TRI-DAM PROJECT
BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

PREPARED BY THE FINANCE DEPARTMENT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tri-Dam Project
Strawberry, California

Report on Financial Statements

We have audited the accompanying basic financial statements of the Tri-Dam Project (the Project) as of and for the years ended December 31, 2017 and 2016 and the related notes to the financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the Project as of December 31, 2017 and 2016, and changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statement which became effective during the year ended December 31, 2017 as discussed in Note 1R to the financial statements:

Statement No. 82 – Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No.73

The emphasis of this matter does not constitute a modification to our opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. 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 audit 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

The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental 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 April 11, 2018, 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 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 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 the Project's internal control over financial reporting and compliance.

Maze + Associates

Pleasant Hill, California
April 11, 2018

This discussion and analysis provides an overview of the Tri-Dam Project's (Project) financial position as of December 31, 2017 and 2016, and the Project's financial performance for the years then ended. Condensed financial information for 2015 is also presented for comparison purposes. We encourage readers to consider the information presented here in conjunction with the more comprehensive financial statements, the notes to the financial statements, and the other additional information provided.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

- As a result of near-record precipitation levels in the Central Sierra Nevada mountains, power generation during 2017 was the third highest in Tri-Dam Project's history. Generation for the year totaled 656,000 megawatt hours (MWh), a significant improvement from 2016 total generation of 498,000 MWh.
- The substantial improvement in generation led to significantly greater operating revenues, which totaled $48.5 million for the year, as compared to $33.8 million during 2016.
- Operating expenses increased substantially, totaling $10.9 million, an increase of $2.9 million from the prior year. Operating costs increased primarily as a result of necessary repairs to forest access roads damaged by the heavy rains experienced during January and February 2017, which has thus far totaled $2.1 million to repair. The Project's access road to the Tulloch third generating unit was also severely damaged, and has thus far required approximately $225,000 to remove a portion of the road and restore the corresponding section of the spillway to a minimally acceptable condition. Additional repairs to both of these roads are anticipated during 2018.
- Nonoperating revenues declined to $632,000 from $753,000 during 2016. The decrease was primarily because of a grant of $180,000 received during the prior year.
- Nonoperating expenses increased $372,000 to $2.0 million as a result of greater costs associated with river habitat studies and the related legal fees incurred to defend the Oakdale and South San Joaquin Irrigation Districts' (the Member Districts) water rights on the Stanislaus River.
- Total net position increased by $3.5 million, from $86.5 million at December 31, 2016, to $90.0 million at December 31, 2017. The improvement is attributable to net revenues of $36.3 million, net of distributions to the Oakdale Irrigation District and the South San Joaquin Irrigation District of $32.8 million. Distributions to the Member Districts were the largest in the history of the Project.
- The Project completed several significant capital and maintenance projects during the year, the largest of which was the procurement and installation of new generator step-up transformers and related protection scheme at the Donnells powerhouse, costing $2.6 million.

FINANCIAL ANALYSIS OF THE PROJECT

This section is intended to serve as an introduction to the Project's Basic Financial Statements, Other Supplementary Information, and Compliance Report. The financial data contained herein reflects the audited 2017 and 2016 financial results.

The Project's resources are allocated and accounted for in the financial statements as an enterprise fund type of the proprietary fund group, and the Project maintains its financial records and reporting in accordance with all applicable Government Accounting Standards Board (GASB) pronouncements.

Basic Financial Statements
This section includes *the Balance Sheets*; *the Statements of Revenues, Expenses, and Changes in Net Position*; and *the Statements of Cash Flows*.

The Balance Sheets and the Statements of Revenues, Expenses, and Changes in Net Position are maintained under the accrual basis of accounting, which requires that revenues and expenses are recorded when incurred, regardless of when cash payments are received or paid. The cash flow statements are not prepared using the accrual basis of accounting, but instead detail the actual receipt and payment of cash during the year.

The Balance Sheets detail the Project's assets, deferred outflows, liabilities, deferred inflows, and net position as of a specific point in time. Increases or decreases in net position generally indicate improvement or deterioration in financial strength when analyzed over a period of years. However, increases and decreases in net position for Tri-Dam Project should always be analyzed in combination with the level and trend of distributions to the Member Districts.

The Statements of Revenues, Expenses, and Changes in Net Position provide information relating to the revenues, expenses, and subsequent changes in net position for the fiscal year reported. The change in net position is similar to net income of a private company. Revenues and expenses are further broken down between operating revenues and expenses, and nonoperating revenues and expenses. Revenues and expenses that are incurred as a result of power generation activities are generally classified as operating revenues and expenses, while all other revenues and expenses unrelated to power generation are classified as nonoperating.

The Statements of Cash Flows break down the sources and uses of cash by activity, providing the detail of changes in the Project's cash and cash equivalents during the year. Cash flow sources and uses are categorized by operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

Notes to the Basic Financial Statements
The *Notes to the Basic Financial Statements* are an equally important section of the financial statements as they provide a narrative on the trends, outlook and related accounting methodology supporting the numbers.

Other Supplementary Information
The *Other Supplementary Information* section provides additional information regarding the Project's pension liability and other post-employment benefits, along with additional expense breakdown by each of the Project's facilities and administrative activities.

Internal Control Report
The *Internal Control Report* discusses the Project's internal controls over financial reporting and compliance with various laws, regulations and reporting standards.

BALANCE SHEETS

The following table illustrates the Project's condensed balance sheets for the years ended December 31, 2017, 2016 and 2015.

	Condensed Balance Sheets				
	2017	2016	Increase (Decrease)	2015 (As Restated)	Increase (Decrease)
Assets and Deferred Outflows					
Current Assets	$ 23,156,234	$ 28,480,203	$ (5,323,969)	$ 17,487,478	$ 10,992,725
Noncurrent Investments	8,795,327	-	8,795,327	-	-
Capital Assets, Net	64,082,991	62,948,188	1,134,803	64,830,835	(1,882,647)
Deferred Outflows	1,498,764	1,277,349	221,415	639,151	638,198
Total Assets & Deferred Outflows	$ 97,533,316	$ 92,705,740	$ 4,827,576	$ 82,957,464	$ 9,748,276
Liabilities					
Current Liabilities	$ 1,138,336	$ 651,086	$ 487,250	$ 846,020	$ (194,934)
Noncurrent Liabilities	6,164,420	5,302,736	861,684	4,245,002	1,057,734
Deferred Inflows	277,700	296,517	(18,817)	454,599	(158,082)
Total Liabilities & Deferred Inflows	7,580,456	6,250,339	1,330,117	5,545,621	704,718
Net Position					
Investment in Capital Assets	64,082,991	62,948,188	1,134,803	64,830,835	(1,882,647)
Unrestricted	25,869,869	23,507,213	2,362,656	12,581,008	10,926,205
Total Net Position	89,952,860	86,455,401	3,497,459	77,411,843	9,043,558
Total Liabilities, Deferred Inflows & Net Position	$ 97,533,316	$ 92,705,740	$ 4,827,576	$ 82,957,464	$ 9,748,276

Assets and Deferred Outflows of Resources

2017 compared to 2016

Current assets decreased $5.3 million during 2017 as a result of a change in the Project's investment program that extended the average maturity of a portion of the marketable securities portfolio. This change resulted in $8.8 million of investments in marketable securities being classified as noncurrent assets. Total cash and equivalents, current investments, and noncurrent investments - all unrestricted - actually increased $2.5 million during the year. The increase in cash and total investments in marketable securities was a result of substantially greater cash flow from power generation during the second half of 2017 relative to the second half of 2016. The Project typically makes semi-annual distributions of excess cash to the Member Districts each July and January, which has a significant impact on cash and investment balances at the end of the year.

Current assets also include a $1.1 million increase in the Project's power generation receivable from the City of Santa Clara, California, through the city's municipal electric utility, Silicon Valley Power. The increase in the power generation receivable was because of stronger generation in December 2017 than during December 2016. Other accounts receivable included in current assets and owed to the Project in the normal course of business included $344,000 due from Pacific Gas & Electric Company (PG&E) for headwater benefits created by the Project's hydroelectric facilities on the middle fork of the Stanislaus River. Headwater benefits are adjusted for inflation and increased 2.7% from the prior year.

Capital assets, net of accumulated depreciation and amortization, increased $1.1 million as a result of capital asset additions of approximately $3.4 million, disposals of $316,000, and depreciation and amortization of $1.9 million.

Capital assets also include the Project's Federal Energy Regulatory Commission (FERC) license, an intangible asset totaling $6.5 million, net of accumulated amortization of $1.7 million. The legal and administrative costs initially incurred to renew the Project's license from the FERC totaled $3.3 million, and are being amortized on a straight line basis over an initial period of 40 years. The intangible FERC license also includes the net cost of the Beardsley Reservoir recreation improvements completed in 2014, which totaled $4.9 million. The improvements were paid for by the Project, but remain the property of the United States Department of Agriculture, Forest Service. Upon completion, the Forest Service resumed responsibility for the ongoing operation and maintenance of the improvements.

