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, 2022 and 2021

TRI-DAM PROJECT

A partnership of the Oakdale and South San Joaquin Irrigation Districts

Board of Directors as of December 31, 2022

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

Tri-Dam Project

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For the Fiscal Years Ended December 31, 2022 and 2021

Tri-Dam Project
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For the Fiscal Years Ended December 31, 2022 and 2021

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Financial Section

C.J. Brown & Company CPAs
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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, 2022 and 2021, 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, 2022 and 2021, 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

Restatements to Net Position

As discussed in note 14 to the financial statements, 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 this matter.

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 53 through 55 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 56 through 60 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 June 15, 2023, 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 61 and 62.

C.J. Brown & Company, CPAs

C.J. Brown & Company CPAs
Cypress, California
June 15, 2023

Tri-Dam Project
Management's Discussion and Analysis
For the Fiscal Years Ended December 31, 2022 and 2021
With Comparative Amounts for December 31, 2020
Provided for Illustrative Purposes

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, 2022 and 2021. 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 2022, the Project's net position decreased 2.12% or $1,924,786 to $89,023,629 as a result of net income of $17,775,214 from ongoing operations offset by $19,700,000 in distributions to the Districts. In fiscal year 2021, the Project's net position increased 6.81% or $5,801,203 to $90,948,415 as a result of net income of $16,759,203 from ongoing operations offset by $10,958,000 in distributions to the Districts.
- In fiscal year 2022, the Project's total revenues increased 24.63% or $6,098,332 to $30,858,286. In fiscal year 2021, the Project's total revenues decreased 13.43% or $3,841,405 to $24,759,954.
- In fiscal year 2022, the Project's total expenses increased 63.52% or $5,082,321 to $13,083,072. In fiscal year 2021, the Project's total expenses decreased 29.27% or $3,310,535 to $8,000,751.
- In fiscal year 2022, the Project's distributions to the Districts increased 79.78% or $8,742,000 to $19,700,000. In fiscal year 2021, the Project's distributions to the Districts decreased 56.42% or $14,184,000 to $10,958,000.

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.

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 52.

Statements of Net Position

Condensed Statements of Net Position

	2022	As Restated 2021	Change	As Restated 2020	Change
Assets:					
Current assets	$ 25,596,269	25,663,951	(67,682)	20,505,742	5,158,209
Non-current assets	4,083,774	4,504,085	(420,311)	4,503,645	440
Capital assets, net	63,838,327	63,391,183	447,144	65,112,394	(1,721,211)
Total assets	93,518,370	93,559,219	(40,849)	93,600,068	(93,640,917)
Deferred outflows of resources	2,064,993	610,452	1,454,541	1,703,113	(1,092,661)
Liabilities:					
Current liabilities	1,502,578	685,051	817,527	936,596	(251,545)
Non-current liabilities	4,218,498	1,800,954	2,417,544	4,603,284	(2,802,330)
Total liabilities	5,721,076	2,486,005	3,235,071	5,539,880	(3,053,875)
Deferred inflows of resources	838,658	735,251	103,407	1,343,349	(608,098)
Net position:					
Investment in capital assets	63,838,327	63,391,183	447,144	65,112,394	(1,721,211)
Unrestricted	25,185,302	27,557,232	(2,371,930)	20,034,818	7,522,414
Total net position	$ 89,023,629	90,948,415	(1,924,786)	85,147,212	5,801,203

Statements of Net Position, continued

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 $89,023,629 and $90,948,415 as of December 31, 2022 and 2021, respectively.

A portion of the Project's net position, 71.71% and 69.70% as of December 31, 2022 and 2021, 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 2022 and 2021, the Project showed a positive balance in its unrestricted net position of $25,185,302 and $27,557,232, respectively. See note 10 for a detailed analysis.

Statements of Revenues, Expenses, and Changes in Net Position

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

		2022	As Restated 2021	Change	As Restated 2020	Change
Revenues:						
Operating revenues	$	28,392,272	24,263,316	4,128,956	27,883,049	(3,619,733)
Non-operating revenues		2,466,014	496,638	1,969,376	718,310	(221,672)
Total revenues		30,858,286	24,759,954	6,098,332	28,601,359	(3,841,405)
Expenses:						
Operating expenses		9,470,367	4,572,520	4,897,847	7,644,164	(3,071,644)
Non-operating expenses		1,301,465	1,305,564	(4,099)	1,580,154	(274,590)
Depreciation expense		2,311,240	2,122,667	188,573	2,086,968	35,699
Total expenses		13,083,072	8,000,751	5,082,321	11,311,286	(3,310,535)
Net income before distributions to districts		17,775,214	16,759,203	1,016,011	17,290,073	(530,870)
Distributions to Districts		19,700,000	10,958,000	8,742,000	25,142,000	(14,184,000)
Change in net position		(1,924,786)	5,801,203	(7,725,989)	(7,851,927)	13,653,130
Net position, beginning of year – as restated		90,948,415	85,147,212	5,801,203	92,999,139	(7,851,927)
Net position, end of year	$	89,023,629	90,948,415	(1,924,786)	85,147,212	5,801,203

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 decreased 2.12% or $1,924,786 to $89,023,629 as a result of net income of $17,775,214 from ongoing operations offset by $19,700,000 in distributions to the Districts in 2022.

In fiscal year 2021, the Project's net position increased 6.81% or $5,801,203 to $90,948,415 as a result of net income of $16,759,203 from ongoing operations offset by $10,958,000 in distributions to the Districts.

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

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

The Project's total revenues increased 24.63% or $6,098,332 to $30,858,286. In fiscal year 2021, the Project's total revenues decreased 13.43% or $3,841,405 to $24,759,954.

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. In fiscal year 2021, the Project's operating revenues decreased 12.98% or $3,619,733 to $24,263,316, due primarily to a decrease of $3,625,236 in power generation revenue as compared to the prior year.

The Project's non-operating revenues increased 396.54% or $1,969,376 to $2,466,014, due primarily to an increase of $2,150,000 in legal settlement proceeds offset by a decrease of $163,495 in other non-operating revenues as compared to the prior year. In fiscal year 2021, the Project's non-operating revenues decreased 30.86% or $221,672 to $496,638, due primarily to a decrease of $340,589 in investment earnings offset by an increase of $156,613 in other non-operating revenues as compared to the prior year.

The Project's total expenses increased 63.52% or $5,082,321 to $13,083,072. In fiscal year 2021, the Project's total expenses decreased 29.27% or $3,310,535 to $8,000,751.

