MEDFORD IRRIGATION DISTRICT

AUDIT REPORT

For the Year Ended

December 31, 2020

RICHARD W. BREWSTER, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT

MEDFORD



MEDFORD IRRIGATION DISTRICT

During the Year Ended December 31, 2020

# ELECTED BOARD OF DIRECTORS

Term

|  |  |  |
| --- | --- | --- |
|  | Expires | Address |
| Dave Urton | 12/31/2023 | 4287 Old stage Road |
| Chairman |  | Central Point, OR 97502 |
| Angelo Grestoni | 12/31/2023 | 3976 Bellinger Lane |
| Vice Chairman |  | PvEdford, OR 97501 |
| Sean Naumes | 12/31/2023 | P.O. Box 996 |
| Director |  | B&dford, OR 97501 |
| Henry Vaninetti | 12/31/2021 | 3502 Britt Ave. |
| Director |  | PvEdford, OR 97501 |
| Dennis O'Donoghue | 12/31/2021 | 766 N,Eridian Road |
| Director |  | Eagle Point, OR 97524 |

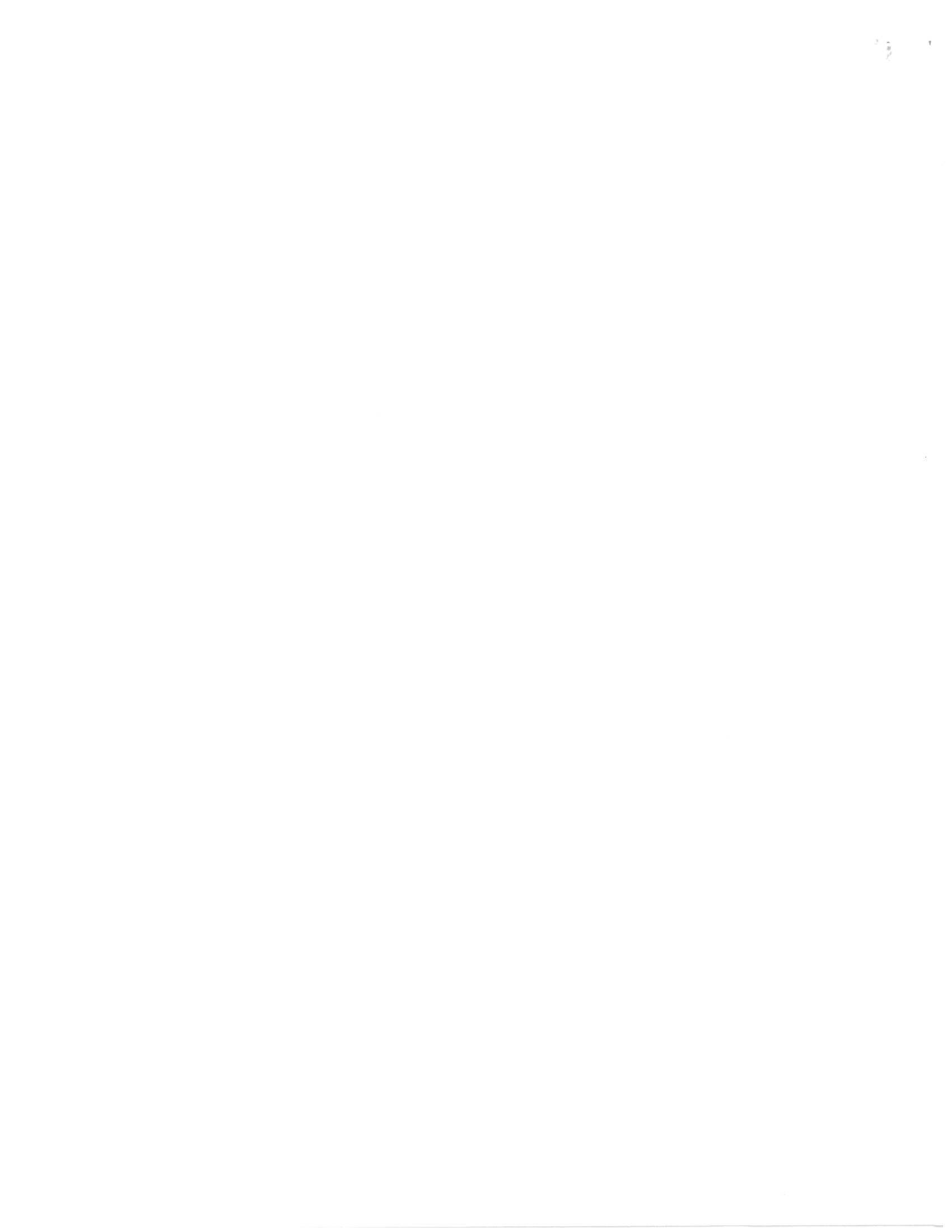
ADMINISTRATIVE PERSONNEL

|  |  |
| --- | --- |
| 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

tvédford Irrigation District 5045 Jacksonville Hwy.

Jacksonville, OR 97530



MEDFORD IRRIGATION DISTRICT

For the Year Ended December 31, 2020

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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.Mbrewstercpa.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors

Medford Irrigation District

P.O. Box 70

Jacksonville, OR 97530

Report on the Financial Statements

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 , 2020, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

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, 2020, 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.



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.

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 October 10, 2021, 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 162-10-200 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

October 9, 2021

## -2-



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 the government's assets and liabilities. All 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.

2. DISTRICT AS A WHOLE

Government-Wide Financial Statements

A condensed version of the Statement of Net Position at December 31, 2020 and 2019, follows:

Table 1

Net Position

## Total

Pe rcentage Change

2020 2019 2019-2020

|  |  |  |  |
| --- | --- | --- | --- |
| Current and other assets | $ 631,133 | $ 570,892 | 10.55 % |
| Capital assets | 4,007 ,609 | 4, 152, 062 | (3.48) |

|  |  |
| --- | --- |
| 4,638,742 | 4, 722,954 |
| 408,197 | 229,071 |
| 32,362 | 773,970  30,822 |
| 1,108,718 | 804,792 |
| 115,492 | 164,237 |
| 3,942,897  (120,168) | 4,051 ,937  (68,941) |
| $ 3,822,729 | $ 3,982,996 |

Total assets(1.78)

Total deferred outf10',A.s of resources78.20

Long-term liabilities outstanding39.07

Other liabilities5.00

Total liabilities37.76

Total deferred inf10%ts of resources(29.68)

Net Position

Net investment in capital asset(2.69)

Unrestricted74.31

Total net position(4.02)

PERS pension increased deferred outflows from the prior year and was not offset by the pension decrease in inflows resulting in the negative unrestricted net position.

