TRI-DAM PROJECT

A partnership of the Oakdale and South San Joaquin Irrigation Districts

Tri-Dam Project

Annual Financial Report

For the Fiscal Years Ended December 31, 2020 and 2019

TRI-DAM PROJECT

A partnership of the Oakdale and South San Joaquin Irrigation Districts

Board of Directors as of December 31, 2020

Name	Agency	Title	Division	Elected/ Appointed	Current Term
Tom Orvis	Oakdale Irrigation District	President	3	Elected	December 2022
Brad DeBoer	Oakdale Irrigation District	Vice-President	5	Elected	December 2022
Ed Tobias	Oakdale Irrigation District	Director	1	Elected	December 2024
Herman Doornenbal	Oakdale Irrigation District	Director	2	Elected	December 2022
Linda Santos	Oakdale Irrigation District	Director	4	Elected	December 2024
Bob Holmes	South San Joaquin Irrigation District	President	1	Elected	December 2022
Mike Weststeyn	South San Joaquin Irrigation District	Vice-President	4	Elected	November 2024
John Holbrook	South San Joaquin Irrigation District	Director	5	Elected	November 2024
Dave Kamper	South San Joaquin Irrigation District	Director	3	Elected	December 2022
Ralph Roos	South San Joaquin Irrigation District	Director	2	Elected	November 2024

Tri-Dam Project
Jarom Zimmerman, General Manager
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Strawberry, California 95375
(209) 965-3996 – www.tridamproject.com

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Financial Section

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Certified Public Accountants

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Independent Auditor's Report

Board of Directors
Tri-Dam Project
Strawberry, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Tri-Dam Project (Project), as of and for the year ended December 31, 2020, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tri-Dam Project as of December 31, 2020, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Emphasis of Matter

As part of our audit of the December 31, 2020, financial statements, we audited the adjustments described in note 9.

Adjustments were recognized in the Projects revenue and receivable accounts to reflect the proper recognition of the Federal Emergency Management Agency (FEMA) grant contributions. As a result, The Project has recorded prior period adjustments to restate the net position for the affected periods. Our opinion is not modified with respect to this matter.

Adjustments were recognized for the Project's construction in progress account related to the capitalization of the Beardsley Dam afterbay improvement project. As a result, the Project has recorded prior period adjustments to restate the net position for the affected periods. Our opinion is not modified with respect to this matter.

An adjustment was recognized for the Project's pension liability related to the difference in calculations of pension deferrals related to the net pension liability reported in the prior year. As a result, The Project has recorded a prior period adjustment to restate net position as of December 31, 2019. Our opinion is not modified with respect to this matter.

An adjustment was recognized for the Project's payroll expense accounts as a result of an overstatement to the accrued payroll liability reported in the prior year. As a result, The Project has recorded a prior period adjustment to restate net position as of December 31, 2019. Our opinion is not modified with respect to this matter.

Other-Matters

The financial statements of the Tri-Dam Project for the year ended December 31, 2019, were audited by another auditor, who expressed an unmodified opinion on those statements on April 13, 2020.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the required supplementary schedules on pages 53 through 56 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Project's basic financial statements. The other supplemental information on pages 57 through 61 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Independent Auditor's Report, continued

Supplementary Information, continued

The other supplementary information on pages 57 through 61 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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 15, 2021, on our consideration of the Project's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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. This report can be found on pages 62 through 64.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
July 15, 2021

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Tri-Dam Project (Project) provides an introduction to the financial statements of the Project for the fiscal years ended December 31, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2020, the Project's net position decreased 8.54% or $7,938,540 to $85,052,234 as a result of net income of $17,203,460 from ongoing operations offset by $25,142,000 in distributions to the Districts. In fiscal year 2019, the Project's net position increased 14.25% or $11,599,781 to $92,990,774 as a result of net income of $29,851,781 from ongoing operations offset by $18,252,000 in distributions to the Districts. In addition, the Project has restated net position in the amount of $1,887,909, $831,386, $1,270,796 at December 31, 2017, 2018, and 2019, respectively. Please see note 9 for further information.
- In fiscal year 2020, the Project's total revenues decreased 32.42% or $13,718,941 to $28,595,405. In fiscal year 2019, the Project's total revenues increased 88.43% or $19,858,101 to $42,314,346.
- In fiscal year 2020, the Project's total expenses decreased 8.59% or $1,070,620 to $11,391,945. In fiscal year 2019, the Project's total expenses increased 13.45% or $1,477,927 to $12,462,565.
- In fiscal year 2020, the Project's distributions to the Districts increased 37.75% or $6,890,000 to $25,142,000. In fiscal year 2019, the Project's distributions to the Districts decreased 13.58% or $2,867,000 to 18,252,000.

Required Financial Statements

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

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

Financial Analysis of the Project

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 16 through 52.

