# RICHARD W. BREWSTER, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT 670 SUPERIOR COURT, #106

MEDFORD, OREGON 97504 (541) 773-1885 • FAX (541) 770-1430 www.rwbrewstercpa.com

July 7, 2022

Board of Directors

Medford Irrigation District

5045 Jacksonville Hwy

Jacksonville, OR 97530

I have audited the financial statements of the governmental activities and the major fund of Medford Irrigation District for the year ended December 31, 2021. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter dated November 3, 2021. Professional standards also require that I communicate to you the following information related to my audit.

Siqnificant Audit Findinqs

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Medford Irrigation District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2021. I noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the depreciation of assets is based on the estimated useful lives of the assets. I evaluated the key factors and assumptions used to develop the useful lives in determining that depreciation was reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statement were:

The disclosures of Water Rights and Endangered Species Act (ESA) in Note 4 to the financial statements. The disclosures discuss issues regarding water rights, costs to defend the water rights, and endangered species. I reviewed Management's disclosures in relation to discussions with management and with other irrigation districts involved in the same issues and determined that the disclosures were adequate.

The financial statement disclosures are neutral, consistent, and clear.



M edford I r r i g a t i o n D i s t r i c t Page 1 2

Difficulties Encountered in Performing the Audit

The completion of the audit was delayed because information requested, and reconciling schedules were not provided timely and year-end reconciliation and closing procedures were not performed.

Corrected and Uncorrected Misstatements

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements by contracting an outside bookkeeping consultant to reconcile trial balance accounts.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

## Management Representations

I have requested certain representations from management that are included in the management representation letter dated July 7, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditor. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

Other Matters

I applied certain limited procedures to the Management's Discussion and Analysis (MD&A), which is required supplementary information that supplements the basic financial statements. My procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I did not audit the MD&A and do not express an opinion or provide any assurance on the MD&A.



M edford I r r i g a t i o n D i s t r i c t Page 1 3

I was engaged to report on the supplementary information, as listed in the table of contents, which accompany the financial statements, but are not required supplementary information. With respect to this supplementary information, I made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to my audit of the financial statements. I compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management Medford Irrigation District and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Ric ard W. Brewster

Certified Public Accountant



MEDFORD IRRIGATION DISTRICT

|  |  |  |
| --- | --- | --- |
| INDEPENDENT AUDITORS OPINION |  | PAGE 1-3 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS |  | PAGE 4-9 |
| STATEMENT OF NET ASSETS |  | PAGE 10 |
| Full Accrual | Full Accrual |  |
| 12/31/21 | 12/31/20 | CHANGE |

EYE 12-31-21 AUDIT OVERVIEW

|  |  |  |  |
| --- | --- | --- | --- |
| ASSETS |  |  |  |
| Cash and cash equivalents | 698,566 | 519,484 | 179,082 |
| Accounts receivable |  | 7 ,800 | (7,800) |
| Irrigation charges receivable | 107,790 | 98,421 | 9,369 |
| Prepaid expenses | 14,800 | 5,428 | 9,372 |
| Capital assets (net) | 3,891 ,094 |  | (116,515) |

Deferred outflows 386,831 (21 ,366)



408,197

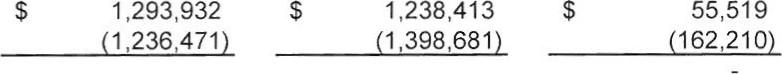
|  |  |  |  |
| --- | --- | --- | --- |
| LIABILITIES |  |  |  |
| Accounts payable | 44,869 | 26,195 | 18,674 |
| Payroll liabilities | 24,764 | 5,757 | 19,007 |
| Accrued interest |  | 410 | (410) |
| Compensated absences | 75,194 | 84,801 | (9,607) |
| Pension liability | 532,157 | 890,944 | (358,787) |
| Postemployment benefits | 42,778 | 35,899 | 6,879 |
| Long-term debt | 28,913 | 64,712 | (35,799) |
| Deferred inflows | 470,216 | 115,492 | 354,724 |
| Total liabilities |  |  | (5,319) |

 Total assets 52,142

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | |  | 3,880, 190 | | |  |  | | --- | --- | |  | 3,822,729 | | |  |  | | --- | --- | |  | 57 ,461 | |

|  |  |  |  |
| --- | --- | --- | --- |
| STATEMENT OF ACTIVITIES |  |  | PAGE 12 |
|  | Full Accrual | Full Accrual |  |
|  | 12/31/21 | 12/31/20 | CHANGE |

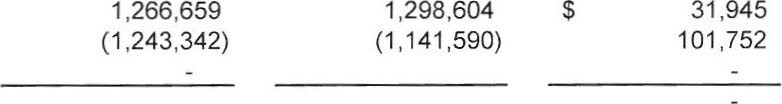
Net position

Revenues Expenses

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | |  | 57 ,461 | | |  |  | | --- | --- | |  | (160,268) | | |  |  | | --- | --- | |  | 217,729 | |

|  |  |  |  |
| --- | --- | --- | --- |
| REVENUES & EXPENDITURES | Modified Accrual | Modified Accrual | PAGE 49 |
| (BUDGET VS. ACTUAL) | BUDGET | ACTUAL | CHANGE |

Difference

Revenues

Expenditures

Other sources (uses)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | |  | 23,317 | | |  |  | | --- | --- | |  | 157,014 | | |  |  | | --- | --- | |  | 133,697 | |

|  |  |  |  |
| --- | --- | --- | --- |
| CASH, CASH EQUIVALENTS AND INVESTMENTS |  |  | PAGE 20 |
|  | 12/31/21 | 12/31/20 | CHANGE |

|  |  |  |  |
| --- | --- | --- | --- |
| Cash on hand | 200 | 200 |  |
| Cash in banks | 33,940 | 9,431 | 24,509 |
| Demand deposits with state pool | 664,426 | 509,853 | 154,573 |

Net change in fund balance

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | |  | 698,566 | | |  |  | | --- | --- | |  | 519,484 | | |  |  | | --- | --- | |  | 179,082 | |

|  |  |  |
| --- | --- | --- |
| ACREAGE FEES & IRRIGATION CHARGE TRANSACTIONS |  | Page 54 |
| 12/31/21 | 12/31/20 | CHANGE |

Total

|  |  |
| --- | --- |
|  | 9,367 |

 Irrigation Charges receivable 107,788 98,421

RECOMMENDATIONS

Recap for Board Meeting



MEDFORD IRRIGATION DISTRICT AUDIT REPORT For the Year Ended

December 31, 2021

# RICHARD W. BREWSTER, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT

MEDFORD



MEDFORD IRRIGATION DISTRICT

During the Year Ended December 31, 2021

## ELECTED BOARD OF DIRECTORS

Term

|  |  |  |
| --- | --- | --- |
|  | Expires | Address |
| Angelo Grestoni | 12/31/2023 | 3976 Bellinger Lane |
| Chairman |  | Medford, OR 97501 |
| Dennis O'Donoghue | 12/31/2024 | 766 Meridian Road |
| Vice-Chairman |  | Eagle Point, OR 97524 |
| Sean Naumes | 12/31/2023 | P.O. Box 996 |
| Director |  | Medford, OR 97501 |
| Henry Vaninetti | 12/31/2024 | 3502 Britt Ave. |
| Director |  | Medford, OR 97501 |
| Dave Urton | 12/31/2023 | 4287 Old stage Road |
| Director |  | Central Point, OR 97502 |

ADMINISTRATIVE PERSONNEL

|  |  |
| --- | --- |
| Jack Friend | P.O. Box 70 |
| Manager, Secretary Registered Agent | Jacksonville, OR 97530 |
| Gene Crawford | P.O. Box 70 |
| Administrative Assistant/Foreman | Jacksonville, OR 97530 |

## REGISTERED OFFICE

Medford Irrigation District 5045 Jacksonville Hwy.

Central Point, OR 97502



## MEDFORD IRRIGATION DISTRICT

For the Year Ended December 31, 2021

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# FINANCIAL SECTION



## RICHARD W. BREWSTER, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT

670 SUPERIOR COURT, #106 MEDFORD, OREGON 97504 (541) 773-1885 • FAX (541) 770-1430 www.rwbrewstercpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Medford Irrigation District

### P.o. Box 70

Jacksonville, OR 97530

Opinion

I have audited the accompanying financial statements of the governmental activities and the major fund of Medford Irrigation 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 as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Medford Irrigation District, as of December 31, 2021 , and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Medford Irrigation District and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management's 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Medford Irrigation District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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



In performing an audit in accordance with generally accepted auditing standards, l:

* 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 Medford 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Medford Irrigation District's ability to continue as a going concern for a reasonable period of time.

I 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 I identified during the audit.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) as listed in the table of contents, and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I have applied certain limited procedures to the MD&A 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The RSI, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the RSI is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Medford Irrigation District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### -2-



Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, I have also issued my report dated July 7, 2022, on my consideration of Medford Irrigation District's internal control over financial reporting and on my tests of its compliance with the provisions of Oregon Revised Statures as specified in Oregon

Administrative Rules OAR 162-10-240 to 162-10-320. The purpose of that report is to describe my evaluation of internal control over financial reporting and the scope of my testing of compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance.

Richar W. Brewster

Certified Public Accountant

Medford, Oregon

July 7, 2022

#### -3-



This discussion and analysis is intended to be an easily readable analysis of Medford Irrigation District's financial activities based on currently known facts, decisions or conditions. The analysis focuses on current year activities and should be read in conjunction with the District's financial statements.

### 1. REPORT LAYOUT

The District's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the District. The components of the report include the following:

Management's Discussion and Analysis This section of the report provides financial highlights, overview and economic factors affecting the District.

Basic Financial Statements Includes government-wide financial statements, fund financial statements, and the notes to the financial statements.

Government-wide financial statements provide information about the activities of the District government-wide (or "as a whole") on the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the District. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health, or position.

Fund financial statements focus on major governmental funds. Governmental fund statements follow the more traditional presentation of financial statements. The District's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds." The District has designated all funds as major.

The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

Required Supplementary Information The Management's Discussion and Analysis (MD&A) and pension schedules, represents financial information required by accounting principles generally accepted in the United States of America. Such information provides users of this report with additional data that supplements the government-wide financial statements, fund financial statements, and notes to financial statements. The MD&A is required to be presented before the financial statements even though it is considered required supplementary information.

Supplementary Information This part of the report includes optional financial information such as budgetary comparison schedules, details to budgetary comparison schedules and irrigation charge transaction schedules. This supplemental financial information is provided to address certain specific needs of various users of the District's annual report.