2. DISTRICT AS A WHOLE (Continued)

A condensed version of the Statement of Activities at December 31, 2020 and 2019 follows:

Table 2

Change in Net Position

## Total

Percentage Change

2020 2019 2019-2020

Revenues

Billings1,042,353 3.60 %

|  |  |  |  |
| --- | --- | --- | --- |
| Water user late fees | 10,125 | 10,093 | 0.32 |
| Frost protection | 4,194 | 4,400 | (4.68) |
| Earnings on investments | 12,130 | 21,783 | (44.31) |
| Late payment charges - interest | 15,532 | 16,361 | (5.07) |
| Joint system charges | 32,081 | 27,908 | 14.95 |
| Lien search, title transfers, water right sale: | 74,385 | 59,220 | 25.61 |
| Miscellaneous | 10,088 | 6,157 | 63.85 100.00 |

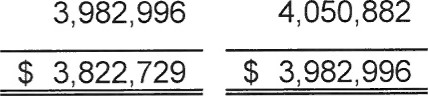
Sale of assets 737

|  |  |  |  |
| --- | --- | --- | --- |
| Expenses  Provide water for irrigation |  |  |  |
| Adm inistration | 810,672 | 691,009 | 17.32 |
| Operation and maintenance | 405,260 | 370,080 | 9.51 |
| Equipment maintenance | 37 ,886 | 55,816 | (32.12) |
| Depreciation | 144,453 | 139,197 | 3.78 |
| Interest and fees | 410 | 796 | (48.49) |

Total revenues  4.15

Total expenses 1,398,681 1,256,898 11.28

|  |  |  |  |
| --- | --- | --- | --- |
| Increase (decrease) in net position | (160,267) | (67,886) | 136.08 |

Net position - beginning of the year(1.68)

Net position - end of the year(4.02)

Water right sales revenue increased which was offset by the increase in administrative costs due to pension liabilities resulting in a decrease in net position.

1. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The total changes in fund balances for the years ended December 31, 2020 and 2019, follows:

Table 3

Changes in Fund Balances

General Fund

Fund balances December 31, 2019 457,700 Fund balances December 31, 2020 518,547

|  |  |
| --- | --- |
|  | 60,847 |

Change in fund balances

Fund balances were up this year, due largely to the District maintaining the expenses within the overall budgeted amounts and revenues received that were more than budgeted.

1. 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 | Actual | Variance |
| Administration 696,626 | 700,872 | (4,246) |
| Operation and maintenance 376,718 | 405,260 | (28,542) |
| Equipment operation 65,800 | 37,886 | 27,914 |
| Debt service 36,704 | 36,081 | 623 |
| Capital outlay 1,500 |  | 1,500 |

|  |  |
| --- | --- |
|  | (2,751) |

|  |  |
| --- | --- |
|  | 1,177,348 |

Totals$ 1 180,099

Administration expenses were under budgeted whereas the overall budget totals had minor variances.

1. CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2020, the District had invested $4,007,609 net of accumulated depreciation, in capital assets as reflected in the following table, which represents a net decrease (additions, disposals, and depreciation) of $144,453.

Table 5

Capital Assets (Net of Accumulated Depreciation)

Governmental Activities

|  |  |  |
| --- | --- | --- |
|  | 2020 | 2019 |
| Land | 83,926 | 83,926 |
| Automobiles and trucks | 83,597 | 102,866 |
| Machinery and equipment | 132,649 | 146,006 |
| Office equipment  Dams | 23,418 | 34,430 |
| Irrigation system | 1,238,373 | 1 ,278, 199 |
| Pipelines and siphons | 979,529 | 1 ,021 ,282 |
| Totals |  | |

The following table reconciles the change in capital assets. Additions include new vehicles and equipment. The reduction is for depreciation.

Table 6

Changes in Capital Assets

|  |  |  |
| --- | --- | --- |
|  | 2020 | 2019 |
| Beginning balance | 4, 152,062 | 4,227,156 |
| Additions |  | 64, 103 |
| Depreciation, current year | (144,453) | (139,197) |

Governmental Activities

|  |  |
| --- | --- |
|  | 4, 152,062 |

Totals 

1. CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Debt Outstanding

As of year-end, the District has $64,712 in long-term debt outstanding. The incurred debt is from a Bureau of Reclamation loan to acquire the irrigation system initially installed by the Bureau of Reclamation and a lease/purchase agreement for a truck acquired in 2017.

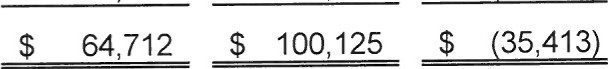
Table 7

Changes in Long-term Debt

2020 2019 Change

Ford lease/purchase  6,884 $ 13,382  (6,498)

Bureau of Reclamation 57,828 86,743 (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.

The District faces, on a daily basis, urbanization where once agriculture land existed. The District transferred a number of acres during 2020 for agricultural water rights. Water rights sold for $2,000 per acre for agricultural use.

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, Jacksonville, Oregon, 97530.

