



TRI-DAM PROJECT

A partnership of the Oakdale and South San
Joaquin Irrigation Districts

Tri-Dam Project

Annual Financial Report

For the Fiscal Years Ended December 31, 2023 and 2022



TRI-DAM PROJECT

A partnership of the Oakdale and South San Joaquin Irrigation Districts

Board of Directors as of December 31, 2023

Name	Agency	Title	Division	Elected/ Appointed	Current Term
Tom Orvis	Oakdale Irrigation District	President	3	Elected	December 2026
Brad DeBoer	Oakdale Irrigation District	Vice-President	5	Elected	December 2026
Herman Doornenbal	Oakdale Irrigation District	Director	2	Elected	December 2026
Linda Santos	Oakdale Irrigation District	Director	4	Elected	December 2024
Ed Tobias	Oakdale Irrigation District	Director	1	Elected	December 2024
Mike Weststeyn	South San Joaquin Irrigation District	President	4	Elected	November 2024
Glenn Spyksma	South San Joaquin Irrigation District	Vice-President	2	Elected	December 2026
David Roos	South San Joaquin Irrigation District	Director	1	Elected	December 2026
John Holbrook	South San Joaquin Irrigation District	Director	5	Elected	November 2024
Dave Kamper	South San Joaquin Irrigation District	Director	3	Elected	November 2024

Tri-Dam Project
Summer Nicotero, General Manager
Sharon Cisneros, CPA, Interim Finance Manager

Tri-Dam Project

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For the Fiscal Years Ended December 31, 2023 and 2022

Tri-Dam Project
Annual Financial Report
For the Fiscal Years Ended December 31, 2023 and 2022

Table of Contents

	<u>Page No.</u>
Table of Contents	i
Financial Section	
Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	4-9
Basic Financial Statements:	
Statements of Net Position	10-11
Statements of Revenues, Expenses, and Changes in Net Position	12
Statements of Cash Flows	13-14
Notes to the Basic Financial Statements	15-50
Required Supplementary Information:	
Schedules of Changes in the Project’s Total OPEB Liability and Related Ratios	51
Schedules of Project’s Proportionate Share of the Net Pension Liability	52
Schedules of Pension Plan Contributions	53
Other Supplementary Information:	
Supporting Schedules of Expenses – Operations, Maintenance, and General and Administrative	54-58
Report on Internal Controls and Compliance	
Independent Auditor’s Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on the Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59-60

Financial Section



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An Accountancy Corporation

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Independent Auditor's Report

Board of Directors
Tri-Dam Project
Strawberry, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of the Tri-Dam Project (Project), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, as of December 31, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audits of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Emphasis of Matter

As discussed in note 14 to the financial statements, as of and for the fiscal year ended December 31, 2023, the Project restated its deferred inflow account balance related to pension amounts accrued for and amortized in the prior year. Our opinion is not modified with respect to this matter.

As of and for the fiscal year ended December 31, 2022, the Project adopted the provisions of *Governmental Accounting Standards Board (GASB) Statement No. 87– Leases*. As a result, the Project has restated its net position to reflect the effects of the change in its accounting policy. Our opinion is not modified with respect to these matters.

As discussed in note 14 to the financial statements, as of and for the fiscal year ended December 31, 2022, the Project restated its account balance and related transactions for its compensated absences accrual. Our opinion is not modified with respect to this matter.

Independent Auditor's Report, continued

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and required supplementary information on pages 51 through 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Project's basic financial statements. The other supplemental information on pages 54 through 58 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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. The 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 our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2024, on our consideration of the Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Project's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Project's internal control over financial reporting and compliance. This report can be found on pages 59 and 60.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
July 16, 2024

Tri-Dam Project
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2023 and 2022

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Tri-Dam Project (Project) provides an introduction to the financial statements of the Project for the fiscal years ended December 31, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2023, the Project's net position increased 16.84% or \$15,087,515 to \$104,677,760 as a result of net income of \$39,827,515 from ongoing operations offset by \$24,740,000 in distributions to the Districts. In fiscal year 2022, the Project's net position decreased 1.49% or \$1,358,170 to \$89,590,245 as a result of net income of \$18,341,830 from ongoing operations offset by \$19,700,000 in distributions to the Districts..
- In fiscal year 2023, the Project's total revenues increased 64.73% or \$19,826,189 to \$50,454,660. In fiscal year 2022, the Project's total revenues increased 23.78% or \$5,884,594 to \$30,628,471.
- In fiscal year 2023, the Project's total expenses decreased 13.51% or \$1,659,496 to \$10,627,145. In fiscal year 2022, the Project's total expenses increased 53.88% or \$4,301,967 to \$12,286,641.
- In fiscal year 2023, the Project's distributions to the Districts increased 25.58% or \$5,040,000 to \$24,740,000. In fiscal year 2022, the Project's distributions to the Districts increased 79.78% or \$8,742,000 to \$19,700,000.

Required Financial Statements

This annual report consists of a series of financial statements. The Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position and Statements of Cash Flows provide information about the activities and performance of the Project using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the Project's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), deferred inflows of resources, and net position. They also provide the basis for computing a rate of return, evaluating the capital structure of the Project and assessing the liquidity and financial flexibility of the Project. All of the current and prior years' revenue and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. These statements measure the success of the Project's operations over the past years and can be used to determine if the Project has successfully recovered all of its costs through its rates and other charges. These statements can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provide information about the Project's cash receipts and cash payments during the reporting periods. The Statement of Cash Flows report cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provide answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the Project

One of the most important questions asked about the Project's finances is, "Is the Project better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Project in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Tri-Dam Project
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2023 and 2022

Financial Analysis of the Project, continued

These two statements report the Project's *net position* and changes in them. You can think of the Project's net position – the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources – as one way to measure the Project's financial health, or *financial position*. Over time, *increases or decreases* in the Project's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation, such as changes in Federal and State water quality standards.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 15 through 50.

Statements of Net Position

Condensed Statements of Net Position					
	<u>2023</u>	<u>As Restated 2022</u>	<u>Change</u>	<u>As Restated 2021</u>	<u>Change</u>
Assets:					
Current assets	\$ 39,866,524	25,596,269	14,270,255	25,663,951	(67,682)
Non-current assets	3,549,520	4,083,774	(534,254)	4,340,759	(256,985)
Capital assets, net	<u>66,034,504</u>	<u>63,838,327</u>	<u>2,196,177</u>	<u>63,391,183</u>	<u>447,144</u>
Total assets	<u>109,450,548</u>	<u>93,518,370</u>	<u>15,932,178</u>	<u>77,586,192</u>	<u>(61,654,014)</u>
Deferred outflows of resources	<u>1,792,007</u>	<u>2,064,993</u>	<u>(272,986)</u>	<u>610,452</u>	<u>1,454,541</u>
Liabilities:					
Current liabilities	1,651,749	1,501,120	150,629	685,051	816,069
Non-current liabilities	<u>4,527,250</u>	<u>4,219,956</u>	<u>307,294</u>	<u>1,800,954</u>	<u>2,419,002</u>
Total liabilities	<u>6,178,999</u>	<u>5,721,076</u>	<u>457,923</u>	<u>2,486,005</u>	<u>3,235,071</u>
Deferred inflows of resources	<u>385,796</u>	<u>272,042</u>	<u>113,754</u>	<u>735,251</u>	<u>(463,209)</u>
Net position:					
Investment in capital assets	66,034,504	63,838,327	2,196,177	63,391,183	447,144
Unrestricted	<u>38,643,256</u>	<u>25,751,918</u>	<u>12,891,338</u>	<u>27,557,232</u>	<u>(1,805,314)</u>
Total net position	<u>\$ 104,677,760</u>	<u>89,590,245</u>	<u>15,087,515</u>	<u>90,948,415</u>	<u>(1,358,170)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Project, assets and deferred outflows exceeded liabilities and deferred inflows by \$104,677,760 and \$89,590,245 as of December 31, 2023 and 2022, respectively.

A portion of the Project's net position, 63.08% and 71.26% as of December 31, 2023 and 2022, respectively, reflects the Project's investment in capital assets net of accumulated depreciation. The Project uses these capital assets to provide services to customers within the Project's service area; consequently, these assets are *not* available for future spending.

At the end of the fiscal years 2023 and 2022, the Project showed a positive balance in its unrestricted net position of \$38,643,256 and \$25,751,918, respectively. See note 10 for a detailed analysis.

Tri-Dam Project
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2023 and 2022

Statements of Revenues, Expenses, and Changes in Net Position

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>2023</u>	<u>As Restated 2022</u>	<u>Change</u>	<u>As Restated 2021</u>	<u>Change</u>
Revenues:					
Operating revenues	\$ 49,355,377	28,392,272	20,963,105	24,263,316	4,128,956
Non-operating revenues	<u>1,099,283</u>	<u>2,236,199</u>	<u>(1,136,916)</u>	<u>480,561</u>	<u>1,755,638</u>
Total revenues	<u>50,454,660</u>	<u>30,628,471</u>	<u>19,826,189</u>	<u>24,743,877</u>	<u>5,884,594</u>
Expenses:					
Operating expenses	7,471,321	8,903,751	(1,432,430)	4,572,520	4,331,231
Non-operating expenses	869,564	1,071,650	(202,086)	1,289,487	(217,837)
Depreciation expense	<u>2,286,260</u>	<u>2,311,240</u>	<u>(24,980)</u>	<u>2,122,667</u>	<u>188,573</u>
Total expenses	<u>10,627,145</u>	<u>12,286,641</u>	<u>(1,659,496)</u>	<u>7,984,674</u>	<u>4,301,967</u>
Net income before distributions to districts	39,827,515	18,341,830	21,485,685	16,759,203	1,582,627
Distributions to Districts	<u>24,740,000</u>	<u>19,700,000</u>	<u>5,040,000</u>	<u>10,958,000</u>	<u>8,742,000</u>
Change in net position	15,087,515	(1,358,170)	16,445,685	5,801,203	(7,159,373)
Net position, beginning of year – as restated	<u>89,590,245</u>	<u>90,948,415</u>	<u>(1,358,170)</u>	<u>85,147,212</u>	<u>5,801,203</u>
Net position, end of year	<u>\$ 104,677,760</u>	<u>89,590,245</u>	<u>15,087,515</u>	<u>90,948,415</u>	<u>(1,358,170)</u>

The Statements of Revenues, Expenses, and Changes in Net Position show how the Project's net position changed during the year. In the case of the Project, net position increased 16.84% or \$15,087,515 to \$104,677,760 as a result of net income of \$39,827,515 from ongoing operations offset by \$24,740,000 in distributions to the Districts.

In fiscal year 2022, the Project's net position decreased 1.49% or \$1,358,170 to \$89,590,245 as a result of net income of \$18,341,830 from ongoing operations offset by \$19,700,000 in distributions to the Districts.

A closer examination of the sources of changes in net position reveals that:

The Project's total revenues increased 64.73% or \$19,826,189 to \$50,454,660. In fiscal year 2022, the Project's total revenues increased 23.78% or \$5,884,594 to \$30,628,471.

The Project's operating revenues increased 73.83% or \$20,963,105 to \$49,355,377, due primarily to increases of \$20,758,008 in power generation revenue and \$178,537 in operating cost recovery sourcing from federal and local agency as compared to the prior year. In fiscal year 2022, the Project's operating revenues increased 17.02% or \$4,128,956 to \$28,392,272, due primarily to increases of \$3,780,894 in power generation revenue and \$326,996 in operating cost recovery sourcing from federal and local agency as compared to the prior year.