The Project's operating expenses increased 107.11% or $4,897,847 to $9,470,367, due to increases of $4,936,638 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. In fiscal year 2021, the Project's operating expenses decreased 40.18% or $3,071,644 to $4,572,520, due to decreases of $2,566,857 in general and administrative expenses due primarily to the effect of the GASB 68 adjustments in the current fiscal year, $296,336 in maintenance expenses, and $208,421 in operations expenses as compared to the prior year.

The Project's non-operating expenses decreased 0.31% or $4,099 to $1,301,465, due to a decrease of $217,837 in river habitat studies offset by an increase of $213,738 in unrealized loss on investments, net of investment income due to fair market value adjustments at year-end and an overall decline in market conditions as compared to the prior year. In fiscal year 2021, the Project's non-operating expenses decreased 17.38% or $274,590 to $1,305,564, due to a decrease of $290,667 in river habitat studies offset by an increase of $16,077 in unrealized loss on investments, net of investment income due to fair market value adjustments at year-end and an overall decline in market conditions as compared to the prior year.

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. In fiscal year 2021, the Project's depreciation expense increased 1.71% or $35,699 to $2,122,667 due to the prior year's asset additions offset by the maturing of existing capital assets.

The Project's distributions to Districts increased 79.78% or $8,742,000 to $19,700,000 as determined by the member Districts at fiscal year-end. In fiscal year 2021, the Project's distributions to the Districts decreased 56.42% or $14,184,000 to $10,958,000 as determined by the member Districts at fiscal year-end.

Total Project Revenues

	2022	As Restated 2021	Change	As Restated 2020	Change
Revenues:					
Power generation	$ 27,468,660	23,687,766	3,780,894	27,313,002	(3,625,236)
Headwater benefit fees	397,836	376,770	21,066	361,584	15,186
Operating cost recovery – federal and local agency	525,776	198,780	326,996	208,463	(9,683)
Total operating revenues	28,392,272	24,263,316	4,128,956	27,883,049	(3,619,733)
Non-operating revenues:					
Investment earnings	-	-	-	340,589	(340,589)
Water sales	156,021	178,731	(22,710)	188,059	(9,328)
Rental revenue	89,355	84,574	4,781	102,108	(17,534)
Interest from rental income	6,393	7,623	(1,230)	8,775	(1,152)
Legal settlement	2,150,000	-	2,150,000	-	-
Gain from disposition of cap. assets	26,078	24,048	2,030	33,730	(9,682)
Other non-operating revenues	38,167	201,662	(163,495)	45,049	156,613
Total non-operating revenues	2,466,014	496,638	1,969,376	718,310	(221,672)
Total revenues	$ 30,858,286	24,759,954	6,098,332	28,601,359	(3,841,405)

In fiscal year 2022, total Project revenues increased by $6,098,332. In fiscal year 2021, total Project revenues decreased by $3,841,405.

Total Project Expenses

	2022	As Restated 2021	Change	As Restated 2020	Change
Operating expenses:					
Operations	$ 1,237,294	1,380,682	(143,388)	1,589,103	(208,421)
Maintenance	1,913,211	1,808,614	104,597	2,104,980	(296,366)
General and administrative	6,319,862	1,383,224	4,936,638	3,950,081	(2,566,857)
Total operating expenses	9,470,367	4,572,520	4,897,847	7,644,164	(3,071,644)
Depreciation expense:	2,311,240	2,122,667	188,573	2,086,968	35,699
Non-operating expenses:					
River habitat studies	1,071,650	1,289,487	(217,837)	1,580,154	(290,667)
Unrealized loss on investment earnings, net	229,815	16,077	213,738	-	16,077
Total non-operating expenses	1,301,465	1,305,564	(4,099)	1,580,154	(274,590)
Total expenses	$ 13,083,072	8,000,751	5,082,321	11,311,286	(3,310,535)

In fiscal year 2022, total Project expenses increased by $5,082,321. In fiscal year 2021, total Project expenses decreased by $3,310,535.

Capital Asset Administration

At the end of fiscal years 2022 and 2021, the Project's investment in capital assets amounted to $63,838,327 and $63,391,183 (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 2022, were as follows:

	Balance 2021	Transfers/ Additions	Transfers/ Deletions	Balance 2022
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	(56,963,267)	(2,311,240)	73,177	(59,201,330)
Total capital assets, net	$ 63,391,183	919,012	(471,868)	63,838,327

Changes in capital and intangible asset amounts for 2021, were as follows:

	Balance 2020	Transfers/ Additions	Transfers/ Deletions	Balance 2021
Capital assets:				
Non-depreciable assets	$ 5,884,471	403,504	(4,365,657)	1,922,318
Intangible assets	8,213,938	-	-	8,213,938
Depreciable assets	106,087,419	4,392,392	(261,617)	110,218,194
Accumulated depreciation and amortization	(55,073,434)	(2,122,667)	232,834	(56,963,267)
Total capital assets, net	$ 65,112,394	2,673,229	(4,394,440)	63,391,183

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, 2022 and 2021

		2022	As Restated 2021
Current assets:			
Cash and cash equivalents (note 2)	$	19,734,838	19,274,564
Investments (note 2)		1,928,217	2,421,773
Accrued interest receivable		75,611	42,068
Accounts receivable – power generation		1,915,345	2,410,367
Accounts receivable – headwater benefit fees		400,239	376,770
Accounts receivable – water sales		156,021	178,731
Accounts receivable – federal grants		-	65,750
Accounts receivable – other		574,892	158,347
Leases receivable (note 3)		44,992	42,221
Due from Tri-Dam Power Authority (note 4)		105,658	194,664
Prepaid expenses		660,456	498,696
Total current assets		25,596,269	25,663,951
Non-current assets:			
Investments (note 2)		3,965,440	4,340,759
Leases receivable (note 3)		118,334	163,326
Capital assets – not being depreciated (note 5)		3,299,508	1,922,318
Capital assets – being depreciated and amortized, net (note 5)		60,538,819	61,468,865
Total non-current assets		67,922,101	67,895,268
Total assets		93,518,370	93,559,219
Deferred outflows of resources:			
Deferred pension outflows (note 9)		2,064,993	610,452
Total deferred outflows of resources	$	2,064,993	610,452