Statements of Net Position

Condensed Statements of Net Position

	2020	As Restated 2019	Change	As Restated 2018	Change
Assets:					
Current assets	$ 20,466,167	27,015,049	(6,548,882)	13,043,551	13,971,498
Non-current assets	4,503,645	6,762,622	(2,258,977)	8,788,768	(2,026,146)
Capital assets, net	65,112,394	64,088,197	1,024,197	63,629,952	458,245
Total assets	90,082,206	97,865,868	(7,783,662)	105,649,530	(113,433,192)
Deferred outflows of resources	1,703,113	2,623,348	(920,235)	4,182,070	(1,558,722)
Liabilities:					
Current liabilities	977,732	1,012,318	(34,586)	886,106	126,212
Non-current liabilities	4,642,807	4,548,255	94,552	7,097,221	(2,548,966)
Total liabilities	5,620,539	5,560,573	59,966	7,983,327	(2,422,754)
Deferred inflows of resources	1,112,546	1,937,869	(825,323)	270,021	1,667,848
Net position:					
Investment in capital assets	65,112,394	64,088,197	1,024,197	63,629,952	458,245
Unrestricted	19,939,840	28,902,577	(8,962,737)	17,761,041	11,141,536
Total net position	$ 85,052,234	92,990,774	(7,938,540)	81,390,993	11,599,781

Statements of Net Position, continued

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Project, assets and deferred outflows exceeded liabilities and deferred inflows by $85,052,234 and $92,990,774 as of December 31, 2020 and 2019, respectively.

A portion of the Project's net position, 76.56% and 68.92% as of December 31, 2020 and 2019, respectively, reflects the Project's investment in capital assets net of accumulated depreciation. The Project uses these capital assets to provide services to customers within the Project's service area; consequently, these assets are *not* available for future spending.

At the end of the fiscal years 2020 and 2019, the Project showed a positive balance in its unrestricted net position of $19,939,840 and $28,902,577, respectively. See note 8 for a detailed analysis.

Statements of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2020	As Restated 2019	Change	As Restated 2018	Change
Revenues:					
Operating revenues	$ 27,883,049	39,898,478	(12,015,429)	21,841,502	18,056,976
Non-operating revenues	712,356	2,415,868	(1,703,512)	614,743	1,801,125
Total revenues	28,595,405	42,314,346	(13,718,941)	22,456,245	19,858,101
Expenses:					
Operating expenses	7,724,823	8,200,693	(475,870)	7,351,865	848,828
Non-operating expenses	1,580,154	2,190,597	(610,443)	1,593,254	597,343
Depreciation expense	2,086,968	2,071,275	15,693	2,039,519	31,756
Total expenses	11,391,945	12,462,565	(1,070,620)	10,984,638	1,477,927
Net income before distributions to districts	17,203,460	29,851,781	(12,648,321)	11,471,607	18,380,174
Distributions to Districts	(25,142,000)	(18,252,000)	(6,890,000)	(21,119,000)	2,867,000
Change in net position	(7,938,540)	11,599,781	(19,538,321)	(9,647,393)	21,247,174
Net position, beginning of year – as previously stated	92,990,774	81,390,993	11,599,781	89,150,477	(7,759,484)
Prior period adjustment	-	-	-	1,887,909	(1,887,909)
Net position, beginning of year – as restated	92,990,774	81,390,993	11,599,781	91,038,386	(9,647,393)
Net position, end of year	$ 85,052,234	92,990,774	(7,938,540)	81,390,993	11,599,781

The Statements of Revenues, Expenses and Changes in Net Position show how the Project's net position changed during the year. In the case of the Project, net position decreased 8.54% or $7,938,540 to $85,052,234 as a result of net income of $17,203,460 from ongoing operations offset by $25,142,000 in distributions to the Districts in 2020.

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

In fiscal year 2019, the Project's net position increased 14.25% or $11,599,781 to $92,990,774 as a result of net income of $29,851,781 from ongoing operations offset by $18,252,000 in distributions to the Districts. In addition, the Project has restated net position in the amount of $1,887,909, $831,386, $1,270,796 as of December 31 2017, 2018, and 2019, respectively. Please see note 9 for further information.

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

The Project's total revenues decreased 32.42% or $13,718,941 to $28,595,405. In fiscal year 2019, the Project's total revenues increased 88.43% or $19,858,101 to $42,314,346.

The Project's operating revenues decreased 30.12% or $12,015,429 to $27,883,049, due primarily to a decrease of $12,016,597 in power generation revenue as compared to the prior year. In fiscal year 2019, the Project's operating revenues increased 82.67% or $18,056,976 to $39,898,478, due primarily to an increase of $18,029,078 in power generation revenue as compared to the prior year.

The Project's non-operating revenues decreased 70.51% or $1,703,512 to $712,356, due primarily to decreases of $1,557,612 in insurance recovery related to the thrust bearing failure at the Donnells power plant facility and $181,524 in investment earnings as compared to the prior year. In fiscal year 2019, the Project's non-operating revenues increased 292.99% or $1,801,125 to $2,415,868, due primarily to increases of $1,557,612 in insurance recovery related to the thrust bearing failure at the Donnells power plant facility, $260,899 in investment earnings, offset by a decrease of $16,569 in other non-operating revenue as compared to the prior year.

The Project's total expenses decreased 8.59% or $1,070,620 to $11,391,945. In fiscal year 2019, the Project's total expenses increased 13.45% or $1,477,927 to $12,462,565.

The Project's operating expenses decreased 5.80% or $475,870 to $7,724,823, due primarily to decreases of $423,276 in general and administrative expenses due primarily to the effect of the GASB 68 and 75 adjustments in the current fiscal year, $72,868 in operations, which were offset by an increase of $20,274 in maintenance costs as compared to the prior year. In fiscal year 2019, the Project's operating expenses increased 11.55% or $848,828 to $8,200,693, due primarily to increases of $844,887 in general and administrative expenses due primarily to the effect of the GASB 68 and 75 adjustments in that fiscal year, $154,164 in operations, which were offset by a decrease of $150,223 in maintenance costs as compared to the prior year.

