



4400 Hays Drive
Chowchilla, CA 93610
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**MEETING NOTICE AND AGENDA FOR THE SCHEDULED MEETING OF THE BOARD OF
DIRECTORS OF THE
TRIANGLE T WATER DISTRICT**

Alternate formats of this agenda will be made available upon request by qualified individuals with disabilities. Appropriate interpretive services for this meeting will be provided if feasible upon advance request by qualified individuals with disabilities. Please contact the Interim Agency Secretary at (209) 883-8374 for assistance and allow sufficient time to process and respond to your request.

PLEASE TAKE NOTICE that the scheduled meeting of the Board of Directors of the Triangle T Water District will be held on July 8, 2021 at 10:00 AM. VIA Teleconference due to COVID-19 restrictions;

Join Zoom Meeting

<https://us02web.zoom.us/j/87254449162?pwd=SFdTd0phTkJVRWx0SnE5YzZwTWRVZz09>

Meeting ID: 872 5444 9162

Passcode: 701742

One tap mobile

+16699006833,,87254449162#,,,,*701742#

Dial by your location

+1 669 900 6833

Meeting ID: 872 5444 9162

Passcode: 701742

1. ROLL CALL

2. PUBLIC COMMENT

Interested persons in the audience are welcome to introduce any topic within the Agency's jurisdiction. No action may be undertaken on any item not appearing on the posted agenda, except that the Board may briefly respond to the comments, refer the matter to staff, or request it be placed on a future agenda.

3. BOARD MEETING MINUTES – Sarah Woolf

a. **Action Item** - Consider Approval of meeting minutes of June 10, 2021.

4. **BUDGET** – Chase Hurley
 - a. **Action Item** - Review and Consider Approval of Accounts Payable and the Financial Report
 - b. **Action Item** - Board to review and consider approval of the FY2020 Financial Audit.
5. **WATER OPERATIONS** - Chase Hurley
 - a. Water Operations Update
 - b. **Action Item** – Consider Possible Approval of New Water Purchase
6. **2021 MITIGATION AGREEMENT** – Chase Hurley
7. **SIPHON PIPELINE EASEMENT UPDATE** – Sarah Woolf
8. **ANNEXATION UPDATE** – Sarah Woolf
 - a. **Action Item** – Consider Possible Action to Initiate the Annexation of identified lands and expanded Sphere of Influence
9. **APPROPRIATIVE WATER RIGHT UPDATE** – Sarah Woolf
10. **RED TOP LANDOWNER UPDATE** - Sarah Woolf
 - a. Next Meeting July 21, 2021 at 10AM
11. **OTHER BUSINESS**
12. **COMMENTS FROM THE BOARD**

Board Members may provide a brief report on notable topics of interest. The Brown Act does not allow discussion or action by the Legislative Body.
13. **CLOSED SESSION**
 - a. **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

(Gov. Code § 54956.8)
Property: Water Rights
Agency negotiator: Chase Hurley
Under negotiation: Price and terms
14. **ADJOURNMENT**



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**TRIANGLE T WATER DISTRICT
MINUTES OF THE REGULARLY SCHEDULED BOARD MEETING
June 10, 2021**

Those present at the meeting via Zoom teleconference included

Directors: Lucas Avila, Dirk Vlot, Jose Ochoa, Michael York, and Molly Thurman

Others: Sarah Woolf, Chase Hurley, Brad Samuelson, Julia Berry, Jason Littleton, Samantha Lopes, Chris Montoya – DWR, George Park, Daryl Azevedo, Mark Hutson

Roll Call

President Lucas Avila called the meeting to order at 10:31 AM and asked for a reading of the participant lists.

Public Comment:

There was no Public Comment

Minutes

Minutes from the Board Meetings of May 13, 2021 were reviewed. Director Dirk Vlot made a motion to approve the minutes and Director Molly Thurman seconded. Roll call was taken and the motion passed unanimously.

Budget

The accounts payable and financial report was reviewed by Chase Hurley. The board was informed that the Third Quarterly assessment will not be sent out until after the July Budget report. Director Molly Thurman made a motion to approve the accounts payable and budget report and seconded by Director Dirk Vlot. Roll call was taken and the motion passed unanimously.