31,2021

### 2. DISTRICT AS A WHOLE

Government-Wide Financial Statements

A condensed version of the Statement of Net Position at December 31 , 2021 and 2020, follows:

Table 1

#### Net Position

##### T otal

|  |  |  |  |
| --- | --- | --- | --- |
| Current and other assets | $ 821,156 | $ 631,133 | 30.11 % |
| Capital assets | 3,891,094 | 4,007,609 | (2.91) |

Percentage Change 2021 2020 2020-2021



|  |  |  |  |
| --- | --- | --- | --- |
| Total deferred outflows of resources | 386,831 | 408,197 | (5.23) |

Total assets  4,712,250 4,638,742 1.58

|  |  |  |  |
| --- | --- | --- | --- |
| Long-term liabilities outstanding | 679,042 |  | (36.91) |
| Other liabilities | 69,633 | 32,362 | 115.17 |

|  |  |
| --- | --- |
| 748,675 | 1,108,718 |
| 470,216 | 115,492 |

Total liabilities(32.47)

Total deferred inflows of resources307.14

|  |  |  |
| --- | --- | --- |
| Net Position |  |  |
| Net investment in capital asset | 3,862,181 3,942,897 | (2.05) |
| Unrestricted | 18,009 (120,168) | (114.99) |
| Total net position |  | 1.50 |

The pension liability decreased in the current year. This decrease in the pension liability and reduced expenses helped to increase the unrestricted net position.

2. DISTRICT AS A WHOLE (Continued)

A condensed version of the Statement of Activities at December 31 , 2021 and 2020 follows:

Table 2

Change in Net Position

##### Total

Pe rcentage Change

2021 2020 2020-2021



#### Revenues

Billings1,158,2047.25 %

(10.67)

(14.62)

(54.04)

22.20

(26.66)

(13.55)

6.16

4.48

(18.23)

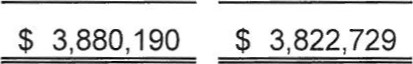
2.21

13.17

(19.34)

(100.00)

(1 1.60)

(135.85)

(4.02)

1.50

Water user late fees 9,045 10,125 Frost protection 3,581 4, 194

Earnings on investments 5,575 12,130

Late payment charges - interest 18,980 15,532

Joint system charges 23,529 32,081

Lien search, title transfers, water right sale: 64,309 74,385

 Miscellaneous 10,709 10,088

#### Total revenues Expenses

Provide water for irrigation

Administration 662,882 810,672

Operation and maintenance 414,198 405,260 Equipment maintenance 42,876 37,886 Depreciation 116,515 144,453 Interest and fees 410

|  |  |
| --- | --- |
| Increase (decrease) in net position | 57,461 (160,267) |
| Net position - beginning of the year | 3,822,729 3,982,996 |

#### Total expenses

Net position - end of the year

The rate increase in the billing process increased revenue by approximately $78,000 for the current year. Administrative expenses decreased due to personnel changes in the current year.

### 3. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The total changes in fund balances for the years ended December 31 , 2021 and 2020, follows:

Table 3

#### Changes in Fund Balances

General Fund

Fund balances December 31, 2020 518,547 Fund balances December 31 , 2021 677,275

|  |  |
| --- | --- |
|  | 158,728 |

Change in fund balances

Fund balances were up this year, due largely to the District maintaining the expenses within the overall budgeted amounts and management of the related revenues.

4. BUDGETARY HIGHLIGHTS

The District is exempt under ORS 294.316 from the Oregon Local Budget Law requirements. The District does develop a budget.

Table 4

Budget Versus Actual

General Fund

|  |  |  |
| --- | --- | --- |
| Final Budget 765,181  395,657  43,300  37,178  2,500 | Actual | Variance |
| 648,243  414,198  42,876  36,273 | 116,938  (18,541)  424  905  2,500 |

Administration

Operation and maintenance

Equipment operation

Debt service

Capital outlay

|  |  |
| --- | --- |
|  | 102,226 |

Totals $ 1,243,816 $ 1,141,590

Administration expenses were less than budgeted due to lower than expected legal costs and salaries and benefits as noted on the Budgetary schedules. Operation and maintenance expenses were less than what the District had expected to spend.

5. CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2021, the District had invested $3,891 ,094 net of accumulated depreciation, in capital assets as reflected in the following table, which represents a net decrease (additions, disposals, and depreciation) of $116,515.

Table 5

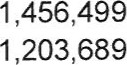
Capital Assets (Net of Accumulated Depreciation)

Governmental Activities

2021 2020

Land 83,926 $ 83,926

|  |  |  |
| --- | --- | --- |
| Automobiles and trucks | 68,710 | 83,597 |
| tvkchinery and equipment | 120,642 | 132,649 |
| Office equipment | 15,701 | 23,418 |

Dams1,466,117

Irrigation system 

Pipelines and siphons 941 ,927 979,529

Totals 

The following table reconciles the change in capital assets. There were no Capital Assets purchased during the current year. The reduction is for depreciation.

Table 6

#### Changes in Capital Assets

Governmental Activities

|  |  |
| --- | --- |
| Beginning balance Additions |  |
| Depreciation, current year | (116,515) (144,453) |

2021 2020

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | |  | 3,891,094 | | |  |  |  | | --- | --- | --- | |  | 4, 007 | , 609 | |

Totals

##### -8-

1. CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Debt Outstanding

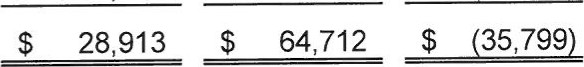
As of year-end, the District has $28,913 in debt outstanding. The incurred debt is from a Bureau of Reclamation loan to acquire the irrigation system initially installed by the Bureau of Reclamation.

Table 7

Changes in Long-term Debt

2021 2020 Change

|  |  |
| --- | --- |
| Ford lease/purchase |  |
| Bureau of Reclamation | 28,913 57,828 (28,915) |

Totals 

1. ECONOMIC FACTORS

Significant sources of revenue other than water user fees are sought through a number of grant/costshare programs. The District has been fortunate to be chosen recipients of these funds to improve fish passage, conserve water within the delivery systems, and water measurement/enhancement projects.

The District's Bureau of Reclamation boundaries remained unchanged. After the State (OWRD) completed our Final Proof Survey (lands watered), boundaries changed accordingly.

1. FINANCIAL CONTACT

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional information, please contact the District at 5045 Jacksonville Hwy, Central Point, Oregon, 97502.

##### -9-

BASIC FINANCIAL STATEMENTS



Statement of Net Position and Governmental Funds Balance Sheet

December 31, 2021

Statement

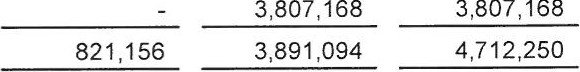
General of

Net Position

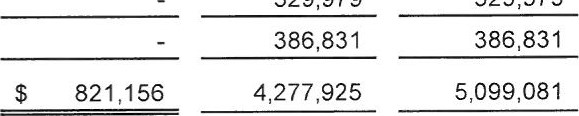
698,566

107,790

14,800

83,926

56,852

329,979

386,831

44,869

24,764

75,194

532,157

42,778

|  |  |  |
| --- | --- | --- |
| Total liabilities, deferred inflows of |  |  |
| resources, and fund balance  NET POSITION | 821,156 |  |
| Net investment in capital assets |  | 3,862,181 |
| Unrestricted |  | 18,009 |
| Total net position |  | 3,880, 190 |

|  |  |  |
| --- | --- | --- |
| 69,633 | 679,042 | 748,675 |
| 74,248 | (74,248)  470,216 | 470,216 |
| 74,248 | 395,968 | 470,216 |

28,913

3,862,181

18,009

3,880,190

|  |  |  |
| --- | --- | --- |
| ASSETS |  |  |
| Cash and cash equivalents | 698,566 |  |
| Irrigation charges receivable | 107,790 |  |
| Prepaids | 14,800 |  |
| Non-depreciable assets  Other assets, net of |  | 83,926 |

Fund Adjustments

accumulated depreciation

|  |  |
| --- | --- |
| DEFERRED OUTFLOWS OF RESOURCES |  |
| Pension contributions after measurement date | 56,852 |
| PERS/OPEB | 329,979 |

Total assets

Deferred outflow related to

Total deferred outflows of resources 386,831

|  |  |  |
| --- | --- | --- |
| LIABILITIES |  |  |
| Accounts payable | 44,869 |  |
| Payroll liabilities | 24,764 |  |
| Compensated absences |  | 75,194 |
| Net pension liability |  | 532,157 |
| Postem ployment benefits  Noncurrent liabilities |  | 42,778 |
| Due within one year  Due in more than one year |  | 28,913 |

Total assets and deferred outflows of resources

Total liabilities

DEFERRED INFLOWS OF RESOURCES

Unavailable revenue - irrigation charges and other

PERS/OPEB related deferred inflows

|  |  |  |
| --- | --- | --- |
| FUND BALANCE |  |  |
| Assigned for debt repayment | 91,174 | (91 , 174) |
| Assigned for emergencies | 50,000 | (50,000) |
| Nonspendable | 14,800 | (14,800) |

Total deferred inflows of resources

Unassigned 521 ,301 (521 ,301)

Total fund balance 677,275 (677,275)

Reconciliation of the Balance Sheet of the Governmental Funds to the

Statement of Net Position

##### December 31, 2021

|  |  |  |  |
| --- | --- | --- | --- |
| Total fund balance of governmental funds  Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of: |  |  | 677,275 |
| Non-depreciable assets | 83,926 |  |  |
| Other assets, net of accumulated depreciation  The following pension transactions are not available resources or are not due and payable in the current period and, therefore are not reported in the funds. | 3,807,168 |  | 3,891 ,094 |
| Net pension liability | (532, 157) |  |  |
| Pension contributions after the measurement date | 56,852 |  |  |
| Deferred inflows related to PERS | (470,216) |  |  |
| Deferred outflows related to PERS | 329,979 |  | (615,542) |

Amounts reported for governmental activities in the Statement of Net Position are different because:

|  |  |  |
| --- | --- | --- |
| Some of the District's irrigation charges will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are |  |  |
| reported as deferred revenue in the funds.  Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. |  | 74,248 |
| Compensated absences | (75, 194) |  |
| Postemployment benefits Notes payable | (42,778) |  |
| Due within one year | (28,913) |  |
| Due in more than one year |  | (146,885) |

Total net position of governmental activities 

Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances

##### For the Year Ended December 31, 2021

Statement

General of

Fund Adjustments Activities



REVENUES

|  |  |  |  |
| --- | --- | --- | --- |
| General Revenues: |  |  |  |
| Billings | 1,164,590 | (6, 386) | 1,158,204 |
| Water user late fees | 9, 045 |  | 9,045 |
| Frost protection | 3,581 |  | 3,581 |
| Eamings on imestments | 5,575 |  | 5,575 |
| Late payment charges - interest | 18,980 |  | 18,980 |
| Joint system charges | 23,529 |  | 23,529 |
| Lien search, title transfers, water right sales | 64,309 |  | 64,309 |