The Project's non-operating revenues decreased 50.84% or \$1,136,916 to \$1,099,283, due primarily to a decrease of \$2,150,000 in legal settlement proceeds offset by an increase of \$983,941 in investment earnings as compared to the prior year. In fiscal year 2022, the Project's non-operating revenues increased 365.33% or \$1,755,638 to \$2,236,199, due primarily to an increase of \$2,150,000 in legal settlement proceeds offset by decreases of \$213,738 in unrealized loss on investments due to fair value year-end adjustments and an overall decline in market conditions and \$163,495 in other non-operating revenues as compared to the prior year.

Tri-Dam Project
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2023 and 2022

Statements of Revenues, Expenses, and Changes in Net Position, continued

The Project's total expenses decreased 13.51% or \$1,659,496 to \$10,627,145. In fiscal year 2022, the Project's total expenses increased 53.88% or \$4,301,967 to \$12,286,641.

The Project's operating expenses decreased 16.09% or \$1,432,430 to \$7,471,321, due to decreases of \$1,476,306 in general and administrative expenses due primarily to the effect of the GASB 68 adjustments in the current fiscal year and \$354,991 in maintenance expenses, which were offset by an increase of \$398,867 in operations expenses as compared to the prior year. In fiscal year 2022, the Project's operating expenses increased 94.72% or \$4,331,231 to \$8,903,751, due to increases of \$4,370,022 in general and administrative expenses due primarily to the effect of the GASB 68 adjustments in the current fiscal year and \$104,597 in maintenance expenses, which were offset by a decrease of \$143,388 in operations expenses as compared to the prior year.

The Project's non-operating expenses decreased 18.86% or \$202,086 to \$869,564, due to a decrease of river habitat studies as compared to the prior year. In fiscal year 2022, the Project's non-operating expenses decreased 16.89% or \$217,837 to \$1,071,650, due to a decrease in river habitat studies as compared to the prior year.

The Project's depreciation expense decreased 1.08% or \$24,980 to \$2,286,260 due to the maturing of existing capital assets. In fiscal year 2022, the Project's depreciation expense increased 8.88% or \$188,573 to \$2,311,240 due to the prior year's asset additions offset by the maturing of existing capital assets.

The Project's distributions to Districts increased 25.58% or \$5,040,000 to \$24,740,000 as determined by the member Districts at fiscal year-end. In fiscal year 2022, the Project's distributions to the Districts increased 79.78% or \$8,742,000 to \$19,700,000 as determined by the member Districts at fiscal year-end.

Total Project Revenues

	<u>2023</u>	<u>As Restated 2022</u>	<u>Change</u>	<u>As Restated 2021</u>	<u>Change</u>
Revenues:					
Power generation	\$ 48,226,668	27,468,660	20,758,008	23,687,766	3,780,894
Headwater benefit fees	424,396	397,836	26,560	376,770	21,066
Operating cost recovery – federal and local agency	<u>704,313</u>	<u>525,776</u>	<u>178,537</u>	<u>198,780</u>	<u>326,996</u>
Total operating revenues	<u>49,355,377</u>	<u>28,392,272</u>	<u>20,963,105</u>	<u>24,263,316</u>	<u>4,128,956</u>
Non-operating revenues:					
Investment earnings (unrealized loss)	754,126	(229,815)	983,941	(16,077)	(213,738)
Water sales	153,430	156,021	(2,591)	178,731	(22,710)
Rental revenue	91,918	89,355	2,563	84,574	4,781
Interest from rental income	5,079	6,393	(1,314)	7,623	(1,230)
Legal settlement	-	2,150,000	(2,150,000)	-	2,150,000
Gain from disposition of cap. assets	51,437	26,078	25,359	24,048	2,030
Other non-operating revenues	<u>43,293</u>	<u>38,167</u>	<u>5,126</u>	<u>201,662</u>	<u>(163,495)</u>
Total non-operating revenues	<u>1,099,283</u>	<u>2,236,199</u>	<u>(1,136,916)</u>	<u>480,561</u>	<u>1,755,638</u>
Total revenues	<u>\$ 50,454,660</u>	<u>30,628,471</u>	<u>19,826,189</u>	<u>24,743,877</u>	<u>5,884,594</u>

In fiscal year 2023, total Project revenues increased by \$19,826,189. In fiscal year 2022, total Project revenues decreased by \$5,884,594.

Tri-Dam Project
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2023 and 2022

Total Project Expenses

	<u>2023</u>	<u>As Restated 2022</u>	<u>Change</u>	<u>As Restated 2021</u>	<u>Change</u>
Operating expenses:					
Operations	\$ 1,636,161	1,237,294	398,867	1,380,682	(143,388)
Maintenance	1,558,220	1,913,211	(354,991)	1,808,614	104,597
General and administrative	4,276,940	5,753,246	(1,476,306)	1,383,224	4,370,022
Total operating expenses	<u>7,471,321</u>	<u>8,903,751</u>	<u>(1,432,430)</u>	<u>4,572,520</u>	<u>4,331,231</u>
Depreciation expense:	<u>2,286,260</u>	<u>2,311,240</u>	<u>(24,980)</u>	<u>2,122,667</u>	<u>188,573</u>
Non-operating expenses:					
River habitat studies	869,564	1,071,650	(202,086)	1,289,487	(217,837)
Total non-operating expenses	<u>869,564</u>	<u>1,071,650</u>	<u>(202,086)</u>	<u>1,289,487</u>	<u>(217,837)</u>
Total expenses	<u>\$ 10,627,145</u>	<u>12,286,641</u>	<u>(1,659,496)</u>	<u>7,984,674</u>	<u>4,301,967</u>

In fiscal year 2023, total Project expenses decreased by \$1,659,496. In fiscal year 2022, total Project expenses increased by \$4,301,967.

Capital Asset Administration

At the end of fiscal years 2023 and 2022, the Project's investment in capital assets amounted to \$66,074,504 and \$63,838,327 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction-in-process, intangible asset – FERC license, dams and power plants, power plant equipment, telemetry equipment, buildings, other equipment, and leased equipment. See further detailed information in note 5.

Changes in capital and intangible asset amounts for 2023, were as follows:

	<u>Balance 2022</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2023</u>
Capital assets:				
Non-depreciable assets	\$ 3,299,508	3,734,390	(2,259,498)	4,774,400
Intangible assets	8,213,938	-	-	8,213,938
Depreciable assets	111,510,090	3,012,545	(63,157)	114,459,478
Amortizable assets	16,121	-	-	16,121
Accumulated depreciation and amortization	<u>(59,201,330)</u>	<u>(2,286,260)</u>	<u>58,157</u>	<u>(61,429,433)</u>
Total capital assets, net	<u>\$ 63,838,327</u>	<u>4,460,675</u>	<u>(2,264,498)</u>	<u>66,034,504</u>

Tri-Dam Project
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2023 and 2022

Capital Asset Administration, continued

Changes in capital and intangible asset amounts for 2022, were as follows:

	<u>Balance 2021</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2022</u>
Capital assets:				
Non-depreciable assets	\$ 1,922,318	1,849,058	(471,868)	3,299,508
Intangible assets	8,213,938	-	-	8,213,938
Depreciable assets	110,218,194	1,365,073	(73,177)	111,510,090
Amortizable assets	-	16,121	-	16,121
Accumulated depreciation and amortization	<u>(56,963,267)</u>	<u>(2,311,240)</u>	<u>73,177</u>	<u>(59,201,330)</u>
Total capital assets, net	<u>\$ 63,391,183</u>	<u>919,012</u>	<u>(471,868)</u>	<u>63,838,327</u>

Conditions Affecting Current Financial Position

Management is unaware of any conditions which could have a significant impact on the Project's current financial position, net position or operating results in terms of past, present, and future.

Requests for Information

This financial report is designed to provide the Project's funding sources, customers, stakeholders, and other interested parties with an overview of the Project's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact: Sharon Cisneros, Chief Financial Officer of Oakdale Irrigation District on behalf of Tri-Dam Project at 31885 Old Strawberry Road, Strawberry, CA 95375 or by phone (209) 965-3996.

Basic Financial Statements

Tri-Dam Project
Statements of Net Position
December 31, 2023 and 2022

	<u>2023</u>	<u>As Restated 2022</u>
Current assets:		
Cash and cash equivalents (note 2)	\$ 35,148,136	19,734,838
Investments (note 2)	599,946	1,928,217
Accrued interest receivable	106,286	75,611
Accounts receivable – power generation	1,178,566	1,915,345
Accounts receivable – headwater benefit fees	424,396	400,239
Accounts receivable – water sales	309,451	156,021
Accounts receivable – other	654,853	574,892
Leases receivable (note 3)	47,894	44,992
Due from Tri-Dam Power Authority (note 4)	445,204	105,658
Prepaid expenses	951,792	660,456
Total current assets	<u>39,866,524</u>	<u>25,596,269</u>
Non-current assets:		
Investments (note 2)	3,479,080	3,965,440
Leases receivable (note 3)	70,440	118,334
Capital assets – not being depreciated (note 5)	4,774,400	3,299,508
Capital assets – being depreciated and amortized, net (note 5)	61,260,104	60,538,819
Total non-current assets	<u>69,584,024</u>	<u>67,922,101</u>
Total assets	<u>109,450,548</u>	<u>93,518,370</u>
Deferred outflows of resources:		
Deferred pension outflows (note 9)	1,792,007	2,064,993
Total deferred outflows of resources	<u>\$ 1,792,007</u>	<u>2,064,993</u>

Continued on next page

See accompanying notes to the basic financial statements

Tri-Dam Project
Statements of Net Position, continued
December 31, 2023 and 2022

	2023	As Restated 2022
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,163,190	985,665
Accrued salaries and benefits	143,310	171,544
Unearned revenue	29,087	39,278
Deposits	139,721	128,676
Due to Federal Energy Regulatory Commission	92,000	92,000
Long-term liabilities – due in one year:		
Compensated absences (note 6)	81,294	80,906
Lease liability (note 7)	3,147	3,051
Total current liabilities	1,651,749	1,501,120
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 6)	81,293	80,906
Lease liability (note 7)	9,175	12,322
Total other post-employment benefits liability (note 8)	450,895	490,864
Net pension liability (note 9)	3,985,887	3,635,864
Total non-current liabilities	4,527,250	4,219,956
Total liabilities	6,178,999	5,721,076
Deferred inflows of resources:		
Deferred lease inflows (note 3)	101,805	144,804
Deferred pension inflows (note 9)	283,991	127,238
Total deferred inflows of resources	385,796	272,042
Net position: (note 10)		
Net investment in capital assets	66,034,504	63,838,327
Unrestricted	38,643,256	25,751,918
Total net position	\$ 104,677,760	89,590,245

See accompanying notes to the basic financial statements.

