916-333-5370 | www.fechterpa.com

Responsibilities of Management for the Financial Statements, continued

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Banta-Carbona Irrigation District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Banta-Carbona Irrigation District's ability to continue as a going concern for a reasonable period of time.

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

Board of Directors
Banta-Carbona Irrigation District
Tracy, California

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Changes in Net OPEB Liability and Related Ratios information, as listed under the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Banta-Carbona Irrigation District's basic financial statements. The accompanying 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 information has 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2025, on our consideration of the Banta-Carbona Irrigation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Banta-Carbona Irrigation District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Banta-Carbona Irrigation District's internal control over financial reporting and compliance.

Fechter & Company
Certified Public Accountants

Fechter + Company

Sacramento, California
June 10, 2025

Management's Discussion and Analysis (Unaudited)

This discussion and analysis provided by Management of the Banta-Carbona Irrigation District's (the District) provides an overview of the District's financial activities for the years ended December 31, 2024 and 2023. Please read it in conjunction with the District's Financial Statements and Independent Auditor's report for the years ended December 31, 2024 and 2023.

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 are the District's condensed Statements of Net Position and the respective changes in balances:

	2024	2023, Restated	$ Difference	% Difference
Current and other assets	$ 15,474,779	$ 14,775,639	$ 699,140	5%
Capital assets	33,678,234	30,513,434	3,164,800	10%
Total assets	49,153,013	45,289,073	3,863,940	9%
Current liabilities	1,174,731	1,490,472	(315,741)	-21%
Non-current liabilities	3,014,846	2,922,591	92,255	3%
Deferred inflows of resources	72,957	-	72,957	100%
Total liabilities	4,262,534	4,413,063	(150,529)	-3%
Net investment in capital assets	33,678,234	30,513,434	3,164,800	10%
Unrestricted	11,212,245	10,362,576	849,669	8%
Total net position	$ 44,890,479	$ 40,876,010	$4,014,469	10%

	2023, Restated	2022	$ Difference	% Difference
Current and other assets	$ 14,775,639	$ 13,827,666	$ 947,973	7%
Capital assets	30,513,434	30,336,724	176,710	1%
Total assets	45,289,073	44,164,390	1,124,683	3%
Current liabilities	1,490,472	1,181,135	309,337	26%
Non-current liabilities	2,922,591	4,882,473	(1,959,882)	-40%
Total liabilities	4,413,063	6,063,608	(1,650,545)	-27%
Net investment in capital assets	30,513,434	30,336,724	176,710	1%
Unrestricted	10,362,576	7,764,058	2,598,518	33%
Total net position	$ 40,876,010	$ 38,100,782	$2,775,228	7%

Statement of Revenues, Expenses, and Changes in Net Position

This statement reports the changes in net position as a result of operating and non-operating activities. 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 are the District's condensed Statements of Revenues, Expenses, and Changes in Net Position and respective changes in balances:

	2024	2023, Restated	$ Difference	% Difference
Operating revenues	$ 7,715,813	$ 5,512,800	$ 2,203,013	40%
Operating expenses	7,978,503	5,231,406	2,747,097	53%
Operating (loss) income	(262,690)	281,394	(544,084)	-193%
Non-operating revenues	4,277,159	2,493,834	1,783,325	72%
Change in net position	4,014,469	2,775,228	1,239,241	45%
Beginning net position, restated	40,876,010	38,100,782	2,775,228	7%
Ending net position	$ 44,890,479	$ 40,876,010	$ 4,014,469	10%

	2023, Restated	2022	$ Difference	% Difference
Operating revenues	$ 5,512,800	$ 6,481,495	$ (968,695)	-15%
Operating expenses	5,231,406	6,027,929	(796,523)	-13%
Operating income	281,394	453,566	(172,172)	-38%
Non-operating revenues	2,493,834	1,376,317	1,117,517	81%
Change in net position	2,775,228	1,829,883	945,345	52%
Beginning net position	38,100,782	36,270,899	1,829,883	5%
Ending net position, restated	$ 40,876,010	$ 38,100,782	$ 2,775,228	7%

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 Statements 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, sale of assets no longer necessary for District business, standby charges levied, and any county tax allocation.

The District as a Whole

The Statements of Revenues, Expenses, and Changes in Net Position, as referenced under the Table of Contents, reflects the results of operations and non-operating activities. The District's total net position increased by $4,014,469, resulting in an ending balance of $44,890,479 for the year ended December 31, 2024. For the year ended December 31, 2023, the District's total net position increased by $2,775,228, resulting in an ending balance of $40,876,010.