Continued on next page

Tri-Dam Project
Statements of Net Position, continued
December 31, 2022 and 2021

		2022	As Restated 2021
Current liabilities:			
Accounts payable and accrued expenses	$	985,665	208,571
Accrued salaries and benefits		171,544	132,935
Unearned revenue		39,278	36,763
Deposits		128,676	127,942
Due to Federal Energy Regulatory Commission		92,000	90,630
Long-term liabilities – due in one year:			
Compensated absences (note 6)		82,364	88,210
Lease liability (note 7)		3,051	-
Total current liabilities		1,502,578	685,051
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 6)		79,448	84,747
Lease liability (note 7)		12,322	-
Total other post-employment benefits liability (note 8)		490,864	1,256,869
Net pension liability (note 9)		3,635,864	459,338
Total non-current liabilities		4,218,498	1,800,954
Total liabilities		5,721,076	2,486,005
Deferred inflows of resources:			
Deferred lease inflows (note 3)		144,804	187,804
Deferred pension inflows (note 9)		693,854	547,447
Total deferred inflows of resources		838,658	735,251
Net position: (note 10)			
Net investment in capital assets		63,838,327	63,391,183
Unrestricted		25,185,302	27,557,232
Total net position	$	89,023,629	90,948,415

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, 2022 and 2021

		2022	As Restated 2021
Operating revenues:			
Power generation (note 11)	$	27,468,660	23,687,766
Headwater benefit fees		397,836	376,770
Operating cost recovery – federal and local agency		525,776	198,780
Total operating revenues		28,392,272	24,263,316
Operating expenses:			
Operations		1,237,294	1,380,682
Maintenance		1,913,211	1,808,614
General and administrative		6,319,862	1,383,224
Total operating expenses		9,470,367	4,572,520
Operating income before depreciation and amortization expense		18,921,905	19,690,796
Depreciation and amortization expense		(2,311,240)	(2,122,667)
Operating income		16,610,665	17,568,129
Non-operating revenues:			
Investment earnings		-	-
Water sales		156,021	178,731
Rental revenue		89,355	84,574
Interest from rental income		6,393	7,623
Legal settlement (note 12)		2,150,000	-
Gain from disposition of capital assets		26,078	24,048
Other non-operating revenues		38,167	201,662
Total non-operating revenues		2,466,014	496,638
Non-operating expenses:			
River habitat studies		1,071,650	1,289,487
Unrealized loss on investments, net		229,815	16,077
Total non-operating expenses		1,301,465	1,305,564
Total non-operating revenue (expense), net		1,164,549	(808,926)
Net income before distributions to districts		17,775,214	16,759,203
Distribution to Districts: (note 13)		19,700,000	10,958,000
Change in net position		(1,924,786)	5,801,203
Net position, beginning of the year – as restated (note 14)		90,948,415	85,147,212
Net position, end of year	$	89,023,629	90,948,415

See accompanying notes to the basic financial statements.

Tri-Dam Project
Statements of Cash Flows
For the Fiscal Years Ended December 31, 2022 and 2021

		2022	As Restated 2021
Cash flows from operating activities:			
Cash receipts from customers for power generation	$	27,209,298	21,092,629
Cash receipts for headwater benefits		374,367	361,584
Cash receipts from operating cost recovery		109,231	172,162
Cash paid to vendors and suppliers for materials and services		(5,660,083)	(910,156)
Cash paid to employees for salaries and wages		(1,976,093)	(5,426,787)
Net cash provided by operating activities		20,056,720	15,289,432
Cash flows from non-capital financing activities:			
Cash distribution to Oakdale Irrigation District		(9,850,000)	(5,479,000)
Cash distribution to South San Joaquin Irrigation District		(9,850,000)	(5,479,000)
Proceeds from legal settlement		2,150,000	-
Net cash used in non-capital financing activities		(17,550,000)	(10,958,000)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets		(2,758,384)	(430,239)
Proceeds from the sale of capital assets		26,078	24,048
Net cash used in capital and related financing activities		(2,732,306)	(406,191)
Cash flows from investing activities:			
Purchases of investments		(6,197,178)	(2,392,937)
Proceeds from sale of investments		6,277,521	2,342,692
Interest and investment earnings		605,517	94,780
Net cash provided by investing activities		685,860	44,535
Net increase in cash and cash equivalents		460,274	3,969,776
Cash and cash equivalents:			
Beginning of year		19,274,564	15,304,788
End of year	$	19,734,838	19,274,564

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, 2022 and 2021

		2022	As Restated 2021
Reconciliation of operating loss to net cash provided by operating activities:			
Operating income	$	16,610,665	17,568,129
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation and amortization expense		2,311,240	2,122,667
Other non-operating revenues (expenses), net		(754,384)	(828,874)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
(Increase)Decrease in assets:			
Accounts receivable – power generation		495,022	(1,766,263)
Accounts receivable – headwater benefit fees		(23,469)	(15,186)
Accounts receivable – other		(416,545)	(26,618)
Due from Tri-Dam Power Authority		89,006	826,265
Prepaid expenses		(161,760)	(85,682)
(Increase)Decrease in deferred outflows of resources:			
Deferred pension outflows		(1,454,541)	1,092,661
Increase(Decrease) in liabilities:			
Accounts payable and accrued expenses		777,094	(205,107)
Accrued salaries and benefits		38,609	3,318
Compensated absences		(11,145)	(55,782)
Total other post-employment benefits liability		(766,005)	97,615
Net pension liability		3,176,526	(2,872,612)
Increase(Decrease) in deferred inflows of resources:			
Deferred pension inflows		146,407	(565,099)
Total adjustments		3,446,055	(2,278,697)
Net cash provided by operating activities	$	20,056,720	15,289,432

See accompanying notes to the basic financial statements.

(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 Projects primary purpose consists of providing irrigation and power development on the middle-fork Stanislaus River. The Projects major asset facilities include the Donnells 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 District's. 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.

(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:

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019; however, in light of the COVID-19 pandemic, the effective date has been postponed by 18 months. Earlier application is encouraged.

In October 2021, the GASB issued Statement No. 98 – *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of Annual Comprehensive Financial Report and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for Annual Comprehensive Financial Report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

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

C. Financial Reporting, continued

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

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.

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

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

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

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.

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.

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

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

8. Capital Assets, continued

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 adjustment due to 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.

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, 2022 and 2021, consisted of miscellaneous receipts for future services.

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

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

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, 2022 and 2021, the following timeframes were used:

- Valuation Dates: December 31, 2022 and 2021
- Measurement Dates: December 31, 2022 and 2021
- Measurement Periods: January 1, 2022 to December 31, 2022 and January 1, 2021 to December 31, 2021

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, 2022 and 2021, the following timeframes were used:

- Valuation dates: June 30, 2021 and June 30, 2020
- Measurement Dates: June 30, 2022 and June 30, 2021
- Measurement Periods: July 1, 2021 to June 30, 2022 and July 1, 2020 to June 30, 2021

(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 are 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.