Tri-Dam Project
Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended December 31, 2023 and 2022

	2023	As Restated 2022
Operating revenues:		
Power generation (note 11)	\$ 48,226,668	27,468,660
Headwater benefit fees	424,396	397,836
Operating cost recovery – federal and local agency	704,313	525,776
Total operating revenues	49,355,377	28,392,272
Operating expenses:		
Operations	1,636,161	1,237,294
Maintenance	1,558,220	1,913,211
General and administrative	4,276,940	5,753,246
Total operating expenses	7,471,321	8,903,751
Operating income before depreciation and amortization expense	41,884,056	19,488,521
Depreciation and amortization expense	(2,286,260)	(2,311,240)
Operating income	39,597,796	17,177,281
Non-operating revenues:		
Investment earnings (unrealized loss)	754,126	(229,815)
Water sales	153,430	156,021
Rental revenue	91,918	89,355
Interest from rental income	5,079	6,393
Legal settlement (note 12)	-	2,150,000
Gain from disposition of capital assets	51,437	26,078
Other non-operating revenues	43,293	38,167
Total non-operating revenues	1,099,283	2,236,199
Non-operating expenses:		
River habitat studies	869,564	1,071,650
Total non-operating expenses	869,564	1,071,650
Total non-operating revenue (expense), net	229,719	1,164,549
Net income before distributions to districts	39,827,515	18,341,830
Distribution to Districts: (note 13)	24,740,000	19,700,000
Change in net position	15,087,515	(1,358,170)
Net position, beginning of the year – as restated (note 14)	89,590,245	90,948,415
Net position, end of year	\$ 104,677,760	89,590,245

See accompanying notes to the basic financial statements.

Tri-Dam Project
Statements of Cash Flows
For the Fiscal Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>As Restated 2022</u>
Cash flows from operating activities:		
Cash receipts from customers for power generation	\$ 48,235,028	27,209,297
Cash receipts for headwater benefits	400,239	374,367
Cash receipts from operating cost recovery	624,352	109,231
Cash paid to vendors and suppliers for materials and services	(5,032,971)	(5,093,467)
Cash paid to employees for salaries and wages	<u>(2,179,373)</u>	<u>(2,542,709)</u>
Net cash provided by operating activities	<u>42,047,275</u>	<u>20,056,719</u>
Cash flows from non-capital financing activities:		
Cash distribution to Oakdale Irrigation District	(9,850,000)	(9,850,000)
Cash distribution to South San Joaquin Irrigation District	(9,850,000)	(9,850,000)
Proceeds from legal settlement	<u>-</u>	<u>2,150,000</u>
Net cash used in non-capital financing activities	<u>(19,700,000)</u>	<u>(17,550,000)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(4,487,437)	(2,758,384)
Proceeds from the sale of capital assets	<u>51,437</u>	<u>26,078</u>
Net cash used in capital and related financing activities	<u>(4,436,000)</u>	<u>(2,732,306)</u>
Cash flows from investing activities:		
Purchases of investments	(6,942,220)	(6,197,178)
Proceeds from sale of investments	1,906,161	6,277,521
Interest and investment earnings	<u>2,538,082</u>	<u>605,518</u>
Net cash (used in) provided by investing activities	<u>(2,497,977)</u>	<u>685,861</u>
Net increase in cash and cash equivalents	15,413,298	460,274
Cash and cash equivalents:		
Beginning of year	<u>19,734,838</u>	<u>19,274,564</u>
End of year	<u>\$ 35,148,136</u>	<u>19,734,838</u>

Continued on next page

See accompanying notes to the basic financial statements.

Tri-Dam Project
Statements of Cash Flows, continued
For the Fiscal Years Ended December 31, 2023 and 2022

	2023	As Restated 2022
Reconciliation of operating loss to net cash provided by operating activities:		
Operating income	\$ 39,597,796	17,177,281
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization expense	2,286,260	2,311,240
Other non-operating revenues (expenses), net	(728,419)	(754,385)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:		
(Increase)Decrease in assets:		
Accounts receivable – power generation	736,779	495,022
Accounts receivable – headwater benefit fees	(24,157)	(23,469)
Accounts receivable – other	(79,961)	(416,545)
Due from Tri-Dam Power Authority	(339,546)	89,006
Prepaid expenses	(291,336)	(161,760)
(Increase)Decrease in deferred outflows of resources:		
Deferred pension outflows	272,986	(1,454,541)
Increase(Decrease) in liabilities:		
Accounts payable and accrued expenses	177,525	777,094
Accrued salaries and benefits	(28,234)	38,609
Compensated absences	775	(11,145)
Total other post-employment benefits liability	(39,969)	(766,005)
Net pension liability	350,023	3,176,526
Increase(Decrease) in deferred inflows of resources:		
Deferred pension inflows	156,753	(420,209)
Total adjustments	2,449,479	2,879,438
Net cash provided by operating activities	\$ 42,047,275	20,056,719

See accompanying notes to the basic financial statements.

Tri-Dam Project
Notes to the Basic Financial Statements
For the Fiscal Years Ended December 31, 2023 and 2022

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Tri-Dam Project (Project) is a joint venture of the Oakdale Irrigation District and the South San Joaquin Irrigation District (the Districts) entered into under a joint cooperation agreement on January 21, 1948. The Project is an organization that is jointly governed by the Districts and is not organized as a separate public agency according to state regulations. The Districts each retain their one-half interest in the assets, deferred outflows, liabilities, and deferred inflows of the Project. The Project's primary purpose consists of providing irrigation and power development on the middle-fork Stanislaus River. The Project's major asset facilities include the Donnell's reservoir, dam, tunnel and power plant, Beardsley reservoir, dam and power plant, Tulloch reservoir, dam and power plant, Goodwin reservoir and dam, and several ancillary facilities. The Project's principal activities are the storage and delivery of water to the Districts and the hydraulic generation of electricity. These activities are carried out pursuant to the Districts' water rights and the Districts' licenses issued by the Federal Energy Regulatory Commission (FERC). The Districts' have an operations agreement with the United States Bureau of Reclamation (USBR) that recognizes and confirms the Districts' water rights and requires the USBR to make available to the Districts the first 600,000 acre feet of inflow to New Melones Reservoir each year.

Oversight responsibility, meaning the ability to appoint management and key employees, and authorize and approve contracts and financing arrangements, is exercised by a joint board of directors consisting of all five elected directors of the Oakdale Irrigation District and all five elected directors of the South San Joaquin Irrigation District. The Project issues financial statements as a separate reporting entity because of the historical joint exercise of oversight responsibility by both Districts.

The Tri-Dam Power Authority (the Authority), is a related entity formed in 1982, under a Joint Exercise of Powers Agreement between the two Districts. Although it is operated jointly with the Project, the Authority's activity is excluded from the accompanying financial statements because it is a separate legal entity that issues separate financial statements. While the Authority has the same joint board of commissioners (directors) as does the Project, the Authority is not responsible for debts or other obligations of the Project, nor is the Project responsible for the debts or obligations of the Authority.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statements No. 61, *The Financial Reporting Entity*. The Project is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Project is financially accountable for a component unit that has substantively the same governing body, and additionally (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit.

B. Basis of Accounting and Measurement Focus

The Project reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Project is that the costs of providing irrigation and power development to its service area on a continuing basis be financed or recovered primarily through user charges (electricity sales), capital grants, and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Operating revenues and expenses, such as power generation sales, result from exchange transactions associated with the principal activity of the Project. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

The Project recognizes revenue from power generation based on billings performed monthly. The Project accrues revenues with respect to power sold but not billed at the end of a fiscal period.

C. Financial Reporting

The Project's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Project solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the Project's proprietary fund.

The Project has adopted the following GASB pronouncement in the current year:

Governmental Accounting Standards Board Statement No. 94

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

Governmental Accounting Standards Board Statement No. 97

In June 2020, the GASB issued Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Substantially all of the Project’s cash is invested in interest bearing accounts. The Project considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

3. Investments and Investment Policy

The Project has adopted an investment policy directing management to deposit funds in financial institutions. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments. Investments are to be made in the following areas:

- a. State of California Local Area Investment Fund (LAIF)
- b. Money market mutual funds
- c. U.S. Agency securities

4. Fair Value Measurements

The Project categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- **Level 1** – Valuation level is based on quoted prices in active markets for identical assets. The Project does not currently hold any investments valued at this level.
- **Level 2** – Valuation level is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals. The Project currently holds certificates of deposit investments valued at this level.
- **Level 3** – Valuation level is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market. The Project does not currently hold any investments valued at this level.

The Project's investment in LAIF is valued at amortized cost therefore the Project has determined it does not meet fair value measurement criteria.

5. Accounts Receivable

The Project Trade accounts receivable are carried at net realizable values. The Project records power generation receivables for energy deliveries to the City of Santa Clara, California, and other miscellaneous receivables. The Project has determined that an allowance for doubtful accounts was not necessary.

6. Lease receivables

The Project uses a capitalization threshold of \$5,000 in annual revenue for its lessor arrangements.

Lease receivables are measured at the present value of payments expected to be received during the lease term.

7. Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods are recorded as prepaid items in the basic financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

8. Capital Assets

Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with an equivalent service potential in an orderly market at the acquisition date. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Intangible asset - FERC license	33-40 years
Dams and power plant	10-99 years
Power plant equipment	5-99 years
Telemetry equipment	5-99 years
Buildings	10-50 years

Leased right-to-use asset equipment is amortized on straight-line basis over the life of the lease term.

9. Deferred Outflows of Resources

The statement of net position reports a separate section for deferred outflows of resources. This financial statement element, *deferred outflows of resources*, represents a consumption of resources applicable to future periods and therefore will *not* be recognized as an outflow of resources (expenditure) until that time.

The Project has the following items that qualify for reporting in this category:

Pensions

- Deferred outflow which is equal to the employer contributions made after the measurement date of the net pension liability. This amount will be amortized-in-full against the net pension liability in the next fiscal year.
- Deferred outflow for the net differences between the actual and expected experience which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan. In the prior year, this item was reported as a deferred inflow.
- Deferred outflow for the net change in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net differences in the changes in proportions of the net pension liability which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net difference in projected and actual earnings on investments of the pension Plans' fiduciary net position. This amount is amortized over a 5-year period.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

10. Unearned Revenue

Unearned revenues arise when resources are received in exchange transactions before the Project has a legal claim to them. Unearned revenues at December 31, 2023 and 2022, consisted of miscellaneous receipts for future services.

11. Compensated Absences

The Project's Memorandum of Understanding (MOU) with represented employees allows employees to accumulate unused vacation, subject to policy limits, and sick leave. Unrepresented employees are subject to the same policy as represented employees. Vacation is earned at the rate of 80 to 168 hours per year, depending upon the number of years of service. Sick leave is earned at the rate of 96 hours per year. All unused vacation is paid upon separation. Upon retiring from the Project, unused sick leave may be applied as retirement service credit with the California Public Employees' Retirement System (CalPERS). The liability for these compensated absences is recorded as a liability in the statement of net position. The current portion of this liability is estimated based on historical trends. The cost of compensated absences is recorded in the period it is incurred.

12. Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Project's OPEB plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. At December 31, 2023 and 2022, the following timeframes were used:

- Valuation Dates: December 31, 2023 and 2022
- Measurement Dates: December 31, 2023 and 2022
- Measurement Periods: January 1, 2023 to December 31, 2023 and January 1, 2022 to December 31, 2022

13. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Project's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. At December 31, 2023 and 2022, the following timeframes were used:

- Valuation dates: June 30, 2022 and June 30, 2021
- Measurement Dates: June 30, 2023 and June 30, 2022
- Measurement Periods: July 1, 2022 to June 30, 2023 and July 1, 2021 to June 30, 2022

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

14. Deferred Inflows of Resources

The statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This financial statement element, *deferred inflows of resources*, represents an acquisition of resources applicable to future periods and therefore will *not* be recognized as an inflow of resources (revenue) until that time.