Deferred outflows of resources represent various components related to the Project's net pension liability as calculated by the California Public Employees' Retirement System (CalPERS). These components primarily represent the timing and dollar difference created by 1) changes in CalPERS assumptions, 2) the difference between projected and actual investment earnings on pension investments, and 3) pension contributions made by the Project subsequent to the measurement date of June 30, 2017. Deferred outflows increased $221,000 from the prior year.

2016 compared to 2015
Current assets increased $11.0 million during 2016, primarily because of a $9.9 million increase in cash and investments, which was primarily attributable to greater power generation cash flow versus the prior year. The increase in cash and cash equivalents was also partially attributable to a net pay down of $728,000 in amounts due from the Project's separate but related entity, Tri-Dam Power Authority (Authority). Amounts due from the Authority represent accrued labor costs for employees on loan from Tri-Dam Project and equipment rental costs. The Authority's financial position improved considerably during 2016, and the pay down of amounts owed to the Project was accomplished in December 2016.

Current assets also rose as a result of a $1.6 million increase in the power generation receivable from the City of Santa Clara. Power generation and revenue increased considerably during 2016 as hydrology improved and the multi-year California drought subsided.

Other accounts receivable included in current assets included $334,000 due from PG&E for headwater benefits created by the Project's hydroelectric facilities on the middle fork of the Stanislaus River. Headwater benefits are adjusted for inflation and were little changed from the prior year.

Noncurrent capital assets decreased $1.9 million, net of capital asset purchases and regular depreciation and amortization. Capital assets also declined as a result of the retirement of approximately $1.0 million in assets determined by management to be obsolete and no longer in service, net of accumulated depreciation on these assets of $875,000. The Project recorded a loss of $125,000 on the retirement of these assets.

Deferred outflows of resources increased $638,000 from the prior year.

Liabilities and Deferred Inflows of Resources
2017 compared to 2016
Total liabilities and deferred inflows of resources increased $1.3 million during 2017, totaling $7.6 million at end of year. Current liabilities totaled $1.1 million as of December 31, 2017, an increase of $487,000 from December 31, 2016. The increase was primarily attributable to a $389,000 increase in accounts payable in the normal course of business. Other increases in current liabilities included the current portion of compensated absences (vacation and sick leave) and various performance deposits from Lake Tulloch homeowners, both of which increased by approximately $34,000 to $226,000 and $131,000, respectively. Current liabilities also included $90,000 due to FERC for headwater benefits related to New Melones Dam, located upstream from the Project's Lake Tulloch hydroelectric facilities.

Noncurrent liabilities include the Project's net pension liability, other postemployment benefits, and the noncurrent portion of compensated absences. Noncurrent liabilities totaled $6.2 million at December 31, 2017, an increase of $862,000 from the prior year. The largest noncurrent liability is the Project's net pension liability that totaled $5.7 million, an increase of $778,000 from the prior year. The net pension liability is calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and is derived from assumptions and methodologies developed by CalPERS. The assumptions when compared to actual experience can introduce significant year-to-year volatility in the calculation of this liability and corresponding non-cash pension expense. For example, the Project's actual cash payments to CalPERS for pension costs totaled $582,000 during 2017, but the Project's non-cash pension expense related to GASB 68 totaled $785,000.

Other noncurrent liabilities consisted of the estimated noncurrent portion of compensated absences that totaled $224,000, an increase of $46,000 from the prior year, and other postemployment benefits totaling $203,000, an increase of $38,000. Other postemployment benefits represent the actuarially determined cost of providing current and future health benefits for retirees.

Deferred inflows of resources represent various components related to the Project's net pension liability, including changes in the calculation methodologies and assumptions used by CalPERS. Deferred inflows of resources, all pension related, totaled $278,000, a decline of $19,000 versus the prior year.

2016 compared to 2015

The Project ended 2016 with total liabilities and deferred inflows of resources of $6.3 million, an increase of $705,000. Current liabilities, primarily various accounts payable and the current portion of compensated absences, totaled $651,000, a decrease of $195,000 from the prior year. Other current liabilities as of December 31, 2016 included various performance deposits from Lake Tulloch homeowners totaling $97,000 and headwater benefits due to the FERC totaling $90,000.

Noncurrent liabilities totaled $5.3 million, and included the Project's unfunded pension liability of $5.0 million. The net pension liability increased by $1.0 million during 2016. Other noncurrent liabilities consisted of the estimated noncurrent portion of compensated absences that totaled $178,000, and other postemployment benefits of $165,000.

Deferred inflows of resources, all pension related, totaled $297,000, a decline of $158,000 versus the prior year.

Net Position

2017 compared to 2016

Total net position ended 2017 at $90.0 million, an increase of $3.5 million from the prior year. Net position at the end of 2017 was broken down between investment in capital assets of $64.1 million, an increase of $1.1 million, and unrestricted net position of $25.9 million, an increase of $2.4 million.

The net investment in capital assets represents the Project's reservoirs, dams, power plants and other infrastructure and equipment, the cost of which is recognized over the useful lives of these assets through depreciation expense (except land and construction-in-progress). Capital assets provide the Project with the ability to continue operations and do not represent liquid assets that can easily be used to pay future obligations. The net investment in capital assets also includes the unamortized costs of the Project's FERC license that provides the Project with the ability to continue operations.

Unrestricted net position essentially represents the difference between the total net position and net position invested in capital assets. Unrestricted net position includes the Project's liquid assets.

The Project's change in net position (net income) exceeded discretionary cash distributions to the Member Districts for the second year in a row, after several years where distributions exceeded change in net position. Favorable hydrology during the past two years and the related increase in generation revenue was the primary reason for the improvement.

The Project does not have any reserves of net position that are mandated by external sources. However, the Project's Board of Directors has imposed minimum reserve balances that can be changed at the Board's discretion. These limits are in place to ensure proper reserve balances exist in the event of a system failure or to fund future projects.

2016 compared to 2015
Net Position at the end of 2016 totaled $86.5 million, an increase of $9.0 million from the prior year. Net position at the end of 2016 was broken down between investment in capital assets of $62.9 million, a decline of $1.9 million, and unrestricted net position of $23.5 million, an increase of $10.9 million.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The following table illustrates the Project's condensed statements of revenues, expenses and changes in net position for 2017, 2016 and 2015.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2017	2016	Increase (Decrease)	2015 (As Restated)	Increase (Decrease)
Operating Revenues	$ 48,458,414	$ 33,800,302	$ 14,658,112	$ 15,302,362	$ 18,497,940
Operating Expenses	10,859,466	8,001,913	2,857,553	8,004,476	(2,563)
Net Operating Revenue (Expense)	37,598,948	25,798,389	11,800,559	7,297,886	18,500,503
Nonoperating Revenues	632,472	752,644	(120,172)	425,940	326,704
Nonoperating Expenses	1,960,961	1,589,299	371,662	1,722,183	(132,884)
Net Nonoperating Revenue (Expense)	(1,328,489)	(836,655)	(491,834)	(1,296,243)	459,588
Change in Net Position	36,270,459	24,961,734	11,308,725	6,001,643	18,960,091
Net Position, Beginning of Year	86,455,401	77,411,843	9,043,558	80,169,200	(2,757,357)
Add: Contribution of land by Member Districts			-		-
Less: Distributions to Member Districts	(32,773,000)	(15,918,176)	(16,854,824)	(8,759,000)	(7,159,176)
Net Position, End of Year	$ 89,952,860	$ 86,455,401	$ 3,497,459	$ 77,411,843	$ 9,043,558

Operating Revenues

2017 compared to 2016
Power generation revenue during 2017 was the largest in Tri-Dam's history, totaling $48.5 million. For the year, the Project generated 656,000 MWh, as precipitation and snowpack levels for the 2016-17 water year nearly eclipsed the Project's record water year of 1982-83. Precipitation at the Beardsley powerhouse totaled over 76 inches, and Beardsley Dam did not stop spilling until early August, approximately 40 days later than normal. The Project also again benefited from the scheduled price increase as part of its contract with the City of Santa Clara. Other operating revenue included headwater benefit fees from PG&E, which totaled $344,000.

2016 compared to 2015
Generation revenues totaled $33.5 million during 2016, more than double 2015 generation revenue of $15.0 million. In addition to the improved water year, generation revenue benefited from the scheduled price increase as part of the Project's contract with the City of Santa Clara. Power generation during 2016 was approximately 12% above the Project's long-term historical average, totaling 498,000 MWh, as compared to average historical generation of approximately 445,000 MWh. Other operating revenue included headwater benefit fees from PG&E, which totaled $334,000.