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

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

20. Reclassifications

Certain reclassifications have been made to the prior year information to conform to the current year presentation.

(2) Cash and Investments

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

		2022	2021
Cash and cash equivalents			
Cash on hand	$	400	400
Deposits with financial institutions		11,919,558	10,631,726
Money market mutual funds		1,297,783	2,809,959
Local Agency Investment Fund (LAIF)		6,517,097	5,832,479
Total unrestricted cash and cash equivalents		19,734,838	19,274,564
Investments			
Investments held by US Bank – current		1,928,217	2,421,773
Investments held by US Bank – non-current		3,965,440	4,340,759
Total investments		5,893,657	6,762,532
Total cash and investments	$	25,628,495	26,037,096

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

		2022	2021
Cash on hand	$	400	400
Deposits with financial institutions		11,919,558	10,631,726
Total cash and deposits		11,919,958	10,632,126
U.S. agency securities		5,893,657	6,762,532
Money market mutual funds		1,297,783	2,809,959
Local Agency Investment Fund (LAIF)		6,517,097	5,832,479
Total investments		13,708,537	15,404,970
Total cash and investments	$	25,628,495	26,037,096

(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.

(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, 2022, were as follows:

		Remaining Maturity (in Months)		
Investment Type	**Amount**	**12 Months Or Less**	**13 to 24 Months**	**25-60 Months**
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	6,517,097	-	-
Total	$ 13,708,537	9,743,097	585,198	3,380,242

(2) Cash and Investments, continued

Interest Rate Risk, continued

Investment maturities as of December 31, 2021, were as follows:

			Remaining Maturity (in Months)		
Investment Type		**Amount**	**12 Months Or Less**	**13 to 24 Months**	**25-60 Months**
U.S. agency securities	$	6,762,532	2,421,773	1,986,311	2,354,448
Money market mutual funds		2,809,959	2,809,959	-	-
Local Agency Investment Fund (LAIF)		5,832,479	5,832,479	-	-
Total	$	15,404,970	11,064,211	1,986,311	2,354,448

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, 2022, were as follows:

					Ratings as of year-end		
Investment Type		**Amount**	**Minimum Legal Rating**		**AAA/Aaa**	**AA+/Aaa**	**Not Rated**
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

Credit ratings as of December 31, 2021, were as follows:

					Ratings as of year-end		
Investment Type		**Amount**	**Minimum Legal Rating**		**AAA/Aaa**	**AA+/Aaa**	**Not Rated**
U.S. agency securities	$	6,762,532	N/A	$	-	6,762,532	-
Money market mutual funds		2,809,959	N/A		2,809,959	-	-
Local Agency Investment Fund (LAIF)		5,832,479	N/A		-	-	5,832,479
Total	$	15,404,970		$	2,809,959	6,762,532	5,832,479

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 25% and 22% as of December 31, 2022 and 2021, respectively, of the Project's total depository and investment portfolio.

(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, 2022, are as follows (excluding external investment pools and debt explicitly guaranteed by the U.S. government):

Investment	Issuer Type		Fair Value Holdings	Percentage Holdings
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%

Instruments in any one issuer that represent 5% or more of the Project's investments as of December 31, 2021 are as follows (excluding external investment pools and debt explicitly guaranteed by the U.S. government):

Investment	Issuer Type		Fair Value Holdings	Percentage Holdings
Federal Home Loan Bank	Government Sponsored	$	1,221,641	7.93%
Federal National Mortgage Association	Government Sponsored		2,460,424	15.97%
U.S. Treasury Note	Government Sponsored		2,354,448	15.28%

Fair Value Measurements

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

			Fair Value Measurements Using		
Investment Type		**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
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			1,297,783	5,893,657	-
Investments at Amortized Cost:					
Local Agency Investment Fund (LAIF)		6,517,097			
Total	$	13,708,537			

(2) Cash and Investments, continued

Fair Value Measurements

Investments measured at fair value as of December 31, 2021, on a recurring and non-recurring basis, were as follows:

		Fair Value Measurements Using		
Investment Type	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
U.S. agency securities				
Federal Farm Credit Bank	$ 726,019	-	726,019	-
Federal Home Loan Bank	1,221,641	-	1,221,641	-
Federal National Mortgage Association	2,460,424	-	2,460,424	-
U.S. Treasury Note	2,354,448	-	2,354,448	-
Money market mutual funds	2,809,959	2,809,959	-	-
Totals		2,809,959	6,762,532	-
Investments at Amortized Cost:				
Local Agency Investment Fund (LAIF)	5,832,479			
Total	$ 15,404,970			

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:

	Restated Balance 2021	Additions	Principal Payments	Balance 2022	Current Portion	Long-term Portion	Deferred Inflows
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)

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

	Restated Balance 2020	Additions	Principal Payments	Restated Balance 2021	Current Portion	Long-term Portion	Deferred Inflows
Leases receivable:							
U.S. Dept. of Agriculture – ME	$ 87,433	-	(3,765)	$ 83,668	4,077	79,591	$ (76,445)
Verizon – ME	82,768	-	(18,796)	63,972	20,021	43,951	(58,451)
Verizon – SP	74,921	-	(17,014)	57,907	18,123	39,784	(52,908)
Total leases receivable	$ 245,122	-	(39,575)	$ 205,547	42,221	163,326	$ (187,804)

(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, 2022 and 2021, deferred inflows were reported at $70,565 and $76,445, respectively.

Future payments to be received and deferred inflows as of December 31, 2022, are as follows:

Fiscal Year	Principal	Interest	Total	Deferred Inflows
2023	$ 4,404	2,475	6,879	$ (5,880)
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	6,732	1,483	8,215	(5,880)
2030	7,187	1,273	8,460	(5,880)
2031	7,665	1,050	8,715	(5,881)
2032	8,164	811	8,975	(5,880)
2033	8,688	557	9,245	(5,880)
2034	9,235	287	9,522	(5,881)
Total	79,591	18,036	97,627	$ (70,565)
Current	(4,404)			
Non-current	$ 75,187			

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, 2022 and 2021, deferred inflows were reported at $38,967 and $58,451, respectively.

(3) Leases Receivable, continued

Verizon – Mount Elizabeth, continued

Future payments to be received and deferred inflows as of December 31, 2022, are as follows:

Fiscal Year		Principal	Interest	Total		Deferred Inflows
2023	$	21,304	1,367	22,671	$	(19,483)
2024		22,647	704	23,351		(19,484)
Total		43,951	2,071	46,022	$	(38,967)
Current		(21,304)				
Non-current	$	22,647				

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, 2022 and 2021, deferred inflows were reported at $35,272 and $52,908, respectively.