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BASIC FINANCIAL STATEMENTS



Statement of Net Position and Governmental Funds Balance Sheet

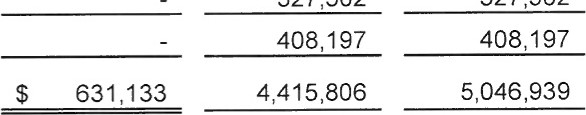
|  |  |  |
| --- | --- | --- |
|  |  | Statement |
| æneral |  | of |
| Fund | Adjustments | Net Pos ition |

|  |  |  |  |
| --- | --- | --- | --- |
| ASSETS |  |  |  |
| Cash and cash equivalents | 519,484 |  | 519,484 |
| Irrigation charges receivable | 98,421 |  | 98,421 |
| Other accounts receivable | 7,800 |  | 7 ,800 |
| Prepaids | 5,428 |  | 5,428 |
| Non-depreciable ass ets  Other assets, net of |  | 83,926 | 83,926 |
| accum ulated depreciation |  | 3,923,683 | 3,923,683 |
| Total assets | 631,133 | 4,007,609 | 4,638,742 |

December 31, 2020

DEFERRED OUTFLOWS OF RESOURCES

|  |  |
| --- | --- |
| Pension contributions after measurement date | 80,695 80,695  327 ,502 327,502 |

Deferred outflow related to PERS/OPEB

Total deferred outflows of resources 408,197 408,197

Total assets and deferred outflows of resources

|  |  |  |  |
| --- | --- | --- | --- |
| LIABILITIES |  |  |  |
| Accounts payable | 21 ,591 |  | 21 ,591 |
| Payroll liabilities | 10,361 |  | 10,361 |
| Accrued interest payable |  | 410 | 410 |
| Compensated absences |  | 84,801 | 84,801 |
| Net pension liability |  | 890,944 | 890,944 |
| Postemployment benefits  Noncurrent liabilities |  | 35,899 | 35,899 |
| Due within one year |  | 35,799 | 35,799 |
| 28,913 28,913 | | |

Due in more than one year

|  |  |  |  |
| --- | --- | --- | --- |
| DEFERRED INFLOWS OF RESOURCES |  |  |  |
| Unavailable revenue - irrigation charges and other | 80,634 | (80,634) |  |
| PERS/OPEB related deferred inflows |  | 115,492 | 1 15,492 |
| Total deferred inflows of resources | 80,634 | 34,858 | 1 15,492 |

Total liabilities 1,108,718

|  |  |  |
| --- | --- | --- |
| Assigned for debt repayment | 89,460 | (89,460) |
| Assigned for emergencies | 50,000 | (50,000) |
| Nonspendable | 5,428 | (5,428) |
| Unassigned | 373,659 | (373,659) |
| Total fund balance | 518,547 | (518,547) |

FUND BALANCE

|  |  |
| --- | --- |
|  | 631 ,133 |

|  |  |  |
| --- | --- | --- |
| NET POSITION |  |  |
| Net investment in capital assets | 3,942,897 | 3,942,897 |
| Unrestricted | (120,168) | (120, 168) |

Total liabilities, deferred inflows of resources, and fund balance

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | |  | 3,822,729 | | |  |  | | --- | --- | |  | 3,822,729 | |

Total net position

Reconciliation of the Balance Sheet of the Governmental Funds to the

Statement of Net Position

### December 31, 2020

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 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:  Non-depreciable assets |  | 83,926 |  | 518,547 |
| Other assets, net of accumulated depreciation |  | 3,923,683 |  | 4,007 ,609 |

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.

Net pension liability

Deferred inflows related to PERS

Pension contributions after the measurement date Deferred outflows related to PERS

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.

Compensated absences

Accrued interest

Postemployment benefits

Notes payable

Due within one year

Due in more than one year

Total net position of governmental activities

-10-

(890, 944)

(115,492)

80,695

327,502 (598,239)



80,634

(84,801)

(410)

(35,899)

(35,799)

(28,913)(185,822)



|  |  |
| --- | --- |
|  | 3,822,729 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Statement of Activities and Governmental Fund  Revenues, Expenditures, and Changes in Fund Balances  For the Year Ended December 31, 2020  Statement  General of  Fund Adjustments Activities  REVENUES   |  |  |  |  | | --- | --- | --- | --- | | General Revenues. |  |  |  | | Billings | 1,082,411 | (2, 532) | 1,079,879 | | Water user late fees | 10,125 |  | 10,125 | | Frost protection | 4, 194 |  | 4, 194 | | Earnings on investments | 12,130 |  | 12, 130 |   Late payment charges - interest 15,532 15,532  Joint system charges 32,081 32,081  Lien search, title transfers, water right sales 74, 385 74,385 |

M iscellaneous

Total revenues

EXPENDITURES/EXPENSES

Provide water for irrigation

Current

Administration

Operation and maintenance

Equipment maintenance

Depreciation Debt service principal

Interest

Total expenditures/expenses

Excess (deficiency) of revenues ox.er expenditures

Net change in fund balance

Change in net position

FUND BALANCE/NET POSITION

Beginning of the year

End of the year

10,088 10,088

|  |  |  |
| --- | --- | --- |
| 700,872 | 109, 800 | 810,672 |
| 405,260 |  | 405,260 |
| 37,886 |  | 37,886 |
|  | 144,453 | 144, 453 |
| 35,285 | (35,285) |  |
| 796 | (386) | 410 |

1 , 240, 946(2,532) 1,238,414



1,180,099 218, 582 1,398,681



|  |  |  |
| --- | --- | --- |
| 60,847 | (60,847) |  |
|  | (160,267) | (160,267) |
| 457,700 | 3,525,296 | 3,982,996 |

 60,847 (221 , 1 14)

|  |  |
| --- | --- |
|  | 518,547 |

3, 304, 182 3,822, 729

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, 2020

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

Change in fund balances (deficit) of governmental funds  60,847

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.

|  |  |
| --- | --- |
|  | (2,532) |

Irrigation charges

(2,532)

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 (144,453)

(144,453)

Repayment of principal is an expenditure in the governmental

|  |  |  |
| --- | --- | --- |
| funds, but the repayment reduces long-term liabilities in the Statement of Net Position. |  |  |
| 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. | 35,285 | 35,285 |
| Postemployment benefits | (17,299) |  |
| Compensated absences | 2,532 |  |
| Various transactions accounting for pension accruals | (95,033)(109,414) | |

Change in net position of governmental activities 

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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 12,163 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.

This fund is funded with transfers from the General Fund and does not meet GASB 54's definition of Special Revenue Funds. Therefore, this fund has been included with 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, 2020, 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 |
| Machinery 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.

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 Districts long term debt consists of a general obligation with the United States Bureau of Reclamation and a truck lease-purchase with Ford.

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.

1. 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 , 2020.