Nonoperating Revenues
2017 compared to 2016
Nonoperating revenues are generally realized from ancillary types of activities unrelated to power generation, and include reimbursements for operation and maintenance activities performed by the Project on behalf of other governmental entities, water sales, income from rental of equipment and facilities owned by the Project, investment income, and permitting fees.

Reimbursements relate to the operation and maintenance activities performed by Tri-Dam on behalf of Stockton East Water District (SEWD) and the United States Bureau of Reclamation (USBR). Reimbursements from SEWD represent one-third of the total operating and maintenance costs of Goodwin Dam, consistent with SEWD's one-third ownership of that facility with the two Member Districts. Reimbursements from the USBR represent costs incurred by Tri-Dam for managing various operations below New Melones Dam, and are calculated based upon a set number of hours and prevailing Tri-Dam wage and overhead rates. During 2017, reimbursements from SEWD and the USBR totaled $189,000, relatively unchanged from the prior year.

Water sales totaled $142,000 during 2017, an increase of $9,000 from 2016. Water sales are based upon usage and a predetermined schedule, adjusted annually for inflation. The Project sells water to only two entities, the largest of which is the state of California's Sierra Conservation Center.

Investment earnings totaled $108,000 during 2017, an increase of $15,000 as a result of higher investment balances and a general increase in market interest rates. The Project also embarked upon a moderately more aggressive in-house investment program during 2017 that introduced the potential for a greater level of volatility due to extending the overall average life of the Project's securities portfolio.

Equipment and facilities rental income consists of 1) a monthly set fee charged to Tri-Dam Power Authority, 2) communication site rental income from a variety of other governmental entities and private communications companies, and 3) rental of housing and facilities owned by the Project. For 2017, rental income totaled $95,000, unchanged from the prior year.

2016 compared to 2015
For 2016, total nonoperating revenue increased $327,000 to $753,000, primarily as a result of a $180,000 one-time grant from the California Department of Boating and Waterways, a $49,000 increase in investment income, and a $26,000 increase in water sales.

Operating Expenses
2017 compared to 2016
The Project experienced a considerable increase in operating expenses during 2017, primarily in response to the severe winter storms and corresponding road damage. As previously noted, the January and February rains caused several slides and washouts that rendered some of the Project's access roads impassable. As a result, the Project incurred significant repair costs, including significant in-house labor costs, to either fully repair sections of these roads or return them to a minimally acceptable, temporary condition. Other indirect costs resulting from the road damage included, among other things, the cost to periodically fly crews to Donnells Dam via helicopter. Repair costs incurred thus far for damage to various sections of the 4700 Road to Donnells Powerhouse and Dam totaled $2.1 million as of the end of the year, excluding Tri-Dam labor.

Although Tri-Dam does not own the road to the Donnells facilities, the Project is required to maintain these roads pursuant to a road maintenance agreement with the U.S. Forest Service and, from a practical standpoint, access to the facilities needed to be restored relatively quickly in order to maintain operations and maintenance activities.

In addition to the Donnells 4700 Road damage, the access road to the Project's Tulloch third generating unit was completely destroyed during the spring runoff. Total costs incurred to remove a portion of the road and re-channel water from the Tulloch Dam spillway totaled $225,000 during 2017. Additional costs to complete the removal of the remaining section of damaged road and re-gain vehicle access to the powerhouse is expected to be much greater than the costs incurred thus far. In the meantime, crews are able to access the powerhouse on foot from an undamaged walkway on the other side of the unit.

Total operating expenses increased $2.9 million during 2017. Excluding depreciation and amortization, and the non-cash effects of GASB 68, operating expenses rose a similar amount. Labor and overhead costs, excluding non-cash pension expense related to GASB 68, totaled $3.4 million during 2017, a $113,000, or 3.3% increase over 2016 labor and overhead. The increase in labor and overhead was primarily in response to additional overtime necessitated by the road repairs, staff vacancies in the operations department, and negotiated wage increases.

Depreciation and amortization expense declined $585,000 to $1.9 million. Although the Project placed several large capital assets in service, depreciation expense declined as a result of a one-time adjustment to the expected lives on several large assets during 2016.

2016 compared to 2015

Total operating expenses remained relatively unchanged from the prior year at approximately $8.0 million. Excluding depreciation and amortization, and the non-cash effects of GASB 68, 2016 operating expenses declined $847,000 to $5.3 million, from $6.1 million in 2015. The decline was primarily attributable to a $985,000 decline in maintenance costs as several large maintenance projects were completed in the prior year, partially offset by a $174,000 increase in labor expense. The increase in labor costs was a result of increased overtime and wage adjustments resulting from the ratification of a new memorandum of understanding with represented employees, along with other compensation adjustments for non-represented employees.

Depreciation and amortization expense increased $568,000 as a result of a one-time adjustment to the expected lives on several large assets. Depreciation and amortization totaled $2.5 million versus $1.9 million in 2015.

Nonoperating Expenses

2017 compared to 2016

Nonoperating expenses represent the operation and maintenance costs of Goodwin Dam, and various ongoing studies (and the related legal costs) associated with monitoring the Stanislaus River fish habitat and defending the Member Districts' water rights. The Project expects to incur significant nonoperating expenses associated with river habitat studies for the foreseeable future. Nonoperating expenses totaled $2.0 million during 2017, an increase of $372,000 from 2016 nonoperating costs of $1.6 million. River habitat studies and related legal costs increased by $495,000, primarily because of the initiation of a new nonnative predator study on the Stanislaus River, in addition to continuing costs associated with negotiating and defending proposed flow requirements with various state and federal agencies having jurisdiction on the Stanislaus River.

Goodwin Dam expenses are considered nonoperating expenses in the Project's financial statements since no power is generated at that facility and it is maintained by Tri-Dam for the benefit of the Member Districts and Stockton East Water District. For 2017, Goodwin Dam expenses totaled $275,000, a decline of $40,000 from the prior year.

2016 compared to 2015

Nonoperating expenses totaled $1.6 million during 2016, a decrease of $133,000 from 2015 nonoperating costs of $1.7 million. A decline of $259,000 in river habitat costs was partially offset by an increase of $43,000 in operation and maintenance costs associated with Goodwin Dam.

CAPITAL ASSETS

The following table illustrates the Project's capital assets as of December 31, 2017 and 2016.

CAPITAL ASSETS

	2017	2016	Increase (Decrease)
Land	$ 1,500,800	$ 1,500,800	$ -
Construction in progress	318,708	533,878	(215,170)
Intangible asset - FERC license	8,213,938	8,213,938	-
Dams and power plants	87,862,992	87,826,845	36,147
Power plant equipment	8,381,184	5,779,426	2,601,758
Telemetry equipment	3,026,194	2,751,866	274,328
Buildings	947,193	947,193	-
Other equipment	3,145,705	2,800,818	344,887
Total Capital Assets	113,396,714	110,354,764	3,041,950
Less: accumulated depreciation	(49,313,723)	(47,406,576)	(1,907,147)
Net Capital Assets	$ 64,082,991	$ 62,948,188	$ 1,134,803

Capital assets net of accumulated depreciation increased $1.1 million to $64.1 million at the end of 2017. The increase resulted from capital asset additions of $3.4 million, regular depreciation of $1.7 million, amortization of intangible capital assets of $234,000, and a capital improvement project reclassified to operating expense of $316,000.

The largest capital improvement project completed during 2017 was the replacement of three generator step-up transformers at the Donnells powerhouse. The cost of the transformers, including a spare transformer, related protection scheme, and capitalized in-house labor, totaled $2.6 million. Other significant capital asset additions during 2017 included a new water truck totaling $163,000, a new dump truck totaling $153,000, and a new breaker control center at the Project's Tulloch powerhouse totaling $110,000. The Project also completed a system-wide telemetry upgrade that was in progress as of the end of the prior year, and totaled $274,000.

EXPECTATIONS FOR 2018

The 2017-18 water year started poorly and has only recently recovered somewhat during the month of March. Nonetheless, the snow pack in the Stanislaus River watershed is still well below average. Accordingly, generation has lagged in early 2018, and it is unlikely the Project will meet its budgeted generation revenue of $31.7 million. In addition, the Project's Donnells generating unit suffered a relatively significant failure coming off of a scheduled maintenance outage in late March that will likely idle the unit for most of April. Donnells is the Project's largest generating unit. In addition, the Beardsley Afterbay Dam is scheduled to undergo repair work later in 2018 that will necessitate lowering the afterbay reservoir significantly. Because the Project's Beardsley generating unit requires backpressure created by the afterbay, that unit will also be offline during the repair work, which will further diminish generation and revenue.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Tri-Dam Project's financial position and results of operations. Questions concerning the information provided in this report or requests for additional information should be addressed to Finance and Administrative Manager, P.O. Box 1158, Pinecrest, California 95364-0158 or rdodge@tridamproject.com.