Fiscal Year		Principal	Interest	Total		Deferred Inflows
2023	$	19,284	1,237	20,521	$	(17,636)
2024		20,500	638	21,138		(17,636)
Total		39,784	1,875	41,659	$	(35,272)
Current		(19,284)				
Non-current	$	20,500				

(4) Due From Tri-Dam Power Authority

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

		2022	2021
Due from Tri-Dam Power Authority			
Payroll fiscal year 2021	$	-	98,035
Insurance allocation		-	90,169
U.S. Geological Survey allocation fiscal year 2021		-	6,460
Payroll fiscal year 2022		81,658	-
Equipment usage charge allocation		24,000	-
Total accounts receivable – other	$	105,658	194,664

(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:

Project Description		2022	2021	2020
Beardsley Dam Abay improvement project	$	-	-	4,213,744
300kW diesel generator – Tulloch		-	139,703	77,998
O'Byrnes public access property improvements		1,747,168	211,451	81,876
Various small projects < $50,001		51,540	70,364	10,053
Total construction-in-process	$	1,798,708	421,518	4,383,671

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.

(5) Capital Assets, continued

Changes in capital assets for December 31 were as follows:

	Balance 2021	Additions/ Transfers	Deletions/ Transfers	Balance 2022
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	1,922,318	1,849,058	(471,868)	3,299,508
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	118,432,132	1,381,194	(73,177)	119,740,149
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	(56,963,267)	(2,311,240)	73,177	(59,201,330)
Total depreciable and amortizable assets, net	61,468,865	(930,046)	-	60,538,819
Total capital assets, net	$ 63,391,183	919,012	(471,868)	63,838,327

(5) Capital Assets, continued

Changes in capital assets for December 31 were as follows:

	Balance 2020	Additions/ Transfers	Deletions/ Transfers	Balance 2021
Non-depreciable assets:				
Land	$ 1,500,800	-	-	1,500,800
Construction-in-process	4,383,671	403,504	(4,365,657)	421,518
Total non-depreciable assets	5,884,471	403,504	(4,365,657)	1,922,318
Depreciable assets:				
Intangible asset – FERC License	8,213,938	-	-	8,213,938
Dams and power plants	88,033,674	4,218,437	(59,922)	92,192,189
Power plant equipment	9,016,389	-	(18,053)	8,998,336
Telemetry equipment	3,182,452	-	-	3,182,452
Buildings	1,002,764	61,940	-	1,064,704
Other equipment	4,852,140	112,015	(183,642)	4,780,513
Total depreciable assets	114,301,357	4,392,392	(261,617)	118,432,132
Accumulated depreciation:				
Intangible asset – FERC License	(2,375,641)	(248,616)	-	(2,624,257)
Dams and power plants	(43,666,428)	(1,160,066)	59,117	(44,767,377)
Power plant equipment	(3,309,292)	(312,766)	18,053	(3,604,005)
Telemetry equipment	(2,260,802)	(106,440)	-	(2,367,242)
Buildings	(810,340)	(21,534)	-	(831,874)
Other equipment	(2,650,931)	(273,245)	155,664	(2,768,512)
Total accumulated depreciation	(55,073,434)	(2,122,667)	232,834	(56,963,267)
Total depreciable assets, net	59,227,923	2,269,725	(28,783)	61,468,865
Total capital assets, net	$ 65,112,394	2,673,229	(4,394,440)	63,391,183

(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:

Restated Balance 2021	Earned	Taken	Balance 2022	Current Portion	Long-term Portion
$ 172,957	235,619	(246,764)	161,812	82,364	79,448

Changes in compensated absences for December 31 were as follows:

Restated Balance 2020	Earned	Taken	Restated Balance 2021	Current Portion	Long-term Portion
$ 228,739	218,075	(273,857)	172,957	88,210	84,747

(7) Lease Payable

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 lease	$ -	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
2023	$ 3,051	435	$ 6,879
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	15,373	1,184	$ 36,521
Current	(3,051)		
Non-current	$ 12,322		

(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.

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

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:

	2022	2021
Active plan members	23	25
Retirees and beneficiaries receiving benefits	2	3
Separated plan members entitled to but not yet receiving benefits	-	1
Total Plan membership	25	29

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:

		2022	2021
Contributions – employer	$	12,076	18,156
Total employer paid contributions	$	12,076	18,156

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

Total OPEB Liability

The Project's total OPEB liability was measured as of December 31, 2022 and 2021, and the total net liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022 and 2021. 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	2022 – 90.00 percent 2021 – 90.00 percent
Health premium increases	4.20 to 4.80 percent
Inflation	2022 – 3.950 percent 2021 – 2.050 percent
Discount rate	2022 – 3.950 percent, per annum 2021 – 2.050 percent, per annum
Salary increases	2022 and 2021 – 3.00 percent, per annum, in aggregate
NOL and ADC	Calculated using the Alternative Measurement Method in acordance with GASB methodology.
Mortality table	2022 and 2021 – 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 3.950 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.

(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:

		2022 Total OPEB Liability	2021 Total OPEB Liability
Balance at beginning of year	$	1,256,869	1,159,254
Changes for the year:			
Service cost		99,606	99,991
Interest		27,684	26,505
Effect of demographic (gains)/losses		(757,779)	(21,396)
Changes in assumptions		(123,440)	10,671
Benefit payments, including refunds of member contributions		(12,076)	(18,156)
Net change		(766,005)	97,615
Balance at end of year	$	490,864	1,256,869

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 (2.950 percent) or 1-percentage-point higher (4.950 percent) than the current discount rate:

At the measurement date June 30, 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

At the measurement date June 30, 2021, the discount rate comparison was the following:

		1% Decrease (1.050%)	Current Discount Rate (2.050%)	1% Increase (3.050%)
Project's total OPEB liability	$	1,426,873	1,256,869	1,117,355

(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, 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

At the measurement date December 31, 2021, 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	$ 1,085,993	1,256,869	1,468,766

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

For the fiscal year December 31, 2022, and 2021, the Project recognized OPEB income of $766,005, a decrease of the total OPEB liability and OPEB expense of $97,615, an increase of the total OPEB liability, respectively, as determined by the actuarial valuations.

At December 31, 2022, and 2021, 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 53 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.