1. DETAILED NOTES ON ALL FUNDS

POOLED DEPOSITS AND INVESTMENTS

Cash, cash equivalents, and investments were comprised of the following at December 31, 2020:

General Fund

|  |  |
| --- | --- |
| Cash on hand | 200 |
| Cash in bank | 9,431 |
| Deposits with State Pool | 509,853 |
| Total cash and cash equivalents | 519,484 |

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, 2020, the District's deposits had a bank value of $16,284. 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, 2020, 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.

Other Accounts Receivable

The line item is due from Rogue River Valley Irrigation District for Joint Works described on page 24.

CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended December 31 , 2020, 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

1/1/20 Increases Decreases 12/31/20



### $ 83,926 $ 83,926

83,92683,926

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

|  |  |  |
| --- | --- | --- |
| 122,254 | 19,269 | 141 ,523 |
| 315,412 | 13,357 | 328, 769 |
| 135,641 | 11,012 | 146,653 |
| 69,516 |  | 69,516 |
| 415,316 | 19,236 | 434,552 |
| 2,902,419 | 39,826 | 2,942,245 |
| 794,824 | 41 , | 836,577 |

180,618 4,



753



4,

180,618

144,453 4,899 835



4,755,382

$4,152,062 

## 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, 2020, 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



115,492

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | |  | 80,634 | | |  |  | | --- | --- | |  | 115,492 | |

Totals

COMPENSATED ABSENCES

|  |  |  |  |
| --- | --- | --- | --- |
| Balance |  |  | Balance |
| 1/1/20 | Increases | Decreases | 12/31/20 |



|  |  |
| --- | --- |
|  | 36,874 |

|  |  |
| --- | --- |
|  | 84 801 |

Compensated absences $ 82,320$ (34,393)

LONG-TERM DEBT

The District is not statutorily subject to a debt limit.

The District is purchasing an irrigation system from the Bureau of Reclamation (BOR). 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%. The payments are scheduled to end February 2021. This loan is secured by the vehicle.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Balance |  |  | Balance | Due Within |
| Jan. 1, 2020 | Increase | Decrease | Dec. 31, 2020 | One Year |

The District's long-term debt on December 31, 2020, consisted of the following:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Ford Lease/Purchase | 13,382 | 6,498 | 6,884 |  | 6,884 |
| of Reclamation |  | 28,915 | 57,828 |  | 28,915 |

Bureau 86,743

|  |  |
| --- | --- |
|  | 35, 799 |

Total 

Future maturities of long-term debt are as follows:

BOR Loan Ford Lease/Purchase Total



Principal Interest Principal Interest Principal Interest

Year ending

December 31 ,

1. $ 28,915 6,884 410  35,799  410
2. 28,913  28,913

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | |  | 57,828 | | |  |  | | --- | --- | |  | 6,884 | | |  |  | | --- | --- | |  | 410 | | |  |  | | --- | --- | |  | 64,712 | | |  |  | | --- | --- | |  | 410 | |

Total 

Non-spendable Funds

Non-spendable funds are the total of the District's prepaid expenses as of December 31 , 2020.

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 , 2020, 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/2020-CAFR.pdf

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.

## 2. 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 2020 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.

3. 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 PES 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, 2017, actuarial valuation. The rates are based on a percentage of payroll and became effective July 01, 2019. Employer contributions for the year ended December 31, 2020, were $105,523. The rates in effect for 2020 were 22.29 percent for Tier One/Tier Two General Service Member, and 15.52 percent for OPSRP Pension Program General Service Members, and 6 percent for OPSRP Individual Account Program. Net employer contribution rates will increase July 1, 2021 through June 30, 2023 to 23.13 percent, 18.82 percent respectively.

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

At December 31, 2020, the District reported a liability of $890,944 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to June 30, 2020. 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, 2020, the District's proportion was .00408251 percent, which was changed from its proportion measured as of June 30, 2019 at .00328318%.

For the year ended December 31, 2020, the District recognized pension expense of $200,678. At December 31 , 2020, 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 |  | 39,212 |  |
| Changes in assumptions  Net difference between projected and actual earnings on |  | 47,814 | 1 ,675 |
| investments |  | 104,763 |  |
| Changes in proportionate shares  Differences between employer contributions and employer |  | 130,278 | 90,215 |
| proportionate share of contributions |  | 5,435 | 23,602 |

|  |  |
| --- | --- |
|  | 115,492 |
| $ | 115 492 |

|  |  |
| --- | --- |
|  | 327 , 502  80,695 |
| $ | 408,197 |

Subtotal

District contributions subsequent to the measurement date

Net Deferred Outflow (Inflow) of Resources

Deferred outflows of resources related to pensions of $80,695 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  Year ended June 30: | of Resources |
| 2021 | 32,535 |
| 2022 | 46,058 |
| 2023 | 71 ,470 |
| 2024 | 55,969 |
| 2025  Thereafter | 5,978 |
| Total | 212,010 |

## Actuarial assumptions

The employer contribution rates effective July 1, 2019, through June 30, 2021 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 eriod with new unfunded actuarial accrued liabilities bein amortized over 16 ears.

|  |  |  |
| --- | --- | --- |
| Valuation Date | December 31, 2018 | |
| Measurement date | June 30, 2020 | |
| Ex erience Stud Re ort | 2018, | ubiished Jul 24, 2019 |
| Actuarial Cost B&thod | Ent e Normal | |

Actuarial Assumptions:

|  |  |  |
| --- | --- | --- |
| Inflation | 2.50 | ercent |
| Discount Rate | 7.20 | ercent |
| Investment rate of return | 7.20 | ercent |
| Cost of livin ad•ustments | Blend of 2.00% COLA and graded COLA  in accordance with tvbro decision; blend based service. | |
| Pro•ected Sala Increases | 3.50 ercent overall a roll rowth | |
| Mortality | Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sexdistinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.  Active B&mbers: 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 July 2017 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 | 9.60% | 4.07% |
| Short-Term Bonds | 9.60% | 3.68% |
| Bank/Leveraged Loans | 3.60% | 5.19% |
| High Yield Bonds | 1.20% | 5.74% |
| Large/Mid Cap US Equities | 16.17% | 6.30% |
| Small Cap US Equities | 1.35% | 6.68% |
| Micro Cap US Equities | 1.35% | 6.79% |
| Developed Foreign Equities | 13.48% | 6.91% |
| Emerging Market Equities | 4.24% | 7.69% |
| Non-US Small Cap Equities | 1.92% | 7.25% |
| Private Equities | 17.50% | 8.33% |
| Real Estate (Property) | 10.00% | 5.55% |
| Real Estate (REITS) | 2.50% | 6.69% |
| Hedge Fund of Funds - Diversified | 1.50% | 4.06% |
| Hedge Fund - Event Driven | 0.38% | 5.59% |
| Timber | 1.12% | 5.61% |
| Farmland | 1.12% | 6.12% |
| Infrastructure | 2.25% | 6.67% |
| Commodities | 1.12% | 3.79% |