Water Operations

Chase Hurley informed the board that there was nothing to report on the water operations at this time due to the very dry water year. Chase and Sarah Woolf continue to work with past partners to purchase water.

2021 Mitigation Agreement Pumping Thresholds

Chase Hurley informed the board that Water District Staff is working on the new Mitigation Agreement Negotiations on behalf of the district landowners and Cross Creek Farms.

Siphon Pipeline Easement Update

Sarah Woolf informed the board that the condemnation went before the court on June 3, 2021 and she will have an update on the outcome in July.

Annexation Update



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Sarah Woolf updated the board that results of the mitigation agreement discussions and ongoing Madera County GSA discussions the board will be in a position to recommend how to move forward with the pending annexation applications.

Appropriative Water Right (AWR)

Sarah Woolf informed the board that the Aliso Water District and Madera County are working on the joint CEQA document to minimize costs to everyone. Clayton Water District asked at their last board meeting to be included in all public relations efforts on the AWR. There are no PR efforts at this time.

Red Top Landowner Meeting

Sarah Woolf informed the board that she is working to set up a meeting in July.

Other Business

No other business was discussed.

Comments from the Board

No Comments

Closed Session

There was no closed session

Adjournment

Meeting was adjourned at 10:49 AM.

Secretary: Sarah Woolf

Triangle T Water District

PAYABLE LIST

June 11, 2021 - July 8, 2021

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Amount</u>	<u>Balance</u>
Tri Counties-Checking					1,739,379.31
06/11/2021	1729	Chowchilla Water District	May 2021 GSP Annual Report	-227.76	1,739,151.55
06/24/2021	1730	AT&T	Phone 06/10/21 - 07/09/21	-108.63	1,739,042.92
06/24/2021	1731	PG&E	Electric 05/19/21 - 06/17/21	-87.72	1,738,955.20
07/08/2021	1732	Bryant L. Jolley	Audited Financial Statements for the year ended December 31, 2020	-5,500.00	1,733,455.20
07/08/2021	1733	Provost & Pritchard	May 2021 Water Rights	-2,553.60	1,730,901.60
07/08/2021	1734	Water & Land Solutions	July 2021 Managment Fee	-5,262.50	1,725,639.10
07/08/2021	1735	Water Wise	July 2021 Management Fee	-5,262.50	1,720,376.60
Total Tri Counties-Checking				-19,002.71	1,720,376.60
TOTAL				-19,002.71	1,720,376.60

Triangle T Water District
Budget vs. Actual
July 08, 2021

	Budget	Jan - Dec 21	% of Budget
Income			
Assessments	1,882,500.00	941,279.56	50.0%
Total Income	1,882,500.00	941,279.56	50.0%
Expense			
Administration			
Audit	3,500.00	5,500.00	157.14%
<i>Dues, Fees, and Permits</i>			
Calif Farm Water Coalition	2,500.00	0.00	0.0%
MRW Mgmt Group	2,500.00	2,500.00	100.0%
SJRR Mgmt Coalition	0.00	0.00	0.0%
SJV Water Blueprint	5,000.00	0.00	0.0%
SWRCB Annual Fee Redtop Siphon	1,400.00	2,311.05	165.08%
Insurance	2,000.00	1,938.00	96.9%
Management	126,300.00	73,675.00	58.33%
Phone	1,000.00	577.84	57.78%
<i>Professional Services</i>			
<i>Engineering</i>			
Annexation	0.00	0.00	0.0%
General	2,500.00	2,642.20	105.69%
<i>Legal</i>			
General Counsel	15,000.00	3,429.69	22.87%
Mitigation Agreement	15,000.00	0.00	0.0%
Supplies	300.00	175.82	58.61%
Website Management & Updates	2,500.00	0.00	0.0%
Total Administration	179,500.00	92,749.60	51.67%
Capital Expenses			
Recharge Ponds	100,000.00	0.00	0.0%
Shallow Well	175,000.00	0.00	0.0%
Total Capital Expenses	275,000.00	0.00	0.0%
Chowchilla Sub-basin			
<i>SGMA Compliance</i>			
GSP Admin/Annual Rep Cost Share	23,000.00	4,979.76	21.65%
Total SGMA Compliance	23,000.00	4,979.76	21.65%
Total Chowchilla Sub-basin	23,000.00	4,979.76	21.65%
Operations & Maintenance			
GW Monitoring and Metering	25,000.00	0.00	0.0%
PG&E Power	125,000.00	349.31	0.28%
System Repairs & Maintenance	15,000.00	11,124.06	74.16%
Total Operations & Maintenance	165,000.00	11,473.37	6.95%
Water-Purchases, O&M, Transport	1,200,000.00	0.00	0.0%
Total Expense	1,842,500.00	109,202.73	5.93%
Net Income	40,000.00	832,076.83	2,080.19%