TRI-DAM PROJECT
BALANCE SHEETS
AS OF DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 2)	$16,080,986	$14,854,258
Short-term investments (Note 2)	2,959,317	10,524,897
Accounts receivable (Note 1G):		
Headwater benefit fees, PG&E	343,651	334,493
Power generation receivable	3,162,080	2,072,722
Services receivable, Tri-Dam Power Authority	101,624	85,724
Other	231,824	401,491
Accrued interest receivable	69,578	5,972
Prepaid expenses and other assets	207,174	200,646
Total Current Assets	23,156,234	28,480,203
Noncurrent Assets:		
Long-term investments (Note 2)	8,795,327	
Capital Assets (Note 3):		
Not depreciated	1,819,508	2,034,678
Depreciated, net:		
Intangible asset - FERC license, net	6,538,893	6,772,425
Other capital assets depreciated, net	55,724,590	54,141,085
Total depreciated, net	62,263,483	60,913,510
Total Capital Assets	64,082,991	62,948,188
Total Assets	96,034,552	91,428,391
DEFERRED OUTFLOWS OF RESOURCES		
Pension related (Note 7)	1,498,764	1,277,349
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$97,533,316	$92,705,740
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
Current Liabilities:		
Accounts payable	$585,493	$196,984
Accrued salaries and benefits	69,259	63,878
Unearned revenues (Note 1J)	36,897	10,728
Deposits	130,564	96,911
Due to the Federal Energy Regulatory Commission	90,270	90,270
Compensated absences, current portion (Note 4)	225,853	192,315
Total Current Liabilities	1,138,336	651,086
Noncurrent Liabilities:		
Compensated absences, noncurrent portion (Note 4)	224,375	178,217
Other postemployment benefits (Note 4 & 8)	203,355	165,395
Net pension liability (Note 7)	5,736,690	4,959,124
Total Noncurrent Liabilities	6,164,420	5,302,736
Total Liabilities	7,302,756	5,953,822
DEFERRED INFLOWS OF RESOURCES		
Pension related (Note 7)	277,700	296,517
NET POSITION (Note 1N)		
Net investment in capital assets	64,082,991	62,948,188
Unrestricted	25,869,869	23,507,213
Total Net Position	89,952,860	86,455,401
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$97,533,316	$92,705,740

The accompanying notes are an integral part of these financial statements.

TRI-DAM PROJECT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
OPERATING REVENUES		
Power generation revenues (Note 1O)	$48,114,763	$33,465,809
Headwater benefit fees	343,651	334,493
Total Operating Revenues	48,458,414	33,800,302
OPERATING EXPENSES		
Operations	1,513,358	1,509,447
Maintenance	4,666,446	1,715,270
General and administrative	2,772,515	2,285,415
Depreciation and amortization (Note 3)	1,907,147	2,491,781
Total Operating Expenses	10,859,466	8,001,913
NET INCOME FROM OPERATIONS	37,598,948	25,798,389
NONOPERATING REVENUES (EXPENSES)		
Reimbursements	189,119	184,784
Water sales	142,008	133,246
Rental of equipment and facilities	94,794	93,946
Investment earnings	107,921	92,843
Other nonoperating revenue	82,942	247,825
River habitat studies	(1,686,200)	(1,191,330)
Goodwin Dam expenses	(274,761)	(315,179)
(Loss) gain on disposal of capital assets	15,688	(82,790)
Total Nonoperating revenues (expenses)	(1,328,489)	(836,655)
CHANGE IN NET POSITION	36,270,459	24,961,734
NET POSITION, BEGINNING OF YEAR	86,455,401	77,411,843
Less: distributions to Member Districts (Note 6)	(32,773,000)	(15,918,176)
NET POSITION, END OF YEAR	$89,952,860	$86,455,401

The accompanying notes are an integral part of these financial statements.

TRI-DAM PROJECT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers for power generation	$47,025,405	$31,834,455
Other operating receipts	488,260	331,123
Cash payments to suppliers for goods and services	(4,581,794)	(2,896,048)
Cash payments to employees for services	(3,268,351)	(2,536,891)
Cash Flows from Operating Activities	39,663,520	26,732,639
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash distributions to Member Districts	(32,773,000)	(15,918,176)
Other net nonoperating revenues and expenses	(1,328,489)	(380,808)
Net Cash Used for Noncapital Financing Activities	(34,101,489)	(16,298,984)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(3,357,740)	(737,412)
Proceeds from sale of capital assets	15,688	39,932
Net Cash Used for Capital and Related Financing Activities	(3,342,052)	(697,480)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investment securities	(30,585,165)	(22,569,569)
Proceeds from sales and maturities of investment securities	29,562,989	20,930,986
Interest received	28,925	115,814
Net Cash Used for Investing Activities	(993,251)	(1,522,769)
NET CASH FLOWS	1,226,728	8,213,406
Cash and cash equivalents at beginning of year	14,854,258	6,640,852
Cash and cash equivalents at end of year	$16,080,986	$14,854,258
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income from operations	$37,598,948	$25,798,389
Adjustments to reconcile net income from operations to net cash provided by operating activities:		
Depreciation and amortization	1,907,147	2,491,781
Changes in operating assets and liabilities:		
Power generation receivable	(1,089,358)	(1,631,354)
Other receivables	144,609	507,060
Prepaid expenses and other assets	(6,528)	(12,953)
Deferred outflows/inflows of resources, net pension liability - pensions	537,334	(243,402)
Accounts payable	388,509	(198,410)
Accrued salaries and benefits	5,381	11,655
Unearned revenue	26,169	(14,876)
Unearned deposits	33,653	36,000
Due to FERC		23
Compensated absences	79,696	(39,914)
Other postemployment benefits	37,960	28,640
Cash Flows from Operating Activities	$39,663,520	$26,732,639

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Tri-Dam Project (the Project) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Project is accounted for as an enterprise fund and applies all applicable GASB pronouncements in its accounting and reporting. The more significant of the Project's accounting policies are described below.

A. Organization and Purpose

The Tri-Dam Project is a joint venture of the Oakdale Irrigation District and the South San Joaquin Irrigation District (the Member Districts) entered into under a joint cooperation agreement on January 21, 1948. The Project is an organization that is jointly governed by the Member Districts and is not organized as a separate public agency according to state regulations. The Member Districts each retain their one-half interest in the assets and liabilities of the Project. The Project consists of irrigation and power development on the middle-fork Stanislaus River, including the Donnells reservoir dam, tunnel and power plant, Beardsley reservoir dam and power plant, Tulloch reservoir dam and power plant, Goodwin reservoir dam, and several ancillary facilities. The Project’s principal activities are the storage and delivery of water to the Member Districts and the hydraulic generation of electricity. These activities are carried out pursuant to the Member Districts’ water rights and the Member Districts’ licenses issued by the Federal Energy Regulatory Commission (FERC). The Member Districts have an operations agreement with the United States Bureau of Reclamation (USBR) that recognizes and confirms the Member Districts’ water rights and requires the USBR to make available to the Member 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 Member 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 Member Districts. Although it is operated jointly with the Project, the Authority’s activity is excluded from the accompanying financial statements because it is a separate legal entity that issues separate financial statements. While the Authority has the same joint board of commissioners (directors) as does the Project, the Authority is not responsible for debts or other obligations of the Project, nor is the Project responsible for the debts or obligations of the Authority.

B. Basis of Presentation

The Project’s resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. A fund is a self-balancing set of accounts. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of this fund are included on the balance sheet. Net position is segregated into the net investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

The Project uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Earned but unbilled power generation revenue is accrued as revenue.

Operating revenues and expenses consists of those revenues and expenses that result from the ongoing principal operations of the Project. Operating revenues consist primarily of power generation revenue. Nonoperating revenues and expense consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities. Expenses incurred to comply with the Project's FERC license are considered operating expenses. Goodwin Dam operating and maintenance expenses are considered nonoperating as the dam has no hydroelectric operations and is maintained on behalf of the Member Districts and Stockton East Water District, which is a one-third owner of that dam. Expenses incurred to protect Member District water rights that are not directly related to power generation, such as fish and water quality studies not required by the Project's FERC license and related legal expenses, are reported as nonoperating expenses.

When both restricted and unrestricted resources are available for use, it is the Project's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgetary Principals

The Board of Directors does not operate under any legal budgeting constraints. Budget integration is employed as a management control device. Budgets are formally adopted by the Board and take effect on each January 1.

E. Use of Estimates

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

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Project considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents, including deposits with banks, deposits in the State of California Local Agency Investment Fund (LAIF), and money market mutual funds, including assets of the types described above that are restricted, if any.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accounts Receivable

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.