### 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 7.20 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.

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 7.20 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 (6.20 percent) or I-percentage-point higher (8.20 percent) than the current rate:

1% Discount

### Decrease Rate Increase

(6.20%) (7.20%) (8.20%)

District's proportionate share of the net pension liability (asset) $ 1,322,978 $ 890,944 $ 528,663

## 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.

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, 2019, PERS employers contributed .07 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. PERS employers contributed .43 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, 2020 and there were 47,61 1 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.oreqon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf

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

At June 30, 2020 the District had a total OPEB asset of $3,703 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, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018, rolled fomard to June 30, 2020. 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, 2020, the District's proportionate share was .00181741 percent which is an increase from its proportion of .00387146 percent as of June 30, 2019

At June 30, 2020, the District had deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

Deferred Deferred

Outflovvs of Inflows of

### Resources Resources

Differences bewveen expected and actual experience 379 Changes in assumptions 197

Net difference between projected and actual earnings on investments 412

Changes in proportionate shares 2,094 260

Differences between employer contributions and employer proportionate share of contributions

Total (prior to post-MD Contributions) 2,506 836

District contributions subsequent to the measurement date



59

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | |  | 2,565 | | |  |  | | --- | --- | |  | 836 | |

Net Deferred Outflow (Inflow) of Resources

Deferred outflows resources related to OPEB of $59 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, 2021. 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. 495
2. 894
3. 152
4. 130
5. Thereafter 

|  |  |
| --- | --- |
|  | 1 ,670 |

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 7.20 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. The assumptions are identical to the ones presented on page 29 for PERS system.

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 7.20 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 7.20 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 (6.20 percent) or I-percentage-point higher (8.20 percent) than the current rate:

Discount 1%

Decrease Rate Increase

(6.20%) (7.20%) (8.20%)

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 01, 2019, there were 10 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 $35,899 as of June 30, 2020, was determined using the date of the latest actuarial valuation of July 01 , 2019.

The following table shows the components of the District's annual OPEB liability for the fiscal year ended June 30, 2020.

Increase (Decrease)

|  |  |  |
| --- | --- | --- |
| Balance as of June 30, 2019  Changes for the year: |  | 23,613 |
| Service Cost |  | ,247 |
| Interest on total OPEB liability  Effect of changes to benefit terms  Effect of economic/demographic |  | 956 |
| gains or losses |  | 530 |
| Effect of assumptions changes |  | 9,875 |
| Projected benefit payments |  | (322) |

### Total OPEB Liabili

|  |  |
| --- | --- |
|  | 35,899 |

Balance as of June 30, 2020

Changes in assumptions are the result of the change in the discount rate from 3.87 percent to 3.50 percent.

For the year ended December 31, 2019, the District recognized OPEB expense of $12,286. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  |  |
| --- | --- |
| of Resources  Differences between expected and actual | of Resources |
| experience | 471 |
| Changes of assumptions (1 ,461) | 8,778 |
| Benefit payments | 233 |

Deferred Outflows Deferred Inflows

|  |  |
| --- | --- |
|  | 9,482 |

Net Deferred Outflow of Resources $ (1 ,461)

|  |  |
| --- | --- |
| Employer subsequent | Deferred Outflow/(lnflow) |
| fiscal years  Years ended June 30: | of Resources |
| 2021 | 907 |
| 2022 | 907 |
| 2023 | 907 |
| 2024 | 907 |
| 2025 | 907 |
| Thereafter | 3,253 |

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

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 3.87 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 Rate Increase

(2.87%)(3.50%) (4.87%)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | |  | 39, 196 | | |  |  | | --- | --- | |  | 35,899 | | |  |  | | --- | --- | |  | 32,871 | |

Total OBEB liability on June 30, 2020

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

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

Current

Health care tre n d 1%

Decrease rates Increase

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| |  |  |  | | --- | --- | --- | |  | 31,461 | 35, 899 | | |  |  | | --- | --- | |  | 41 , 296 | |

Total OBEB liability on June 30, 2020

Actuarial Assumptions and Other Inputs

The total OPEB liability of $35,899 and the components of OPEB expenses as of June 30, 2020, were determined using the valuation date of July 01, 2019. Significant actuarial assumptions used in the valuation included:

|  |  |  |
| --- | --- | --- |
| Valuation Date | Jul 01, 2019 rolled forward to measurement date | |
| B&asurement date | June 30, 2020 | |
| Actuarial Cost NIEthod | Ent a e normal | |
| Actuarial Assumptions: |  | |
| Discount rate | 3.50 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.

4. OTHER INFORMATION (Continued)

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 $48,092 of legal costs for the fiscal year ended December 31, 2020 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.

OTHER INFORMATION (Continued)

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 Use 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 31 st 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.

4. OTHER INFORMATION (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 $975.

SUBSEQUENT EVENTS

The District evaluated subsequent events as of October 9, 2021 , which is the date of the audit report. The audit report was available to be issued on October 13, 2021, one week after the completion of the audit report.

REQUIRED SUPPLEMENTARY INFORMATION



Notes to Required Pension Schedules

### For the Fiscal Year Ended December 31, 2020

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, which was published on July 24, 2019. The report can be found at https://www.oregon.qov/pers/Documents/Exp Studv 2018.pdf

Changes in Plan Provisions

There were no key changes implemented with the December 31, 2018, 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, 2018, actuarial valuation.