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 2024 are $15,474,779 and the current liabilities are $1,174,731 resulting in a current ratio of 13.2 for the year ending December 31, 2024, as compared to a current ratio of 9.9 for the previous year, 2023. The District retains an excellent ability to pay off its current liabilities with current assets being 13.2 dollars for every 1 dollar of current liabilities.

Business-type Activities

Operating revenues of the District's water sales increased by $2,203,013 from 2023 to 2024. The increase in 2023 was due primarily to the recovery in water sales from 2022's decline.

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. One project has been authorized for upgrading the two electric substations from 2.4 kV to 12.47 kV. Significant capital projects will continue through 2025 and beyond.

Economic Factors and Next Year's Budget and Rates

It is expected that in 2025 electric power costs could continue to increase. The District is investing a large capital project to upgrade its electric distribution system from 2.4 kV to 12.47 kV, which requires new substation transformers as well as local pad mount pump station transformers.

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, 2024 and 2023, Restated

	2024	2023, Restated
Assets		
Current Assets:		
Cash and investments	$ 14,071,120	$ 13,810,904
Receivables:		
Service charges	293,125	-
Standby charges	74,032	77,121
Taxes	234,036	229,946
Leases	60,809	-
Other	150,874	68,077
Prepaid expenses	590,783	589,591
Total current assets	15,474,779	14,775,639
Capital Assets, Net	33,678,234	30,513,434
Total Assets	49,153,013	45,289,073
Liabilities		
Current Liabilities:		
Accounts payable	256,519	658,974
Unearned revenue	664,068	585,984
Payroll liabilities	254,144	245,514
Total current liabilities	1,174,731	1,490,472
Long-Term Liabilities:		
Other post-employment benefits	3,014,846	2,922,591
Total Liabilities	4,189,577	4,413,063
Deferred Inflows of Resources		
Lease related	72,957	-
Net Position		
Net investment in capital assets	33,678,234	30,513,434
Unrestricted	11,212,245	10,362,576
Total Net Position	$ 44,890,479	$ 40,876,010

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 Years Ended
December 31, 2024 and 2023, Restated

	2024	2023, Restated
Operating Revenues:		
Water sales - irrigation	$ 4,465,813	$ 2,262,800
Supplemental water sales	3,250,000	3,250,000
Total operating revenues	7,715,813	5,512,800
Operating Expenses:		
Sources of water	917,667	775,130
Pumping	2,292,574	2,039,346
Transmission and distribution	1,569,540	1,460,991
Administration and general	1,996,225	(61,147)
Fish screen	14,381	27,260
Depreciation	1,188,116	989,826
Total operating expenses	7,978,503	5,231,406
Operating income	(262,690)	281,394
Non-Operating Revenues (Expenses):		
Standby charges	222,241	222,442
Interest income	177,333	252,005
County tax allocation	262,198	352,027
Contract/lease revenue	1,850,900	1,045,980
Grant revenue	236,839	204,640
Gain (Loss) on sale of assets	13,757	(2,540)
Other	1,158,539	335,789
Net increase in the value of investments	355,352	83,491
Total non-operating revenues	4,277,159	2,493,834
Change in net position	4,014,469	2,775,228
Beginning net position - restated	40,876,010	38,100,782
Ending net position	$ 44,890,479	$ 40,876,010

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

BANTA-CARBONA IRRIGATION DISTRICT
Statements of Cash Flows
For the Years Ended
December 31, 2024 and 2023, Restated

	2024	2023, Restated
Cash flows from operating activities:		
Cash received from customers	$ 7,430,843	$ 7,939,525
Cash paid to suppliers	(5,615,669)	(5,348,136)
Cash paid to employees	(1,477,480)	(1,405,481)
Net cash provided by operating activities	337,694	1,185,908
Cash flows from non-capital financing activities:		
Standby charges	225,330	267,815
County tax allocation	258,108	307,095
Contract/lease revenue	1,850,900	1,045,980
Grant revenue	236,839	204,640
Other	1,112,082	358,624
Net cash provided by non-capital financing activities	3,683,259	2,184,154
Cash flows from capital and related financing activities:		
Purchase of capital assets	(4,320,213)	(1,169,075)
Net cash used by capital and related financing activities	(4,320,213)	(1,169,075)
Cash flows from investing activities:		
Investment income received	559,476	378,021
Net cash provided by investing activities	559,476	378,021
Net increase in cash and cash equivalents	260,216	2,579,008
Cash and cash equivalents, beginning of year	13,810,904	11,231,896
Cash and cash equivalents, end of year	$ 14,071,120	$ 13,810,904