 Miscellaneous 10, 709 10,709

|  |  |  |  |
| --- | --- | --- | --- |
| EXPENDITURES/EXPENSES  Provide water for irrigation  Current |  |  |  |
| Administration | 648,243 | 14,639 | 662, 882 |
| Operation and maintenance | 414,198 |  | 414, 198 |
| Equipment maintenance | 42,876 |  | 42,876 |
| Depreciation Debt seruce |  | 116,515 | 116,515 |
| Principal | 35, 799 | (35, 799) |  |
| Interest & fees | 474 | (474) |  |

Total revenues

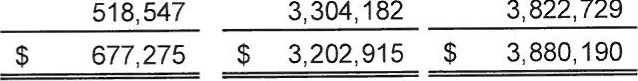
Total expenditures/expenses 1,141,590 94, 881 1,236,471

Excess (deficiency) of revenues over expenditures 158,728 (101 ,267)

Net change in fund balance 158,728 (158, 728)

Change in net position 57,461 57,461

FUND BALANCE/NET POSITION

Beginning of the year End of the year

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

##### For the Year Ended December 31, 2021

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

Change in fund balances (deficit) of governmental funds $ 158,728

The change in net assets reported for governmental activities in the Statement of Activities is different because:

Revenues in the Statement of Activities that do not provide current financial resources are not reported in the funds.

|  |  |
| --- | --- |
|  | (6,386) |

Irrigation charges

|  |  |  |
| --- | --- | --- |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. |  |  |
| Depreciation  Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | (116,515) | (116,515) |
| Payment of principal  Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | 35, 799 | 35,799 |
| Change in accrued interest | (410) |  |
| Postemployment benefits | (6,879) |  |
| Compensated absences | 9,607 |  |
| Various transactions accounting for pension accruals | (16,957) | (14, 165) |

(6,386)

|  |  |
| --- | --- |
|  | 57,461 |

Change in net position of governmental activities

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

# REPORTING ENTITY

Medford Irrigation District, a municipal corporation, was founded in 1917, by order of the Judge of the Jackson County Court, following a special election. The District currently provides water to approximately 12,300 acres of irrigable land along both sides of Bear Creek near Medford, Oregon. The District was organized and operates under the Irrigation District Laws of Oregon, as defined in ORS 545. The District is governed by a board of five officials elected by water users within the area, and its affairs are administered at their direction by a manager who is employed by the Board. There are no other entities over which the District has responsibility or exercises control.

BASIS OF PRESENTATION - GOVERNMENT- WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The governmental activities are generally financed through irrigation charges and water contracts.

In the government-wide Statement of Net Position, the governmental column (a) is presented on a consolidated basis by column, and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts — net investment in capital assets; restricted; and unrestricted. The District first utilizes restricted resources to finance qualifying activities.

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

# BASIS OF PRESENTATION - FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows or resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures or expenses. The various funds are reported by object classification within the financial statements.

The following fund types are used by the District:

Governmental funds

The focus of the government funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

# BASIS OF PRESENTATION - FUND FINANCIAL STATEMENTS (Continued)

General Fund

The General Fund is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund. Principal sources of revenues are annual irrigation charges, when-available water sales, earnings on investments, and labor and material sales to water users. Primary expenditures are for wages and related costs, power, operation and maintenance of equipment and water distribution systems, debt payments, and certain other administrative costs.

Special Revenue Fund

Special Revenue Funds are used to account for money that must be used for a specific purpose. It also records the expenditures that are made for that purpose. The fund included in this category is:

The U.S. Contract Reserve Fund was originally set up to account for assessments made for repayment of long-term obligations to the U.S. Government and expenditures related thereto. Prior to 2007, the U.S. Contract Reserve Fund continued to accumulate exclusion fees in the event that those collections require a future acceleration of payments on the obligations to the U.S. Government. Because no segregation is made on receipt of assessments, the General Fund now accounts for those items. These funds are not restricted by any agency.

In the current year, the District has closed this Special Revenue Fund to the General Fund because this fund is no longer required to be reported separately. A transfer was completed and now all activity is reported in the General Fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Accrual

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Irrigation charges are recognized as revenues in the year for which they are billed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Modified Accrual

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Significant revenues, which are measurable and available at December 31, 2021, under the modified accrual basis of accounting, are irrigation charges collected within 60 days of year-end. All other revenue items are considered to be measurable and available only when cash is received by the District.

# ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term highly liquid investments with a maturity of three months or less when purchased. Investments maintained in the Oregon State Investment Pool are carried at cost, which approximates fair value, and are classified as a cash equivalent.

Investments

The District invests in the Oregon Local Government Investment Pool and considers this investment as a cash equivalent. See the cash and cash equivalents note above.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, pathways, pipelines, etc.), are reported in the governmental activities column in the governmentwide financial statement. Capital assets are charged to expenditures as purchased in the governmental fund statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair market value as of the date of the donation.

Capital assets are defined by the District as assets with an initial, individual cost of $2,500 or more, and an estimated useful life of more than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset, are capitalized. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net position and is provided on the straight-line basis over the following estimated useful lives:

|  |  |
| --- | --- |
| Asset | Years |
| Automobiles and trucks | 7-20 |
| D&chinery and equipment | 10-25 |
| Office equipment | 3-10 |
| Dams | 50-99 |
| Irrigation system | 25-50 |
| Pipelines and siphons | 15-99 |

Gains or losses from sales or retirements of capital assets are included in operations of the current period.

Pension Obligations

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

Retirement Plan

Substantially all employees are participants in the Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures as funded.

Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one type of deferred outflows which related to PERS reporting which arises only under the full accrual basis of accounting that qualifies for reporting in the category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue-irrigation charges and other is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District may report pension changes as inflows of resources in the Statement of Net Position.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted — net position and unrestricted — net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted — net position to have been depleted before unrestricted — net position is applied.

Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, unassigned fund balance is depleted before assigned fund balance.

Fund Balance Policies

The Governmental Accounting Standards Board (GASB) issued Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," which became effective for the District beginning with the fiscal year ending December 31, 2011. The statement established five classifications for fund equity; non-spendable, restricted, committed, assigned, and unassigned. The District uses the following fund balance classifications:

Assigned fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at minimum, intended to be used for the purpose of that fund. Assigned fund balance is assigned by the Board by approval of a motion. It can also be unassigned by the Board by approval of a motion.

Nonspendable fund balance includes items not immediately converted to cash, such as prepaid items.

Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts can be spent as directed by the budget as adopted by the Board of Directors.

Receivables

Recorded irrigation charges receivable that are collected within 60 days after year-end are considered measurable and available and therefore recognized as revenue in the governmental funds. The remaining balance is recorded as deferred revenue because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary, as uncollectible irrigation charges become a lien on the property.

Annual bills are mailed to water users in January with subsequent billings mailed to delinquent accounts in June and September. For those accounts not paid by February 28, no water is delivered to water users who have not paid the prior year charges.

Compensated Absences — Vacation and Sick Leave

Accumulated vested vacation pay is accrued as it is earned. For governmental funds, the noncurrent portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund-level and government-wide presentations.

The District's personnel policy provides full-time District employees with vacation and sick leave in varying amounts. Vacation and sick pay expenses are charged to operations when taken by the employee. Upon termination, an employee is paid for accumulated vacation time up to a maximum of 240 hours and accumulated sick time up to 480 hours if they have been with the District for ten years or more and voluntarily retires.

Long-term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. The District's long term debt consists of a general obligation with the United States Bureau of

Reclamation.

1 . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of these basic financial statements 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 expenditures during the reported period. Actual results could differ from these estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

# BUDGETS

The District is organized under the provision of Oregon Revised Statute 545, and is exempt from Local Budget Law, ORS 294.305 to 294.530 as provided in ORS 294.316. However, the District does adopt a budget, on the modified accrual basis of accounting, for management purposes and to determine the annual operation and maintenance charges necessary to operate the District.

# DEFICIT FUND EQUITY

The District did not have a deficit of fund equity in any of its funds as of December 31, 2021.

3. DETAILED NOTES ON ALL FUNDS

# POOLED DEPOSITS AND INVESTMENTS

Cash, cash equivalents, and investments were comprised of the following at December 31, 2021

|  |  |
| --- | --- |
| Cash on hand | 200 |
| Cash in bank | 33,940 |
| Deposits with State Pool | 664,426 |

General Fund

|  |  |
| --- | --- |
| Total cash and cash equivalents | 698,566 |

Custodial Credit Risk

The District follows the Oregon statutes for custodial credit risk. Deposits with financial institutions are comprised of bank demand deposits. The District's deposits at approved banks are covered by collateral held in multiple financial institution collateral pool administered by the Oregon State Treasurer. As of December 31, 2021, the District's deposits had a bank value of $41 ,294. These deposits were covered by Federal Deposit Insurance Corporation.

Investments

Interest Rate Risk. The District does not have an investment policy regarding interest rate risk.

Credit Risk. State statutes authorize the District to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers and the Oregon Local Government Investment Pool, among others.

The State of Oregon Local Government Investment Pool (LGIP or Pool) is not registered with the U.S. Securities and Exchange Commission as an investment company and is unrated. The Pool investments are not categorized into credit risk since they are not evidenced by specific securities. The Oregon Revised Statutes and the Oregon Investment Council govern the Pools investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool.

These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investment in the fund is further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Division's report on the Pool as of and for the year ended June 30, 2021, was unqualified.

Custodial Credit Risk. The District's investments in the Oregon Local Government Investment Pool are not evidenced by securities that exist in physical or book entry form and thus are not subject to custodial credit risk disclosures.