(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			
	2022		**2021**	
Hire date	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
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%	7.953%	6.750%
Six months ended December 31	7.960%	6.750%	7.960%	6.750%
Required employer contribution rates				
Six months ended June 30	12.200%	7.590%	12.361%	7.732%
Six months ended December 31	12.210%	7.470%	12.200%	7.590%

(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	
		2022	**2021**
Contributions – employer	$	1,317,916	559,792
Contributions – employee (paid by employer)		63,626	61,914
Total employer paid contributions	$	1,381,542	621,706

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	
		2022	**2021**
Proportionate share of net pension liability	$	3,635,864	459,338

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, 2022 and 2021, the net pension liability of the Plan is measured as of June 30, 2022 and 2021 (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, 2021 and 2020 (the valuation dates), rolled forward to June 30, 2022 and 2021, 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, 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%

(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, 2020	
for the year ended December 31, 2020	0.03062%
Measurement Date of June 30, 2021	
for the year ended December 31, 2021	0.00849%
Change – Increase (Decrease)	-0.02213%

Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended December 31, 2022 and 2021, the Project recognized pension expense of $2,298,144, an increase of the net pension liability and pension income of $1,918,761, a decrease 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:

	2022		2021	
Description	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 429,752	-	426,289	-
Net differences between actual and expected experience	24,113	-	51,508	-
Net changes in assumptions	372,569	-	-	-
Net differences between actual contribution and proportionate share of contribution	-	(693,854)	132,655	-
Net adjustment due to differences in proportions of the net pension liability	572,567	-	-	(146,485)
Net differences between projected and actual earnings on plan investments	665,992	-	-	(400,962)
Total	$ 2,064,993	(693,854)	610,452	(547,447)

As of December 31, 2022 and 2021, the Project reported $429,752 and $426,289, as deferred outflows of resources related to pension contributions subsequent to the measurement dates June 30, 2022 and 2021, and were/will be recognized as a reduction of the net pension liability for the fiscal year ended December 31, 2023 and 2022, respectively.

(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:

Fiscal Year Ending December 31,		Deferred Net Outflows/ (Inflows) of Resources
2023	$	276,431
2024		254,419
2025		170,772
2026		239,765
2027		-
Thereafter		-

Actuarial Assumptions

The total pension liability in the actuarial valuation dated June 30, 2021 and 2020, was determined using the following actuarial assumptions and methods:

Valuation dates	June 30, 2021 and 2020
Measurement dates	June 30, 2022 and 2021
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	2022 – 6.90% 2021 – 7.15%
Inflation	2022 and 2021 – 2.50%
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	2022 and 2021 – 1997-2015
Post retirement benefit	2022 and 2021 – Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter

* 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.

(9) Defined Benefit Pension Plan, continued

Discount Rate

At the measurement dates, June 30, 2022 and 2021, the discount rate used to measure the total pension liability was 6.90% and 7.15% 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, 2022 and 2021, the target allocation and the long-term expected real rate of return by asset class were as follows:

Asset Class	Target Allocation	Real Return Years 1-10	Real Return Year 11+
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0	1.00	2.62
Inflation Sensitive	0.0	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Asset	13.0	3.75	4.93
Liquidity	1.0	0.00	(0.92)
Total	100.0%		

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.

(9) Defined Benefit Pension Plan, continued

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

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

As of fiscal year, end December 31, 2021, 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% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Project's net pension liability	$ 3,622,470	459,338	(2,155,578)

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 54 and 55 for the Required Supplementary Information.

Payable to the Pension Plan

At December 31, 2022 and 2021, the Project reported $0 in payables for the outstanding amount of contribution to the pension plan, respectively.

(10) Net Position

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

		2022	As Restated 2021
Investment in capital assets:			
Capital assets – not being depreciated	$	3,299,508	1,922,318
Capital assets – being depreciated, net		60,538,819	61,468,865
Total investment in capital assets		63,838,327	63,391,183
Unrestricted net position:			
Non-spendable net position:			
Prepaid expenses		660,456	498,696
Total non-spendable net position		660,456	498,696
Spendable net position is designated as follows:			
Maintenance reserve		-	6,215,645
Operating reserve		7,191,439	3,356,846
Unrestricted		17,333,407	17,486,045
Total spendable net position		24,524,846	27,058,536
Total unrestricted net position		25,185,302	27,557,232
Total net position	$	89,023,629	90,948,415

(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 Donnells 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 prices 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:

		2022	2021
Oakdale Irrigation District	$	9,850,000	5,479,000
South San Joaquin Irrigation District		9,850,000	5,479,000
Total distributions to Districts	$	19,700,000	10,958,000

(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.

The adjustments to net position are as follows:

Net position at January 1, 2018, as previously stated	$	81,390,993
Effect of adjustments to record lessor lease receivables, deferred lease inflows, and interest income as a result of GASB 87		8,365
Change in net position at December 31, 2019, as previously stated		11,599,781
Net position at December 31, 2019, as restated	$	92,999,139
Effect of adjustments to record lessor lease receivables, deferred lease inflows, and interest income as a result of GASB 87		5,953
Effect of adjustment to correct overstatement of compensated absence liability, previously reported		80,660
Change in net position at December 31, 2020, as previously stated		(7,938,540)
Net position at December 31, 2020, as restated	$	85,147,212
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		5,815,855
Net position at December 31, 2021, as restated	$	90,948,415

(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, 2022 and 2021 the market value of all plan assets held in trust by the Projects plans with Nationwide and CalPERS amounted to $2,439,260 and $3,291,232, 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, 2022, 2021, and 2020. 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, 2022, 2021, and 2020, respectively.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to December 31, 2022, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 92

In January 2020, the GASB issued Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The requirements of this Statement were as follows: (1) The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance; (2) The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020; (3) The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020; and (4) The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged and is permitted by topic.

Governmental Accounting Standards Board Statement No. 93

In March 2020, the GASB issued Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by: (1) Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment; (2) Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; (3) Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable; (4) Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap; (5) Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap;(6) Clarifying the definition of reference rate, as it is used in Statement 53, as amended; and (7) Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The requirements of this Statement were effective as follows: (1) The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021; and (2) All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020; however, in light of the COVID-19 pandemic, the effective dates have been postponed by one year. Earlier application is encouraged.

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

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, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 96

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

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. 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.

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

Governmental Accounting Standards Board Statement No. 97, continued

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.

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.

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

Governmental Accounting Standards Board Statement No. 100, continued

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.

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.

(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. Management of the Project believes that such disallowances, if any, would not be significant.