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

(Continued)

BANTA-CARBONA IRRIGATION DISTRICT
Statements of Cash Flows
For the Years Ended
December 31, 2024 and 2023

	2024	2023
Reconciliation of operating income to net cash (used) provided by operating activities:		
Operating income	$ (262,690)	$ 281,394
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,188,116	989,826
Changes in assets and liabilities:		
Accounts receivable	(293,125)	989,053
Note receivable	(60,809)	51,236
Other receivable	(82,077)	308,962
Prepaid expenses	(1,192)	(10,880)
Accounts payable	(402,455)	12,925
Unearned revenue and deferred inflows of resources	151,041	18,253
Payroll liabilities	8,630	33,078
Other postemployment benefits asset/liability	92,255	(1,487,939)
Net cash provided by operating activities	$ 337,694	$ 1,185,908

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 is follows:

A. Organization

Banta-Carbona Irrigation District (the 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 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 Statements 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 date of the Statements of Net Position. 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 years 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 net liabilities and deferred inflows of resources. 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 Governmental Accounting Standards Board (GASB) statement No. 20, paragraph 7, the District has selected consistently to follow GASB pronouncements over any conflicting Financial Accounting Standards Board (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:

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

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.

Note 1 – Summary of Accounting Policies, Continued

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.

F. New Accounting Pronouncements

Leases – The District has implemented GASB Statement No. 87, *Leases*, effective for the District beginning in 2022, which requires the recognition of lease assets and liabilities for leases that were previously classified as operating leases. The government recognizes a lease liability and an intangible right-to-use lease asset for all leases with terms greater than 12 months. Additionally, as a lessor, lease revenue is recognized over the lease term on a straight-line basis. Interest income from the lease receivable is recognized separately from lease revenue, and a deferred inflow of resources is recognized using an estimated incremental lending rate approximating the risk free rate at the time of measurement.

Accounting changes – In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective beginning 2024, accounting changes and error corrections are classified and reported as follows:

- Changes in Accounting Principles: These are applied retroactively by restating prior periods. The cumulative effect of the change is reported as an adjustment to beginning net position of the earliest period presented.
- Changes in Accounting Estimates: These are reported prospectively in the period of change and future periods affected.
- Changes in the Reporting Entity: These are reported by adjusting the beginning balances of the current period.
- Error Corrections: Errors in previously issued financial statements are corrected by restating prior periods.

Compensated Absences – In accordance with GASB Statement No. 101, effective for the District beginning 2024, compensated absences are accrued as liabilities when earned by employees. The liability for compensated absences includes the government's estimate of the amount that will be paid to employees upon termination or retirement. The liability is reported in the government-wide financial statements and the proprietary fund financial statements.

Note 2 – Cash and Investments

Cash and investments at December 31, 2024 and 2023 consisted of the following:

	2024	2023
Petty cash	$ 100	$ 100
Deposits with financial institutions	3,082,949	4,155,104
Investments	10,988,071	9,655,700
Total	$ 14,071,120	$ 13,810,904

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

	2024	2023
LAIF	$ 57,666	$ 3,456,476
Cetera Investment Fund	10,930,405	6,059,110
Manulife Financial Corp. stock	-	140,114
Total	$ 10,988,071	$ 9,655,700

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 Federal Deposit Insurance Corporation (FDIC) insured amounts. Deposits in excess of $250,000 in separate named accounts within one institution represent a credit risk to the District. As of December 31, 2024 and 2023, $3,905,104 and $2,814,603, respectively, are in excess of the insurance coverage. These excess amounts are collateralized as required by California law for public agencies.

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 No. 3, *Deposits with Financial Institutions, Investment, and Reverse Purchase Agreements.* The District has investments of $57,666 in Local Agency Investment Fund (LAIF) as of December 31, 2024. 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 average annual yield for the State's fiscal year ended June 30, 2024 was 2.170% and withdrawals require a one-day notice.