# ACCOUNTS RECEIVABLE

At December 31, 2021, the District's receivables are comprised of the following:

|  |  |  |
| --- | --- | --- |
| Accounts receivable from: |  |  |
| Charges receivable |  | 57,802 |
| Interest receivable |  | 49,988 |

## Anount

|  |  |
| --- | --- |
|  | 107,790 |

Total

# CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31 , 2021 , was as

follows:

Capital assets not being depreciated

Land

Total non-depreciable

Other capital assets

Automobiles and trucks

Machinery and equipment

Office equipment

Buildings

Dams

Irrigation System

Pipelines and siphons Total depreciable

Accumulated depreciation

Automobiles and trucks

Machinery and equipment

Office equipment

Buildings

Dams

Irrigation System

Pipelines and siphons

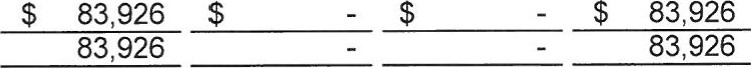
Total accumulated depreciation

Governmental activities capital assets, net

Balances Balances

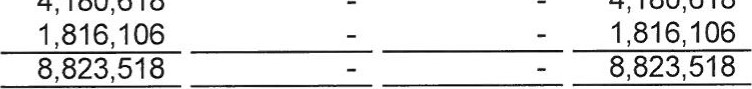
## 1/1/21 Increases Decreases 12/31/21





|  |  |
| --- | --- |
| 225,120 | 225, 120 |
| 461,418 | 461 ,418 |
| 170,071 | 170,071 |
| 69,516  1,900,669 | 69,516 |

180,618



4,

4,180,618

106

|  |  |  |
| --- | --- | --- |
| 141 , 523 | 14,887 | 156,410 |
| 328,769 | 12,007 | 340, 776 |
| 146,653 | 7,717 | 154,370 |
| 69,516 |  | 69,516 |
| 434,552 | 9,618 | 444,170 |
| 2,942,245 | 34,684 | 2,976,929 |
| 836,577 | 37,602 | 874,179 |

8,823,518



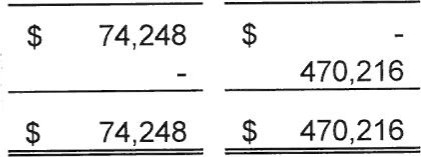
### $3,891 ,094

Depreciation expense of $116,515 was recorded as an expense in the Statement of Activities for the year ended December 31 , 2021.

# DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of December 31, 2021, the various components of deferred revenue and unearned revenue reported in the governmental funds and governmental activities, consisted of the following.

General GovernmentFund wide

Irrigation charges

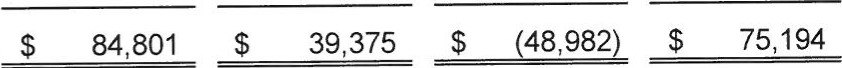
OPEB/Pension changes

Totals

COMPENSATED ABSENCES

Balance Balance

## 1/1/21 Increases Decreases 12/31121

Compensated absences 

LONG-TERM DEBT

The District is not statutorily subject to a debt limit.

The District is repaying the Bureau of Reclamation (BOR) for the rehabilitation of irrigation system. The original contract of $964,000 required annual principal payments of $29,409 as adjusted periodically by the Bureau. In 2017 the Bureau adjusted the annual payments to $28,915. The BOR is not charging interest. Title to the irrigation system is held by the Bureau until the contract is paid in full.

The District purchased a Ford F-150 for $32,598 in 2017. The lease-purchase agreement requires five payments of $7,294.13 including interest at 5.95%. This loan was paid in full during 2021.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Ba la nce |  |  | Balance | Due Within |
| Jan. 1, 2021 | Increase | Decrease | Dec. 31, 2021 | One Year |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Ford Lease/Purchase | 6,884 | 6,884 |  |  |
| Bureau of Reclamation | 57,828 | 28,915 | 28,913 | 28,913 |

The District's long-term debt on December 31 , 2021 , consisted of the following:

Total 

Future maturities of long-term debt are as follows:

## BOR Loan

### Principal Interest

Year ending

December 31 ,

2022 $ 28,913

Total 

Non-spendable Funds

Non-spendable funds are the total of the District's prepaid expenses as of December 31 , 2021.

4.

JOINT WORKS

The District participates with Rogue River Valley Irrigation District in developing and maintaining the system of canals and irrigation delivery systems above Bradshaw drop. Expenses incurred by one district for joint works and not yet reimbursed are classified as a receivable (payable) from other districts on a cost basis. Costs are split one-third to Rogue River Valley Irrigation District and twothirds to Medford Irrigation District.

STATE UNEMPLOYMENT ASSESSMENTS

The District has adopted the reimbursement method of contributions to the State Employment Division in lieu of unemployment contributions at a set rate of payroll. Under this method, the District reimburses directly to the Oregon Unemployment Fund the actual amount of regular benefits paid to former District employees. The District paid the State Employment Division $0 during the year ended December 31 , 2021, as reimbursement for actual benefits paid to former District employees.

RISK MANAGEMENT

The District is exposed to various risk of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters for which the District carries commercial insurance.

During the current year, there were no significant reductions in insurance coverage from the prior year in any major category of coverage. In addition, insurance settlements have not exceeded insurance coverage during any of the past three fiscal years.

DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description

Employees of the District are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003.

The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at https://www.oregon.qov/pers/Documents/Financials/CAFR/2021 -ACFR.pdf

4.

Benefits provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

* the member was employed by a PERS employer at the time of death,
* the member died within 120 days after termination of PERS-covered employment,
* the member died as a result of injury sustained while employed in a PERS covered job,

or  the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a jobincurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit Changes

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2017 and beyond is set at 2.0 percent.

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1. OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued ten or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2021 and beyond will be set at 2.0 percent. OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

1. OPSRP Individual Account Program (OPSRP IAP)

In the 2003 legislative session, the Oregon Legislative Assembly created a new successor plan for PERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003 and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pensions plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004 all PERS member contributions go into the IAP portion of OPSRP. PERS' members retain their existing PERS accounts, but any future member contributions are deposited into the members IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both PERS and OPSRP system as long as they remain in covered employment.

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The rates are based on a percentage of payroll and became effective July 1, 2019. Employer contributions for the year ended December 31, 2021 were $109,154. The rates in effect for 2021 were 23.13 percent for Tier One/Tier Two General Service Member, and 18.82 percent for OPSRP Pension Program General Service Members, and 6 percent for OPSRP Individual Account Program.

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the District reported a liability of $532,157 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 , and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, the District's proportion was .00444706 percent, which was changed from its proportion measured as of June 30, 2020 at .00408251 percent.

For the year ended December 31 , 2021 , the District recognized pension expense of $121 ,853. At December 31, 2021 , the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  |  |  |
| --- | --- | --- |
| Deferred | | Deferred |
| Outflows of | | Inflows of |
|  | Resources | Resources |
| Differences between expected and actual experience | $ 49,813 |  |
| Changes in assumptions  Net difference between projected and actual earnings on | 133,215 | 1 ,401 |
| investments |  | 393,951 |
| Changes in proportionate shares  Differences bewveen employer contributions and employer | 143,654 | 47,473 |
| proportionate share of contributions | 3,297 | 27,391 |

|  |  |
| --- | --- |
|  | 329,979  56,852 |
| $ | 386,831 |

Subtotal470,216

District contributions subsequent to the measurement date 

Net Deferred Outflow (Inflow) of Resources$ 470,216

Deferred outflows of resources related to pensions of $56,852 reported as resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31 , 2021. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Employer subsequent Deferred Outflow/(lnflow) fiscal years of Resources

Year ended June 30:

1. (35,996)
2. (10,941)
3. (27,852)
4. (81,068)
5. 15,620

Thereafter

Total 

## Actuarial assumptions

The employer contribution rates effective July 1, 2021, through June 30, 2023 were set using the entry age normal actuarial cost method.

For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

|  |  |
| --- | --- |
| Valuation Date | December 31, 2019 |
| rvEasurement date | June 30, 2021 |
| Ex erience Stud Re ort | 2018, published Jul 24, 2019 |
| Actuarial Cost B&thod | Ent A e Normal |

Actuarial Assumptions:

|  |  |
| --- | --- |
| Inflation | 2.40 rcent |
| Discount Rate | 6.90 ercent |
| Investment rate of return | 6.90 ercent |
| Cost of livin ad'ustments | Blend of 2.00% COLA and graded COLA  in accordance with Moro decision; blend based service. |
| Pro•ected Sala Increases | 3.40 rcent overall a roll rowth |
| Mortality | Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.  Active Members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.  Disabled retirees: Pub-2010 Disabled retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. |

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31 , 2018.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OlC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Compounded

Annual Return

|  |  |  |
| --- | --- | --- |
| Core Fixed Income | 8.00% | 3.49% |
| Short-Term Bonds | 8.00% | 3.38% |
| Bank/Leveraged Loans | 3.00% | 5.09% |
| High Yield Bonds | 1.00% | 6.45% |
| Large/Mid Cap US Equities | 15.75% | 6.30% |
| Small Cap US Equities | 1.31% | 6.69% |
| Micro Cap US Equities | 1.31% | 6.80% |
| Developed Foreign Equities | 13.13% | 6.71% |
| Emerging Market Equities | 4.13% | 7.45% |
| Non-US Small Cap Equities | 1.88% | 7.01% |
| Private Equities | 17.50% | 7.82% |
| Real Estate (Property) | 10.00% | 5.51% |
| Real Estate (REITS) | 2.50% | 6.37% |
| Hedge Fund of Funds - Diversified | 2.50% | 4.09% |
| Hedge Fund - Event Driven | 0.60% | 5.86% |
| Timber | 1.88% | 5.62% |
| Farmland | 1.88% | 6.15% |
| Infrastructure | 3.75% | 6.60% |
| Commodities | 1.88% | 3.84% |

### Asset Class Target Allocation (Geometric)

|  |  |  |
| --- | --- | --- |
| Total | 100.00% |  |
| Assumed Inflation - Mean |  | 2.50% |

Discount rate

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

4.

Sensitivity of the District's proportionate share of the net pension liability to changes in the

discount rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is I-percentage-point lower (5.90 percent) or I-percentage-point higher (7.90 percent) than the current rate:

### 1% Discount 1% Decrease Rate Increase

(5.90%) (6.90%)(7.90%)



District's proportionate share of the net pension liability (asset)  $ 103,069

## Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

# OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Retirement Health Insurance Account (RHIA)

As a member of Oregon Public Employees Retirement System (OPERs) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a costsharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statue (ORS) 238.420 established this trust fund. The RHIA plan currently serves 811 participating employers and is closed to new entrants after August 29, 2003. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.o. Box 23700, Tigard, OR 97281-3700.

Benefits Provided

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to $60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of $60 shall by paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

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4.

Death Benefits

A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions

For the year ended June 30, 2021, PERS employers contributed .06 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. PERS employers contributed .39 percent of all PERS-covered salaries to amortize the unfunded actual accrued liabilities being amortized over 20 years. These rates were based on the December 31 , 2017 actuarial valuation.

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs. The number of RHIA participants receiving benefits was 43,797 for the fiscal year ended June 30, 2021 and there were 47,611 active and 13,044 inactive members who meet the requirements to receive RHIA benefits when they retire.