The Project has the following items that qualify for reporting in this category:

Lease

- Deferred inflow for the Project's lessor arrangements measured at the present value of payments expected to be received during the lease term. Lease inflow revenue are recognized on a straight-line basis over the lease term.

Pensions

- Deferred inflow for the net differences in actual and proportionate share of employer contribution and net changes in proportion which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

15. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Investment in Capital Assets Component of Net Position** – consists of capital assets net of accumulated depreciation and outstanding debt used to acquire those assets.
- **Unrestricted Component of Net Position** – the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the investment in capital assets.

16. Related Party Transactions

Significant related party transactions consist primarily of cash distributions to and contributions from the Districts that are charged directly to net position. In addition, the Project charges and receives reimbursement from the Tri-Dam Project Authority for payroll and other shared expenses throughout the fiscal year.

17. Power Generation Revenues

The Project recognizes power generation revenue based on billings rendered on a monthly basis.

18. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the Project by property owners or real estate developers desiring services that require capital expenditures or capacity commitment.

19. Budgetary Policies

The Project adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(2) Cash and Investments

Cash and investments as of December 31 are classified in the Statement of Net Position as follows:

	2023	2022
Cash and cash equivalents		
Cash on hand	\$ 400	400
Deposits with financial institutions	24,910,010	11,919,558
Money market mutual funds	3,447,645	1,297,783
Local Agency Investment Fund (LAIF)	6,790,081	6,517,097
Total unrestricted cash and cash equivalents	35,148,136	19,734,838
Investments		
Investments held by US Bank – current	599,946	1,928,217
Investments held by US Bank – non-current	3,479,080	3,965,440
Total investments	4,079,026	5,893,657
Total cash and investments	\$ 39,227,162	25,628,495

Cash and investments as of December 31 consisted of the following:

	2023	2022
Cash on hand	\$ 400	400
Deposits with financial institutions	24,910,010	11,919,558
Total cash and deposits	24,910,410	11,919,958
U.S. agency securities	4,079,026	5,893,657
Money market mutual funds	3,447,645	1,297,783
Local Agency Investment Fund (LAIF)	6,790,081	6,517,097
Total investments	14,316,752	13,708,537
Total cash and investments	\$ 39,227,162	25,628,495

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(2) Cash and Investments, continued

Investments Authorized by the California Government Code and the Project's Investment Policy

The table below identifies the investment types that are authorized by the Project in accordance with the California Government Code (or the Project's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Project's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Project, rather than the general provisions of the California Government Code or the Project's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio *	Maximum Investment in One Issuer
State and Local Agency Bonds	5 years	100%	None
U.S. Treasury Obligations	5 years**	100%	None
U.S. Government Agency Securities	5 years**	100%	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase agreements	1 year	100%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
California Local Agency Investment Fund (LAIF)	N/A	100%	None
Beneficial Interest of a Joint Power Authority	N/A	100%	None

* Excluding amounts held by bond trustee that are not subject to California Government Code.

** Except when authorized by the District's legislative body in accordance with Government Code Section

Investment in State Investment Pool

The Project is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Project's investment in this pool is reported in the accompanying financial statements at amounts based upon the Project's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(2) Cash and Investments, continued

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

The California Government Code and the Project's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. California law also allows financial institutions to secure Project deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the Project's bank balances, up to \$250,000 is federally insured. The remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Project's name.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Project manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the Project's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Project's investments by maturity date:

Investment maturities as of December 31, 2023, were as follows:

Investment Type	Amount	Remaining Maturity (in Months)		
		12 Months Or Less	13 to 24 Months	25-60 Months
U.S. agency securities	\$ 4,079,026	599,946	972,414	2,506,666
Money market mutual funds	3,447,645	3,447,645	-	-
Local Agency Investment Fund (LAIF)	6,790,081	6,790,081	-	-
Total	\$ 14,316,752	10,837,672	972,414	2,506,666

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(2) Cash and Investments, continued

Interest Rate Risk, continued

Investment maturities as of December 31, 2022, were as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>
U.S. agency securities	\$ 5,893,657	1,928,217	585,198	3,380,242
Money market mutual funds	1,297,783	1,297,783	-	-
Local Agency Investment Fund (LAIF)	6,517,097	6,790,081	-	-
Total	\$ 13,708,537	10,016,081	585,198	3,380,242

Credit Risk

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Project's investment policy, or debt agreements, and the actual rating as of the year ended for each investment type.

Credit ratings as of December 31, 2023, were as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Ratings as of year-end</u>		
			<u>AAA/Aaa</u>	<u>AA+/Aaa</u>	<u>Not Rated</u>
U.S. agency securities	\$ 4,079,026	N/A	\$ -	4,079,026	-
Money market mutual funds	3,447,645	N/A	3,447,645	-	-
Local Agency Investment Fund (LAIF)	6,790,081	N/A	-	-	6,790,081
Total	\$ 14,316,752		\$ 3,447,645	4,079,026	6,790,081

Credit ratings as of December 31, 2022, were as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Ratings as of year-end</u>		
			<u>AAA/Aaa</u>	<u>AA+/Aaa</u>	<u>Not Rated</u>
U.S. agency securities	\$ 5,893,657	N/A	\$ -	5,893,657	-
Money market mutual funds	1,297,783	N/A	1,297,783	-	-
Local Agency Investment Fund (LAIF)	6,517,097	N/A	-	-	6,517,097
Total	\$ 13,708,537		\$ 1,297,783	5,893,657	6,517,097

Concentration of Credit Risk

The Project's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The Project's deposit portfolio with governmental agencies, LAIF, is 17% and 25% as of December 31, 2023 and 2022, respectively, of the Project's total depository and investment portfolio.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(2) Cash and Investments, continued

Concentration of Credit Risk

Instruments in any one issuer that represent 5% or more of the Project's investments as of December 31, 2023, are as follows (excluding external investment pools and debt explicitly guaranteed by the U.S. government):

<u>Investment</u>	<u>Issuer Type</u>	<u>Fair Value Holdings</u>	<u>Percentage Holdings</u>
Federal Farm Credit Bank	Government Sponsored	987,054	6.89%
U.S. Treasury Note	Government Sponsored	2,811,954	19.64%

Instruments in any one issuer that represent 5% or more of the Project's investments as of December 31, 2022 are as follows (excluding external investment pools and debt explicitly guaranteed by the U.S. government):

<u>Investment</u>	<u>Issuer Type</u>	<u>Fair Value Holdings</u>	<u>Percentage Holdings</u>
Federal National Mortgage Association	Government Sponsored	1,233,950	9.00%
Federal Farm Credit Bank	Government Sponsored	1,657,241	12.09%
U.S. Treasury Note	Government Sponsored	2,729,112	19.91%

Fair Value Measurements

Investments measured at fair value as of December 31, 2023, on a recurring and non-recurring basis, were as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U.S. agency securities				
Federal Farm Credit Bank	\$ 987,054	-	987,054	-
Federal Home Loan Bank	280,018	-	280,018	-
U.S. Treasury Note	2,811,954	-	2,811,954	-
Money market mutual funds	3,447,645	3,447,645	-	-
Totals		3,447,645	4,079,026	-
Investments at Amortized Cost:				
Local Agency Investment Fund (LAIF)	6,790,081			
Total	\$ 14,316,752			

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(2) Cash and Investments, continued

Fair Value Measurements

Investments measured at fair value as of December 31, 2022, on a recurring and non-recurring basis, were as follows:

<u>Investment Type</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
U.S. agency securities				
Federal Farm Credit Bank	\$ 1,657,241	-	1,657,241	-
Federal Home Loan Bank	273,354	-	273,354	-
Federal National Mortgage Association	1,233,950	-	1,233,950	-
U.S. Treasury Note	2,729,112	-	2,729,112	-
Money market mutual funds	1,297,783	1,297,783	-	-
Totals		<u>1,297,783</u>	<u>5,893,657</u>	<u>-</u>
Investments at Amortized Cost:				
Local Agency Investment Fund (LAIF)	6,517,097			
Total	\$ 13,708,537			

Money market funds, classified in Level 1 of the fair value hierarchy, are valued by US Bank. U.S. Agency Securities and Medium-Term Corporate Notes, classified in Level 2 of the fair value hierarchy are valued using one of the following: quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, or significant other observable inputs. These prices are obtained from various pricing sources by the custodian bank with the exception of the Project's investment in the Local Agency Investment Fund, which is exempt from the fair value measurement hierarchy.

(3) Leases Receivable

Changes in leases receivable for the year ended December 31, were as follows:

	<u>Balance 2022</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2023</u>	<u>Current Portion</u>	<u>Long-term Portion</u>	<u>Deferred Inflows</u>
Leases receivable:							
U.S. Dept. of Agriculture – ME \$	79,591	-	(4,404)	\$ 75,187	4,747	70,440	(64,685)
Verizon – ME	43,951	-	(21,304)	22,647	22,647	-	(19,484)
Verizon – SP	39,784	-	(19,284)	20,500	20,500	-	(17,636)
Total leases receivable	<u>\$ 163,326</u>	<u>-</u>	<u>(44,992)</u>	<u>\$ 118,334</u>	<u>47,894</u>	<u>70,440</u>	<u>(101,805)</u>

Changes in leases receivable for the year ended December 31, were as follows:

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

	<u>Restated Balance 2021</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2022</u>	<u>Current Portion</u>	<u>Long-term Portion</u>	<u>Deferred Inflows</u>
Leases receivable:							
U.S. Dept. of Agriculture – ME \$	83,668	-	(4,077)	\$ 79,591	4,404	75,187	(70,565)
Verizon – ME	63,972	-	(20,021)	43,951	21,304	22,647	(38,967)
Verizon – SP	57,907	-	(18,123)	39,784	19,284	20,500	(35,272)
Total leases receivable	\$ 205,547	-	(42,221)	\$ 163,326	44,992	118,334	(144,804)

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(3) Leases Receivable, continued

U.S. Department of Agriculture – Forest Service – Mount Elizabeth

On January 1, 2019, the Project entered into a lease agreement with United States Department of Agriculture – Forest Service Stanislaus National Forest (Forest Service). The Forest Service has agreed to pay the Project for the purpose of communication site space at the Project’s Mount Elizabeth communication site. The terms of the agreement require the Forest Service to pay the Project in annual installments through December 2034 and is adjusted annually by a rate of 3.00%.

Following the provisions set forth by *GASB Statement No. 87*, the Project recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.11%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of December 31, 2023 and 2022, deferred inflows were reported at \$64,685 and \$70,565, respectively.

Future payments to be received and deferred inflows as of December 31, 2023, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
2024	\$ 4,747	2,338	7,085	(5,880)
2025	5,107	2,191	7,298	(5,881)
2026	5,485	2,032	7,517	(5,880)
2027	5,881	1,861	7,742	(5,881)
2028	6,296	1,678	7,974	(5,881)
2029-2033	38,436	5,174	43,610	(29,401)
2034	9,235	287	9,522	(5,881)
Total	75,187	<u>15,561</u>	<u>90,748</u>	<u>(64,685)</u>
Current	<u>(4,747)</u>			
Non-current	\$ <u>70,440</u>			

Verizon – Mount Elizabeth

On January 16, 2004, the Project entered into a lease agreement with California RSA No. 3 Limited Partnership d/b/a Verizon Wireless (Verizon Wireless). On January 23, 2020, the Project extended the lease term through June 30, 2024. Verizon Wireless has agreed to pay the Project for the purpose of communication site space at the Project’s Mount Elizabeth communication site. The terms of the agreement require Verizon Wireless to pay the Project in annual installments through June 2024 and is adjusted annually by a rate of 3.00%.