Triangle T Water District
A/R Aging Summary
As of July 8, 2021

	<u>Current</u>	<u>1 - 30</u>	<u>31 - 60</u>	<u>61 - 90</u>	<u>> 90</u>	<u>TOTAL</u>
Clayton Water District	0.00	0.00	0.00	0.00	106,000.00	106,000.00
TOTAL	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>106,000.00</u>	<u>106,000.00</u>

TRIANGLE T WATER DISTRICT

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

DECEMBER 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 – 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 – 7
FINANCIAL STATEMENTS:	
Statement of Net Position	8
Statement of Revenues, Expenses and Changes in Net Position	9
Statement of Cash Flows	10
Notes to Financial Statements	11 – 12

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Triangle T Water District
Chowchilla, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Triangle T Water District (District), which comprise the statement of net position as of December 31, 2020, and the related statement of revenues, expenses and changes in net position, and cash flows for the period then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Triangle T Water District as of December 31, 2020, and the changes in its net position and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to be "Mark J. [unclear]", written in a cursive style.

June 9, 2021

TRIANGLE T WATER DISTRICT

Management's Discussion and Analysis

December 31, 2020

The Management Discussion & Analysis of the Triangle T Water District (the "District") is designed to provide an overview of the District's financial activities for the years ended December 31, 2020 and 2019. Please read this in conjunction with the District's basic financial statements.

History & Background

The District was formed in 2017 to provide an array of services to help alleviate the rate of land subsidence in the area by developing policies, providing for infrastructure and acquiring surface water to supplement the current groundwater portfolio. The District is comprised of approximately 14,000 acres and two landowners in western Madera County, California.

Financial Statements

This annual report consists of management's discussion and analysis, the basic financial statements and notes to financial statements. Management's discussion and analysis provides a narrative of the District's financial performance and activities for the year ended December 31, 2020. The basic financial statements provide readers with a broad overview of the District's finances. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

Statement of net position – It presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

Statement of revenues, expenses and changes in net position – It presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.

Statement of cash flows – It presents information showing how the District's cash changed during the year. It shows the sources and uses of cash and cash equivalents.

Financial Highlights

The District's financial statements are presented in accordance with the requirements of Governmental Accounting Standards Board Statement #34 (GASB 34).

At the close of year 2020

- The assets exceeded liabilities, resulting in a net position of \$994,299.
- The District's net position increased by \$279,950, a 39% increase from the prior year.
- The District's revenues increased by \$611,570 or 18%
- The District's expenses increased by \$780,616 or 26%.
- Operating revenues exceeded operating expenses by \$283,358.
- The District's cash balance was \$1,087,981, an increase of \$313,935 from the prior year.

Financial Analysis of the District

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report the net position of the District and the changes in them. Increases or decreases in the District's net position serve over time as a useful indicator of whether its financial health is improving or deteriorating.

TRIANGLE T WATER DISTRICT
Management's Discussion and Analysis
December 31, 2020

Statement of Net Position

A summary of net position for years ended December 31, 2020 and 2019 are presented below:

Condensed Statements of Net Position				
	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>Percent Change</u>
Current assets	\$ 1,278,781	\$ 1,885,478	\$ (606,697)	-32%
Total assets	<u>1,278,781</u>	<u>1,885,478</u>	<u>(606,697)</u>	-32%
Current liabilities	284,482	1,171,129	(886,647)	-76%
Total liabilities	<u>284,482</u>	<u>1,171,129</u>	<u>(886,647)</u>	-76%
Net position:				
Unrestricted	<u>994,299</u>	<u>714,349</u>	<u>279,950</u>	39%
Total net position	<u>\$ 994,299</u>	<u>\$ 714,349</u>	<u>\$ 279,950</u>	39%

The District's current assets increased by \$606,697 or 32% in year 2020. Cash and cash equivalents increased by \$313,935. The increase in cash was due to an increase in water sales collected. The Accounts receivable decreased by \$920,632 due to unpaid supplemental water sales invoiced in 2019 and collected in 2020.