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

For the Last Fiscal Year

(b/c)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  | proportionate fiduciary share of the net position |
|  | District's | District's |  | net pension as a |
|  | proportion | proportionate | (c) | liability (asset) percentage |
| 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 |

 District's Plan

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| 2015 | 0.00530186% |  | 304,404 | $ 416,840 | 73.03% | 103.60% |
| 2016 | 0.00445394% |  | 668,640 | 330,977 | 202.02% | 91.88% |
| 2017 | 0.00492598% |  | 664,024 | 320,620 | 207.11% | 80.52% |
| 2018 | 0.00291555% |  | 441 , 667 | 322,907 | 136.78% | 83.10% |
| 2019 | 0.00328318% |  | 567,912 | 425,979 | 133.32% | 82.10% |
| 2020 | 0.40825100% |  | 890,944 | 463,060 | 192.40% | 75.80% |

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | 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 |

(b)

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% 2020 80,695 80,695  468,274 17.23%

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 Proportionate Share of Net PERS-RHIA OPEB (Asset)/ Liability

## For the Last Fiscal Year

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  | (b/c)  proportionate | Plan fiduciary |
|  | (a) | (b) |  | share of the | net position |
|  | Di<rict's | District's |  | net pension | asa |
|  | proportion | proportionate |  | liability (asset) | percentage |
| Year | of the net | share of the | Di<rict's | as a percentage | of the total |
| Ended | OPEB | net OPEB | covered | of its covered | OPEB |

 June 30, liability (asset) liability (asset) payrollpayrollliability

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2017 | 0.281351% | ($1 , 174) | $441,667 | -0.27% | 94.20% |
| 2018 | 0.297607% | (3,322) | 322,907 | -1.03% | 124.00% |
| 2019 | 0.387146% | (7,481) | 425,979 | -1.76% | 144.40% |
| 2020 | 0.001817% | (3,703) | 463,060 | -0.80% | 150.10% |

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 Contribution of the Net PERS-RHIA OPEB (Asset)/ Liability

For the Last Calendar Year

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | (b)  Contributions |  |  | (b/c) |
|  | (a) | in relation to |  |  | Contributions |
| Year | Statutorily | the statutorily | Contribution | District's | asa percent |
| Ended | required | required | deficiency | covered | of covered |

Dec 31, contribution contribution (excess) payrollpayroll



|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| 2017 | $1,473 | $1 ,473 | $0 | $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 |  | 468,274 | 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

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

|  |  |  |  |
| --- | --- | --- | --- |
| Year |  |  | percentage |
| Ended | Total OPEB | Covered | of covered |
| June 30, | liabilty | payroll | payroll |

TOL as a

1. $ 21,252 $ 441,667 4.81%
2. 22,173 322,907 6.87%
3. 23,613 425, 979 5.54%
4. 35,899 463,060 7.75%

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | Changes in |  |  |  |
| Year | TOL |  | Interest | economic |  | Projected |  |
| Ended | beginning | Service | on TOL | demographic | Cha nges of | benefit | TOL ending |
| June 30, | balance | costs | liability | (gain) or loss | assumptions | payments | ba la nce |
|  | | |

The Schedule of Changes in Total OPEB (Asset)/Liability 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

The amounts presented for each fiscal year were actuarially determined at June 30, 2017 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, 2020

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, 2020

Variance With

Final Budget

Budgeted AmountsActual Favorable



REVENUES

Billings, current year

Water user late fees

Billings and surcharges, prior years

Frost protection

Earnings on investments Late payment charges - interest

Joint system charges

Labor and material

Lien search, title transfers

Miscellaneous

Total revenues

EXPENDITURES

Provide water for irrigation Current

Administration

Operation and maintenance

Equipment maintenance

Debt service

Principal

Interest and fees

Capital Outlay

Total expenditures

Excess (deficiency) of revenues over expenditures

Net changes in fund balances

FUND BALANCES

Beginning of the year

End of the year

|  |  |  |  |
| --- | --- | --- | --- |
| $ 1,067,668 |  |  | 9, 701 |
| 8,000 | 8,000 | 10,125 | 2, 125 |
| 9,000 | 9,000 | 5, 042 | (3, 958) |
| 4,400 | 4,400 | 4,194 | (206) |
| 13,000 | 13, 000 | 8,254 | (4, 746) |
| 8,000 | 8,000 | 15,532 | 7,532 |
| 25,000 | 25, 000 | 32,081 | 7,081 |
| 500 | 500 |  | (500) |
| 53,000 | 53, 000 | 74,385 | 21,385 |
| 3,500 | 3,500 10,088 6, 588 | | |

 1,192,068 45,002

696,626 696,626 700,872 (4,246)

376,718 376,718 405,260 (28, 542)

65,800 65, 800 37,886 27,914

36, 704 36, 704 35,285 1,419

796 (796)

 1,500 1,500



1,500

1,177,348 (2,751)

14, 720 14, 720 56,971 42,251

|  |  |  |  |
| --- | --- | --- | --- |
| 14, 720 | 14,720 | 56,971 | 42,251 |
| 375, 898 | 375,898 | 372,116 | (3,782) |

|  |
| --- |
| 429,087 |

|  |
| --- |
| 390,618 |

|  |  |
| --- | --- |
|  | 390,618 |

38,469

Original Final Amounts (Unfavorable)

Detail to Budgetary Comparison Schedules — Budget and Actual For the Year Ended December 31, 2020

Variance With

Final Budget

Budgeted AmountsActua I Favorable

(Unfavorable)

525

16,028

3,093

(2, 709)

40

718

(27,843)

1 , 445

(5,224)

1 ,248

2,925

3,758

1,059

(654)

(937)

398

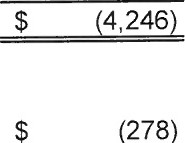
1 ,249

1,045

|  |  |
| --- | --- |
|  | 696,626 |

(1 ,200)

790



(278)

98

(658)

258

5,346

2,000

336

332

(31,063)