H. Capital Assets

Capital assets are recorded at historical cost. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction 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. Depreciation and amortization is calculated using the straight line method over the following estimated useful lives:

Class of Capital Asset	Estimated Lives in Years
Intangible Asset - FERC License	33-40
Dams and Power Plants	10-99
Power Plant Equipment	5-99
Telemetry Equipment	5-99
Buildings	10-50

It is the Project's policy to capitalize capital assets with a cost of $5,000 or more except for buildings and improvements where assets with a cost of $10,000 or more are capitalized. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

I. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the balance sheets include separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the Project's pension plans under GASB Statement No. 68 as described in Note 7.

J. 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, 2017 and 2016 consisted of miscellaneous receipts for future services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

The Project's Memorandum of Understanding (MOU) with employees allows employees to accumulate unused vacation, subject to policy limits, and sick leave. 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, up to 25% of unused sick leave may be paid in cash, with the remainder 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.

L. 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 CalPERS plans (Plans) and additions to/deductions 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. Plan investments are reported at fair value.

M. Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Project categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Net Position

Net position is categorized as the net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The purpose of the restriction, if any, is reported on the face of the balance sheet.

Unrestricted Net Position – This category represents net position not restricted for any project or other purpose.

O. 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 price in 2017 and 2016 was $69 and $67 per MWh, respectively. The contract price includes scheduled increases ranging from 2.6% to 4.4% each year from 2017 through 2021 when the price is fixed through the remaining term of the agreement.

P. 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; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The commercial insurance is subject to a deductible. In addition, the Project has entered into an agreement with the Association of California Water Agencies Joint Powers Insurance Authority to pool their purchasing needs with other agencies for health, accident, vision and dental insurance. No significant claims resulting in the need for a claims liability for insurance deductibles occurred during the years ended December 31, 2017 and 2016. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from the prior year.

Q. Related Party Transactions

Significant related party transactions consist primarily of cash distributions to and contributions from the Member Districts that are charged directly to net position. The Project maintains a relationship with Oak Valley Community Bank for all of its day-to-day banking activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. New Accounting Pronouncements

Management adopted the provisions of the following Governmental Accounting standards Board (GASB) Statements, which became effective during the year ended December 31, 2017.

GASB Statement No. 80 – Blending requirements for Certain Component Units-an amendment of GASB Statement No. 14 – The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units of all states and local governments. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended.* The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This statement had no effect on the financial statements.

GASB Statement No. 82 – Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73 – The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans,* No. 68, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement had no effect on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Classification

Cash and investments as of December 31, are classified in the accompanying financial statements as follows:

	2017	2016
Cash and cash equivalents:		
Cash on hand	$300	$300
Deposits with financial institutions	15,783,466	14,798,433
Money market mutual funds	291,432	49,787
Local Agency Investment Fund (LAIF)	5,788	5,738
Total unrestricted cash and cash equivalents	16,080,986	14,854,258
Investments		
Investments held by US Bank	11,754,644	10,524,897
Total investments	11,754,644	10,524,897
Total cash and investments	$27,835,630	$25,379,155

NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash and investments as of December 31, consisted of the following for disclosure under GASB Statement No. 40:

	2017	2016
Cash and investments under GASB 40		
Cash on hand	$300	$300
Deposits with financial institutions	15,783,466	14,798,433
Total cash and deposits	15,783,766	14,798,733
U.S. agency securities	11,460,004	10,174,396
Medium term corporate notes	294,640	350,501
Money market mutual funds	291,432	49,787
Local Agency Investment Fund (LAIF)	5,788	5,738
Total investments	12,051,864	10,580,422
Total cash and investments	$27,835,630	$25,379,155

B. Investment Policy

California statutes authorize governments to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized by 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. The Project's permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
California Local Agency Debt	5 years	None	None
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposits	5 years	30%	None
Medium-Term Corporate Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None

The Project complied with the provisions of the California Government Code pertaining to the types of investments held, the institutions in which deposits were made, and the security requirements as of December 31, 2017 and 2016, respectively.

NOTE 2 – CASH AND INVESTMENTS (Continued)

C. 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 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 is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The Project's investment policy does not contain any provisions limiting interest rate risk that are more restrictive than what is specified in the California Government Code.

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 at December 31, 2017:

		Remaining Maturity		
	Total	12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Agency Securities	$11,460,004	$2,664,677	$2,395,306	$6,400,021
Medium-Term Corporate Notes	294,640	294,640		
Money Market Mutual Funds	291,432	291,432		
LAIF	5,788	5,788		
Total	$12,051,864	$3,256,537	$2,395,306	$6,400,021

D. Credit Risk

Credit risk is the risk that an 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 year-end for each investment type as of December 31, 2017.

			Ratings as of Year End			
	Total	Minimum Legal Rating	AAA/Aaa	AA+/Aa1	AA-/Aa3	Not Rated
U.S. Agency Securities	$11,460,004	N/A		$11,460,004		
Medium-Term Corporate Notes	294,640	A			$294,640	
Money Market Mutual Funds	291,432	AAA/Aaa	$291,432			
LAIF	5,788	N/A				$5,788
	$12,051,864		$291,432	$11,460,004	$294,640	$5,788

NOTE 2 – CASH AND INVESTMENTS (Continued)

E. Concentration of Credit Risk

The investment policy of the Project limits the amount that can be invested in any one issuer to the California Government Code. The California Government Code limits the amount that may be invested in any one issuer, as disclosed in the preceding table. GASB Statement No. 40 requires disclosure of investments with one issuer exceeding 5% of total investments, with the exception of U.S. Treasury obligations, mutual funds and external investment pools. Concentrations of investments exceeding 5% of total investments were as follows at December 31, 2017:

Issuer	Investment Type	Amount
Federal Farm Credit Bank	U.S. Agency Securities	$4,153,549
Federal Home Loan Bank	U.S. Agency Securities	4,213,673
Federal Home Loan Mortgage Corporation	U.S. Agency Securities	1,900,690
Federal National Mortgage Association	U.S. Agency Securities	1,192,092

F. 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. 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, 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 the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At December 31, 2017 and 2016, the carrying amounts of the Project's deposits were $15,783,466 and $14,798,433 and the balances in financial institutions were $16,201,311 and $14,916,394, respectively. Of the balances in financial institutions, $250,000 at December 31, 2017 and 2016 was covered by federal depository insurance each year and the remaining amounts were secured by a pledge of securities by the financial institution, but not in the name of the Project.

NOTE 2 – CASH AND INVESTMENTS (Continued)

G. *Investment in LAIF*

LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total amount invested on December 31, 2017 by all public agencies in LAIF is $74,234,870,164, which is managed by the State Treasurer. Of that amount, 98.35% is invested in non-derivative financial products and 1.65% in structured notes and asset-backed financial instruments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. 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 are recorded on an amortized cost basis.

H. *Fair Value Hierarchy*

The Project categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the Project as of December 31, 2017:

Investments by Fair Value Level:	Level 1	Level 2	Exempt	Total
U.S. Agency Securities				
Federal Farm Credit Bank		$4,153,549		$4,153,549
Federal Farm Credit Bank		4,213,673		4,213,673
Federal Home Loan Mortgage Corporation		1,900,690		1,900,690
Federal National Mortgage Association		1,192,092		1,192,092
Medium-Term Corporate Notes		294,640		294,640
Local Agency Investment Fund			$5,788	5,788
Money Market Mutual Funds	$291,432			291,432
Total investments	$291,432	$11,754,644	$5,788	12,051,864
Cash in banks and on hand				15,783,766
Total Cash and Investments				$27,835,630

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.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the years ended December 31 was as follows:

	Balance at January 1, 2017	Additions	Disposals	Transfers and Adjustments	Balance at December 31, 2017
Capital assets not being depreciated:					
Land	$1,500,800				$1,500,800
Construction in progress	533,878	$3,206,868	($315,792)	($3,106,246)	318,708
Total capital assets not being depreciated	2,034,678	3,206,868	(315,792)	(3,106,246)	1,819,508
Capital assets being depreciated:					
Intangible asset-FERC License	8,213,938				8,213,938
Dams and power plants	87,826,845	22,818		13,329	87,862,992
Power plant equipment	5,779,426	42,373		2,559,385	8,381,184
Telemetry equipment	2,751,866			274,328	3,026,194
Buildings	947,193				947,193
Other equipment	2,800,818	85,683		259,204	3,145,705
Total capital assets being depreciated	108,320,086	150,874		3,106,246	111,577,206
Accumulated depreciation/amortization:					
Intangible asset-FERC License	(1,441,513)	(233,532)			(1,675,045)
Dams and power plants	(38,821,542)	(1,210,897)			(40,032,439)
Power plant equipment	(2,317,543)	(184,548)			(2,502,091)
Telemetry equipment	(1,824,436)	(115,018)			(1,939,454)
Buildings	(724,100)	(23,740)			(747,840)
Other equipment	(2,277,442)	(139,412)			(2,416,854)
Total accumulated depreciation/amortization	(47,406,576)	(1,907,147)			(49,313,723)
Total capital assets being depreciated, net	60,913,510	(1,756,273)		3,106,246	62,263,483
Capital assets, net	$62,948,188	$1,450,595	($315,792)		$64,082,991