Plan Audited Financial Report

RHIA is administered by the Oregon Public Employees Retirement Board (OPERB). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700, or by the web address of:

### https://www.oreaon.qov/pers/Documents/Financials/CAFR/2021-ACFR.pdf

OPEB Asset/LiabiIities, OPEB Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2021 the District had a total OPEB asset of $7,611 for its proportionate share of the net OPEB asset that was not recognized due to materiality. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The District's proportion of the net OPEB asset was based on the District's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2021, the District's proportionate share was .00221641 percent which is an increase from its proportion of .00181741 percent as of June 30, 2020

At June 30, 2021, the District had deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

|  |  |
| --- | --- |
| Deferred | Deferred |
| Outflows of | Inflows of |
| Resources | Resources |
| Differences between expected and actual experience | 212 |
| Changes in assumptions 150  Net difference between projected and actual earnings on | 113 |
| investments | 1 ,809 |
| Changes in proportionate shares 992  Differences between employer contributions and employer proportionate share of contributions | 511 |
| Total (prior to post-MD Contributions) 1,142  District contributions subsequent to the measurement date 47 | 2,645 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | |  | 1,189 | | |  |  | | --- | --- | |  | 2,645 | |

Net Deferred Outflow (Inflow) of Resources

Deferred outflows resources related to OPEB of $47 resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB's will be recognized in OPEB expense/(income) as follows:

|  |  |
| --- | --- |
| Employer subsequent | Deferred Outflow/(lnflow) |
| fiscal years | of Resources |

Year ended December 31 :

1. 47
2. (566)
3. (413)
4. (570)

2026

Thereafter

|  |  |
| --- | --- |
|  | (1 ,503) |

Total

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The discount rate used to measure the total OPEB asset was 6.90 percent for the OPEB plans. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31 , 2018.

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4.

Long-term expected rate of return

The long-term expected rate of return asset class is identical to the one presented on page 30 for

PERS.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.90 percent for the OPEB plans. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OBEP plan investments for the OPEB Plans was applied to all periods of projected benefit payments to determine the total OPEB liability. The District does not have an OPEB liability for the fiscal year.

Sensitivity of the District's proportionate share of the net OPEB liability (asset) to changes in the discount rate

The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is I-percentage-point lower (5.90 percent) or I-percentage-point higher (7.90 percent) than the current rate.

1% Discount

Decrease Rate Increase

(5.90%) (6.90%) (7.90%)

District's proportionate share of the net OPEB liability (asset) 

# HEALTH BENEFIT RETIREE PROGRAM - SINGLE EMPLOYER PLAN

Plan Description

The District maintains a single-employer retiree benefit healthcare plan that provides postemployment health benefits (medical, dental, and vision coverage) to eligible retirees and their spouses/dependents. The level of benefits provided by the plan is the same as those afforded to active employees. As of July 1, 2019, there were 7 active employees and zero retirees included in the plan. In order for the retiree to be eligible to receive benefits they must retire and receive a pension from Oregon Public Employees Retirement System (PERS). Eligibility requirements for retirement under Oregon PERS are as follows: General Service Tier One or Tier Two employees — age 60 or any age with 30 years; Police and Fire Tier One or Tier Two employees - age 50 with 25 years or age 55; OPSRP General Service employees - age 65 or 58 with 30 years of service, and OPSRP Police and Fire — age 53 with 25 years of service or age 60.

The District's post-retirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303, which requires that retirees be allowed to continue their health care coverage at their own expense.

ORS stipulates that for the purpose of establishing health care premiums, the rate must be based on all plan members, including both active and retirees. Due to the effect of age, retiree claims costs are generally higher than claims cost for all members as a whole. The difference between retiree claims cost and the amount of retiree health care premiums represents the District's implicit employer contribution. The benefit duration covers all retirees and eligible dependents until Medicare eligibility, typically age 65.

The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan. The amortization period for this plan is closed. The plan is accounted for on a flow of economic resources measurement focus and uses the accrual basis of accounting. Benefits are recognized when incurred.

Funding Policy

The benefits from this program are paid by the retired employees on a self-pay basis and required contribution is based on projected pay-as-you-go financial requirements. There is no obligation on the part of the District to fund these benefits in advance, therefore no funds within the general fund have been used to liquidate other postemployment benefit obligations.

OPEB Asset/Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources

The total OPEB liability of $42,778 as of June 30, 2021 , was determined using the date of the latest actuarial valuation of July 1, 2019.

The following table shows the components of the District's annual OPEB liability for the fiscal year ended June 30, 2021, which has been reported in the December 31 , 2021 financial statements.

Increase (Decrease)

Total OPEB Liability

|  |  |
| --- | --- |
| Balance as of June 30, 2020  Changes for the year: | 35,899 |
| Senice Cost | 3,295 |
| Interest on total OPEB liability  Effect of changes to benefit terms  Effect of economic/demographic gains or losses | 1,368 |
| Effect of assumptions changes | 2,449 |
| Projected benefit payments | (233) |

Balance as of June 30, 2021 

Changes in assumptions are the result of the change in the discount rate from 3.50 percent to 2.21 percent.

For the year ended December 31, 2021, the District recognized OPEB expense of $5,842. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows Deferred Inflows of Resources of Resources

Differences between expected and actual experience 412

Changes of assumptions (1,212) 9,858

Benefit payments1,047

|  |  |
| --- | --- |
|  | 11,317 |

Net Deferred Outflow of Resources $

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense/(income) as follows:

Employer subsequent Deferred Outflow/(lnflow) fiscal years of Resources

Years ended June 30:

1. 1,179
2. 1,179
3. 1,179
4. 1,179
5. 1 ,251

Thereafter 3,091

Total 

Sensitivity of the Total OPEB liability to changes in the discount rate

The following presents the District's total OPEB liability calculated using the discount rate of 2.21 percent, as well as what the total OPEB liability would be if it were 1 percentage point higher or lower

than the current discount rate.

1% Discount 1%

|  |  |  |
| --- | --- | --- |
| Decrease  (1.21%) | Rate  (2.21%) | Increase  (3.21%) |
| 46,453 | 42, 778 | 39, 337 |

Total OBEB liability on June 30, 2021

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates

The following presents the District's total OPEB liability calculated using the healthcare trend rate of 5.25 percent, as well as what the total OPEB liability would be if it were 1 percentage point higher or lower than the current healthcare trend rate.

1% Healthcare trend 

Decrease Rate Increase

(4.25%) (5.25%) (6.25%)

Total OBEB liability on June 30, 2021 

Actuarial Assumptions and Other Inputs

The total OPEB liability of $42,778 and the components of OPEB expenses as of June 30, 2021, were determined using the valuation date of December 31, 2019. Significant actuarial assumptions used in the valuation included:

|  |  |  |
| --- | --- | --- |
| Valuation Date | December 31 , 2019 rolled forward to measurement date | |
| B&asurement date | June 30, 2021 | |
| Actuarial Cost B&thod | Ent a e normal | |
| Actuarial Assumptions: |  | |
| Discount rate | 2.21 | ercent, Bond bu er 20- ear eneral obli ation bond index. |
| Inflation | 2.50 ercent | |
| Healthcare cost trend rate | 15.75% for 2019; 6% for 2020; 5.25% for 2021; 5% for 2022-204; from 2020-2030, increasing by .25 from 2031 - 2033.  Dental 4% er ear. | |
| Pro-ected Sala Increases | 3.50 ercent overall a roll rowth | |
| Mortality | Health retirees and beneficiaries: PF-2014 Sex-distinct, white collar. For male members and dependents only, a one year setback is applied.  Future mortality improvement is not projected as it would be immaterial to the valuation. | |

# COST SHARING PROJECTS

Amounts received from grantor agencies are subject to compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

# WATER RIGHTS

Rogue Basin Water Users Council, Inc.

On September 9, 2003, Talent Irrigation District, Medford Irrigation District, and Rogue Valley Irrigation District pooled their resources and created the Rogue Basin Water Users Council, Inc. ("RBWUC"). All three Districts initially funded the RBWUC by contributing $30,000 each. The District expenses the funds it contributes to the RBWUC when contributed.

The District's share of the funds held by the RBWUC at fiscal year-end are not material and have



been omitted from the District's balance sheet. The RBWUC and its Joint Fund were established in connection with the Endangered Species Act, Biological Assessment, Biological Opinion, possible litigation with the BOR, and other related issues. The Joint Fund will pay for the legal fees, expenses, expert witnesses, biologists, hydrologists, auditor fees, spokesperson expenses, etc., in the representation of all the Districts.

Klamath Adjudication — RBWUC, Inc.

The Klamath Basin water rights prior to 1905 are currently being adjudicated by the Oregon Water

Resources Department. The District, Rogue River Valley Irrigation District, and Talent Irrigation District split the costs equally on matters pertaining to the Four Mile Reservoir and Klamath Adjudication. The District pays 100% for their other water resources that are being adjudicated. There was $13,109 of legal costs for the fiscal year ended December 31, 2021 including the BlOP expense.

BUREAU OF RECLAMATION SAFETY OF DAMS (SOD) PROGRAM

The Bureau of Reclamation oversees the operation of more than 70 dams in the Pacific Northwest. The Safety of Dams program was created in response to the failure of Teton Dam in 1976. Since then, Reclamation has embarked on a rigorous review of every major dam in the region. Each major structure is periodically reviewed for resistance to seismic stability, overtopping, internal stability, and physical deterioration.

Hyatt Dam SOD

The cost of this project is estimated at $7,300,000; and based on Reclamation's benefit calculations, the District's Repayment Obligation is estimated at $22,995. Once the project is completed, Reclamation's Contracting Officer will provide the District with the actual cost of the SOD modifications and the District's actual Repayment Obligation.

The contract between the United States of America and the Medford Irrigation District for the repayment of the Safety of Dams costs was executed on March 27, 2017 as Contract No. 17SD101933. The terms of the contract call for the repayment of the District's portion, estimated at $22,995, to be paid in one annual installment in the year 2023, except that the final installment shall not exceed the amount necessary to pay the District's Repayment Obligation. The annual installment shall be due and payable on December 31 , 2023, and on or before December 31 of each succeeding year thereafter until repaid in full if necessary.

At this time, the SOD work is not quite complete. In addition to warrantee work to be completed by the contractor, the Bureau of Reclamation's SOD team is in the process of writing the technical, geologic and as-built reports. Some reports may require Hyatt Lake Reservoir to be at full capacity before they are produced in their final form.

Howard Prairie Dam SOD

The cost of these SOD modifications is estimated at $12,500,000 with the District's estimated share calculated at $101,138. Once the project is completed, Reclamation's Contracting Officer will provide the District with the actual cost of the SOD modifications and the District's actual Repayment Obligation.