100

(5,013)

|  |  |
| --- | --- |
|  | 376,718 |

(28,542)

|  |  |  |  |
| --- | --- | --- | --- |
| Directors' fees and expenses | 1 ,500 | 1,500 | 975 |
| Manager and foreman salaries | 125,809 | 125,809 | 109,781 |
| Office salaries | 130, 306 | 130,306 | 130,306 |
| Legal and accounting | 51,000 | 51,000 | 47, 907 |
| Insurance | 42, 500 | 42, 500 | 45,209 |
| Sick time payout | 6,639 | 6,639 | 6,599 |
| Social Security | 42,746 | 42, 746 | 42,028 |
| Retirement | 77,674 | 77,674 | 105,517 |
| Industrial accident insurance | 13,390 | 13,390 | 11,945 |
| Health insurance | 114,331 | 114,331 | 119,555 |
| Offce and postage | 7,600 | 7,600 | 6,352 |
| Utilities | 13, 745 | 13, 745 | 10,820 |
| Telephone | 13,500 | 13,500 | 9, 742 |
| Computer expenses | 15,000 | 1 5, 000 | 13,941 |
| Copier rental | 2,256 | 2,256 | 2,910 |
| Memberships and licenses | 11,000 | 11,000 | 11,937 |
| Recording fees | 4,000 | 4,000 | 3,602 |
| Offce maintenance | 4,800 | 4,800 | 3,551 |
| Meetings and training | 3,100 | 3, 100 | 2,055 |
| Consultant | 12,000 | 12,000 | 12,000 |
| Water right transfer fees | 1,000 | 1 ,ooo | 2,200 |
| Miscellaneous | 2,730 | 2,730 | 1,940 |

ADMINISTRATION

|  |  |  |  |
| --- | --- | --- | --- |
| OPERATION AND MAINTENANCE |  |  |  |
| Supplies | 950 | 950 | 1,228 |
| Joint system expense | 8,716 | 8,716 | 8,618 |
| Above the drop expense | 5,300 | 5,300 | 5, 958 |
| Talent system expense | 35,078 | 35,078 | 34, 820 |
| Crew salaries | 296,022 | 296,022 | 290,676 |
| State watermaster | 2,000 | 2,000 | 0 |
| Small tools | 1,000 | 1,000 | 664 |
| Safety expense | 1,650 | 1,650 | 1,318 |
| System maintenance and repair | 14,050 | 14, 050 | 45,113 |
| GIS license renewal | 7,000 | 7,000 | 6,900 |
| BOR expenses | 4, 952 | 4,952 | 9, 965 |

 Total administration 696,626700,872

Original Final Amounts

Total operation and maintenance $ 376,718405,260

Detail to Budgetary Comparison Schedules — Budget and Actual (Continued) For the Year Ended December 31, 2020

Variance With

Final Budget

Budgeted Amounts Actua I Favorable

 Amounts (Unfavorable)

|  |  |
| --- | --- |
|  | 65,800 |

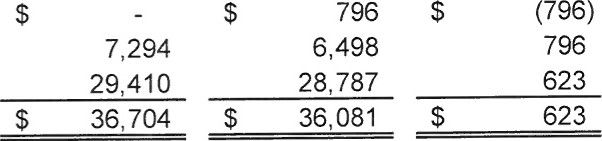
|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| EQUIPMENT OPERATION |  |  |  |  |  |
| Gas, oil, and lube |  | 33, 000 | 33, 000 | 28,804 | 4, 196 |
| Repairs |  | 31,000 | 31,000 | 7,539 | 23,461 |
|  |  | 800 | 800 | 513 | 287 |
| Miscellaneous |  | 1,000 | 1,000 | 1,030 | (30) |

Original Final

|  |
| --- |
| 1,500 |

|  |
| --- |
| 1,500 |

|  |  |  |  |
| --- | --- | --- | --- |
| CAPITAL OUTLAY  Vehicles |  |  |  |
| Equipment | 1,500 | 1 ,500 | 1,500 |

 Total equipment operation 65,80037,886

Total capital outlay

DEBT SERVICE

Ford lease/purchase

Interest

Principal 7,294

Bureau of Reclamation 29,410

Total debt service 36,704

Schedule Combining the Balance Sheets of the General Fund and the Special Revenue Fund December 31, 2020

Special

General Revenue

### Fund Fund T otal

## ASSETS

|  |  |
| --- | --- |
| Cash and cash equivalents | 430,024  89,460  519 |
| Irrigation charges receivable | 98,421 98,421  5,428 |

Prepaids 5,428

|  |  |  |  |
| --- | --- | --- | --- |
| LIABILITIES |  |  |  |
| Accounts payable | 21,591 |  | 21 ,591 |
| Payroll liabilities | 10,361 |  | 10,361 |
| Deferred revenues | 80,634 |  | 80,634 |
| Total liabilities  FUND BALANCES | 112,586 |  | 112,586 |
| Assigned for debt repayment |  | 89,460 | 89,460 |
| Assigned for emergencies | 50,000 |  | 50,000 |
| Unassigned | 379,087 |  | 379,087 |
| Total fund balances | 429,087 | 89,460 | 518,547 |

 Total assets 533,873 623,333

### Total liabilities and fund balances 541 ,673 89,460 631,133 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, 2020

Special

General Revenue

Fund Fund Total

|  |  |  |  |
| --- | --- | --- | --- |
| REVENUES |  |  |  |
| Billings, current year | $ 1,077,369 |  |  |
| Water user late fees | 10,125 |  | 10, 125 |
| Billings and surcharges, prior years | 5,042 |  | 5,042 |
| Frost protection | 4, 194 |  | 4, 194 |
| Earnings on investments | 8,254 | 3, 876 | 12,130 |
| Late payment charges - interest | 15,532 |  | 15, 532 |
| Joint system charges | 32,081 |  | 32,081 |
| Lien search, title transfers | 74,385 |  | 74, 385 |

Miscellaneous10,088 10,088

Total revenues 1,237,070

|  |  |  |
| --- | --- | --- |
| EXPENDITURES  Proüde water for irrigation Current |  |  |
| Administration | 700,872 | 700, 872 |
| Operation and maintenance | 405,260 | 405,260 |
| Equipment maintenance Debt service | 37,886 | 37,886 |
| Principal | 35,285 | 35,285 |
| Interest and fees | 796 | 796 |

Capital Outlay

|  |  |
| --- | --- |
| Excess (deficiency) of revenues |  |
| ox,er expenditures | 56,9713,87660, 847 |
| Net changes in fund balances  FUND BALANCES | 56,971 3,876 60, 847 |
| Beginning of the year | 372,116 85, 584 457,700 |
| End of the year | 429,087 89,460 518,547 |