(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, 2022, which have been evaluated for possible adjustment to the financial statements or disclosure as of June 15, 2023, 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, 2022
Last Ten Years*

		December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Total OPEB Liability						
Service cost	$	99,605	99,991	95,696	90,423	73,331
Interest		27,685	26,505	39,958	52,105	36,966
Changes in benefit terms		-	-	-	-	-
Effect of demographic (gains)/losses		(757,779)	(21,396)	(406,995)	(94,463)	155,926
Changes in assumptions		(123,440)	10,671	77,872	152,903	(73,706)
Benefit payments		(12,076)	(18,156)	(19,707)	(17,754)	(9,039)
Net change in total OPEB liability		(766,005)	97,615	(213,176)	183,214	183,478
Total OPEB liability – beginning		1,256,869	1,159,254	1,372,430	1,189,216	1,005,738
Total OPEB liability – ending	$	490,864	1,256,869	1,159,254	1,372,430	1,189,216
Covered payroll	$	2,877,242	2,928,795	2,737,747	1,090,770	1,059,000
Total OPEB liability as a percentage of covered payroll		17.06%	42.91%	42.34%	125.82%	112.30%
Valuation date		December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Methods and assumptions used to determine contribution rates:						
Single and agent employers		Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method		(1)	(1)	(1)	(1)	(1)
Inflation		3.950%	2.050%	2.120%	2.740%	4.100%
Salary Increases		3.000%	3.000%	3.000%	3.000%	3.000%
Investment rate of return		(2)	(2)	(2)	(2)	(2)
Mortality, retirement, turnover		(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-210 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, 2022
Last Ten Years*

		Fiscal Year								
Description		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		0.03148%	0.00849%	0.03062%	0.02912%	0.05879%	0.05785%	0.05732%	0.05710%	0.04754%
Project's proportionate share of the net pension liabil	$	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	$	2,877,242	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		126.37%	15.68%	121.70%	111.39%	235.24%	258.19%	213.40%	181.49%	131.38%
Plans' total pension liability	$	21,449,898,398	19,964,594,105	18,920,437,526	17,984,188,264	16,891,153,209	16,016,547,402	14,397,353,530	13,639,503,084	13,110,948,452
Plans' fiduciary net position	$	16,770,671,339	18,065,791,524	14,702,361,183	13,979,188,264	13,122,440,092	12,074,499,781	10,923,476,287	10,896,036,068	10,639,461,174
Plans' fiduciary net position as a percentage of the total pension liability		78.19%	90.49%	77.71%	77.73%	77.69%	75.39%	75.87%	79.89%	81.15%

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:
The discount rate was reduced from 7.15% to 6.90%

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

Tri-Dam Project
Pension Plan Contributions
As of December 31, 2022
Last Ten Years*

	Fiscal Year								
Description	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	$ 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	(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	$ 2,877,242	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	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, 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
Amortization method	(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	15 Year Smoothed Market Method
Inflation	2.50%	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)
Investment rate of return	7.00% (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)
Mortality	(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.

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

Other Supplementary Information

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative
For the Fiscal Years Ended December 31, 2022 and 2021

		2022	As Restated 2021
Donnell's Facility:			
Operations			
Supervision wages and benefits	$	4,970	6,448
Hydraulic wages and benefits		18,852	13,383
Electric wages and benefits		201,177	217,928
Supplies and materials		36,187	24,542
Total operations		261,186	262,301
Maintenance			
Supervision wages and benefits		157	292
Structures wages and benefits		39,309	37,486
Reservoirs and dams wages and benefits		47,127	26,331
Electrical plant wages and benefits		99,675	110,710
Communications and security wages and benefits		22,799	14,037
Other wages and benefits		77,298	34,538
Supplies and materials		47,808	27,805
Road repairs		82,712	24,233
Total maintenance		416,885	275,432
Total Donnell's Facility	$	678,071	537,733
Beardsley Facility:			
Operations			
Supervision wages and benefits	$	6,035	8,886
Hydraulic wages and benefits		11,658	9,236
Electric wages and benefits		203,424	230,195
Supplies and materials		26,052	15,888
Total operations		247,169	264,205
Maintenance			
Supervision wages and benefits		28,619	-
Hydraulic wages and benefits		4,919	6,190
Structures wages and benefits		71,426	84,265
Reservoirs and dams wages and benefits		12,185	72,391
Electrical plant wages and benefits		195,155	215,401
Communications and security wages and benefits		16,731	5,822
Other wages and benefits		106,108	73,912
Supplies and materials		35,924	76,647
Total maintenance		471,067	534,628
General and administrative			
USFS resource management support		75,103	164,379
Total general and administrative		75,103	164,379
Total Beardsley Facility	$	793,339	963,212

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative, continued
For the Fiscal Years Ended December 31, 2022 and 2021

		2022	As Restated 2021
Tulloch Facility:			
Operations			
Supervision wages and benefits	$	68,017	87,346
Hydraulic wages and benefits		7,186	18,497
Electric wages and benefits		234,018	276,133
Supplies and materials		9,033	7,923
Total operations		318,254	389,899
Maintenance			
Supervision wages and benefits		1,461	631
Structures wages and benefits		17,448	24,868
Reservoirs and dams wages and benefits		6,620	50,041
Electrical plant wages and benefits		154,251	170,674
High voltage wages and benefits		3,200	1,056
Communications and security wages and benefits		16,637	19,747
Other wages and benefits		51,720	65,545
Supplies and materials		47,610	48,712
Total maintenance		298,947	381,274
General and administrative			
Outside services – legal		59,443	31,950
Headwater benefit assessment		92,799	105,713
Other		6,474	16,019
Total general and administrative		158,716	153,682
Total Tulloch Facility	$	775,917	924,855
Mount Elizabeth Facility:			
Operations			
Supplies and materials	$	26,795	21,535
Total operations		26,795	21,535
Maintenance			
Structures wages and benefits		12,098	6,539
Communications and security wages and benefits		6,249	33,222
Other wages and benefits		4,967	10,605
Supplies and materials		14,528	4,851
Total maintenance		37,842	55,217
Total Mount Elizabeth Facility	$	64,637	76,752

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative, continued
For the Fiscal Years Ended December 31, 2022 and 2021