Following the provisions set forth by *GASB Statement No. 87*, the Project recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.11%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of December 31, 2023 and 2022, deferred inflows were reported at \$19,484 and \$38,967, respectively.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(3) Leases Receivable, continued

Verizon – Mount Elizabeth, continued

Future payments to be received and deferred inflows as of December 31, 2023, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
2024	\$ 22,647	704	23,351	(19,484)
Total	22,647	704	23,351	\$ (19,484)
Current	(22,647)			
Non-current	\$ -			

Verizon – Strawberry Peak

On January 16, 2004, the Project entered into a lease agreement with Pinnacles Cellular Inc. d/b/a Verizon Wireless (Verizon Wireless). On January 23, 2020, the Project extended the lease term through June 30, 2024. Verizon Wireless has agreed to pay the Project for the purpose of communication site space at the Project's Strawberry Peak communication site. The terms of the agreement require Verizon Wireless to pay the Project in annual installments through June 2024 and is adjusted annually by a rate of 3.00%.

Following the provisions set forth by *GASB Statement No. 87*, the Project recorded a lease receivable and a deferred inflow at present value using a discount rate of 3.11%. The deferred inflow is amortized on a straight-line basis over the term of the lease. As of December 31, 2023 and 2022, deferred inflows were reported at \$17,636 and \$35,272, respectively.

Future payments to be received and deferred inflows as of December 31, 2023, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred Inflows</u>
2024	\$ 20,500	638	21,138	(17,636)
Total	20,500	638	21,138	\$ (17,636)
Current	(20,500)			
Non-current	\$ -			

(4) Due From Tri-Dam Power Authority

At December 31 due from Tri-Dam Power Authority were comprised of the following transactions:

	<u>2023</u>	<u>2022</u>
Due from Tri-Dam Power Authority		
Payroll prior fiscal year	\$ 108,116	81,658
Equipment rental prior fiscal year	25,471	24,000
Pacific Gas and Electric Islanding November 2023	311,617	-
Total accounts receivable – other	\$ 445,204	105,658

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(5) Capital Assets

Construction-In-Progress

The Project has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction-in-progress balances at December 31 were as follows:

<u>Project Description</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cyberlock project	\$ 106,272	-	-
FEMA 4N88 Site 1	556,656	-	-
FEMA 5N09X Site 5	51,028	-	-
FEMA 5N09X Site 6	470,839	-	-
O'Byrnes public access property improvements	-	1,747,168	211,451
SCADA/RTU/RTAC upgrade	170,776	-	-
Sonora office building	1,295,309	-	-
Tulloch spillway	121,305	-	-
300kW diesel generator – Tulloch	-	-	139,703
Various small projects < \$50,001	61,415	51,540	70,364
Total construction-in-process	<u>\$ 2,833,600</u>	<u>1,798,708</u>	<u>421,518</u>

Intangible Asset – FERC License

The Project completed the process in 2005 of applying for license renewals from the FERC for the Project's hydroelectric generating facilities. The former 50-year licenses expired on December 31, 2004, with extensions through 2005. In February 2006, new licenses were issued for all existing facilities. The licenses extend through December 31, 2045.

The relicensing process involved a substantial commitment of staff resources, formal consultation with several federal and state agencies, the acceptance of public input, numerous studies, and the public filing of documents and reports. The process was undertaken cooperatively with PG&E. PG&E has FERC-licensed facilities in the same watershed. Between fiscal years 2000 and 2005, the Project incurred \$3,323,989 in relicensing costs when issued. The Project is amortizing these costs over the 40-year term of the new licenses. Between fiscal years 2009 to 2014, the Project incurred additional recreation costs of \$6,565,949 at Beardsley reservoir as a condition of obtaining the licenses. A grant for \$1,676,000 was received from the State of California to pay for a portion of these recreation costs incurred since 2009, including \$1,472,435 recognized as grant revenue and administrative expenses in 2013. The remaining recreation costs of \$4,889,949 paid for by the Project are being amortized over the remaining term of the licenses. The licenses require minimum water flows on the middle fork of the Stanislaus River that could result in less water available for power generation during dry years.

The FERC license is an intangible asset that is classified as part of capital assets under GASB Statement No. 51.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(5) Capital Assets, continued

Changes in capital assets for December 31 were as follows:

	<u>Balance 2022</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2023</u>
Non-depreciable assets:				
Land	\$ 1,500,800	440,000	-	1,940,800
Construction-in-process	1,798,708	3,294,390	(2,259,498)	2,833,600
Total non-depreciable assets	<u>3,299,508</u>	<u>3,734,390</u>	<u>(2,259,498)</u>	<u>4,774,400</u>
Depreciable assets:				
Intangible asset – FERC License	8,213,938	-	-	8,213,938
Dams and power plants	93,239,140	74,377	-	93,313,517
Power plant equipment	9,058,638	35,704	-	9,094,342
Telemetry equipment	3,317,055	-	-	3,317,055
Buildings	1,092,915	2,126,854	-	3,219,769
Other equipment	4,802,342	775,610	(63,157)	5,514,795
Leased equipment	16,121	-	-	16,121
Total depreciable and amortizable assets	<u>119,740,149</u>	<u>3,012,545</u>	<u>(63,157)</u>	<u>122,689,537</u>
Accumulated depreciation and amortization:				
Intangible asset – FERC License	(2,857,789)	(233,532)	-	(3,091,321)
Dams and power plants	(46,038,146)	(1,321,579)	-	(47,359,725)
Power plant equipment	(3,950,299)	(301,729)	-	(4,252,028)
Telemetry equipment	(2,456,738)	(95,017)	-	(2,551,755)
Buildings	(861,935)	(27,243)	-	(889,178)
Other equipment	(3,035,617)	(303,936)	58,157	(3,281,396)
Leased equipment	(806)	(3,224)	-	(4,030)
Total accumulated depreciation and amortization	<u>(59,201,330)</u>	<u>(2,286,260)</u>	<u>58,157</u>	<u>(61,429,433)</u>
Total depreciable and amortizable assets, net	<u>60,538,819</u>	<u>726,285</u>	<u>(5,000)</u>	<u>61,260,104</u>
Total capital assets, net	<u>\$ 63,838,327</u>	<u>4,460,675</u>	<u>(2,264,498)</u>	<u>66,034,504</u>

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(5) Capital Assets, continued

Changes in capital assets for December 31 were as follows:

	<u>Balance 2021</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2022</u>
Non-depreciable assets:				
Land	\$ 1,500,800	-	-	1,500,800
Construction-in-process	421,518	1,849,058	(471,868)	1,798,708
Total non-depreciable assets	<u>1,922,318</u>	<u>1,849,058</u>	<u>(471,868)</u>	<u>3,299,508</u>
Depreciable assets:				
Intangible asset – FERC License	8,213,938	-	-	8,213,938
Dams and power plants	92,192,189	1,046,951	-	93,239,140
Power plant equipment	8,998,336	107,927	(47,625)	9,058,638
Telemetry equipment	3,182,452	134,603	-	3,317,055
Buildings	1,064,704	28,211	-	1,092,915
Other equipment	4,780,513	47,381	(25,552)	4,802,342
Leased equipment	-	16,121	-	16,121
Total depreciable and amortizable assets	<u>118,432,132</u>	<u>1,381,194</u>	<u>(73,177)</u>	<u>119,740,149</u>
Accumulated depreciation and amortization:				
Intangible asset – FERC License	(2,624,257)	(233,532)	-	(2,857,789)
Dams and power plants	(44,767,377)	(1,270,769)	-	(46,038,146)
Power plant equipment	(3,604,005)	(393,919)	47,625	(3,950,299)
Telemetry equipment	(2,367,242)	(89,496)	-	(2,456,738)
Buildings	(831,874)	(30,061)	-	(861,935)
Other equipment	(2,768,512)	(292,657)	25,552	(3,035,617)
Leased equipment	-	(806)	-	(806)
Total accumulated depreciation and amortization	<u>(56,963,267)</u>	<u>(2,311,240)</u>	<u>73,177</u>	<u>(59,201,330)</u>
Total depreciable and amortizable assets, net	<u>61,468,865</u>	<u>(930,046)</u>	<u>-</u>	<u>60,538,819</u>
Total capital assets, net	<u>\$ 63,391,183</u>	<u>919,012</u>	<u>(471,868)</u>	<u>63,838,327</u>

(6) Compensated Absences

Compensated absences comprise unpaid vacation leave and compensating time off which is accrued as earned. The Project's liability for compensated absences is determined annually.

Changes in compensated absences for December 31 were as follows:

	<u>Balance 2022</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2023</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$	<u>161,812</u>	<u>246,530</u>	<u>(245,755)</u>	<u>162,587</u>	<u>81,294</u>	<u>81,293</u>

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(6) Compensated Absences, continued

Changes in compensated absences for December 31 were as follows:

Restated Balance 2021	Earned	Taken	Balance 2022	Current Portion	Long-term Portion
\$ 172,957	235,619	(246,764)	161,812	80,906	80,906

(7) Lease Payable

Changes in lease payable for the year ended December 31 were as follows:

	Balance 2022	Additions	Principal Payments	Balance 2023	Current Portion	Long-term Portion
Lease payable:						
Great America – copier \$	15,373	-	(3,051)	12,322	3,147	9,175
Total lease payable \$	15,373	-	(3,051)	12,322	3,147	9,175

Changes in lease payable for the year ended December 31 were as follows:

	Balance 2021	Additions	Principal Payments	Balance 2022	Current Portion	Long-term Portion
Lease payable:						
Great America – copier \$	-	16,121	(748)	15,373	3,051	12,322
Total lease payable \$	-	16,121	(748)	15,373	3,051	12,322

Great America - Copier Lease

In October 2022, the Project entered into an agreement with Great America, to lease copier equipment for use in the Project’s administrative office. Terms of the agreement commenced on October 4, 2022, for a period of 60 months, with rent due monthly at \$290 per month for the entire lease term.

Following the guidelines set forth by GASB Statement No. 87, the Project has recorded a right-to-use asset and a lease payable at present value with an implicit rate of 3.11%. The right-to-use asset is amortized on a straight-line basis over the term of the lease.

Annual lease principal and interest obligations on the lease as of June 30 are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 3,147	339	7,085
2025	3,246	239	7,298
2026	3,349	137	7,517
2027	2,580	34	7,742
Total	12,322	749	\$ 29,642
Current	(3,147)		
Non-current	\$ 9,175		

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(8) Other Post-Employment Benefits (OPEB) Plan

General Information about the OPEB Plan

Plan Description

The Project's defined benefit Other Post-Employment Benefit (OPEB) Plan (Plan) provides OPEB for all vested full-time employees who satisfy the eligibility rules. The Plan is a single employer defined benefit OPEB plan administered by the Project. The OPEB Plan provides healthcare insurance coverage for eligible retirees through the Project's group medical insurance plan, which covers both active and retired participants. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

Benefits Provided

Employees are eligible to participate in the OPEB Plan if they have ten years of continuous service, attain age 55 and retire directly from the Project. Since premiums are determined for active employees and retirees on a combined basis, an implied subsidy must be reflected under GASB 75. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the Project and its employees as approved by the Board of Directors. The OPEB Plan provides that the Project will continue to provide retired employees group medical coverage and reimburse the Project for one-half of their health insurance costs for up to ten years of benefits. Termination from the Plan occurs when the retired employee reaches age 65 and becomes eligible to participate in the Medicare Insurance Program as provided by the federal government.