The District also owned 6,340 shares of Manulife Financial Corporation stock with a value of $0 and $140,114 at December 31, 2024 and 2023, respectively. The securities are held by Mellon Investors Services in the District's name. The District's investments as of December 31, 2023, are summarized below:

Investments	Maturity Year	0-1 Years Before Maturity	1-5 Years Before Maturity	Credit Rating
LAIF Investment Fund	2024	$ 57,666	-	N/A
Cetera Investment Fund	2024	10,930,405	-	N/A

Note 3 – Prepaid Expenses

Prepaid expenses at December 31, 2024 and 2023 consist of the following:

	2024	2023
Water conveyance and storage	$ 3,192	$ -
Power	463,176	499,126
Insurance	61,779	36,622
Dues	25,285	24,646
Other	37,351	29,197
Total	$ 590,783	$ 589,591

Note 4 – Capital Assets

Capital assets activity for the year ended December 31, 2024 is as follows:

	Balance 12/31/2023	Additions	Retirements	Transfers	Balance 12/31/2024
Capital assets, non-depreciable:					
Land	$ 1,783,416	$ -	$ -	$ -	$ 1,783,416
Right of way	560,212	40,647	-	-	600,859
Construction in progress	417,066	-	-	(417,066)	-
Total capital assets, non-depreciable	2,760,694	40,647	-	(417,066)	2,384,275
Capital assets, depreciable:					
Fish screen project	8,592,317	-	-	-	8,592,317
General property and equipment	30,736,186	4,320,213	(124,884)	417,066	35,348,581
PL 984 project	1,025,403	-	-	-	1,025,403
Buildings	864,867	-	-	-	864,867
Total capital assets, depreciable	41,218,773	4,320,213	(124,884)	417,066	45,831,168
Less accumulated depreciation	(13,466,033)	(1,188,116)	116,940	-	(14,537,209)
Total capital assets, depreciable, net	27,752,740	3,132,097	(7,944)	417,066	31,293,959
Total capital assets, net	$30,513,434	$ 3,172,744	$ (7,944)	$ -	$33,678,234

Note 4 – Capital Assets, Continued

Capital assets activity for the year ended December 31, 2023 is as follows:

	Balance 12/31/2022	Additions	Retirements	Transfers	Balance 12/31/2023
Capital assets, non-depreciable:					
Land	$ 1,783,416	$ -	$ -	$ -	$ 1,783,416
Right of way	560,212	-	-	-	560,212
Construction in progress	-	417,066	-	-	417,066
Total capital assets, non-depreciable	2,343,628	417,066	-	-	2,760,694
Capital assets, depreciable:					
Fish screen project	8,592,317	-	-	-	8,592,317
General property and equipment	30,033,934	735,719	(33,467)	-	30,736,185
PL 984 project	1,025,403	-	-	-	1,025,403
Buildings	848,577	16,290	-	-	864,867
Total capital assets, depreciable	40,500,230	752,009	(33,467)	-	41,218,772
Less accumulated depreciation	(12,507,135)	(989,826)	30,928	-	(13,466,032)
Total capital assets, depreciable, net	27,993,095	(237,817)	(2,539)	-	27,752,740
Total capital assets, net	$30,336,723	$ 179,249	$ (2,539)	$ -	$30,513,434

Total depreciation expense for the years ended December 31,2024 and 2023 was $1,188,116 and $989,826, respectively.

Note 5 – 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. 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 years ended December 31, 2024 and December 31, 2023, were $29,628 and $27,833, respectively.

Note 6– 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 7 – 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, workers' compensation, and public official's insurance contracts.

The District is a named defendant in connection with several ongoing litigation matters. There are no current loss contingencies that can be estimated as of the date the financial statements became available to be issued. Accordingly, no related contingencies have been accrued in the financial statements.

Note 8 – 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 years ended December 31, 2024 and 2023, the District paid $1,796,246 and $1,918,871 in fees to the PWRPA, respectively. The District may withdraw from the PWRPA at any time.

Note 9 – Lease Receivable

The District leases real property to a local farm operation, currently under contract from January 1, 2024 through December 31, 2026. There is an option to extend the lease for a period of 3 years, though that option may not be executed. The tenant pays the District $400 per farmable acre, resulting in an annual payment at the beginning of each year of $76,116. An interest rate of 4.330% was used as an estimate based on the US Department of the Treasury par yield on a 2-year treasury bond as of 1/2/2024 when calculating the present value of future non-variable rental payments to be received. During the year ended December 31, 2024, the District recognized $69,929 in rental income, $6,187 in rental interest income, and received $2,838 in variable payments for the Southern Delta Water Agency, San Joaquin County, and Mosquito and Vector Control assessments.

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.