The contract between the United States of America and the Medford Irrigation District for the repayment of the Safety of Dams costs was executed on January 18, 2018 as Contract No. 18SD101956. The terms of the contract call for the repayment of the District's portion as follows:

Municipal and Industrial (M&l) Use Repayment Obligation

* Approximately 3.34% of the District's irrigated land is considered M&l. According to the Safety of Dams Act, M&l lands are subject to interest during construction and repayment. Prior to substantial completion, the District and the Contracting Officer will work together to revise the M&l use estimate. The Contracting Officer will then include the revision in the written statement modifying the District's Repayment Obligation.
* The District has the option of repaying the M&l Use Repayment Obligation within one calendar year from the date of the Contracting Officer's written statement or may elect to repay the M&l IJse Repayment Obligation by making successive annual installment payments, either in advance of or concurrent with repayment of the District's remaining obligation. Interest will continue to accrue until the M&l Use Repayment Obligation is paid in full.
* Beginning with the fifth year after the Contracting Officer's written statement and every 5 years thereafter, the Contracting Officer will complete a review of the District's water use and may revise the M&l Use Repayment Obligation.

Irrigation Use Repayment Obligation

* Is the remaining amount after the calculation for the M&l Use Repayment Obligation.
* Is not subject to interest.
* Is payable in annual installments beginning after full payment of the Hyatt SOD Repayment Obligation, anticipated being in the year 2023. Annual installment payments of $32,764, less concurrent payments toward the M&l Use Repayment Obligation, are due and payable December 31st of each year, estimated to begin in 2024.
* Beginning with the fifth year after the Contracting Officer's written statement and every five years thereafter, the Contracting Officer will reevaluate the District's ability to pay. If in the opinion of the Contracting Officer, the reevaluation indicates the District has an ability to pay greater than the annual installment of $32,764, the District will pay the greater amount for the next five-year period, but in no year shall the District pay less than $32,764. However, in no event shall the repayment period extend beyond 50 years.

(Continued)

# RELATED PARTY TRANSACTIONS

A related party is an entity that can control or significantly influence the management or operating policies of another entity to the extent one of the entities may be prevented from pursuing its own interests. A related party may be any party the entity deals with that can exercise control. Examples of related parties include (a) affiliates, (b) investments accounted for under the equity method, (c) trusts for the benefit of employees (for example, pension or profit-sharing trusts), and (d) principal owners and members of management and their immediate families. The related party transactions are presented below.

Board members receive $25 per meeting attended. The total board meeting expense was $1 ,050.

SUBSEQUENT EVENTS

The District is ready to finalize the DEQ design loan for $1.5 million in conjunction with Rogue River Valley Irrigation District to implement water quality improvement projects.

The District received notification of a $135,000 drought assistance package. These monies will be used to identify high-priority canal leaks to target to conserve water.

The District evaluated subsequent events as of July 7, 2022, which is the date of the audit report. The audit report was available to be issued on July 14, 2022, one week after the completion of the audit report.

# REQUIRED SUPPLEMENTARY INFORMATION



Notes to Required Pension Schedules

For the Fiscal Year Ended December 31, 2021

# NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Pension Plans

Oregon Public Employee Retirement Pension Plan (PERS)

Changes of assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2018 Experience Study for the System. The report can be found at:

https://www.oreqon.gov/pers/Documents/Exp Study 2018.pdf

Changes in Plan Provisions

There were no key changes implemented with the December 31, 2019 actuarial valuation.

Other Post -Employment Benefit Plans

## Oregon Public Employee Retirement OPEB Plan (PERS RHIA)

Changes in assumptions

See Oregon PERS website link above.

Changes of benefit terms

There were no key changes implemented with the December 31, 2019 actuarial valuation.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | For the Last Fiscal Year | | (b/c)  District's Plan proportionate fiduciary share of the net position |
|  | District's | District's |  | net pension as a |
|  | proportion | proportionate | (c) | liability (asset) pe rcentage |
| Year | of the net | share of the | District's | as a percentage of the total |
| Ended | pension | net pension | covered | of its covered pension |
| June 30, | liability (asset) | liability (asset) | payroll | payroll liability |

Schedule of the District's Proportionate Share of Net Pension Liability

1. 0.00530186% $ 304,404 $ 416,840 73.03% 103.60%
2. 0.00445394% 668,640 330,977 202.02% 91.88%
3. 0.00492598% 664,024 320,620 207.11% 80.52%
4. 0.00291555% 441 , 667 322,907 136.78% 83.10%
5. 0.00328318% 567,912 425,979 133.32% 82.10%
6. 0.00408251% 890,944 463,060 192.40% 75.80%
7. 0.00444706% 532,157 431 ,549 123.31% 81.09%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

Schedule of District Contributions For the Last Calendar Year

(b) Contributions (b/c)

(a) in relation to (a-b) (c) Contributions

## Year Statutorily the statutorily Contribution District's as a percent Ended required required deficiency covered of covered

December 31 , contribution contribution (excess) payroll payroll

1. $ 66,986  66,986$ 426,831 15.69%
2. 59,934 59,934  330,977 18.11%
3. 60,246 60,246  320,620 18.79%
4. 75,765 75,765  445, 138 17.02%
5. 60,653 60,653  484,200 12.53%
6. 80,695 80,695  468,274 17.23% 2021 109,154 109,154  431 ,549 25.29%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | For the Last Fiscal Year | | (b/c)  Districts proportionate | Plan fiduciary |
|  | (a) | (b) |  | share of the | net position |
|  | District's | Districfs |  | net pension | asa |
|  | proportion | proportionate | (c) | liability (asset) | percentage |
| Year | of the net | share of the | District's | asa percentage | of the total |
| Ended | OPEB | net OPEB | covered | of its covered | OPEB |
| June 30, | liability (asset) | liability (asset) | payroll | payroll | liability |

Schedule of the District's Proportionate Share of Net PERS-RHIA OPEB (Asset)/ Liability

1. 0.281351% ($1,174) $441 ,667 -0.27% 94.20%
2. 0.297607% (3,322) 322,907 -1.03% 124.00%
3. 0.387146% (7,481) 425,979 -1.76% 144.40%
4. 0.001817% (3, 703) 463, 060 -0.80% 150.10%
5. 0.002216% (7,611) 431,549 -1.76% 144.40%

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | For the Last Calendar Year  (b)  Contributions |  | (b/c) |
|  | (a) | in relation to (a-b) |  | Contributions |
| Year | Statutorily | the statutorily Contribution | Districts | asa percent |
| Ended | required | required deficiency | covered | of covered |
| Dec 31, | contribution | contribution (excess) | payroll | payroll |

Schedule of the District's Contribution of the Net PERS-RHIA OPEB (Asset)/ Liability

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2017 | $1 ,473 | $1 ,473 |  | $320,620 | 0.46% |
| 2018 | 1,441 | 1,441 |  | 445, 138 | 0.32% |
| 2019 | 1,921 | 1,921 |  | 425,979 | 0.45% |
| 2020 | 59 | 59 |  | 463,060 | 0.01% |
| 2021 | 47 | 47 |  | 431,549 | 0.01% |

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

Schedule of the District's Total OPEB Liability

Single-Employer Plan — Health Benefit Retiree Program For the Last Ten Fiscal Years

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  | TOL as a |
| Year |  |  | pe rce ntage |
| Ended | Total OPEB | Covered | of covered |
| June 30, | liabilty | payroll | payroll |

|  |  |  |
| --- | --- | --- |
| 1. $ 21,252 $ 441,667 4.81% 2. 22,173 322,907 6.87% 3. 23,613 425,979 5.54% 4. 35,899 468,274 7.67% 5. 42,778 431,549 9.91%   The Schedule of Changes in Total OPEB (Asset)/Liability is as follows:  Changes in |  |  |
| Year TOL Interest economic | Projected |  |
| Ended beginning Service on TOL demographic Changes of | benefit | TOL ending |
| June 30, balance costs liability (gain) or loss assumptions | payments | bala nce |

The Schedule of Total OPEB Liability (TOL) is as follows:

1. $ 21,814 1,323  659  (1 , 539)  (60)  22, 197
2. 22,197 1,240 838 (599) (63) 23,613
3. 23,613 1,247 956 530 9,875 (322) 35, 899
4. 35,899 3,295 1,368 2, 449 (233) 42, 778

The amounts presented for each fiscal year were actuarially determined at December 31 ,2018 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

# SUPPLEMENTARY INFORMATION



Notes to Budget Comparison Schedules

## December 31, 2021

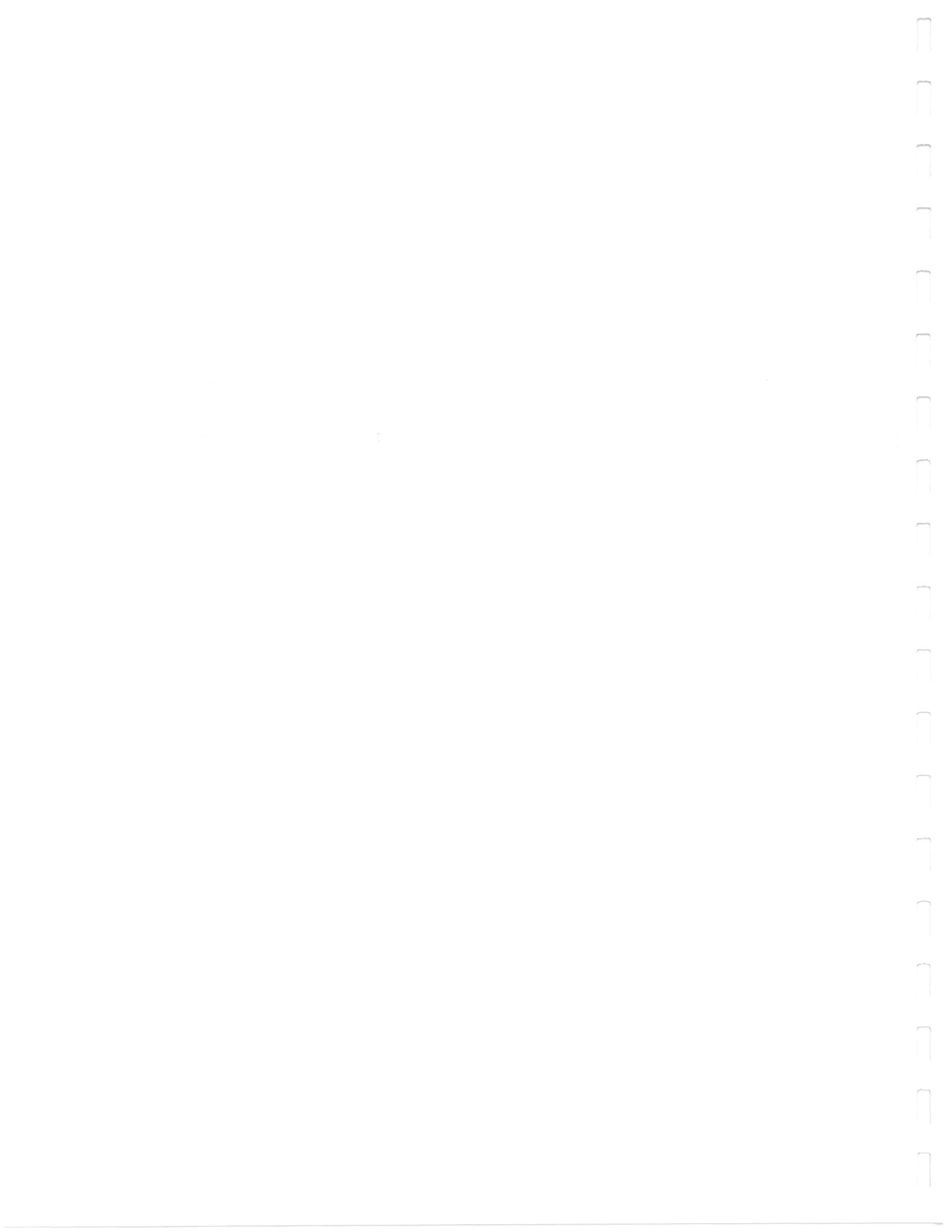
The District is exempt under ORS 294.316 from the Oregon Local Budget Law requirements. The District does develop a budget.