Employees Covered by Benefit Terms

Membership in the OPEB plan consisted of the following members as of December 31:

	2023	2022
Active plan members	23	23
Retirees and beneficiaries receiving benefits	2	2
Separated plan members entitled to but not yet receiving benefits	-	-
Total Plan membership	25	25

Contributions

The contribution requirements of the OPEB Plan participants and the Project are established and may be amended by the Project. The Project's funding commitment is in accordance with a Memorandum of Understanding with its represented employees and subject to change with each new MOU. Unrepresented employees are subject to the same funding commitment. Employees are not required to contribute to the OPEB Plan. It is the policy of the Project to fund postretirement healthcare premiums on a pay-as-you go basis.

As of the fiscal year ended December 31 the contributions were as follows:

	2023	2022
Contributions – employer	\$ 11,105	12,076
Total employer paid contributions	\$ 11,105	12,076

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(8) Other Post-Employment Benefits (OPEB) Plan, continued

Total OPEB Liability

The Project's total OPEB liability was measured as of December 31, 2023 and 2022, and the total net liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023 and 2022. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions

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

Average retirement age	62
Employer future premium contribution	Remain a level % of the total cost over time
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of payroll
Assets backing OPEB liability	\$0
Percentage participation	2023 – 90.00 percent 2022 – 90.00 percent
Health premium increases	4.20 to 4.80 percent
Inflation	2023 – 4.650 percent 2022 – 3.950 percent
Discount rate	2023 – 4.650 percent, per annum 2022 – 3.950 percent, per annum
Salary increases	2023 and 2022 – 3.00 percent, per annum, in aggregate
NOL and ADC	Calculated using the Alternative Measurement Method in accordance with GASB methodology.
Mortality table	2023 and 2022 – Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.
Turnover assumption	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.650 percent. The projection of cash flows used to determine the discount rate assumed that Project contributions will be made at rates equal to the actuarially determined contribution rates.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(8) Other Post-Employment Benefits (OPEB) Plan, continued

Changes in the Total OPEB Liability

Changes in the total OPEB liability as of June 30 were as follows:

	2023	2022
	Total OPEB Liability	Total OPEB Liability
Balance at beginning of year	\$ 490,864	1,256,869
Changes for the year:		
Service cost	33,585	99,606
Interest	20,499	27,684
Effect of demographic (gains)/losses	(45,148)	(757,779)
Changes in assumptions	(37,800)	(123,440)
Benefit payments, including refunds of member contributions	(11,105)	(12,076)
Net change	(39,969)	(766,005)
Balance at end of year	\$ 450,895	490,864

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Project, as well as what the Project's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

At the measurement date December 31, 2023, the discount rate comparison was the following:

	1% Decrease (3.650%)	Current Discount Rate (4.650%)	1% Increase (5.650%)
Project's total OPEB liability \$	506,491	450,895	404,659

At the measurement date December 31, 2022, the discount rate comparison was the following:

	1% Decrease (2.950%)	Current Discount Rate (3.950%)	1% Increase (4.950%)
Project's total OPEB liability \$	549,938	490,864	442,089

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(8) Other Post-Employment Benefits (OPEB) Plan, continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

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

At the measurement date December 31, 2023, the healthcare cost trend rate comparison was the following:

	1% Decrease (3.9% Medical/4.9% Pharmacy increasing/decreasing to 3.3% Medical/3.3% Pharmacy	Healthcare Cost Trend Rates (4.9% Medical/5.9% Pharmacy increasing/decreasing to 4.3% Medical/4.3% Pharmacy	1% Increase (5.9% Medical/6.9% Pharmacy increasing/decreasing to 5.3% Medical/5.3% Pharmacy
Project's total OPEB liability \$	392,719	450,895	522,660

At the measurement date December 31, 2022, the healthcare cost trend rate comparison was the following:

	1% Decrease (3.9% Medical/4.9% Pharmacy increasing/decreasing to 3.3% Medical/3.3% Pharmacy	Healthcare Cost Trend Rates (4.9% Medical/5.9% Pharmacy increasing/decreasing to 4.3% Medical/4.3% Pharmacy	1% Increase (5.9% Medical/6.9% Pharmacy increasing/decreasing to 5.3% Medical/5.3% Pharmacy
Project's total OPEB liability \$	434,510	490,864	560,452

OPEB Income and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year December 31, 2023, and 2022, the Project recognized OPEB expense of \$28,865 a decrease of the total OPEB liability and OPEB income of \$766,005, an increase of the total OPEB liability, respectively, as determined by the actuarial valuations.

At December 31, 2023, and 2022, the Project reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

Schedule of Changes in the Project's Net OPEB Liability and Related Ratios

See page 51 for the Required Supplementary Schedule.

(9) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the Project's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(9) Defined Benefit Pension Plan, continued

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the Project's CalPERS 2.0% at 60 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. For employees hired prior to January 1, 2013, who are current members of CalPERS or a reciprocal agency as of December 31, 2012, and have not been separated from service from such agency for more than six months, the retirement benefit is 2.0% @ 60 years of age; highest single year of compensation. All other employees hired after January 1, 2013, are eligible for the Project's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The Project participates in the Plan's miscellaneous risk pool. The provisions and benefits for the Plan's miscellaneous pool in effect at fiscal year December 31 are summarized as follows:

	Miscellaneous Plan			
	2023		2022	
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date				
Benefit formula	2.0% @ 60	2.0% @ 62	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates				
Six months ended June 30	7.960%	6.750%	7.960%	6.750%
Six months ended December 31	7.960%	7.750%	7.960%	6.750%
Required employer contribution rates				
Six months ended June 30	12.210%	7.470%	12.200%	7.590%
Six months ended December 31	14.060%	7.680%	12.210%	7.470%

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(9) Defined Benefit Pension Plan, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1, following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Project is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

As of the fiscal year December 31, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous Plan	
	2023	2022
Contributions – employer	\$ 540,399	1,317,916
Contributions – employee (paid by employer)	63,424	63,626
Total employer paid contributions	\$ 603,823	1,381,542

Net Pension Liability

As of the fiscal year December 31, the Project reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Miscellaneous Plan	
	2023	2022
Proportionate share of net pension liability	\$ 3,985,887	3,635,864

The Project's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of the fiscal years ended December 31, 2023 and 2022, the net pension liability of the Plan is measured as of June 30, 2023 and 2022 (the measurement dates), respectively. The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 and 2021 (the valuation dates), rolled forward to June 30, 2023 and 2022, using standard update procedures, respectively. The Project's proportion of the net pension liability was based on a projection of the Project's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Project's proportionate share of the net pension liability for the Plan's miscellaneous risk pool as of the measurement dates June 30, were as follows:

Proportional Share	Miscellaneous Plan
Measurement Date of June 30, 2022	
for the year ended December 31, 2022	0.03148%
Measurement Date of June 30, 2023	
for the year ended December 31, 2023	0.03195%
Change – Increase (Decrease)	0.00047%

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(9) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

The Project's proportionate share of the net pension liability for the Plan's miscellaneous risk pool as of the measurement dates June 30, were as follows:

Proportional Share	Miscellaneous Plan
Measurement Date of June 30, 2021 for the year ended December 31, 2021	0.00849%
Measurement Date of June 30, 2022 for the year ended December 31, 2022	0.03148%
Change – Increase (Decrease)	0.02299%

Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended December 31, 2023 and 2022, the Project recognized pension expense of \$1,184,387, an increase of the net pension liability and pension expense of \$2,298,144, a increase of the net pension liability, respectively.

As of December 31, the Project reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 404,625	-	429,752	-
Net differences between actual and expected experience	172,034	-	24,113	-
Net changes in assumptions	240,646	-	372,569	-
Net differences between actual contribution and proportionate share of contribution	-	(283,991)	-	(127,238)
Net adjustment due to differences in proportions of the net pension liability	329,352	-	572,567	-
Net differences between projected and actual earnings on plan investments	645,350	-	665,992	-
Total	\$ 1,792,007	(283,991)	2,064,993	(127,238)

As of December 31, 2023 and 2022, the Project reported \$404,625 and \$429,752, as deferred outflows of resources related to pension contributions subsequent to the measurement dates June 30, 2023 and 2022, and were/will be recognized as a reduction of the net pension liability for the fiscal year ended December 31, 2024 and 2023, respectively.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(9) Defined Benefit Pension Plan, continued

Deferred Outflows/Inflows of Resources Related to Pensions, continued

As of December 31, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

2023	Deferred Net
Fiscal Year Ending December 31,	Outflows/ (Inflows) of Resources
2024	\$ 476,643
2025	330,041
2026	257,499
2027	39,208
2028	-
Thereafter	-

Actuarial Assumptions

The total pension liability in the actuarial valuation dated June 30, 2022 and 2021, was determined using the following actuarial assumptions and methods:

Valuation dates	June 30, 2022 and 2021
Measurement dates	June 30, 2023 and 2022
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68

Actuarial assumptions:

Discount rate	2023 – 6.90%
	2022 – 6.90%
Inflation	2023 – 2.30%
	2022 – 2.30%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality rate table*	Derived using CalPERS' Membership Data for all Funds
Period upon which actuarial Experience survey assumption were based	2023 and 2022 – 2021
Post retirement benefit	2023 and 2022 – Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies.

* The mortality table used above was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report. Further details of the Experience Study can be found on the CalPERS website.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(9) Defined Benefit Pension Plan, continued

Discount Rate

At the measurement dates, June 30, 2023 and 2022, the discount rate used to measure the total pension liability was 6.90% for the Plan, respectively. The discount rate reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. For the Plan, the crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF C. The crossover test results can be found on CalPERS' website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set to equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

As of the measurement dates June 30, 2023 and 2022, the target allocation and the long-term expected real rate of return by asset class were as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Years 1-10</u>
Global equity - cap-weighted	30.0%	4.54%
Global equity - non-cap-weighted	12.0	3.84
Private equity	13.0	7.28
Treasury	5.0	0.27
Mortgage-backed securities	5.0	0.50
Investment grade corporates	10.0	1.56
High yield	5.0	2.27
Emerging market debt	5.0	2.48
Private debt	5.0	3.57
Real assets	15.0	3.21
Leverage	-5.0	(0.59)
Total	<u>100.0%</u>	

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(9) Defined Benefit Pension Plan, continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Project's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Project's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate.

As of fiscal year, end December 31, 2023, the Project's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
	5.90%	6.90%	7.90%
Project's net pension liability \$	7,563,930	3,985,887	1,040,850

As of fiscal year, end December 31, 2022, the Project's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
	5.90%	6.90%	7.90%
Project's net pension liability \$	7,132,978	3,635,864	758,608

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See pages 52 and 53 for the Required Supplementary Information.