		2022	As Restated 2021
Strawberry Peak Facility:			
Operations			
Supplies and materials	$	19,430	15,343
Total operations		19,430	15,343
Maintenance			
Structures wages and benefits		9,669	10,038
Communications and security wages and benefits		6,134	9,776
Other wages and benefits		8,612	3,035
Supplies and materials		34,029	30,231
Total maintenance		58,444	53,080
Total Strawberry Peak Facility	$	77,874	68,423
Operations Center:			
Operations			
Electric wages and benefits	$	122,222	172,548
Supplies and materials		(66)	2,111
Total operations		122,156	174,659
Maintenance			
Structures wages and benefits		9,329	3,664
Communications and security wages and benefits		9,011	24,368
Other wages and benefits		21,633	6,382
Supplies and materials		69,185	3,393
Total maintenance		109,158	37,807
Total Operations Center	$	231,314	212,466
Service Center:			
Maintenance			
Hydraulic wages and benefits	$	395	-
Structures wages and benefits		63,064	58,458
Communications and security wages and benefits		1,715	-
Other wages and benefits		62,674	67,043
Supplies and materials		319,703	264,674
Total maintenance		447,551	390,175
Total Service Center	$	447,551	390,175

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative, continued
For the Fiscal Years Ended December 31, 2022 and 2021

	2022	As Restated 2021
Division Point Facility:		
Operations		
Hydraulic wages and benefits	$ 10,295	12,690
Electric wages and benefits	102,549	109,526
Supplies and materials	4,620	3,936
Total operations	117,464	126,152
Maintenance		
Structures wages and benefits	9,294	5,302
Reservoirs and dams wages and benefits	4,164	5,137
Communications and security wages and benefits	7,964	6,644
Other wages and benefits	5,941	17,210
Supplies and materials	9,597	2,742
Road repairs	-	292
Total maintenance	36,960	37,327
Total Division Point Facility	$ 154,424	163,479
Goodwin Facility:		
Operations		
Hydraulic wages and benefits	$ 10,226	13,801
Electric wages and benefits	101,963	108,935
Supplies and materials	12,651	3,852
Total operations	124,840	126,588
Maintenance		
Supervision wages and benefits	1,854	-
Hydraulic wages and benefits	13,510	-
Structures wages and benefits	778	631
Reservoirs and dams wages and benefits	4,643	18,435
Communications and security wages and benefits	3,848	-
Other wages and benefits	11,075	17,716
Supplies and materials	649	6,892
Total maintenance	36,357	43,674
General and administrative		
Outside services	-	3,165
Administration wages and benefits	21,010	30,526
Professional services	2,410	-
Property insurance	6,806	12,063
Safety fess and expense	10,617	17,139
Steamgaging	50,628	59,194
Supplies and materials	2,400	2,400
Total general and administrative	93,871	124,487
Total Goodwin Facility	$ 255,068	294,749

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative, continued
For the Fiscal Years Ended December 31, 2022 and 2021

		2022	As Restated 2021
Overall General and Administrative:			
Operations			
Outside services	$	776,535	483,460
Administration wages and benefits		752,054	1,009,738
Pension expense (income) GASB 68		2,910,564	(2,050,080)
Property insurance		668,291	630,307
FERC administrative and land fees		181,018	170,571
Safety fees and expense		291,997	247,198
Other wages and benefits-mobile equipment operation		67,257	100,403
Steamgaging		63,946	66,445
Miscellaneous		31,308	28,541
Utilities		52,239	51,577
Meals allowance and travel expense		10,660	14,875
Telephone, internet, data links		96,091	98,816
Office supplies and expense		41,674	31,887
Computer supplies		6,295	17,168
County taxes		9,760	16,781
Professional organizations		32,483	22,989
Total overall general and administrative	$	5,992,172	940,676
Depreciation and Amortization:			
Depreciation on capital assets	$	2,076,902	1,889,135
FERC relicensing amortization		234,338	233,532
Total depreciation and amortization	$	2,311,240	2,122,667
Total Operating Expenses	$	11,781,607	6,695,187
Summary of Expenses by Type			
Operations	$	1,237,294	1,380,682
Maintenance		1,913,211	1,808,614
General and Administrative		6,319,862	1,383,224
Depreciation and amortization		2,311,240	2,122,667
Total Operating Expenses	$	11,781,607	6,695,187

Report on Internal Controls and Compliance

C.J. Brown & Company CPAs
An Accountancy Corporation

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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, 2022 and 2021 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 June 15, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Project'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 Project's internal control. Accordingly, we do not express an opinion on the effectiveness of the Project'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. For the year ended December 31, 2021, we identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

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*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Project'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*, and which are described in the accompanying schedule of findings and responses.

Project's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Project's response to the findings identified in our audit and described in the accompanying schedule of findings and responses.

The Project's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
June 15, 2023

Tri-Dam Project
Schedule of Finding and Response
For the Year Ended December 31, 2021

Finding Number	**Finding and Recommendation**
Material Weakness	
2021-001	Year-End Closing Process
Criteria	The State Controller's Minimum Audit Requirements for California Special Districts require an annual audit is required by a public accounting firm. A primary component of this requirement is that the auditor is independent and not part of management's decision making or controls. As part of annual engagement communication, the auditor assumes prior to the start of our audit fieldwork: that accounts have been properly reconciled, that prepared year-end schedules and accounting records are accurate, and that the accounts and records have been reviewed by a member of management with suitable skill, knowledge, and experience.
Condition	During our audit, we noted account balances which lacked supporting audit schedules that accurately agreed the Project's activities to the final trial balances. As a result, adjustments of a material nature were required to correct the Project's account balances at year-end.
Cause	The Project's year-end closing processes and controls did not reasonably ensure that balances are properly reconciled at year-end.
Effect	The Project's financial statements contain material misstatements.
Recommendation	The Project implement year-end closing processes and controls to reasonably ensure that balances are properly reconciled at year-end.
View of Responsible Officials	Management agrees with the audit finding. The Project will review and amend its existing policies and procedures to ensure effective internal controls over the preparation and review of the Project's year-end closing of its books and records.
Planned Corrective Action	In 2022, the Project's finance manager position was filled on an interim basis by Oakdale Irrigation District's Chief Financial Officer, (CFO). The CFO was familiar with the audit issues with Project and has the skills, knowledge, and experience with the Springbrook accounting system. The CFO was able to review Project's processes firsthand and implement revised procedures and training across the finance department. In preparation of the 2022 annual audit, the CFO performed reconciliation, and cleanup of the accounts in addition to preparing year end schedules and necessary year-end accruals. As a result, the nature and number of required audit adjustments experienced in prior years have been substantially reduced. The Project's Board will continue to monitor, oversee, and review the processes performed by its finance department to ensure the operating effectiveness of the controls over the Project's accounting system and reporting. We believe that the issues referenced above have been mitigated and this finding is not expected to be included as part of the Project's 2023 financial statements.