	Balance at January 1, 2016	Additions	Disposals	Transfers and Adjustments	Balance at December 31, 2016
Capital assets not being depreciated:					
Land	$1,503,600		($2,800)		$1,500,800
Construction in progress	23,798	$699,421		($189,341)	533,878
Total capital assets not being depreciated	1,527,398	699,421	(2,800)	(189,341)	2,034,678
Capital assets being depreciated:					
Intangible asset-FERC License	8,213,938				8,213,938
Dams and power plants	88,675,065		(848,220)		87,826,845
Power plant equipment	5,709,320	31,382	(24,577)	63,301	5,779,426
Telemetry equipment	2,751,866				2,751,866
Buildings	977,153		(29,960)		947,193
Other equipment	2,765,503	6,609	(97,334)	126,040	2,800,818
Total capital assets being depreciated	109,092,845	37,991	(1,000,091)	189,341	108,320,086
Accumulated depreciation/amortization:					
Intangible asset-FERC License	(1,207,980)	(233,533)			(1,441,513)
Dams and power plants	(38,340,591)	(1,215,398)	734,447		(38,821,542)
Power plant equipment	(1,750,653)	(580,022)	13,132		(2,317,543)
Telemetry equipment	(1,527,858)	(296,578)			(1,824,436)
Buildings	(730,320)	(23,740)	29,960		(724,100)
Other equipment	(2,232,006)	(142,510)	97,074		(2,277,442)
Total accumulated depreciation/amortization	(45,789,408)	(2,491,781)	874,613		(47,406,576)
Total capital assets being depreciated, net	63,303,437	(2,453,790)	(125,478)	189,341	60,913,510
Capital assets, net	$64,830,835	($1,754,369)	($128,278)		$62,948,188

NOTE 3 – CAPITAL ASSETS (Continued)

Intangible Assets – 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. New licenses were issued in February 2006 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. The Project incurred $3,323,989 in relicensing costs between 2000 and 2005 when the license was issued. The Project is amortizing these costs over the 40 year term of the new licenses. The Project incurred additional recreation costs of $6,565,949 at Beardsley reservoir from 2009 to 2014 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 also 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.

NOTE 4 – NONCURRENT LIABILITIES

The activity of noncurrent liabilities during the years ended December 31 was as follows:

	Balance at January 1, 2017	Additions	Repayments	Balance at December 31, 2017	Due within One Year
Compensated absences	$370,532	$225,762	($146,066)	$450,228	$225,853
Other postemployment benefits	165,395	55,272	(17,312)	$203,355	
	$535,927	$281,034	($163,378)	$653,583	$225,853

	Balance at January 1, 2016	Additions	Repayments	Balance at December 31, 2016	Due within One Year
Compensated absences	$410,446	$216,048	($255,962)	$370,532	$192,315
Other postemployment benefits	136,755	58,257	(29,617)	165,395	
	$547,201	$274,305	($285,579)	$535,927	$192,315

NOTE 5 – NET POSITION

Commitments

Commitments of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Commitments may be modified, amended or removed by Board action. The following committed net position balances existed at December 31:

	2017	2016
Maintenance Reserve	$6,025,000	$4,500,000
Operating Reserve	6,000,000	6,000,000
Total committed net position	$12,025,000	$10,500,000

The maintenance reserve was spent on the third generating unit at Tulloch Reservoir as of December 31, 2012 and is being re-established in the amount of $15 million with additions of $1.5 million per year ($750,000 each January and July) beginning in 2013. During 2016, $84,000 of the maintenance reserve was spent to complete a capital project. During 2017, none of the maintenance reserve was spent.

The operating reserve was established at $6 million by Board resolution in a prior year.

NOTE 6 – DISTRIBUTIONS TO MEMBER DISTRICTS

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

	2017	2016
Oakdale Irrigation District	$16,386,500	$7,959,088
South San Joaquin Irrigation District	16,386,500	7,959,088
Total distributions to Member Districts	$32,773,000	$15,918,176

NOTE 7 – PENSION PLANS

A. *Plan Descriptions*

All qualified permanent and probationary employees are eligible to participate in the Project's cost-sharing multiple employer defined benefit pension plans administered by CalPERS. The Project participates in the Miscellaneous Risk Pool and the following rate Plans:

- Miscellaneous Plan
- PEPRA Miscellaneous Plan

Benefit provisions under the Plans are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

B. *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 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the following: the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Plan provisions and benefits in effect for the years ended December 31, are summarized as follows:

	2017		2016	
Hire date	Miscellaneous Plan (Prior to January 1, 2013)	PEPRA Miscellaneous Plan (On or after January 1, 2013)	Miscellaneous Plan (Prior to January 1, 2013)	PEPRA Miscellaneous Plan (On or after January 1, 2013)
Benefit formula	2.5% @ 55	2.0% @ 62	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.50%	1.0% - 2.5%	2.0% - 2.50%	1.0% - 2.5%
Required employee contribution rates:				
1/1 - 6/30	7.944%	6.250%	7.942%	6.250%
7/1 - 12/31	7.946%	6.250%	7.944%	6.250%
Required employer contribution rates:				
1/1 - 6/30	10.069%	6.555%	9.671%	6.250%
7/1 - 12/31	10.110%	6.533%	10.069%	6.550%

The Miscellaneous Plan is closed to new members that are not already CalPERS eligible participants.

NOTE 7 – PENSION PLANS (Continued)

C. 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 the July 1 following notice of a change in the rate. Funding contributions for the Plans 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.

For the years ended December 31, the contributions for the Plans were as follows:

	2017			2016		
	Miscellaneous Plan	PEPRA Miscellaneous Plan	Total	Miscellaneous Plan	PEPRA Miscellaneous Plan	Total
Contributions - employer	$437,439	$38,461	$475,900	$395,020	$29,553	$424,573
Contributions - employee (paid by employer)	105,642		105,642	106,754		106,754
	$543,081	$38,461	$581,542	$501,774	$29,553	$531,327

The Project also made a lump-sum payment towards the unfunded liability in the amount of $248,055 in fiscal year 2017, which is included in the above schedule of contributions.

D. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of December 31, the Project reported a net pension liability for its proportionate share of the net pension liabilities of the Plans as follows:

	2017	2016
	Proportionate Share of Net Pension Liability	Proportionate Share of Net Pension Liability
Miscellaneous Plan	$5,736,690	$4,959,124
Total Net Pension Liability	$5,736,690	$4,959,124

NOTE 7 – PENSION PLANS (Continued)

The Project's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans as of December 31, 2017 and 2016 is measured as of June 30, 2017 and 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and 2015 rolled forward to June 30, 2017 and 2016, respectively, using standard update procedures as required by GASB Statement No. 68. 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 plans relative to the projected contributions of all participating employers, actuarially determined. The Project's proportionate share of the net pension liability for the Plans as of June 30 was as follows:

	2017 Miscellaneous Plan	2016 Miscellaneous Plan
Proportionate - June 30, 2016	0.142750%	
Proportionate - June 30, 2017	0.145526%	
Change - Increase (Decrease)	0.002776%	
Proportionate - June 30, 2015		0.142863%
Proportionate - June 30, 2016		0.142750%
Change - Increase (Decrease)		-0.000113%

For the years ended December 31, 2017 and 2016 the Project recognized pension expense of $1,118,876 and $774,730 for all Plans combined, respectively. At December 31, the Project reported deferred outflows of resources and deferred inflows of resources related to all Plans combined from the following sources:

Miscellaneous Plan:	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$364,468		$324,576	
Differences between actual and expected experience		($93,450)	10,553	($3,137)
Changes in assumptions	803,697			(129,535)
Differences between the employer's contributions and the employer's proportionate share of contributions		(184,250)		(163,845)
Change in employer's proportion	133,832		268,035	
Net differences between projected and actual earnings on plan investments	196,767		674,185	
Total	$1,498,764	($277,700)	$1,277,349	($296,517)

NOTE 7 – PENSION PLANS (Continued)

The $364,468 and $324,576 reported as deferred outflows of resources related to contributions subsequent to the measurement date at December 31, 2017 and 2016 will be recognized as a reduction of the net pension liability in the years ended December 31, 2018 and 2017, respectively. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense as follows as of December 31:

Year Ended December 31	2017	2016
2017		$54,561
2018	$228,833	89,469
2019	466,627	216,872
2020	277,961	295,354
2021	(116,825)	
	$856,596	$656,256

E. *Actuarial Assumptions*

The total pension liabilities in the June 30, 2016 and 2015 actuarial valuations for each of the Plans were determined using the following actuarial assumptions:

	2017	2016
Valuation Date	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2017	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.65%	7.50%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase (1)	3.2% - 12.2%	3.2% - 12.2%
Investment Rate of Return (2)	7.50%	7.50%
Mortality	Derived using CalPers Membership Data for all Funds	Derived using CalPers Membership Data for all Funds

(1) Depending on entry age and service
(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 and June 30, 2015 valuations were based on the results of a January 2014 actuarial experience study for the period 1997 to 2007. Further details of the Experience Study can be found on the CalPERS website.