Payable to the Pension Plan

At December 31, 2023 and 2022, the Project reported \$0 in payables for the outstanding amount of contribution to the pension plan, respectively.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(10) Net Position

As of December 31, the calculation of net position is as follows:

	2023	As Restated 2022
Investment in capital assets:		
Capital assets – not being depreciated	\$ 4,774,400	3,299,508
Capital assets – being depreciated, net	61,260,104	60,538,819
Total investment in capital assets	66,034,504	63,838,327
Unrestricted net position:		
Non-spendable net position:		
Prepaid expenses	951,792	660,456
Total non-spendable net position	951,792	660,456
Spendable net position is designated as follows:		
Operating reserve	7,526,671	7,191,439
Unrestricted	30,164,793	17,900,023
Total spendable net position	37,691,464	25,091,462
Total unrestricted net position	38,643,256	25,751,918
Total net position	\$ 104,677,760	89,590,245

(11) Power Generation Revenues

Effective January 1, 2014, the Project entered into a power purchase and sale agreement with the City of Santa Clara, California through its municipal electric utility, Silicon Valley Power. Under the agreement, the Project agrees to sell the net electrical output and installed capacity of its power generating facilities (the Donnell's Powerhouse, Beardsley Powerhouse and Tulloch Powerhouse) to the City through December 31, 2023, including electrical energy, capacity attributes and any renewable energy credits and environmental attributes of the power generating facilities. Under the agreement, the Project will receive a fixed contract price per megawatt hour (MWh) as summarized in Exhibit E of the agreement. The contract price is fixed starting in 2021 at \$80 per MWh.

(12) Legal Settlement

During 2022, the Project settled litigation against Parties determined responsible for the negligent design, engineering, and construction of an access road leading to a new powerhouse at Tulloch Dam on the Stanislaus River. In 2021 and 2022, the Parties' authorized representatives met during mediation conferences where the Parties agreed to specific terms and conditions to induce settlement of the litigation and the resolution of the claim amounting to \$2,150,000. As of December 31, 2022, the Project received the settlement in full.

(13) Distributions to Districts

The Project provided the following cash distributions to Districts from surplus operation funds during the year ended December 31:

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Oakdale Irrigation District	\$ 12,370,000	9,850,000
South San Joaquin Irrigation District	<u>12,370,000</u>	<u>9,850,000</u>
Total distributions to Districts	<u>\$ 24,740,000</u>	<u>19,700,000</u>

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(14) Adjustments to Net Position

GASB Statement No. 87 Implementation

In fiscal year 2022, the Project implemented GASB Statement No. 87 to recognize its lessor agreement. The nature, justification, and an explanation of the change are included in note 1.

As a result of the implementation for the Project's lessor agreement, the Project recorded a lease receivable, a deferred lease inflow of resources, reclassified a portion of its rental income to interest income, and has recorded prior period adjustments to restate net position as of December 31, 2019, 2020, and 2021. Please see note 3 for further information.

Compensated Absence Liability

In fiscal year 2022, the Project determined its compensated absence balance was overstated. As a result, the Project has recorded a prior period adjustment to restate compensated absences. Accordingly, the Project has adjusted net position as of December 31, 2021 and 2020, respectively. Please see note 6 for further information.

GASB 68 Pension Deferral Calculation

In fiscal year 2023, the Project determined its deferred inflow related to the net differences between actual and proportionate share of contributions was overstated. The incorrect contribution base had been used to calculate the balance in the prior year. As a result, the Project has recorded a prior period adjustment to restate pension deferred inflows and related amortization. Accordingly, the Project has adjusted net position as of December 31, 2022. Please see note 9 for further information.

The adjustments to net position are as follows:

Net position at December 31, 2020, as restated	\$ <u>85,147,212</u>
Effect of adjustments to record lessor lease receivables, deferred lease inflows, and interest income as a result of GASB 87	3,424
Effect of adjustment to correct overstatement of compensated absence liability, previously reported	(18,076)
Change in net position at December 31, 2021, as previously stated	<u>5,815,855</u>
Net position at December 31, 2021, as restated	\$ <u>90,948,415</u>
Effect of adjustment to the addition recorded to the pension deferral; differences between actual contributions and proportionate share of contributions	776,473
Effect of adjustment to the amortization recorded for the pension deferral; differences between actual contributions and proportionate share of contributions	(209,857)
Change in net position at December 31, 2022, as previously stated	<u>(1,924,786)</u>
Net position at December 31, 2022, as restated	\$ <u>89,590,245</u>

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(15) Deferred Compensation Plan

For the benefit of its employees, the Project participates in a 457 Deferred Compensation Program (Program) administered by Nationwide and CalPERS. The purpose of this program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseen emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Project is in compliance with this legislation. Therefore, these assets are not the legal property of the Project and are not subject to claims of the Project's general creditors. As of December 31, 2023 and 2022 the market value of all plan assets held in trust by the Projects plans with Nationwide and CalPERS amounted to \$2,772,634 and \$2,439,260, respectively.

The Project has implemented GASB Statement No. 32, Accounting for Financial Reporting for Internal Revenue code Section 457 Deferred Compensation Plans. Since the Project has little administrative involvement and does not perform the investing function of this plan, the assets and related liabilities are not shown on the Statements of Net Position.

(16) Risk Management

The Project is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Project purchases commercial insurance policies with a variety of carriers in amounts to meet statutory requirements.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Project's insurance coverage during the years ending December 31, 2023, 2022, and 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of December 31, 2023, 2022, and 2021, respectively.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(17) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to December 31, 2023, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 99

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(17) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 102

In December 2023, the GASB issued Statement No. 102 - *Certain Risk Disclosures*. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(18) Commitments and Contingencies

Regulatory

Bay Delta

On December 12, 2018, the State Water Board (SWB) adopted Phase I of the Water Quality Control Plan (WQCP). Phase I requires the bypass of 40% of the Unimpaired flow (UIF) on the Stanislaus River from February 1st to June 30th, or instream flows as required by the OCAP – Biological Opinion, whichever is greater. When Phase 1 of the WQCP is implemented, it will require significantly higher instream flows in the lower Stanislaus River. It is uncertain when Phase 1 of the WQCP will be implemented.

Oakdale Irrigation District and South San Joaquin Irrigation District (the Districts) have sued the SWB adoption of Phase 1 of the WQCP. The cases have been consolidated in Sacramento County Superior Court. Litigation is expected to take at least 8-10 years.

The WQCP is not self-implementing. The Districts do not currently see any project operation changes since the SWB has not commenced a process to implement phase 1 of the WQCP.

Biological Opinion

Jurisdiction over fisheries migrating to or in the oceans under the Endangered Species Act rests with the United States Department of Commerce’s National Marine Fisheries Service, a division of the Oceanic and Atmospheric Administration (NMFS). In June 2009, NMFS issued a final biological opinion and imposed new flow requirements on the USBR in its operation of New Melones Reservoir. The flow requirements potentially deplete the volume of water stored at New Melones Reservoir and may impact the water available to the Districts under the 1988 Agreement and Stipulation. Although the U.S. District Court overturned the biological opinion upon challenge from the Districts, the U.S. Ninth Circuit Court of Appeals upheld the opinion in December 2014. Reclamation has reinitiated consultation with NMFS regarding the Biological Opinions for the long-term operation of the CVP-SWP. This includes New Melones. The Districts are cooperating agencies in the re-consultation. Until the re-consultation is completed, the existing Biological Opinion is in place and so is the existing flow schedule. On January 30, 2019, Reclamation submitted a new Biological Assessment to USFWS and NMFS for the Biological Opinions for the long-term operation. NMFS issued their Draft Biological Opinion on October 21, 2019.

Reclamation’s proposed Biological Assessment for New Melones proposes river releases less than the current Appendix 2e flow requirements. Reclamation and NMFS were sued. The Districts have intervened to protect the Districts water supply. The Districts are actively involved in these and other regulatory proceedings and litigation related to water rights and water supply. It is not possible to determine the potential cost or financial impact of these regulatory actions to the Districts or the Project as none of these processes have come to conclusion. The Districts are currently monitoring Operations Criteria and Plan Biological Opinion (OCAP-BO) litigation in Federal court. The Districts do not see any impact to Tri-Dam operations due to the litigation.

Construction Contracts

The Project has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the Project’s replacement reserves and advances for construction.

Grant Awards

Grant funds received by the Project are subject to audit by the grantor agencies. Such an audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. The management of the Project believes that such disallowances, if any, would not be significant.

Tri-Dam Project
Notes to the Basic Financial Statements, continued
For the Fiscal Years Ended December 31, 2023 and 2022

(18) Commitments and Contingencies, continued

Litigation

In the ordinary course of operations, the Project is subject to claims and litigation from outside parties. Nevertheless, after consultation with legal counsel, the Project believes that these actions, when finally concluded and determined, are not likely to have a material adverse effect on the Project's financial position, results of operations, or cash flows.

(19) Subsequent Events

There are no known events occurring after December 31, 2023, which have been evaluated for possible adjustment to the financial statements or disclosure as of July 16, 2024, which is the date the financial statements were available to be issued.

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Required Supplementary Information

Tri-Dam Project
Schedules of Changes in the Project's Total OPEB Liability and Related Ratios
As of December 31, 2023
Last Ten Years*

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Total OPEB Liability						
Service cost	\$ 33,585	99,605	99,991	95,696	90,423	73,331
Interest	20,499	27,685	26,505	39,958	52,105	36,966
Changes in benefit terms	-	-	-	-	-	-
Effect of demographic (gains)/losses	(45,148)	(757,779)	(21,396)	(406,995)	(94,463)	155,926
Changes in assumptions	(37,800)	(123,440)	10,671	77,872	152,903	(73,706)
Benefit payments	<u>(11,105)</u>	<u>(12,076)</u>	<u>(18,156)</u>	<u>(19,707)</u>	<u>(17,754)</u>	<u>(9,039)</u>
Net change in total OPEB liability	(39,969)	(766,005)	97,615	(213,176)	183,214	183,478
Total OPEB liability – beginning	<u>490,864</u>	<u>1,256,869</u>	<u>1,159,254</u>	<u>1,372,430</u>	<u>1,189,216</u>	<u>1,005,738</u>
Total OPEB liability – ending	<u>\$ 450,895</u>	<u>490,864</u>	<u>1,256,869</u>	<u>1,159,254</u>	<u>1,372,430</u>	<u>1,189,216</u>
Covered payroll	<u>\$ 2,879,750</u>	<u>2,877,242</u>	<u>2,928,795</u>	<u>2,737,747</u>	<u>1,090,770</u>	<u>1,059,000</u>
Total OPEB liability as a percentage of covered payroll	15.66%	17.06%	42.91%	42.34%	125.82%	112.30%
Valuation date	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Methods and assumptions used to determine contribution rates:						
Single and agent employers	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Inflation	4.650%	3.950%	2.050%	2.120%	2.740%	4.100%
Salary Increases	3.000%	3.000%	3.000%	3.000%	3.000%	3.000%
Investment rate of return	(2)	(2)	(2)	(2)	(2)	(2)
Mortality, retirement, turnover	(3)	(3)	(3)	(3)	(3)	(3)

(1) Level percentage of payroll, closed

(2) The Authority's plan is not funded, therefore, there is no investment rate of return.

(3) Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years (2020-2021) RP2000 Mortality Table for Males and Females Projected 18 years; this assumption does not include a margin for future improvements in longevity. (2019-2018)

* The Project has presented information for those years for which information is available until a full 10-year trend is compiled.