The Project's non-operating expenses decreased 27.87% or $610,443 to $1,580,154, due primarily to decreases of $583,969 in river habitat studies and $26,474 in loss on disposition of capital assets as compared to the prior year. In fiscal year 2019, the Project's non-operating expenses increased 37.49% or $597,343 to $2,190,597, due primarily to increases of $570,869 in river habitat studies and $26,474 in loss on disposition of capital assets as compared to the prior year.

The Project's depreciation expense increased 0.76% or $15,693 to $2,086,968 due primarily to prior year's asset additions offset by the maturing of existing capital assets. In fiscal year 2019, the Project's depreciation expense increased 1.56% or $31,756 to $2,071,275 due primarily to prior year's asset additions offset by the maturing of existing capital assets.

The Project's distributions to Districts increased 37.75% or $6,890,000 as determined by the member Districts at fiscal year-end. In fiscal year 2019, the Project's distributions to Districts decreased 13.58% or $2,867,000 as determined by the member Districts at fiscal year end.

Total Project Revenues

		2020	As Restated 2019	Change	As Restated 2018	Change
Revenues:						
Power generation	$	27,313,002	39,329,599	(12,016,597)	21,300,521	18,029,078
Headwater benefit fees		361,584	356,592	4,992	351,252	5,340
Operating cost recovery – federal and local agency		208,463	212,287	(3,824)	189,729	22,558
Total operating revenues		27,883,049	39,898,478	(12,015,429)	21,841,502	18,056,976
Non-operating revenues:						
Investment earnings		340,589	522,113	(181,524)	261,214	260,899
Water sales		188,059	172,592	15,467	167,417	5,175
Rental revenue		104,931	100,234	4,697	95,067	5,167
Insurance recovery		-	1,557,612	(1,557,612)	-	1,557,612
Gain from disposition of cap. assets		33,730	-	33,730	11,159	(11,159)
Other non-operating revenues		45,047	63,317	(18,270)	79,886	(16,569)
Total non-operating revenues		712,356	2,415,868	(1,703,512)	614,743	1,801,125
Total revenues	$	28,595,405	42,314,346	(13,718,941)	22,456,245	19,858,101

In fiscal year 2020, total Project revenues decreased by $13,718,941. In fiscal year 2019, total Project revenues increased $19,858,101.

Total Project Expenses

		2020	As Restated 2019	Change	As Restated 2018	Change
Operating expenses including depreciation expense:						
Operations	$	1,589,103	1,661,971	(72,868)	1,507,807	154,164
Maintenance		2,104,980	2,084,706	20,274	2,234,929	(150,223)
General and administrative		4,030,740	4,454,016	(423,276)	3,609,129	844,887
Depreciation expense		2,086,968	2,071,275	15,693	2,039,519	31,756
Total operating expenses includng depr. expense		9,811,791	10,271,968	(460,177)	9,391,384	880,584
Non-operating expenses:						
River habitat studies		1,580,154	2,164,123	(583,969)	1,593,254	570,869
Loss from disposition of cap. assets		-	26,474	(26,474)	-	26,474
Total non-operating expenses		1,580,154	2,190,597	(610,443)	1,593,254	597,343
Total expenses	$	11,391,945	12,462,565	(1,070,620)	10,984,638	1,477,927

In fiscal year 2020, total Project expenses decreased by $1,070,620. In fiscal year 2019, total Project expenses increased $1,477,927.

Capital Asset Administration

At the end of fiscal years 2020 and 2019, the Project's investment in capital assets amounted to $65,112,394 and $64,088,197 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction-in-process, intangible asset – FERC license, dams and power plants, power plant equipment, telemetry equipment, buildings and other equipment. See further detailed information in note 4.

Changes in capital and intangible asset amounts for 2020, were as follows:

		As Restated 2019	Transfers/ Additions	Transfers/ Deletions	Balance 2020
Capital assets:					
Non-depreciable assets	$	3,963,972	2,986,268	(1,065,769)	5,884,471
Intangible assets		8,213,938	-	-	8,213,938
Depreciable assets		105,001,213	1,190,665	(104,460)	106,087,418
Accumulated depreciation and amortization		(53,090,926)	(2,086,967)	104,460	(55,073,433)
Total capital assets, net	$	64,088,197	2,089,966	(1,065,769)	65,112,394

Changes in capital and intangible asset amounts for 2019, were as follows:

		As Restated 2018	Transfers/ Additions	Transfers/ Deletions	As Restated 2019
Capital assets:					
Non-depreciable assets	$	2,136,213	2,470,255	(642,496)	3,963,972
Intangible assets		8,213,938	-	-	8,213,938
Depreciable assets		104,496,010	769,035	(263,832)	105,001,213
Accumulated depreciation		(51,216,209)	(2,071,275)	196,558	(53,090,926)
Total capital assets, net	$	63,629,952	1,168,015	(709,770)	64,088,197

Conditions Affecting Current Financial Position

The COVID-19 pandemic in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the Project and the duration cannot be estimated at this time.