The decrease in current liabilities of \$886,647 or 76% was due to a lower volume of supplemental water purchased in 2020 and not paid until the early part of 2021.

The District's net position increased by \$279,950 or 39% between year 2019 and 2020. This was due to an increase in the unrestricted net position for the year ending December 31, 2020.

TRIANGLE T WATER DISTRICT
Management's Discussion and Analysis
December 31, 2020

Statement of Revenues, Expenses and Changes in Net Position

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>Percent Change</u>
Operating revenues	\$ 4,079,617	\$ 3,468,047	\$ 611,570	18%
Operating expenses	(3,796,259)	(3,015,643)	(780,616)	26%
Operating income	283,358	452,404	(169,046)	-37%
Non-operating revenues/(expenses)	(3,408)	(772)	(2,636)	341%
Change in net position	279,950	451,632	(171,682)	-38%
Beginning net position	714,349	406,931	307,418	100%
Prior period adjustment	-	(144,214)	144,214	-100%
Ending net position	<u>\$ 994,299</u>	<u>\$ 714,349</u>	<u>\$ 279,950</u>	39%

Operating revenues increased by \$611,570 or 18% in year 2020. Supplemental water sales increased due to a larger volume of water purchased in 2020. It also included the collection of fees imposed to fund the District's appropriative water right application. Operating expenses increased by \$780,616 or 26% due to an increased volume of supplemental water purchases and water right application expenses.

Non-operating expenses increased by \$2,636 or 341% based on engineering work that was performed on the latest draft of the FEMA HMP grant application.

The net position increased by \$279,950 or 39% between year 2019 and 2020. This was due to an increase in the unrestricted net position for the year ending December 31, 2020.

Economic Factors and Other Issues

This narrative summarizes the primary factors affecting the District's finances and operations.

Subsidence

Since water year 2011, the Redtop area of Western Madera County has been a focus point in California as it relates to the increased rate of land subsidence. This issue is characterized by the amount of groundwater pumping below the Corcoran clay that leads to a pressure differential that causes the land surface to sink when the water is displaced within the clay layer. This subsidence has started to create a portfolio of issues and concerns that if not abated will turn into a bevy of problems amongst the local landowners, neighbors, Irrigation Districts, and State and Federal agencies.

The local Redtop area, including the District landowners, have a diversity of groundwater wells above and below the clay layer that pump water for the benefit of the local ag economy.

TRIANGLE T WATER DISTRICT
Management's Discussion and Analysis
December 31, 2020

Water Supply

The District, a local water district under California law, does not currently have a contractual surface water supply with either the State of California or the U.S. Bureau of Reclamation. Therefore, to minimize the amount of deep groundwater pumping from below the Corcoran clay, the District must be diligent in its efforts to purchase supplemental surface water supplies from willing buyers. In Water Year 2020, the District was able to diversify its supplemental surface water portfolio by purchasing water from Chowchilla Water District, Madera Irrigation District, San Joaquin River Exchange Contractors Water Authority and Eastside Canal & Irrigation Company.