Note 10 – Post-Retirement Health Insurance, Continued

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, 2024 and 2023 was $3,014,846 and $2,922,591, respectively.

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 years ended December 31, 2024 and 2023 were $170,797 and $143,328, respectively.

The District's net OPEB liability was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

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	4.28%
Salary increases	3.00%
Healthcare cost trend rate	4.10 to 5.80% for Medical; 4.10 to 11.70% for Pharmacy; 3.00 to 3.50% for Dental; 3.00% 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.

Note 10 – Post-Retirement Health Insurance, Continued

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, 2024.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Balance at January 1, 2024	$ 2,922,591	$ -	$ 2,922,591
Changes recognized for the measurement period:			
Service cost	72,468	-	72,468
Interest	116,420	-	116,420
Effect of economic/demographic gains or losses	168,584	-	168,584
Changes in assumptions	(94,420)	-	(94,420)
Employer contributions	-	170,797	(170,797)
Benefit payments	(170,797)	(170,797)	-
Net changes	92,255	-	92,255
Balance at December 31, 2024	$ 3,014,846	$ -	$ 3,014,846

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 (3.28 percent) or 1 percentage point higher (5.28 percent) than the current discount rate:

	1% Decrease 3.28%	Discount Rate 4.28%	1% Increase 5.28%
District's net OPEB liability	$ 3,379,182	$ 3,014,846	$ 2,717,332

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	$ 2,686,607	$ 3,014,846	$ 3,420,244

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 Statements 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, 2024, was approximately $1,168,766.

Note 12 – Prior Period Adjustment

After reviewing closing entries for 2023, $221,690 of accounts payable and $90,527 of accounts receivable were identified as having already cleared and previous audit adjusting entries were not reversed. A prior period adjustment was posted, resulting in the increase in the change in net position by $131,163 for the year ended December 31, 2023.

Note 13 – Subsequent Events

Management has evaluated subsequent events through June 10, 2025, 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, 2024

Last 10 Fiscal years*

	2024	2023	2022	2021	2020
Net OPEB liability					
Service cost	$ 72,468	$ 104,242	$ 136,666	$ 218,495	$ 218,495
Interest	116,420	211,871	217,151	130,106	159,844
Effect of economic/ demographic gains or losses	168,584	(2,227,713)	(1,157,302)	1,845,062	(1,285,555)
Change in assumptions	(94,420)	95,046	(556,559)	(872,641)	69,431
Benefit payments	(170,797)	(143,328)	(127,895)	(127,895)	(118,241)
Net change in net OPEB liability	92,255	(1,959,882)	(1,487,939)	1,193,127	(956,026)
Net OPEB liability - beginning	2,922,591	4,882,473	6,370,412	5,177,285	6,133,311
Net OPEB liability - ending	$3,014,846	$2,922,591	$4,882,473	$6,370,412	$5,177,285
Covered payroll	$1,486,110	$1,453,993	$1,438,560	$1,313,451	$1,232,128
Net OPEB liability (asset) as a % of covered payroll	202.87%	201.00%	339.40%	485.01%	497.78%
Plan fiduciary net position as a % of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%

	2019	2018
Net OPEB liability		
Service cost	$ 282,329	$ 282,329
Interest	206,238	112,515
Effect of economic/ demographic gains or losses	(227,705)	1,432,666
Change in assumptions	1,064,147	(1,051,595)
Benefit payments	(129,362)	(112,360)
Net change in net OPEB liability	1,195,647	663,555
Net OPEB liability - beginning	4,937,664	4,274,109
Net OPEB liability - ending	$6,133,311	$4,937,664
Covered payroll	$1,232,128	$1,234,115
Net OPEB liability (asset) as a % of covered payroll	497.78%	400.10%
Plan fiduciary net position as a % of the total OPEB liability	0.00%	0.00%

* Fiscal year ended December 31, 2018 was the first year of implementation.