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

Requests for Information

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

Basic Financial Statements

Tri-Dam Project
Statements of Net Position
December 31, 2020 and 2019

		2020	As Restated 2019
Current assets:			
Cash and cash equivalents (note 2)	$	15,304,788	21,237,620
Investments (note 2)		2,342,692	2,220,822
Accrued interest receivable		59,268	67,317
Accounts receivable – power generation		644,104	2,382,555
Accounts receivable – headwater benefit fees		361,584	356,592
Accounts receivable – water sales		188,059	165,409
Accounts receivable – other		131,729	93,657
Due from Tri-Dam Power Authority (note 3)		1,020,929	170,837
Prepaid expenses		413,014	320,240
Total current assets		20,466,167	27,015,049
Non-current assets:			
Investments (note 2)		4,503,645	6,762,622
Capital assets – not being depreciated (note 4)		5,884,471	3,963,972
Capital assets – being depreciated, net (note 4)		59,227,923	60,124,225
Total non-current assets		69,616,039	70,850,819
Total assets		90,082,206	97,865,868
Deferred outflows of resources:			
Deferred pension outflows (note 7)		1,703,113	2,623,348
Total deferred outflows of resources	$	1,703,113	2,623,348

Continued on next page

See accompanying notes to the basic financial statements

Tri-Dam Project
Statements of Net Position, continued
December 31, 2020 and 2019

		2020	As Restated 2019
Current liabilities:			
Accounts payable and accrued expenses	$	413,678	473,347
Accrued salaries and benefits		129,617	107,975
Unearned revenue		44,941	11,234
Deposits		141,083	129,083
Due to Federal Energy Regulatory Commission		90,618	90,500
Long-term liabilities – due in one year:			
Compensated absences (note 5)		157,795	200,179
Total current liabilities		977,732	1,012,318
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 5)		151,603	192,329
Total other post-employment benefits liability (note 6)		1,159,254	1,372,430
Net pension liability (note 7)		3,331,950	2,983,496
Total non-current liabilities		4,642,807	4,548,255
Total liabilities		5,620,539	5,560,573
Deferred inflows of resources:			
Deferred pension inflows (note 7)		1,112,546	1,937,869
Total deferred inflows of resources		1,112,546	1,937,869
Net position: (note 8)			
Net investment in capital assets		65,112,394	64,088,197
Unrestricted		19,939,840	28,902,577
Total net position	$	85,052,234	92,990,774

See accompanying notes to the basic financial statements

Tri-Dam Project
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended December 31, 2020 and 2019

		2020	As Restated 2019
Operating revenues:			
Power generation (note 10)	$	27,313,002	39,329,599
Headwater benefit fees		361,584	356,592
Operating cost recovery – federal and local agency		208,463	212,287
Total operating revenues		27,883,049	39,898,478
Operating expenses:			
Operations		1,589,103	1,661,971
Maintenance		2,104,980	2,084,706
General and administrative		4,030,740	4,454,016
Total operating expenses		7,724,823	8,200,693
Operating loss before depreciation expense		20,158,226	31,697,785
Depreciation and amortization expense		(2,086,968)	(2,071,275)
Operating income		18,071,258	29,626,510
Non-operating revenues:			
Investment earnings		340,589	522,113
Water sales		188,059	172,592
Rental revenue		104,931	100,234
Insurance recovery (note 11)		-	1,557,612
Gain from disposition of capital assets		33,730	-
Other non-operating revenues		45,047	63,317
Total non-operating revenues		712,356	2,415,868
Non-operating expenses:			
River habitat studies		1,580,154	2,164,123
Loss from disposition of capital assets		-	26,474
Total non-operating expenses		1,580,154	2,190,597
Total non-operating (expense) revenue, net		(867,798)	225,271
Net income before distributions to districts		17,203,460	29,851,781
Distribution to Districts: (note 12)			
Oakdale Irrigation District		(12,571,000)	(9,126,000)
South San Joaquin Irrigation District		(12,571,000)	(9,126,000)
Total distribution to Districts		(25,142,000)	(18,252,000)
Change in net position		(7,938,540)	11,599,781
Net position, beginning of the year – as restated		92,990,774	81,390,993
Net position, end of year	$	85,052,234	92,990,774

See accompanying notes to the basic financial statements

Tri-Dam Project
Statements of Cash Flows
For the Fiscal Years Ended December 31, 2020 and 2019

		2020	As Restated 2019
Cash flows from operating activities:			
Cash receipts from customers for power generation	$	27,832,510	35,849,077
Cash receipts for headwater benefits		356,592	351,252
Cash receipts from operating cost recovery		170,391	214,007
Cash paid to vendors and suppliers for materials and services		(5,511,890)	(4,909,829)
Cash paid to employees for salaries and wages		(3,046,746)	(2,635,903)
Net cash provided by operating activities		19,800,857	28,868,604
Cash flows from non-capital financing activities:			
Cash distribution to Oakdale Irrigation District		(12,571,000)	(9,126,000)
Cash distribution to South San Joaquin Irrigation District		(12,571,000)	(9,126,000)
Proceeds from insurance recovery		-	1,557,612
Net cash used in non-capital financing activities		(25,142,000)	(16,694,388)
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets		(3,111,165)	(2,596,794)
Proceeds from the sale of capital assets		33,730	-
Net cash used in capital and related financing activities		(3,077,435)	(2,596,794)
Cash flows from investing activities:			
Purchases of investments		(2,283,976)	(388,412)
Proceeds from sale of investments		2,220,000	1,190,000
Interest and investment earnings		2,549,722	1,519,200
Net cash provided by investing activities		2,485,746	2,320,788
Net (decrease)increase in cash and cash equivalents		(5,932,832)	11,898,210
Cash and cash equivalents:			
Beginning of year		21,237,620	9,339,410
End of year	$	15,304,788	21,237,620

Continued on next page

See accompanying notes to the basic financial statements

Tri-Dam Project
Statements of Cash Flows, continued
For the Fiscal Years Ended December 31, 2020 and 2019