Tri-Dam Project
Schedules of the Project's Proportionate Share of the Net Pension Liability
As of December 31, 2023
Last Ten Years

Description	Fiscal Year									
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Project's proportion of the net pension liability	0.03195%	0.03148%	0.00849%	0.03062%	0.02912%	0.05879%	0.05785%	0.05732%	0.05710%	0.04754%
Project's proportionate share of the net pension liability	\$ 3,985,887	3,635,864	459,338	3,331,950	2,983,496	5,665,437	5,736,690	4,959,124	3,919,442	2,958,335
Project's covered payroll	\$ 2,879,750	2,877,242	2,928,795	2,737,747	2,678,414	2,408,356	2,221,912	2,323,849	2,159,593	2,251,731
Project's proportionate share of the net pension liability as a percentage of its covered payroll	138.41%	126.37%	15.68%	121.70%	111.39%	235.24%	258.19%	213.40%	181.49%	131.38%
Project's total pension liability	\$ 26,455,863	25,654,078	23,957,513	23,037,525	22,012,646	21,098,739	20,850,341	18,814,462	18,121,989	17,431,448
Project's fiduciary net position	\$ 22,469,977	22,018,214	23,498,175	19,705,575	19,029,150	15,433,302	15,113,651	13,855,337	14,202,547	14,473,113
Project's fiduciary net position as a percentage of the total pension liability	84.93%	85.83%	98.08%	85.54%	86.45%	73.15%	72.49%	73.64%	78.37%	83.03%

Notes to schedule:

There were no changes in benefits.

Changes in assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determine net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expense.

The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%

From fiscal year June 30, 2018 to June 30, 2019:

The inflation rate was reduced from 2.75% to 2.50%

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

There were no changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate was reduced from 7.15% to 6.90%

The inflation rate was reduced from 2.50% to 2.30%

From fiscal year June 30, 2023 to June 30, 2024:

There were no changes in assumptions.

**Tri-Dam Project
Pension Plan Contributions
As of December 31, 2023
Last Ten Years**

Description	Fiscal Year									
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution	\$ 579,085	673,125	605,285	576,667	501,426	553,154	475,900	424,574	460,162	326,279
Contributions in relation to the actuarially determined contribution	(579,085)	(673,125)	(605,285)	(576,667)	(501,426)	(3,553,154)	(475,900)	(424,574)	(460,162)	(326,279)
Contribution deficiency (excess)	\$ -	-	-	-	-	(3,000,000)	-	-	-	-
District's covered payroll	\$ 2,879,750	2,877,242	2,928,795	2,737,747	2,847,569	2,619,155	2,504,259	2,361,816	1,936,368	1,943,437
Contribution's as a percentage of covered payroll	20.11%	23.39%	20.67%	21.06%	17.61%	135.66%	19.00%	17.98%	23.76%	16.79%
Notes to schedule:										
Valuation date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and assumptions used to determine contribution rates:										
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15 Year Smoothed Market Method
Inflation	2.30%	2.30%	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	6.90% (3)	6.90% (3)	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level of percentage payroll, closed

(2) Depending on age, service, and type of employment

(3) Net of pension plan investment expense, including inflation

(4) 50 for all plans with exception of 52 for Miscellaneous 2% @ 62

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

Other Supplementary Information

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative
For the Fiscal Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>As Restated 2022</u>
Donnell's Facility:		
Operations		
Supervision wages and benefits	\$ 2,819	4,970
Hydraulic wages and benefits	9,022	18,852
Electric wages and benefits	191,723	201,177
Supplies and materials	<u>159,341</u>	<u>36,187</u>
Total operations	<u>362,905</u>	<u>261,186</u>
Maintenance		
Supervision wages and benefits	980	157
Structures wages and benefits	46,429	39,309
Reservoirs and dams wages and benefits	21,372	47,127
Electrical plant wages and benefits	68,778	99,675
Communications and security wages and benefits	9,549	22,799
Other wages and benefits	52,421	77,298
Supplies and materials	25,885	47,808
Road repairs	<u>63,329</u>	<u>82,712</u>
Total maintenance	<u>288,743</u>	<u>416,885</u>
Total Donnell's Facility	<u>\$ 651,648</u>	<u>678,071</u>
Beardsley Facility:		
Operations		
Supervision wages and benefits	\$ 5,454	6,035
Hydraulic wages and benefits	9,417	11,658
Electric wages and benefits	183,050	203,424
Supplies and materials	<u>158,160</u>	<u>26,052</u>
Total operations	<u>356,081</u>	<u>247,169</u>
Maintenance		
Supervision wages and benefits	-	28,619
Hydraulic wages and benefits	15,342	4,919
Structures wages and benefits	104,726	71,426
Reservoirs and dams wages and benefits	16,497	12,185
Electrical plant wages and benefits	86,932	195,155
Communications and security wages and benefits	16,103	16,731
Other wages and benefits	61,936	106,108
Supplies and materials	<u>77,874</u>	<u>35,924</u>
Total maintenance	<u>379,410</u>	<u>471,067</u>
General and administrative		
USFS resource management support	<u>-</u>	<u>75,103</u>
Total general and administrative	<u>-</u>	<u>75,103</u>
Total Beardsley Facility	<u>\$ 735,491</u>	<u>793,339</u>

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative, continued
For the Fiscal Years Ended December 31, 2023 and 2022

	2023	As Restated 2022
Tulloch Facility:		
Operations		
Supervision wages and benefits	\$ 115,950	68,017
Hydraulic wages and benefits	4,285	7,186
Electric wages and benefits	226,147	234,018
Supplies and materials	102,801	9,033
Total operations	449,183	318,254
Maintenance		
Supervision wages and benefits	1,079	1,461
Structures wages and benefits	13,242	17,448
Reservoirs and dams wages and benefits	2,292	6,620
Electrical plant wages and benefits	160,843	154,251
High voltage wages and benefits	-	3,200
Communications and security wages and benefits	4,854	16,637
Other wages and benefits	50,330	51,720
Supplies and materials	82,351	47,610
Total maintenance	314,991	298,947
General and administrative		
Outside services – legal	97,406	59,443
Headwater benefit assessment	91,599	92,799
Other	4,660	6,474
Total general and administrative	193,665	158,716
Total Tulloch Facility	\$ 957,839	775,917
Mount Elizabeth Facility:		
Operations		
Supplies and materials	\$ 23,985	26,795
Total operations	23,985	26,795
Maintenance		
Structures wages and benefits	2,768	12,098
Communications and security wages and benefits	8,490	6,249
Other wages and benefits	754	4,967
Supplies and materials	4,054	14,528
Total maintenance	16,066	37,842
Total Mount Elizabeth Facility	\$ 40,051	64,637

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative, continued
For the Fiscal Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>As Restated 2022</u>
Strawberry Peak Facility:		
Operations		
Supplies and materials	\$ 16,520	19,430
Total operations	<u>16,520</u>	<u>19,430</u>
Maintenance		
Structures wages and benefits	699	9,669
Communications and security wages and benefits	2,366	6,134
Other wages and benefits	341	8,612
Supplies and materials	39,493	34,029
Total maintenance	<u>42,899</u>	<u>58,444</u>
Total Strawberry Peak Facility	<u>\$ 59,419</u>	<u>77,874</u>
Operations Center:		
Operations		
Electric wages and benefits	\$ 167,520	122,222
Supplies and materials	-	(66)
Total operations	<u>167,520</u>	<u>122,156</u>
Maintenance		
Structures wages and benefits	2,525	9,329
Communications and security wages and benefits	11,640	9,011
Other wages and benefits	4,550	21,633
Supplies and materials	3,175	69,185
Total maintenance	<u>21,890</u>	<u>109,158</u>
Total Operations Center	<u>\$ 189,410</u>	<u>231,314</u>
Service Center:		
Maintenance		
Hydraulic wages and benefits	\$ -	395
Structures wages and benefits	30,143	63,064
Communications and security wages and benefits	-	1,715
Other wages and benefits	70,218	62,674
Supplies and materials	321,153	319,703
Total maintenance	<u>421,514</u>	<u>447,551</u>
Total Service Center	<u>\$ 421,514</u>	<u>447,551</u>

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative, continued
For the Fiscal Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>As Restated 2022</u>
Division Point Facility:		
Operations		
Hydraulic wages and benefits	\$ 10,444	10,295
Electric wages and benefits	89,865	102,549
Supplies and materials	<u>4,498</u>	<u>4,620</u>
Total operations	<u>104,807</u>	<u>117,464</u>
Maintenance		
Structures wages and benefits	199	9,294
Reservoirs and dams wages and benefits	2,127	4,164
Communications and security wages and benefits	5,253	7,964
Other wages and benefits	2,086	5,941
Supplies and materials	<u>8,345</u>	<u>9,597</u>
Total maintenance	<u>18,010</u>	<u>36,960</u>
Total Division Point Facility	\$ <u>122,817</u>	<u>154,424</u>
Goodwin Facility:		
Operations		
Hydraulic wages and benefits	\$ 11,407	10,226
Electric wages and benefits	94,182	101,963
Supplies and materials	<u>49,571</u>	<u>12,651</u>
Total operations	<u>155,160</u>	<u>124,840</u>
Maintenance		
Supervision wages and benefits	16,436	1,854
Hydraulic wages and benefits	419	13,510
Structures wages and benefits	465	778
Reservoirs and dams wages and benefits	1,523	4,643
Communications and security wages and benefits	349	3,848
Other wages and benefits	2,843	11,075
Supplies and materials	<u>32,662</u>	<u>649</u>
Total maintenance	<u>54,697</u>	<u>36,357</u>
General and administrative		
Outside services	2,775	-
Administration wages and benefits	19,896	21,010
Professional services	2,380	2,410
Property insurance	7,800	6,806
Safety fess and expense	-	10,617
Steamgaging	-	50,628
Supplies and materials	<u>6,447</u>	<u>2,400</u>
Total general and administrative	<u>39,298</u>	<u>93,871</u>
Total Goodwin Facility	\$ <u>249,155</u>	<u>255,068</u>

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative, continued
For the Fiscal Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>As Restated 2022</u>
Overall General and Administrative:		
Operations		
Outside services	\$ 401,119	776,535
Administration wages and benefits	1,439,988	752,054
Pension expense (income) GASB 68	910,317	2,343,948
Property insurance	754,081	668,291
FERC administrative and land fees	146,071	181,018
Safety fees and expense	31,442	291,997
Other wages and benefits-mobile equipment operation	62,380	67,257
Steamgaging	-	63,946
Miscellaneous	44,905	31,308
Utilities	60,283	52,239
Meals allowance and travel expense	16,395	10,660
Telephone, internet, data links	74,339	96,091
Office supplies and expense	39,646	41,674
Computer supplies	14,827	6,295
County taxes	20,624	9,760
Professional organizations	27,560	32,483
	<u>4,043,977</u>	<u>5,425,556</u>
Total overall general and administrative	\$	
Depreciation and Amortization:		
Depreciation on capital assets	\$ 2,049,504	2,076,902
FERC relicensing amortization	236,756	234,338
	<u>2,286,260</u>	<u>2,311,240</u>
Total depreciation and amortization	\$	
Total Operating Expenses	<u>\$ 9,757,581</u>	<u>11,214,991</u>
Summary of Expenses by Type		
Operations	\$ 1,636,161	1,237,294
Maintenance	1,558,220	1,913,211
General and Administrative	4,276,940	5,753,246
Depreciation and amortization	<u>2,286,260</u>	<u>2,311,240</u>
Total Operating Expenses	<u>\$ 9,757,581</u>	<u>11,214,991</u>

Report on Internal Controls and Compliance



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**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on the Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors
Tri-Dam Project
Strawberry, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Tri-Dam Project (Project), which comprise the statements of net position as of December 31, 2023 and 2022 and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements and have issued our report thereon date July 16, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on the Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards, continued***

Purpose of this Report

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

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
July 16, 2024