Supplementary Information

BANTA-CARBONA IRRIGATION DISTRICT
Supplemental Operating Statements
For the Years Ended
December 31, 2024 and 2023, Restated

	2024	2023, Restated
Water Sales - Irrigation:		
Sales	$ 2,160,148	$ 1,935,769
Water contract Kasson	246,738	205,150
Outside District	170,406	121,881
Transfer water	1,888,521	-
Total Water Sales - Irrigation	$ 4,465,813	$ 2,262,800
Source of Water:		
Operating and maintenance	$ 124,755	$ 34,978
CVP water and CVP water rights fees	28,612	26,703
River water rights fees	14,743	14,782
Environmental reviews/studies	334,085	342,464
Supplemental water expenses	9,003	311,976
Transfer water CVP	406,469	44,227
Total Source of Water	$ 917,667	$ 775,130
Pumping:		
Pump tending	$ -	$ 128
Pump house	233,212	84,951
Pump repairs	96,529	70,464
Panel & switch gear	43,386	65,242
Lift station (power)	1,907,814	1,774,620
Drain pump	15,830	18,692
Power lines	(4,468)	23,791
Security	271	415
Drainage wells and pumps, PR	-	1,043
Total Pumping	$ 2,292,574	$ 2,039,346
Transmission and Distribution:		
Supervision labor	$ 101,938	$ 97,010
Ditch tending	499,667	413,397
Kasson District repair	2,634	6,119
Lift canals	170,814	10,475
Canals and ditch repair	42,120	16,626
Structures repair	31,684	135,143
Weed and rodent control	199,738	294,458
Road right of way	55,855	66,516
Dust control	88,099	84,050
District maintenance yard	29,560	45,203
Vehicle expense	25,986	37,669
Tires and fuel	108,869	107,417
Trucks and tractors	42,293	8,053
Tools, equipment, and other	52,202	28,427
Power - office and shop	19,564	16,979
Kasson payroll	98,517	93,449
Total Transmission and Distribution	$ 1,569,540	$ 1,460,991

(Continued)

BANTA-CARBONA IRRIGATION DISTRICT
Supplemental Operating Statements
For the Years Ended
December 31, 2024 and 2023, Restated

	2024	2023, Restated
Administration and General:		
General manager	$ 184,894	$ 176,175
District officer	78,750	119,871
Clerical	53,591	43,653
Office supplies	70,059	76,271
Telephone	13,711	14,868
Property insurance	71,345	90,159
Safety costs	42,537	23,640
Pension fund	29,628	27,833
Employee benefits	926,831	799,052
OPEB expense	92,255	(1,959,882)
Workers' compensation	51,942	54,281
Personnel general	4,129	7,596
Vacation and sick leave	133,239	133,241
Longevity pay	5,537	8,458
Taxes and license	11,497	13,601
Flood control	2,658	39,018
Other	14,728	24,442
Director's fees	8,000	9,600
District officer expense	41,174	25,672
Legal and audit	104,818	155,915
Janitorial	5,125	3,996
Water conservation	6,613	6,684
Association dues	29,577	32,670
Rainy days	13,587	12,039
Total Administration and General	$ 1,996,225	$ (61,147)
Fish Screen:		
Payroll	$ -	$ -
Maintenance	14,381	27,260
Total Fish Screen	$ 14,381	$ 27,260

BANTA-CARBONA IRRIGATION DISTRICT
Cost of Service Rate Report
December 31, 2024 and 2023, Restated

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:

$ 4,471,058	+	$ 7,075,579	/ 2 =	$ 5,773,319		
(Prior year cost of services, restated)		(Current year cost of services)		(average cost of services)		
36,506	+	41,160	/ 2 =	38,833		
(Prior year total acre feet)		(Current year total acre feet)		(average acre-feet delivered)		
Average cost of service rate	=	$5,773,319 / 38,833	=	$ 148.67	per acre-foot	

Summary of Amounts Used in Calculations

Acre-Feet of Water Delivered:	2024	2023
Inside	33,140	29,714
Outside	1,154	821
Kasson	6,866	5,971
Total Acre-Feet of Water Delivered	41,160	36,506

Costs:	2024	2023, Restated
Pumping	$ 2,292,574	$ 2,039,346
Transmission and Distribution	1,569,540	1,460,991
Administrative and General	1,996,225	(61,147)
Fish Screen	14,381	27,260
Depreciation	1,188,116	989,826
Water Rights Fees – River	14,743	14,782
Total Costs	$ 7,075,579	$ 4,471,058

Other Reporting Required by *Government Auditing Standards*

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 the business-type activities of Banta-Carbona Irrigation District (the District) as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 10, 2025.

Report on 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) as a basis for designing 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 Banta-Carbona Irrigation 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

3445 American River Drive, Suite A | Sacramento, California 95864
phone 916-333-5360 | fax 916-333-5370 | www.fechterpa.com

Board of Directors
Banta-Carbona Irrigation District
Tracy, California

Report on 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

Fechter + Company

Sacramento, California
June 10, 2025