Each fall, the manager submits a proposed budget to the Board of Directors. The District prepares a budget for all funds. The District's budget is prepared for each fund on the modified accrual basis of accounting. For all fund types, inter-fund transfers are budgeted as sources and uses. Estimated receipts and disbursements are budgeted for by fund and object. Information on the past year's budget is included in the budget document.

The Board adopts the budget by resolution before January 1. The resolution establishes appropriations for each fund. There are no legal requirements that the District stay within the amount appropriated. Appropriations lapse at the end of the fiscal year.

The District may change the budget throughout the year by a resolution of the Board of Directors. The budget was not changed.

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Budgetary Comparison Schedule

## For the Fiscal Year Ended December 31, 2021

Variance With

Final Budget

Budgeted Amounts Actual Favorable

Original Final Amounts (Unfavorable)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| REVENUES |  |  |  |  |  |
| Billings, current year | $ 1,145,668 | $ 1, 145,668 | $ 1,164,590 |  | 18,922 |
| Water user late fees | 9, 000 | 9,000 | 9,045 |  | 45 |
| Frost protection | 4,194 | 4, 194 | 3,581 |  | (613) |
| Eamings on investments | 8,500 | 8,500 | 3,861 |  | (4,639) |
| Late payment charges - interest | 10, 000 | 10,000 | 18,980 |  | 8,980 |
| Joint system charges | 25,000 | 25,000 | 23,529 |  | (1 ,471) |
| Labor and material | 500 | 500 |  |  | (500) |
| Lien search, title transfers | 59,000 | 59,000 | 64,309 |  | 5, 309 |
| Miscellaneous | 4, 797 | 4, 797 | 10,709 |  | 5,912 |

|  |  |
| --- | --- |
|  | 31,945 |
|  | 116,938  (18,541)  424  905  2,500 |
|  | 102,226 |
|  | 134,171 |
|  | 91,174 |
|  | 225,345  59,739 |
| $ | 285,084 |

|  |  |  |
| --- | --- | --- |
|  |  | 91,174 |
| 23,317  369,348 | 22,843  369,348  392, 191 | 248, 188  429,087 |
| 392,665 | 677,275 |

Total revenues 1,298,604

EXPENDITURES

Provide water for irrigation

Current

Administration 765,181 765, 181 648,243

Operation and maintenance 395,657 395,657 414, 198

Equipment maintenance 43,300 43,300 42,876

Debt service

Principal 36,704 36,704 35,799

Interest and fees 474 474

Capital Outlay 2,500 2, 500

Total expenditures 1,243,342 1,243,816 1,141,590

Excess (deficiency) of revenues over expenditures 23,317 22,843 157,014

TRANSFERS

Transfer in/(out)

Net changes in fund balances

FUND BALANCES

Beginning of the year

End of the year

Detail to Budgetary Comparison Schedules — Budget and Actual

## For the Year Ended December 31, 2021

Variance With

Final Budget

Budgeted Amounts Actual Favorable

Original Final Amounts (Unfavorable)

ADMINISTRATION

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Directors' fees and expenses | 1,500 | 1 , 500 | 1,050 | 450 |
| Manager and foreman salaries | 132,941 | 132,941 | 111,392 | 21,549 |
| Ofte salaries | 137,664 | 137,664 | 89,065 | 48, 599 |
| Legal and accounting | 64,700 |  | 38,528 | 26, 172 |
| Insurance | 45,500 | 45,500 | 46, 192 | (692) |
| Social Security | 44, 356 | 44,356 | 48,302 | (3, 946) |
| Retirement | 105,391 | 105,391 | 104,550 | 841 |
| Industrial accident insurance | 12,206 | 12,206 | 15,861 | (3,655) |
| Health insurance | 133,838 | 133,838 | 117,484 | 16,354 |
| Offce and postage | 7,600 | 7,600 | 4,721 | 2,879 |
| Utilities | 13,745 | 13,745 | 9,962 | 3, 783 |
| Telephone | 13,500 | 13,500 | 9,045 | 4,455 |
| Computer expenses | 12,000 | 12, 000 | 14,993 | (2, 993) |
| Copier rental | 3,060 | 3,060 | 3,458 | (398) |
| Memberships and licenses | 11,000 | 11,000 | 11,997 | (997) |
| Recording fees | 4, 000 | 4,000 | 2,622 | 1,378 |
| Ofice maintenance | 4, 800 | 4,800 | 3, 144 | 1,656 |
| Meetings and training | 2,600 | 2, 600 | 2,405 | 195 |
| Consultant | 12, 000 | 12, 000 | 12,000 |  |
| Water right transfer fees | 1,000 | 1,000 |  | 1,000 |
| Miscellaneous | 1,780 | 1,780 | I ,472 | 308 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 765,181 | 765, 181 | 648,243 | 116,938 |

Total administration

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| OPERATION AND MAINTENANCE |  |  |  |  |
| Supplies | 1,100 | 1,100 | 3, 124 | (2, 024) |
| Joint system expense | 8,716 | 8,716 |  | 8,716 |
| Above the drop expense | 5,400 | 5,400 | 6,162 | (762) |
| Talent system expense | 36, 128 | 36, 128 | 44, 840 | (8,712) |
| Crew salaries | 309,206 | 309,206 | 311,002 | (1 , 796) |
| State watermaster | 2,000 | 2,000 | 2,000 |  |
| Small tools | 1,000 | 1,000 | 535 | 465 |
| Safety expense | 1,700 | 1,700 | 1,026 | 674 |
| System maintenance and repair | 18,400 | 18,400 | 36,412 | (18,012) |
| GIS license renewal | 7,000 | 7,000 |  | 2,860 |
| BOR expenses | 5,007 | 5,007 | 4, 957 | 50 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| $ | 395,657 | 395,657 | 414, 198 | (18,541) |

Total operation and maintenance

Detail to Budgetary Comparison Schedules — Budget and Actual (Continued) For the Year Ended December 31, 2021

Variance With

Final Budget

Budgeted Amounts Actual Favorable

Original Final Amounts (Unfavora ble)

EQUIPMENT OPERATION

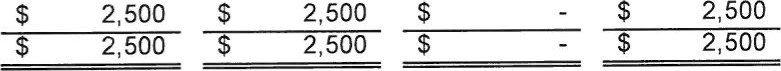
|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Gas, oil, and lube | 33,000 | 33,000 | 30,022 | 2,978 |
| Repairs | 8,500 | 8,500 | 9,677 | (1 , 177) |
| Leases | 800 | 800 | 1 ,460 | (660) |
| Miscellaneous | 1 , 000 | 1,000 | 1,717 | (717) |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 43,300 | 43,300 | 42,876 | 424 |

Total equipment operation

CAPITAL OUTLAY

Equipment



2,500

Total capital outlay

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| DEBT SERVICE  Ford lease/purchase |  |  |  |  |
| Interest |  |  | 410 | (410) |
| principal | 7,294 | 7,294 | 6,884  64 | 410  (64) |
| Bureau of Reclamation | 29,410 | 29,410 | 28,915 | 495 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 36,704 | 36, 704 | 36,273 | 431 |

Total debt service

Schedule Combining the Balance Sheets of the General Fund and the Special Revenue Fund December 31, 2021

## Special

General Revenue

### Fund Fund T otal

## ASSETS

|  |  |  |
| --- | --- | --- |
| Cash and cash equivalents | 698,566 | 698,566 |
| Irrigation charges receivable | 107,790 | 107,790 |

Prepaids 14,800 14,800

Total assets 821,156 821,156

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| LIABILITIES |  |  |  |  |
| Accounts payable | 44,869 |  |  | 44,869 |
| Payroll liabilities | 24,764 |  |  | 24,764 |

Deferred revenues 74,248 74,248 Total liabilities 143,881 143,881

|  |  |  |
| --- | --- | --- |
| FUND BALANCES |  |  |
| Assigned for emergencies | 50,000 | 50,000 |

Unassigned 627,275627,275 Total fund balances 677,275 677,275

Total liabilities and fund balances Schedule Combining the Revenues, Expenditures, and Changes of Fund Balances of the

General Fund and the Special Revenue Fund For the Year Ended December 31, 2021

Special

REVENUES

Billings, current year

Water user late fees

Frost protection

Eamings on imestments

Late payment charges - interest

Joint system charges

Labor and material

Lien search, title transfers

BOR grant

Equipment rents - grants

Miscellaneous

Total revenues

EXPENDITURES

Provide water for irrigation Current

Administration

Operation and maintenance

Equipment maintenance Debt seruce principal

Interest and fees

Capital Outlay

Total expenditures

Excess (deficiency) of revenues over expenditures

TRANSFERS

Transfer in/(out)