Federal Office of Emergency Management Services (FEMA) HMP Grant Program

The District, along with various other surrounding public entities, joined together in 2017-18 to submit an \$11 Million grant application to FEMA that would allow for infrastructure improvements in the Redtop area to abate the land subsidence issue. The FEMA grant would allocate cost share funding to build projects that would reduce the rate of subsidence and thus decrease the emergency threshold of flooding to infrastructure such as county roads, State Highway 152, a local elementary school and the city of Dos Palos. The projects that would be part of the grant construction include installation of new shallow groundwater wells, construction of recharge basins and re-capture wells, new turnouts on the local flood control channel and new conveyance pump stations, pipelines and ditches. The Grant has not yet been awarded, but the District made the decision to start collecting their cost share component in fiscal year 2019 and have it ready when the grant is awarded and construction begins. In order to receive FEMA funding, the District is required to pay their pro-rate share of the 25% local match funding. TTWD'S portion of the cost share is \$2,433,750, or \$55/Acre for three years. The District set a goal of collecting this money over a 3 to 5-year time frame. In fiscal year 2019 the board budgeted for collection, through its land-based assessment, a total amount of \$811,250 (\$55/acre from its 14,750 acres). This money is to be held in the District bank account for such purpose. The District has been notified by the State of California and FEMA that the \$11 Million grant application will not be funded. Therefore, the District decided to use the funds that were collected from its landowners for such purposes, towards applying for the appropriative water rights off the San Joaquin River System. The neighboring partners on the FEMA grant that had paid the District for their share of the Grant Matching funds also agreed to have their monies redistributed for the appropriative water rights process.

Appropriative Water Rights

The District, working in conjunction with adjacent landowners and Clayton Water District, filed an appropriative water right application with the State of California's Water Resource Control Board (State Board). The appropriated water would originate from the San Joaquin River system and be diverted from the Eastside Bypass, a local flood control channel. This appropriated water would serve as a supplemental surface water supply in wet years for either direct delivery or recharged to the local aquifer for use later within the approved "place of use" as identified in the water rights application. This water would help meet the subsidence reduction targets within the District area.

The District actually filed two applications: one for the permanent water right, which may take five to eight years to gain approval from the State Board, and a second for temporary water right that must be applied for and issued annually up and to the point that the permanent water right is acquired. To pay for the all the costs attributable for the water right process (administrative, engineering, legal, etc.), the District made a decision to use the funds collected for the FEMA Grant Program since the State of California made the decision not to move forward with that project. The District has also utilized funding from their neighboring partners to cover these related expenses.

TRIANGLE T WATER DISTRICT
Management's Discussion and Analysis
December 31, 2020

Infrastructure

In 2017, three local landowners invested in a pumping plant and pipeline conveyance system (Facilities) to deliver water from the west side of the San Joaquin River to the east side; upon which the District resides. The facilities were designed and constructed to be the main conveyance for water purchased from willing sellers such as the ones mentioned above. There is an agreement in place that lays a path forward for the District to eventually take over easements and ownership of the facilities. The easements should be in place by August of 2021.

Supplemental Water Funding

The District acquires Supplemental Water at the request of its growers to meet demand while at the same time decreasing the volume of water pumped from below the Corcoran clay. The supplemental water is purchased through the District and can be for both landowners or just one. The customers reimburse the District for the cost of the water along with the incremental wheeling and transportation costs from neighboring Districts. At this time, the District has acquired water through one-year water purchase contracts. The ultimate goal is to try and purchase future supplemental water supplies through multi-year contracts.

Contacting the District's Management Staff

This financial report is designed to provide a general overview of the District's accountability for its assets. Questions concerning information provided in this report or requests for additional financial information should be addressed to the Board President, Triangle T Water District, P.O. Box 2657, 643 "J" Street, Los Banos, CA 93635, or by visiting the District's web page at www.triangletwaterdistrict.org.

TRIANGLE T WATER DISTRICT

STATEMENT OF NET POSITION DECEMBER 31, 2020

ASSETS

Cash and cash equivalents	\$ 1,087,981
Accounts receivable	<u>190,800</u>
Total assets	<u>1,278,781</u>

LIABILITIES

Accounts payable	<u>284,482</u>
Total liabilities	<u>284,482</u>

NET POSITION

Unrestricted	<u>994,299</u>
Total net position	<u>\$ 994,299</u>

TRIANGLE T WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEAR ENDED DECEMBER 31, 2020

Operating Revenues

Assessments	\$ 1,883,887
Appropriate water rights	439,380
Supplemental water sales	<u>1,756,350</u>
Total operating revenues	<u>4,079,617</u>

Operating Expenses

Agricultural surface water	2,579,196
Insurance	1,792
Legal expense	36,580
Engineering	130,130
Dues and subscription	4,712
Professional fees	134,182
GSA consulting	6,926
Telephone	1,029
Water - O & M	236,700
Water - power	110,243
Water - rights application	<u>554,769</u>
Total operating expenses	<u>3,796,259</u>