F. *Discount Rate*

The discount rates used by CalPERS to measure the total pension liability were 7.65% and 7.5% in the June 30, 2016 and 2015 valuations for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans are projected to run out of assets. Therefore, the current discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

NOTE 7 – PENSION PLANS (Continued)

In December 2016, CalPERS' Board of Directors voted to lower the discount rate from 7.5% to 7.0% over the next three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates beginning in fiscal year 2019 and result in increases to the normal costs and unfunded actuarial liabilities.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset/Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require CalPERS Board action and proper stakeholder outreach.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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 the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11- 60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class for each of the Plans as of the measurement dates of June 30. 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.

	2017			2016		
Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	4.90%	5.38%	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.80%	2.27%	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.60%	1.39%	6.0%	0.45%	3.36%
Private Equity	12.0%	6.60%	6.63%	10.0%	6.83%	6.95%
Real Estate	11.0%	2.80%	5.21%	10.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	3.90%	5.36%	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.40%	-0.90%	1.0%	-0.55%	-1.05%
Total	100.0%			100.0%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

NOTE 7 – PENSION PLANS (Continued)

G. 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 Plans, calculated using the discount rate for the Plans, 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:

	2017 Miscellaneous Plan	2016 Miscellaneous Plan
1% Decrease	6.65%	6.65%
Net Pension Liability	$8,604,590	$7,492,137
Current Discount Rate	7.65%	7.65%
Net Pension Liability	$5,736,690	$4,959,124
1% Increase	8.65%	8.65%
Net Pension Liability	$3,361,444	$2,865,715

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS PLAN

A. Plan Description

The Project's other postemployment benefits plan (the OPEB Plan) is a single-employer defined benefit healthcare 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. 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 45. 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 that retired employees will reimburse the Project for one-half of their health insurance costs for up to ten years of benefits. At age 65 the retired employee is dropped from coverage and becomes eligible to participate in the federal government's Medicare insurance program.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS PLAN (Continued)

B. Funding Policy

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 employees and subject to change with each new MOU. 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. The Project has no separate trust or plan assets.

C. Annual OPEB Cost and Net OPEB Obligation

The Project's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Project's annual OPEB cost for the year, the amount actually contributed to the OPEB Plan, and changes in the Project's Net OPEB obligation:

	2017	2016
Annual required contribution (ARC)	$54,681	$57,503
Interest on the Net OPEB Obligation	591	753
Annual OPEB cost	55,272	58,256
Contributions made for current year premiums	(17,312)	(29,616)
Increase in net OPEB obligation	37,960	28,640
Net OPEB obligation beginning of year	165,395	136,755
Net OPEB obligation (asset) - end of year	$203,355	$165,395

The Project's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the new OPEB obligation for the years ending December 31 were as follows:

Fiscal Year	Annual OPEB Cost	% of OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	$53,172	33.77%	$136,755
12/31/2016	58,256	50.84%	165,395
12/31/2017	55,272	31.32%	203,355

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS PLAN (Continued)

D. Funding Status and Funding Progress

The funded status of the Plan was as follows as of December 31:

	2017	2016
Actuarial accrued liability (AAL)	($329,663)	($367,021)
Actuarial value of plan assets	0	0
Unfunded actuarial accrued (liability) asset (UAAL)	($329,663)	($367,021)
Funded ration (actuarial value of plan assets/ AAL)	0.00%	0.00%
Covered payroll (Active plan members)	$2,504,529	$2,361,816
UAAL as a percentage of covered payroll	-13.16%	-15.54%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the December 31, 2017 and 2016 valuations, the Project elected to use the alternative measurement method as allowed under Governmental Accounting Standards Board Statement No. 45. The Project computed its ARC using the unit cost credit method with UAAL amortized as a level dollar amount.

The actuarial assumptions in 2017 include health premium increases of 5.9% to 4.5%, a 3.44% investment rate of return and an 83.3% to 100% probability of remaining employed until retirement. The actuarial assumptions in 2016 include health premium increases of 5.8% to 11.9%, a 3.78% investment rate of return and an 83.3% to 100% probability of remaining employed until retirement. The following assumptions were used for both 2017 and 2016: an average retirement age of 60 and an average life expectancy of more than 65 years. The initial UAAL was amortized as a level dollar amount over an open 30-year period as of December 31, 2017 and 2016, respectively.

NOTE 9 – CONTINGENCIES AND COMMITMENTS

Regulatory

Bay Delta Water Quality Standards **-** The State Water Resources Control Board continues to conduct hearings relating to the development and implementation of a water quality control plan(s) for the San Francisco Bay and Sacramento/San Joaquin Delta. The last Water Quality Control Plan was adopted in 2006. The State Water Resources Control Board is presently working on an amendment to the 2006 plan. The draft WQCP would require the bypass or release of additional water from the Stanislaus River and may include carryover storage requirements. If adopted and implemented, this amended plan could affect the amount and timing of water to be released into the Delta and diverted by water as Oakdale Irrigation District and South San Joaquin Irrigation District. Therefore, the WQCP has the potential to negatively impact the Project's power generating activities on the Stanislaus River. It is expected that the SWB will adopt the WQCP in 2018. Implementation of the plan is expected to take up to five years.

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 and the effects of a multi-year drought deplete the volume of water stored at New Melones Reservoir and may impact the water available to the Member Districts under the 1988 Agreement and Stipulation. Although the U.S. District Court overturned the biological opinion upon challenge from the Member Districts, the U.S. Ninth Circuit Court of Appeals upheld the opinion in December 2014. Reclamation has re-initiated consultation with NMFS regarding the Biological Opinions for the long-term operation of the CVP-SWP. This includes New Melones. OID and SSJID 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.

The Member 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 Member Districts or the Project at this time.

Claims

The Project is a party to various claims, legal actions and complaints that arise in the normal operation of business. Management and the Project's legal counsel believe that there are no loss contingencies that would have a material adverse impact on the financial position of the Project at this time.

REQUIRED SUPPLEMENTARY INFORMATION

TRI-DAM PROJECT

REQUIRED SUPPLEMENTARY INFORMATION
AS OF DECEMBER 31, 2017 AND 2016

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years*

	2017	2016	2015	2014 (As Restated)
Proportionate of the net pension liability	0.145526%	0.142750%	0.142863%	0.119699%
Proportionate share of the net pension liability	$5,736,690	$4,959,124	$3,919,442	$2,958,335
Covered payroll	$2,504,259	$2,361,816	$1,936,368	$1,943,487
Proportionate share of the net pension liability as a percentage of covered payroll	229.08%	209.97%	202.41%	152.22%
Plan fiduciary net position	$12,074,499,781	$10,923,476,287	$10,896,036,068	$10,639,461,174
Plan total pension liability	$16,016,547,402	$14,397,353,530	$13,639,503,084	$13,110,948,452
Plan fiduciary net position as a percentage of the total pension liability	75.39%	75.87%	79.89%	81.15%

Notes to Schedule:

Changes in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016 (for 2017), 2015 (for 2016) and 2014 (for 2015) as they have minimal cost impact.

Changes in assumptions. None

* GASB Statement No. 68 was implemented during the year ended December 31, 2014. No Information was available prior to this date.

TRI-DAM PROJECT

REQUIRED SUPPLEMENTARY INFORMATION
AS OF DECEMBER 31, 2017 AND 2016

SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN – MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years*

Fiscal Year Ended December 31,	2017	2016	2015	2014
Contractually required contribution (actuarially determined)	$475,900	$424,573	$460,162	$326,279
Contributions in relation to the actuarially determined contributions	(475,900)	(424,574)	(460,162)	(326,279)
Contribution deficiency (excess)	$0	$0	$0	$0
Covered payroll	$2,504,259	$2,361,816	$1,936,368	$1,943,437
Contributions as a percentage of covered payroll	19.00%	17.98%	23.76%	16.79%
Notes to Schedule				
Valuation date:	6/30/2016	6/30/2015	6/30/2014	6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial method	Entry Age Normal Cost Method
Amortization method	Difference Between Projected and Actual Earnings is Amortized Straight-line Over 5 Years. All other Amounts are Amortized Straight-Line Over Average Remaining Service Life of Participants
Remaining amortization period	Not Stated
Asset valuation method	5-year Smoothed Market
Inflation	2.75%
Salary increases	3.20% to 12.20% (2017, 2016, and 2015) 3.30% to 14.20% (2014) Depending on Entry Age and Service
Investment rate of return	7.65% (2015 and 2017) and 7.50% Net of Administrative Expenses (2014 and 2016); Including Inflation.
Retirement age	50-67 Years. Probabilities of Retirement are Based on the 2010 CalPERS Experience Study for the Period 1997 to 2007.
Mortality	CalPERS Specific Data from January 2014 Actuarial Experience Study for the Period 1997 to 2011 that Uses 20 Years of Mortality Improvements Using Society of Actuaries Scale BB.