		2020	As Restated 2019
Reconciliation of operating loss to net cash provided by operating activities:			
Operating income	$	18,071,258	29,626,510
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation and amortization expense		2,086,968	2,071,275
Other non-operating revenues (expenses), net		(1,218,943)	(1,846,245)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase)Decrease in assets:			
Accounts receivable – power generation		1,738,451	(1,634,277)
Accounts receivable – headwater benefit fees		(4,992)	(5,340)
Accounts receivable – other		(38,072)	1,720
Due from Tri-Dam Power Authority		(850,092)	(67,730)
Prepaid expenses		(92,774)	(101,398)
(Increase)Decrease in deferred outflows of resources:			
Deferred pension outflows		920,235	1,558,722
Increase(Decrease) in liabilities:			
Accounts payable and accrued expenses		(59,669)	144,420
Accrued salaries and benefits		21,642	34,942
Compensated absences		(83,110)	(83,116)
Total other post-employment benefits liability		(213,176)	183,214
Net pension liability		348,454	(2,681,941)
Increase(Decrease) in deferred inflows of resources:			
Deferred pension inflows		(825,323)	1,667,848
Total adjustments		1,729,599	(757,906)
Net cash provided by operating activities	$	19,800,857	28,868,604

See accompanying notes to the basic financial statements

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

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

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

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

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

B. Basis of Accounting and Measurement Focus

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

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

B. Basis of Accounting and Measurement Focus, continued

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

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

C. Financial Reporting

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

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

Governmental Accounting Standards Board Statement No. 95

In May 2020, the GASB issued Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

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

1. Use of Estimates

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

2. Uncertainty

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on Project and the duration cannot be estimated at this time.

3. Cash and Cash Equivalents

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

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

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

4. Investments and Investment Policy

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

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

5. Fair Value Measurements

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

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

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

6. Accounts Receivable

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

7. Prepaid Expenses

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

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

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

8. Capital Assets

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

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

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

9. Deferred Outflows of Resources

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

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

Pensions

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

10. Unearned Revenue

Unearned revenues arise when resources are received in exchange transactions before the Project has a legal claim to them. Unearned revenues at December 31, 2020 and 2019, consisted of miscellaneous receipts for future services.

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

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

11. Compensated Absences

The Project's Memorandum of Understanding (MOU) with represented employees allows employees to accumulate unused vacation, subject to policy limits, and sick leave. Unrepresented employees are subject to the same policy as represented employees. Vacation is earned at the rate of 80 to 168 hours per year, depending upon the number of years of service. Sick leave is earned at the rate of 96 hours per year. All unused vacation is paid upon separation. Upon retiring from the Project, 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.

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

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

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. At December 31, 2020 and 2019, the following timeframes were used:

- Valuation Dates: December 31, 2020 and 2019
- Measurement Dates: December 31, 2020 and 2019
- Measurement Periods: January 1, 2020 to December 31, 2020 and January 1, 2019 to December 31, 2019

13. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Project's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. At December 31, 2020 and 2019, the following timeframes were used:

- Valuation Dates: June 30, 2019 and 2018
- Measurement Dates: June 30, 2020 and 2019
- Measurement Periods: July 1, 2019 to June 30, 2020 and July 1, 2018 to June 30, 2019

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

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

14. Deferred Inflows of Resources

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

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

Pensions

- Deferred inflow for the net changes in assumptions which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.
- Deferred outflow for the net adjustment due to differences in the changes in proportions of the net pension liability which will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plan.

15. Net Position

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

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

16. Related Party Transactions

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

17. Power Generation Revenues

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

18. Capital Contributions

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

19. Budgetary Policies

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

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

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

20. Reclassification

For the year ended December 31, 2020, certain classifications have been revised to improve financial statement presentation. For comparative purposes, prior year balances have been reclassified to conform with the fiscal year 2020 presentation.

(2) Cash and Investments

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

	2020	2019
Cash and cash equivalents		
Cash on hand	$ 400	400
Deposits with financial institutions	8,229,434	18,102,647
Money market mutual funds	1,988,250	3,128,539
Local Agency Investment Fund (LAIF)	5,086,704	6,034
Total unrestricted cash and cash equivalents	15,304,788	21,237,620
Investments		
Investments held by US Bank – current	2,342,692	2,220,822
Investments held by US Bank – non-current	4,503,645	6,762,622
Total investments	6,846,337	8,983,444
Total cash and investments	$ 22,151,125	30,221,064

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

	2020	2019
Cash on hand	$ 400	400
Deposits with financial institutions	8,229,434	18,102,647
Total cash and deposits	8,229,834	18,103,047
U.S. agency securities	6,846,337	8,983,444
Money market mutual funds	1,988,250	3,128,539
Local Agency Investment Fund (LAIF)	5,086,704	6,034
Total investments	13,921,291	12,118,017
Total cash and investments	$ 22,151,125	30,221,064

(2) Cash and Investments, continued

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

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

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

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

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

Investment in State Investment Pool

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

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

(2) Cash and Investments, continued

Custodial Credit Risk

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

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

Interest Rate Risk

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

Investment maturities as of December 31, 2020, were as follows:

		Remaining Maturity (in Months)		
Investment Type	**Amount**	**12 Months Or Less**	**13 to 24 Months**	**25-60 Months**
U.S. agency securities	$ 6,846,337	2,342,692	2,466,050	2,037,595
Money market mutual funds	1,988,250	1,988,250	-	-
Local Agency Investment Fund (LAIF)	5,086,704	5,086,704	-	-
Total	$ 13,921,291	9,417,646	2,466,050	2,037,595

(2) Cash and Investments, continued

Interest Rate Risk, continued

Investment maturities as of December 31, 2019, were as follows:

Investment Type		Amount	Remaining Maturity (in Months) 12 Months Or Less	13 to 24 Months	25-60 Months
U.S. agency securities	$	8,983,444	2,220,822	2,344,815	4,417,807
Money market mutual funds		3,128,539	3,128,539	-	-
Local Agency Investment Fund (LAIF)		6,034	6,034	-	-
Total	$	12,118,017	5,355,395	2,344,815	4,417,807

Credit Risk

Generally, 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 the year ended for each investment type.