Operating income/(loss) 283,358

Nonoperating Revenues/(Expenses)

OES HMP grant	<u>(3,408)</u>
Total nonoperating revenues/(expenses)	<u>(3,408)</u>

Change in Net Position

279,950

Net Position

Beginning of year	<u>714,349</u>
End of year	<u>\$ 994,299</u>

TRIANGLE T WATER DISTRICT

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2020

Operating Activities

Receipts from customers and users	\$ 5,000,249
Payments to suppliers for goods and services	<u>(4,682,906)</u>
Net cash provided by (used in) operating activities	<u>317,343</u>

Net Increase in Cash

313,935

Cash and Cash Equivalents

Beginning of year	<u>774,046</u>
End of year	<u><u>\$ 1,087,981</u></u>

Cash Flows from Operating Activities

Operating income (loss)	\$ 283,358
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
(Increase) Decrease in accounts receivable	920,632
Increase (Decrease) in accounts payable	<u>(886,647)</u>

Net Cash provided by (used in) Operating Activities

\$ 317,343

TRIANGLE T WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Triangle T Water District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to enterprise and agency funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

Reporting Entity

The Triangle T Water District is a California special district formed in 2017 to provide agricultural ground water. The District is comprised of approximately 14,000 acres in Madera County, California. The District has no component units.

Basis of Accounting

The District accounts for its operations in an enterprise fund using the economic resources measurement focus and the accrual basis of accounting. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific government activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

An enterprise fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are voluntary contributions. Operating expenses for the District include consulting and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Financial Statement Amounts

Cash and Cash Equivalents – For purposes of the statement of cash flows, the District considers all highly liquid investments including cash to be cash equivalents.

Accounts Receivable – Billed, but unpaid, services provided to individuals or non-governmental entities are recorded as accounts receivable. The Proprietary Funds include a year end accrual for services through the end of the fiscal year which have not yet been billed.

Revenues and Expenses – The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal on-going operations. The principle operating revenues of the District are voluntary contributions. Operating expenses for enterprise funds include consulting and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TRIANGLE T WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

Note 1 – Summary of Significant Accounting Policies (Continued)

Net Position/Fund Equity – The financial statements utilize a net position presentation. Net position is categorized as invested capital assets (net of related debt), restricted and unrestricted.

- Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted Net Position – This category presents external restrictions on net assets imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

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

Note 2 – Cash and Investments

Cash and investments as of December 31, 2020 consist of the following:

Statement of Net Position:

Cash and Investments	<u>\$ 1,087,981</u>
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The District's maintains its cash and cash equivalents in bank accounts that are Federally insured up to \$250,000. At December 31, 2020, cash deposits exceeded the Federal insured limits by \$837,981.

Note 3 – Subsequent Events

The District evaluated subsequent events for recognition and disclosure through June 9, 2021, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2020 that required recognition or disclosure in such financial statements.

TRIANGLE T WATER DISTRICT

MANAGEMENT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

**TABLE OF
CONTENTS**

	<u>Page</u>
Required Communications	1 - 2

BRYANT L. JOLLEY

CERTIFIED PUBLIC ACCOUNTANTS

Bryant L. Jolley C.P.A.
Ryan P. Jolley C.P.A.
Darryl L. Smith C.P.A.
Luis A. Perez C.P.A.
Lan T. Kimoto
John P. Burt

Board of Directors
Triangle T Water District
Chowchilla, California

We have audited the financial statements of the Triangle T Water District (District) for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 9, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2020. We noted no transactions entered into by the District during the year which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The District did not have any significant estimates.

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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 9, 2021.

Management Consultations with Other Independent Accountants

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

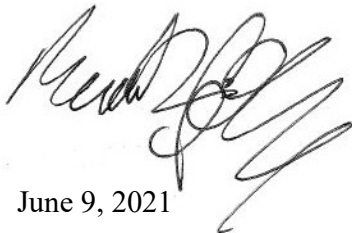
Other Audit Findings or Issues

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

Restriction on Use

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

Very truly yours,

A handwritten signature in black ink, appearing to be "Michael J. [unclear]", written over a faint circular stamp.

June 9, 2021