Changes in assumptions. None

* GASB Statement No. 68 was implemented during the year ended December 31, 2014. No Information was available prior to this date.

TRI-DAM PROJECT

REQUIRED SUPPLEMENTARY INFORMATION
AS OF DECEMBER 31, 2017 AND 2016

SCHEDULE OF FUNDING PROGRESS FOR THE OTHER POSTEMPLOYMENT BENEFITS PLAN (UNAUDITED)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (b-a)	Funding Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2015	$ -	$ 316,059	$ 316,059	0.00%	$ 1,936,368	16.32%
December 31, 2016	-	367,021	367,021	0.00%	2,361,816	15.54%
December 31, 2017	-	329,663	329,663	0.00%	2,504,529	13.16%

OTHER SUPPLEMENTARY INFORMATION

TRI-DAM PROJECT

SUPPORTING SCHEDULES OF EXPENSES - OPERATIONS
MAINTENANCE, GENERAL AND ADMINISTRATIVE

December 31, 2017 and 2016

	2017	2016
Donnells Facility:		
Operations		
Supervision wages and benefits	$26,535	$27,914
Hydraulic wages and benefits	4,584	14,101
Electric wages and benefits	315,367	272,572
Other wages and benefits		1,899
Supplies and materials	9,541	18,501
Total Operations	356,027	334,987
Maintenance		
Supervision wages and benefits	237,121	41,105
Structures wages and benefits	18,395	39,080
Reservoirs and dams wages and benefits	21,072	50,533
Electrical plant wages and benefits	168,516	119,090
Other wages and benefits	119,984	37,058
High voltage wages and benefits	11,185	2,371
Communications and security wages and benefits	24,408	9,752
Supplies and materials	279,351	103,402
Road repairs	2,100,455	
Total Maintenance	2,980,487	402,391
Total Donnells Facility	3,336,514	737,378
Beardsley Facility:		
Operations		
Supervision wages and benefits	14,584	31,677
Hydraulic wages and benefits	19,694	22,443
Electric wages and benefits	184,171	200,457
Other wages and benefits	96,943	26,736
Supplies and materials	7,094	7,341
Total Operations	322,486	288,654
Maintenance		
Supervision wages and benefits	105,178	116,550
Structures wages and benefits	66,080	52,600
Reservoirs and dams wages and benefits	39,104	37,188
Electrical plant wages and benefits	69,597	67,696
Other wages and benefits	73,764	43,916
High voltage wages and benefits	1,149	872
Communications and security wages and benefits	24,559	10,692
Supplies and materials	129,042	237,642
Total Maintenance	508,473	567,156

(Continued)

TRI-DAM PROJECT

SUPPORTING SCHEDULES OF EXPENSES - OPERATIONS
MAINTENANCE, GENERAL AND ADMINISTRATIVE

December 31, 2017 and 2016

	2017	2016
General and Administrative		
USFS resource management support	$102,390	$91,352
Total General & Administrative	102,390	91,352
Total Beardsley Facility	933,349	947,162
Tulloch Facility:		
Operations		
Supervision wages and benefits	117,028	150,979
Hydraulic wages and benefits	25,679	22,422
Electric wages and benefits	339,936	310,757
Other wages and benefits		2,350
Supplies and materials	9,473	9,153
Total Operations	492,116	495,661
Maintenance		
Supervision wages and benefits	58,438	15,659
Structures wages and benefits	12,104	25,456
Reservoirs and dams wages and benefits	70,191	15,593
Electrical plant wages and benefits	127,817	156,714
Other wages and benefits	67,543	72,250
High voltage wages and benefits		54
Communications and security wages and benefits	12,587	17,034
Supplies and materials	103,295	97,178
Road repairs	224,814	
Total Maintenance	676,789	399,938
General and Administrative		
Supplies and Materials	6,798	14,656
Headwater benefit assessment	90,396	90,350
Other	4,296	8,097
Total General and Administrative	101,490	113,103
Total Tulloch Facility	1,270,395	1,008,702
Mt Elizabeth Facility		
Operations		
Supplies and materials	15,034	13,582
Maintenance		
Supervision wages and benefits	146	205
Structures wages and benefits	808	2,097
Other wages and benefits	3,114	189
Communications and security wages and benefits	4,139	9,066
Supplies and materials	139	610
Total Maintenance	8,346	12,167
Total Mt. Elizabeth Facility	23,380	25,749

(Continued)

TRI-DAM PROJECT

SUPPORTING SCHEDULES OF EXPENSES - OPERATIONS
MAINTENANCE, GENERAL AND ADMINISTRATIVE

December 31, 2017 and 2016

	2017	2016
Strawberry Peak Facility:		
Operations		
Supplies and materials	$10,426	$10,611
Maintenance		
Supervision wages and benefits	17,382	18,320
Structures wages and benefits	2,733	5,776
Other wages and benefits	4,302	3,086
Communications and security wages and benefits	5,398	9,600
Supplies and materials	376	1,583
Total Maintenance	30,191	38,365
Total Strawberry Peak	40,617	48,976
Operations Center		
Operations		
Supervision wages and benefits	11,696	23,804
Electric wages and benefits	124,589	169,078
Supplies and materials	3,535	5,423
Total Operations	139,820	198,305
Maintenance		
Structures wages and benefits	3,472	631
Other wages and benefits	280	1,545
Communications and security wages and benefits	60,353	34,261
Supplies and materials	2,261	1,908
Total Maintenance	66,366	38,345
Total Operations Center	206,186	236,650
Maintenance		
Structures wages and benefits	11,415	1,865
Supplies and materials	335,487	234,552
Total Maintenance	346,902	236,417
Total Service Center	346,902	236,417
Division Point Facility:		
Operations:		
Supervision wages and benefits	11,989	23,804
Hydraulic wages and benefits	33,656	26,971
Electric wages and benefits	128,660	114,078
Supplies and materials	3,144	2,794
Total Operations	177,449	167,647

(Continued)

TRI-DAM PROJECT

SUPPORTING SCHEDULES OF EXPENSES - OPERATIONS
MAINTENANCE, GENERAL AND ADMINISTRATIVE

December 31, 2017 and 2016

	2017	2016
Maintenance		
Structures wages and benefits	$728	$227
Reservoirs and dams wages and benefits	3,170	3,716
Other wages and benefits	1,495	4,494
Communications and security wages and benefits	40,402	5,238
Supplies and materials	3,097	6,816
Total Maintenance	48,892	20,491
Total Division Point	226,341	188,138
Total Operations and Maintenance	6,179,804	3,224,717
Overall General and Administrative:		
Outside services	643,552	318,867
Administrative wages and benefits	908,015	703,717
Property insurance	370,139	333,917
FERC license fees	157,706	207,043
Safety fees and expense	168,662	152,924
Other wages and benefits-mobile equip. operation	77,467	110,208
Streamgaging	64,184	61,126
Miscellaneous	26,137	16,600
Utilities	34,356	36,008
Meals allowance and travel expense	13,430	22,346
Telephone, internet, data links	52,706	49,783
Office supplies and expense	30,405	30,009
Computer supplies	2,259	6,474
County taxes	11,666	25,512
Professional organizations	7,951	6,426
Total Overall General and Administrative	2,568,635	2,080,960
Total General and Administrative	2,772,515	2,285,415
Depreciation and Amortization		
Depreciation on capital assets	1,673,615	2,258,249
FERC relicensing amortization	233,532	233,532
Total Depreciation and Amortization	1,907,147	2,491,781
TOTAL OPERATING EXPENSES	$10,859,466	$8,001,913
SUMMARY OF OPERATING EXPENSES BY TYPE		
Operations	1,513,358	$1,509,447
Maintenance	4,666,446	1,715,270
General and administrative	2,772,515	2,285,415
Depreciation and amortization	1,907,147	2,491,781
TOTAL OPERATING EXPENSES	$10,859,466	$8,001,913

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COMPLIANCE REPORT

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Tri-Dam Project
Strawberry, California

We have audited, in accordance with the 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 basic financial statements of the Tri-Dam Project (the Project), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated April 11, 2018. Our report included a change in accounting principles paragraph disclosing the implementation of new accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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 opinions 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 Project's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Project's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, 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*.

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We have also issued a separate Memorandum on Internal Control dated April 11, 2018 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Project'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.

Maze + Associates

Pleasant Hill, California
April 11, 2018