Net changes in fund balances

FUND BALANCES

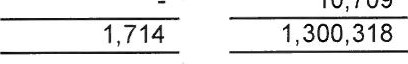
Beginning of the year

End of the year

|  |  |  |
| --- | --- | --- |
| $ 1,164,590 |  | 1,164,590 |
| 9,045 |  | 9,045 |
| 3,581 |  | 3,581 |
| 3,861 | 1,714 | 5,575 |
| 18,980 |  | 18,980 |
| 23,529 |  | 23,529 |
| 64,309 |  | 64,309 |

|  |  |  |
| --- | --- | --- |
| General | Revenue |  |
| Fund | Fund | Total |

10,709



10,709

1,298,604

|  |  |
| --- | --- |
| 648,243 | 648,243 |
| 414, 198 | 414,198 |
| 42,876 | 42,876 |
| 35,799 | 35, 799 |
| 474 | 474 |

1, 141 , 590 



157 ,



158,728

91,174



(91

,

174)



248,188 (89,460) 158, 728

 429,087 89,460



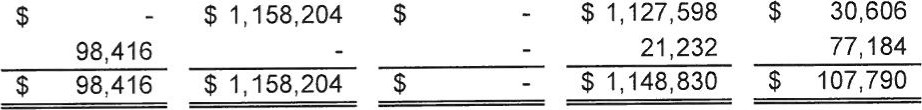
518,547

 677,275

Schedule of Irrigation Charge Transactions

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | Adjustments |  |  |
| Ba la nce | Current | Increase | Total | Balance |
| 1/1/21 | Charges | (Decrease) | Collections | 12/31/21 |

### For the Year Ended December 31, 2021

Current year

Prior years

|  |  |
| --- | --- |
| Deferred revenue, |  |
| Irrigation charges January 1, 2021 | 80,634 |
| Increase (decrease) in irrigation charges receivable  Deferred revenue, | 9,374 |
| Irrigation charges, December 31, 2021 | (74, 248) |

|  |  |  |  |
| --- | --- | --- | --- |
| Total revenue  Acreage Charges 2021 |  |  |  |
| 12,355 acres @ $77 per acre | $ | 951,354 |  |
| 1,379 tax lots @ $150 per tax lot |  | 206,850 |  |

Totals

$ 1,158,204



Acreage charges on land tracts less than one acre are charged as one acre.

# REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS



## RICHARD W. BREWSTER, CPA, PC



CERTIFIED PUBLIC ACCOUNTANT 670 SUPERIOR COURT, #106

MEDFORD, OREGON 97504 (541) 773-1885 • FAX (541) 770-1430 www.rwbrewstercpa.com

Independent Auditor's Report

Required by Oregon State Regulations

Board of Directors

Medford Irrigation District

### P.O. Box 70

Jacksonville, OR 97530

I have audited the basic financial statements of Medford Irrigation District as of and for the year ended December 31, 2021, and have issued my report thereon dated July 7, 2022. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

#### Compliance

As part of obtaining reasonable assurance about whether Medford Irrigation District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

I performed procedures to the extent I considered necessary to address the required comments and disclosures which included, but were not limited to the following:

* Deposit of public funds with financial institutions (ORS Chapter 295).
* Indebtedness limitations, restrictions and repayment.
* Insurance and fidelity bonds in force or required by law.
* Programs funded from outside sources.
* Authorized investment of surplus funds (ORS Chapter 294).
* Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with my testing nothing came to my attention that caused me to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

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#### OAR 162-10-0230 Internal Control

In planning and performing my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting. However, I did in a letter dated July 7, 2022, make recommendations to management to improve the accounting records or improve the internal control system.

This report is intended solely for the information and use of the board of directors and management of Medford Irrigation District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Richar W. Brewster

Certified Public Accountant

July 7, 2022

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## RICHARD W. BREWSTER, CPA, PC



CERTIFIED PUBLIC ACCOUNTANT 670 SUPERIOR COURT, #106

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Board of Directors

Medford Irrigation District

5045 Jacksonville Hwy

Jacksonville, OR 97530

In planning and performing my audit of the financial statements of the governmental activities and the major fund of Medford Irrigation District as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, I considered Medford Irrigation 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, I identified certain deficiencies in internal control that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies.

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. I consider the following deficiencies in internal control to be material weaknesses:

Internal Controls

The internal control policy has not been updated since 2010. As noted in the prior Plan of Action, policies and procedures should be reviewed and updated.

Employees are not being evaluated on an annual basis. It is recommended adding annual employee evaluations to the personnel policy.

Reporting Requirements

The District has a reporting requirement to the State of Oregon on June 30th of each year. For the past two years, the District has not been ready for the audit process until sometime in June. The audit process itself usually takes approximately 6 weeks between the planning process, field testing, and report writing and review. The District needs to make this reporting timeline a priority in future years.



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### Plan of Action

The Plan of Action submitted to the Oregon Secretary of State Audits Division on November 22, 2021 , is still in process. The District did hire an outside bookkeeper who reconciled Accounts Receivable and Accounts Payable. The Bookkeeper took over in the fall of 2021 when the District's Accountant passed away. Because of this unsettled time, the District did not give the bookkeeper direct instruction to complete the full reconciliation process.

### Payroll

It was noted before the outside bookkeeper took over payroll, there were duplicate payments to the U.S. Treasury to pay payroll taxes. These amounts have been adjusted.

Direct deposit for payroll took effect for the December 2021 payroll and things went smoothly. We applaud the District, in conjunction with the outside bookkeeper, to make this happen.

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. I consider the following deficiencies in the District's internal control to be significant deficiencies.

### Segregation of Duties

Prior Year Comment-Segregation of Duties

The goal of segregating duties is to have the following functions performed by different individuals: execution of transactions, recording transactions, custody of assets, and periodic reconciliation of existing assets to recorded amounts. As noted above, it is recommended to outsource payroll and use direct deposit as one way of facilitating segregation of duties. The revised Internal Control policy should address the goals stated above to utilize staff to reduce the risk of financial statement misstatement.

Current Year Comment-Segregation of Duties

The District did hire an outside bookkeeper to assist in the segregation of duties. The bookkeeper, for the year ended 2021 was instrumental in getting the District on direct deposit for payroll, ensuring accuracy of payroll posting amounts, and reconciling the required payroll reports. She was also instrumental in postings for Accounts Payable and Accounts Receivable. Before the bookkeeper was hired, many of the District's accounts were done in-house. Those reconciliations were not done, nor were they complete.

Financial Statement Preparation

Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the notes to financial statements, in conformity with U.S. generally accepted accounting principles (GAAP). The District does not have a system of internal controls that would enable management to conclude the financial statements and the related disclosures are complete and presented in accordance with GAAP. As such, management requested that I prepare a draft of the financial statements, including the related footnote disclosures. The outsourcing of these services is not unusual in organizations of your size and is a result of management's cost benefit decision to use my accounting expertise rather than incurring this internal resource cost.



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### Accounting

Reconciliations of various trial balance accounts are not being completed. The audit process was delayed because we received an unreconciled trial balance on 5/4/22 for the year ended 12/31/21. After auditing several accounts, we asked various questions, to which the District sent a revised trial balance dated 6/6/22 for the year ended 12/31/21. The accounts that had audited using the trial balance dated 5/4/22 had not been reconciled with this trial balance. To stop the back and forth of questions via e-mail, we scheduled a face-to-face meeting with the District and the outside bookkeeper. At this meeting, the outside bookkeeper did not feel comfortable with changing anything the former District Accountant had done. Without the clear direction from District management, these accounts had not been cleared and reconciled. After talking with the District and the outside bookkeeper, the outside bookkeeper will be reconciling the various accounts going forward. After this audit process is complete, the QuickBooks file will be locked to prevent changes to the year under audit. It is recommended the District specifically outline duties to the outside bookkeeper including reconciling various accounts, regardless of past processing, and bring them to the District Manager for review and sign off.

### Trial Balance

We were given three different trial balances for this year's audit process, one dated May 5, 2022, the next June 7, 2022, and the final one June 16, 2022. Each one these trial balances had to be reviewed in detail, which expended much more time than necessary for this audit process.

### Cash

On the first trial balance dated 5/4/22, the 12/31/21 bank reconciliation had outstanding checks dating back to 12/31/19 in the amount of $5,904.84 and deposits dating back to 3/31/21 in the amount of $815.02 that had not been cleared by the District's Accountant in QuickBooks. After asking questions on this reconciliation, the District made an entry and sent a new trial balance dated 6/6/22. However, the cash account did not change to reflect the items noted above. When asked about this, it seems a journal was done but posted to the wrong year, so it had to be deleted and we started over. The trial balance we received on 6/18/22 is the trial balance used as the post-closing trial balance for audit purposes. There is a net cash adjustment at year-end to increase cash in the amount of $5,089.82.

It was also noted in the December cash reconciliation that a series of checks cleared the bank that were not signed by the District's authorized signers. In reviewing this with the District's Manager, he was aware of this occurrence. The system of Internal Controls failed in this instance. The amount of the checks that cleared without the required number of signatures was $55,418.36.

#### Accounts Receivable

Accounts receivable back-up did not reconcile with the QuickBooks reports. Because there are two different systems (QuickBooks and Storm) this account needs to be reviewed and reconciled on a monthly basis. The net adjustment to Accounts Receivable was an increase of $13,805.

In the prior year, the District booked an A/R from RRVID for $7,800. In the current year under audit, the District received these funds, but the amount was booked to Miscellaneous Revenue. An adjustment was made to reverse the revenue account and reduce Accounts Receivable.

#### Fund Balance

One of the items that should be done after every audit cycle and in the closing of the books for year after adjustments, Fund Balance should be reconciled to the audited financial statements; the District's Accountant had completed this process in the past. However, that was not done for the current year and an adjustment was made for $2,531 to bring Fund Balance in line so we could start



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the audit process. We have discussed this with the outside bookkeeper, and she will be prepared to complete this closing process.

##### Other Comments and Recommendations

It is recommended to seek another CPA firm who performs Single Audits considering the District is pursuing financing with Rogue River Valley Irrigation District. This pursuit will cause the District to expend more than $750,000 in federal dollars. The threshold of $750,000 causes the requirement of a single audit which is a service we do not provide. We can, however, assist the District in preparing for the next annual audit.

#### Audit Assistance

I appreciated the assistance of Jack Friend, Tammi Flanakin, Dusk Perras, and the outside bookkeeper Christy Sandoval.

#### Audit Filing

This communication is intended solely for the information and use of management, the Board of Directors and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

This letter, although issued separately from the audit report, is considered by the Secretary of State's Division of Audits to be an integral part of the financial report. The Secretary of State has asked that the District develop a plan of action to address these various comments and send your board approved written Plan of Action to them within 30 days. I would also appreciate your written comments and Plan of Action.

I would be pleased to discuss the matters reported or to answer any questions you may have at your convenience. I am also available to assist you in the implementation of any of my recommendations.

Sincerely,



Richard W. Brewster

Certified Public Accountant