Total expenditures

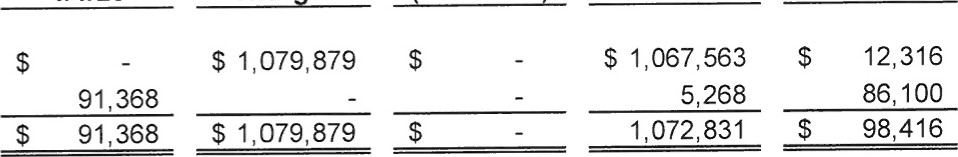
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Schedule of Irrigation Charge Transactions

#### For the Year Ended December 31, 2020

Adjustments

Tota I Balance



1/1/20

Charges

(Decrease)

Balance

Cu

rre

nt

Increase

Current

year

Prior

years

Totals

|  |  |
| --- | --- |
| Deferred re..enue, |  |
| Irrigation charges January 1, 2020 | 83, 166 |
| Increase (decrease) in irrigation charges receivable  Deferred revenue, | 7,048 |
| Irrigation charges, December 31, 2020 | (80, 634) |
| Total revenue | $ 1,082,411 |

 Collections 12/31/20

Acreage Charges 2020

12, 171 acres @ $77 per acre $ 941,679

1,382 tax lots @ $100 per tax lot 138,200



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

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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.Mbrewstercpa.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, 2020, and have issued my report thereon dated October 9, 2021. 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.

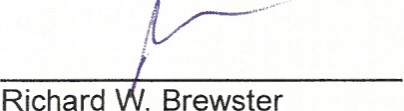
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## OAR 162-10-0230 Internal Control

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 October 9, 2021, 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.

Richard . Brewster

Certified Public Accountant

October 9, 2021

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November 11, 2021

Oregon Secretary of

State, Audits Division

255 Capitol St. NE, Suite

#500 Salem, OR 97310

### Plan of Action for Medford Irrigation District

Medford Irrigation District respectfully submits the following corrective action plan in response to deficiencies reported in our audit of the fiscal year ended December 31, 2020. The audit was completed by the independent auditing firm Richard W. Brewster, CPA, PC, and reported the deficiencies listed below. The plan of action was adopted by the governing body as indicated by the signatures below.

The deficiencies are listed below, including the adopted plan of action and the timeframe for each.

1. Deficiency #1 — Accounting
   1. Material Weakness:

Reconciliations of trial balance accounts are not being completed. The audit process was delayed because an outside bookkeeper had to be hired to complete the reconciliations. Payroll is completed in the office and as noted in last year's audit an incorrect percentage was input in QuickBooks, this time resulting in an incorrect collection for the state of Oregon Workers Benefit Fund.

* 1. Plan of Action:

The District has outsourced bookkeeping to maintain timely, and accurate accounting records. We have also outsourced payroll and are working towards the direct deposit.

* 1. Timeframe for implementation:

We have already hired the 3 rd party bookkeeper and plan to have direct deposit for payroll implemented in December 2021.

1. Plan of Action/lnternal Controls
   1. Material Weakness:

The Plan of Action submitted to the Oregon Secretary of State Audits Division on July 8, 2020, largely went unfulfilled. Two of the six items were addressed. Most of the deficiencies were found in the accounting department. The internal control policy has not been updated since 2010. Policies and



procedures should be reviewed and updated. Employees are not being evaluated on an annual basis. It is recommended to add annual employee evaluation to the personnel policy. Financial transactions for the manager, payroll or draws, should be signed by a board member.

* 1. Plan of Action:

The District is in the process of restructuring our accounting, internal controls/policies and procedures. We currently do not have an accountant or office manager on staff in-house. We have outsourced our bookkeeping during the audit process to help complete reconciliations. We are planning to keep the 3rd party bookkeeper's services and hire a new office administrator. During the hiring process, we intend to address the items and recommendations provided during the audit process. We will include annual employee evaluations in the personnel policy.

* 1. Timeframe of implementation:

We are already utilizing the 3rd party bookkeeping service for reconciliations, payables, and payroll. We will be posting the opening for a new office administrator and update our internal controls/policies and procedures in December 2021-January 2022. We plan to conduct employee evaluations in December 2021.

1. Segregation of Duties
   1. Significant deficiency:

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.

* 1. Timeframe of implementation:

As stated in the above recommendations, we have started this process. We will continue to finalize the Internal Control policy during December 2021 and January 2022.





Board Chair, print name Signature

District Manager, print name



ignature





97530

October 9, 2021

Richard W. Brewster, CPA, PC

670 Superior court, Suite 106

Medford, OR 97504

This representation letter is provided in connection with your audit of the financial statements of Medford Irrigation District, which comprise the respective financial position of the governmental activities, and each major fund as of December 31, 2020, and the respective changes in financial position and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 9, 2021 , the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 5, 2020, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting District.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.



1. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
2. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
3. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
4. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements. A list of uncorrected misstatements is attached to the representation letter.
5. Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

1. We have provided you with:
   1. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
   2. Additional information that you have requested from us for the purpose of the audit.
   3. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
   4. Minutes of the meetings of the District's Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any fraud or suspected fraud that affects the District and involves:
   * Management,
   * Employees who have significant roles in internal control, or
   * Others where the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
6. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
7. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
8. We have disclosed to you the names of the District's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

1. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
2. We have a process to track the status of audit findings and recommendations.



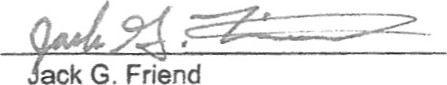
1. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
2. The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
3. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
4. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
5. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
6. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
7. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
8. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
9. As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for the financial statements and disclosures.
10. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except as made known to you.
11. The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
12. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.
13. All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
14. Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
15. Provisions for uncollectible receivables have been properly identified and recorded.



1. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
2. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
3. Intefund, internal, and intra-entity activity and balances have been appropriately classified and reported.
4. Deposits are properly classified as to risk and are properly disclosed.
5. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
6. We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
7. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
8. We acknowledge our responsibility for the Managemen?s Discussion and Analysis (MD&A). The MD&A is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the MD&A.
9. With respect to the supplementary information:
   1. We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
   2. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
10. We believe that the actuarial assumptions and methods used to measure pension liabilities and/or assets and costs for financial accounting purposes are appropriate in the circumstances.

Medford Irrigation District

Signature: Signature: 



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G.

Friend

Title:  Title: B-D. D.