Credit ratings as of December 31, 2020, were as follows:

Investment Type		Amount	Minimum Legal Rating		Ratings as of year-end AAA/Aaa	AA+/Aaa	Not Rated
U.S. agency securities	$	6,846,337	N/A	$	-	6,846,337	-
Money market mutual funds		1,988,250	N/A		1,988,250	-	-
Local Agency Investment Fund (LAIF)		5,086,704	N/A		-	-	5,086,704
Total	$	13,921,291		$	1,988,250	6,846,337	5,086,704

Credit ratings as of December 31, 2019, were as follows:

Investment Type		Amount	Minimum Legal Rating		Ratings as of year-end AAA/Aaa	AA+/Aaa	Not Rated
U.S. agency securities	$	8,983,444	N/A	$	-	8,983,444	-
Money market mutual funds		3,128,539	N/A		3,128,539	-	-
Local Agency Investment Fund (LAIF)		6,034	N/A		-	-	6,034
Total	$	12,118,017		$	3,128,539	8,983,444	6,034

Concentration of Credit Risk

The Project's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The Project's deposit portfolio with governmental agencies, LAIF, is 23% and 0% as of December 31, 2020 and 2019, respectively, of the Project's total depository and investment portfolio.

(2) Cash and Investments, continued

Concentration of Credit Risk

Instruments in any one issuer that represent 5% or more of the Project's investments as of December 31, 2020, are as follows (excluding external investment pools and debt explicitly guaranteed by the U.S. government):

Investment	Issuer Type	Fair Value Holdings	Percentage Holdings
Federal Home Loan Bank	Government Sponsored	$ 2,957,550	21.24%
Federal National Mortgage Association	Government Sponsored	2,514,399	18.06%
Federal Farm Credit Bank	Government Sponsored	1,374,388	9.87%

Instruments in any one issuer that represent 5% or more of the Project's investments as of December 31, 2019 are as follows (excluding external investment pools and debt explicitly guaranteed by the U.S. government):

Investment	Issuer Type	Fair Value Holdings	Percentage Holdings
Federal Home Loan Bank	Government Sponsored	$ 3,139,178	25.91%
Federal Farm Credit Bank	Government Sponsored	2,572,337	21.23%
Federal Home Loan Mortgage Corporation	Government Sponsored	2,472,138	20.40%
Federal National Mortgage Association	Government Sponsored	799,792	6.60%

Fair Value Measurements

Investments measured at fair value as of December 31, 2020, on a recurring and non-recurring basis, were as follows:

		Fair Value Measurements Using		
Investment Type	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
U.S. agency securities				
Federal Farm Credit Bank	$ 2,957,550	-	2,957,550	-
Federal Home Loan Bank	2,514,399	-	2,514,399	-
Federal National Mortgage Association	1,374,388	-	1,374,388	-
Money market mutual funds	1,988,250	1,988,250	-	-
Totals		1,988,250	6,846,337	-
Investments at Amortized Cost:				
Local Agency Investment Fund (LAIF)	5,086,704			
Total	$ 13,921,291			

(2) Cash and Investments, continued

Fair Value Measurements

Investments measured at fair value as of December 31, 2019, on a recurring and non-recurring basis, were as follows:

Investment Type		Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
			Fair Value Measurements Using		
U.S. agency securities					
Federal Home Loan Bank	$	3,139,177	-	3,139,178	-
Federal Farm Credit Bank		2,572,337	-	2,572,337	-
Federal Home Loan Mortgage Corporation		2,472,138	-	2,472,138	-
Federal National Mortgage Association		799,792	-	799,792	-
Money market mutual funds		3,128,539	3,128,539	-	-
Totals			3,128,539	8,983,445	-
Investments at Amortized Cost:					
Local Agency Investment Fund (LAIF)		6,034			
Total	$	12,118,017			

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

(3) Due From Tri-Dam Power Authority

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

		2020	2019
Due from Tri-Dam Power Authority			
Payroll fiscal year 2019	$	168,837	168,837
Equipment rental fiscal year 2019		2,000	2,000
U.S. Geological Survey allocation fiscal year 2019		6,330	-
Payroll fiscal year 2020		646,945	-
Insurance allocation		166,020	-
U.S. Geological Survey allocation fiscal year 2020		6,330	-
Equipment rental fiscal year 2020		24,000	-
Accounts payable		467	-
Total accounts receivable – other	$	1,020,929	170,837

(4) Capital Assets

Construction-In-Progress

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

Project Description		2020	As Restated 2019	As Restated 2018
Beardsley Dam Abay improvement project	$	4,213,744	2,087,153	295,735
Transformer protection relays		-	-	160,867
Microwave link to SP replacement		-	-	56,576
Catwalk & low level actuator Donnells		-	91,144	-
300kW diesel generator – Tulloch		77,998	73,878	-
Cooling system upgrade		-	35,699	-
O'Byrnes public access property improvements		81,876	34,895	-
Various small projects < $50,001		10,053	140,403	122,235
Total construction-in-process	$	4,383,671	2,463,172	635,413

Intangible Asset – FERC License

The Project completed the process in 2005 of applying for license renewals from the FERC for the Project's hydroelectric generating facilities. The former 50-year licenses expired on December 31, 2004 with extensions through 2005. 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.

(4) Capital Assets, continued

Changes in capital assets for December 31 were as follows:

	As Restated 2019	Additions/ Transfers	Deletions/ Transfers	Balance 2020
Non-depreciable assets:				
Land	$ 1,500,800	-	-	1,500,800
Construction-in-process	2,463,172	2,986,268	(1,065,769)	4,383,671
Total non-depreciable assets	3,963,972	2,986,268	(1,065,769)	5,884,471
Depreciable assets:				
Intangible asset – FERC License	8,213,938	-	-	8,213,938
Dams and power plants	87,894,714	138,960	-	88,033,674
Power plant equipment	8,952,812	63,577	-	9,016,389
Telemetry equipment	3,154,036	28,416	-	3,182,452
Buildings	947,193	55,571	-	1,002,764
Other equipment	4,052,458	904,142	(104,460)	4,852,140
Total depreciable assets	113,215,151	1,190,666	(104,460)	114,301,357
Accumulated depreciation:				
Intangible asset – FERC License	(2,142,109)	(233,532)	-	(2,375,641)
Dams and power plants	(42,404,134)	(1,262,294)	-	(43,666,428)
Power plant equipment	(3,036,467)	(272,825)	-	(3,309,292)
Telemetry equipment	(2,161,753)	(99,049)	-	(2,260,802)
Buildings	(792,340)	(18,000)	-	(810,340)
Other equipment	(2,554,123)	(201,268)	104,460	(2,650,931)
Total accumulated depreciation	(53,090,926)	(2,086,968)	104,460	(55,073,434)
Total depreciable assets, net	60,124,225	(896,302)	-	59,227,923
Total capital assets, net	$ 64,088,197	2,089,966	(1,065,769)	65,112,394

(4) Capital Assets, continued

Changes in capital assets for December 31 were as follows:

	As Restated 2018	Additions/ Transfers	Deletions/ Transfers	As Restated 2019
Non-depreciable assets:				
Land	$ 1,500,800	-	-	1,500,800
Construction-in-process	635,413	2,470,255	(642,496)	2,463,172
Total non-depreciable assets	2,136,213	2,470,255	(642,496)	3,963,972
Depreciable assets:				
Intangible asset – FERC License	8,213,938	-	-	8,213,938
Dams and power plants	87,862,992	133,403	(101,681)	87,894,714
Power plant equipment	8,632,647	336,331	(16,166)	8,952,812
Telemetry equipment	3,026,194	127,842	-	3,154,036
Buildings	947,193	-	-	947,193
Other equipment	4,026,984	171,459	(145,985)	4,052,458
Total depreciable assets	112,709,948	769,035	(263,832)	113,215,151
Accumulated depreciation:				
Intangible asset – FERC License	(1,908,577)	(233,532)	-	(2,142,109)
Dams and power plants	(41,235,609)	(1,202,932)	34,407	(42,404,134)
Power plant equipment	(2,766,444)	(286,189)	16,166	(3,036,467)
Telemetry equipment	(2,051,200)	(110,553)	-	(2,161,753)
Buildings	(771,574)	(20,766)	-	(792,340)
Other equipment	(2,482,805)	(217,303)	145,985	(2,554,123)
Total accumulated depreciation	(51,216,209)	(2,071,275)	196,558	(53,090,926)
Total depreciable assets, net	61,493,739	(1,302,240)	(67,274)	60,124,225
Total capital assets, net	$ 63,629,952	1,168,015	(709,770)	64,088,197

(5) Compensated Absences

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

Changes in compensated absences for December 31 were as follows:

Balance 2019	Earned	Taken	Balance 2020	Current Portion	Long-term Portion
$ 392,508	185,950	(269,060)	309,398	157,795	151,603

Changes in compensated absences for December 31 were as follows:

Balance 2018	Earned	Taken	Balance 2019	Current Portion	Long-term Portion
$ 475,624	214,380	(297,496)	392,508	200,179	192,329

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

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

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

	2020	2019
Active plan members	25	25
Retirees and beneficiaries receiving benefits	3	4
Separated plan members entitled to but not yet receiving benefits	1	1
Total Plan membership	29	30

Contributions

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

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

	2020	2019
Contributions – employer	$ 19,707	17,754
Total employer paid contributions	$ 19,707	17,754

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

Total OPEB Liability

The Project's total OPEB liability was measured as of December 31, 2020 and 2019, and the total net liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020 and 2019. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions

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

Average retirement age	60
Employer future premium contribution	Remain a level % of the total cost over time
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of payroll
Assets backing OPEB liability	$0
Percentage participation	2020 – 90.00 percent 2019 – 100.00 percent
Inflation	2020 – 2.120 percent 2019 – 2.740 percent
Discount rate	2020 – 2.120 percent, per annum 2019 – 2.740 percent, per annum
Salary increases	2020 and 2019 – 3.00 percent, per annum, in aggregate
NOL and ADC	Calculated using the Alternative Measurement Method in acordance with GASB methodology.
Mortality table	2020 – Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years. 2019 – RP2000 Mortality Table for Males and Females Projected 18 years; this assumption does not include a margin for future improvements in longevity.
Turnover assumption	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.120 percent. The projection of cash flows used to determine the discount rate assumed that Project contributions will be made at rates equal to the actuarially determined contribution rates.

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

Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balance at December 31, 2019	$ 1,372,430
Changes for the year:	
Service cost	95,696
Interest	39,958
Changes in benefit terms	-
Effect of demographic (gains)/losses	(406,995)
Changes in assumptions	77,872
Employer contributions	-
Benefit payments, including refunds of member contributions	(19,707)
Net investment income	-
Administrative expenses	-
Net changes	(213,176)
Balance at December 31, 2020	$ 1,159,254

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

	Total OPEB Liability
Balance at December 31, 2018	$ 1,189,216
Changes for the year:	
Service cost	90,423
Interest	52,105
Changes in benefit terms	-
Effect of demographic (gains)/losses	(94,463)
Changes in assumptions	152,903
Employer contributions	-
Benefit payments, including refunds of member contributions	(17,754)
Net investment income	-
Administrative expenses	-
Net changes	183,214
Balance at December 31, 2019	$ 1,372,430

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

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

The following presents the total OPEB liability of the Project, as well as what the Project's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.120 percent) or 1-percentage-point higher (3.120 percent) than the current discount rate:

At the measurement date June 30, 2020, the discount rate comparison was the following:

		1% Decrease (1.120%)	Current Discount Rate (2.120%)	1% Increase (3.120%)
Project's total OPEB liability	$	1,306,580	1,159,254	1,037,968

At the measurement date June 30, 2019, the discount rate comparison was the following:

		1% Decrease (1.740%)	Current Discount Rate (2.740%)	1% Increase (3.740%)
Project's total OPEB liability	$	1,508,828	1,372,430	1,256,875

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

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

At the measurement date December 31, 2020, the healthcare cost trend rate comparison was the following:

	1% Decrease (3.9% Medical/4.9% Pharmacy increasing/decreasing to 3.3% Medical/3.3% Pharmacy	Healthcare Cost Trend Rates (4.9% Medical/5.9% Pharmacy increasing/decreasing to 4.3% Medical/4.3% Pharmacy	1% Increase (5.9% Medical/6.9% Pharmacy increasing/decreasing to 5.3% Medical/5.3% Pharmacy
$	1,020,796	1,159,254	1,329,590

At the measurement date December 31, 2019, the healthcare cost trend rate comparison was the following:

	1% Decrease (0% Medical/6.6% Pharmacy increasing/decreasing to 3.7% Medical/3.7% Pharmacy	Healthcare Cost Trend Rates (.1% Medical/7.6% Pharmacy increasing/decreasing to 4.7% Medical/4.7% Pharmacy	1% Increase (4.9% Medical/8.6% Pharmacy increasing/decreasing to 5.7% Medical/5.7% Pharmacy
$	1,241,814	1,372,430	1,528,499

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

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

For the fiscal year December 31, 2020, and 2019, the Project recognized OPEB income of $213,176, a reduction of the total OPEB liability and OPEB expense of $200,968 as determined by the actuarial valuations.

At December 31, 2020, and 2019, the Project reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

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

See page 53 for the Required Supplementary Schedule.

(7) Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

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

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

(7) Defined Benefit Pension Plan, continued

Benefits Provided, continued

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

	Miscellaneous Plan			
	2020		**2019**	
Hire date	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates				
Six months ended June 30	7.951%	6.250%	7.948%	6.250%
Six months ended December 31	7.953%	6.750%	7.951%	6.750%
Required employer contribution rates				
Six months ended June 30	11.432%	6.985%	10.609%	6.842%
Six months ended December 31	12.361%	7.732%	11.432%	6.985%

Contributions

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

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

	Miscellaneous Plan	
	2020	**2019**
Contributions – employer	$ 404,477	374,406
Contributions – employee (paid by employer)	136,498	146,342
Total employer paid contributions	$ 540,975	520,748

Net Pension Liability

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

	Miscellaneous Plan	
	2020	**2019**
Proportionate share of net pension liability	$ 3,331,950	2,983,496

(7) Defined Benefit Pension Plan, continued

The Project's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of the fiscal years ended December 31, 2020 and 2019, the net pension liability of the Plan is measured as of June 30, 2020 and 2019 (the measurement dates), respectively. The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and 2018 (the valuation dates), rolled forward to June 30, 2020 and 2019, using standard update procedures, respectively. The Project's proportion of the net pension liability was based on a projection of the Project's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

Proportional Share	Miscellaneous Plan
Measurement Date of June 30, 2019 for the year ended December 31, 2019	0.02912%
Measurement Date of June 30, 2020 for the year ended December 31, 2020	0.03062%
Change – Increase (Decrease)	0.00150%

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

Proportional Share	Miscellaneous Plan
Measurement Date of June 30, 2018 for the year ended December 31, 2018	0.05879%
Measurement Date of June 30, 2019 for the year ended December 31, 2019	0.02912%
Change – Increase (Decrease)	-0.02967%

Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended December 31, 2020 and 2019, the Project recognized pension expense of $847,843 and $1,550,625, respectively.

(7) Defined Benefit Pension Plan, continued

Deferred Outflows/Inflows of Resources Related to Pensions, continued

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

		2020		2019	
Description		**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Pension contributions subsequent to the measurement date	$	404,477	-	374,406	-
Net differences between actual and expected experience		171,701	-	191,152	-
Net changes in assumptions		-	(23,764)	91,830	-
Net differences between actual contribution and proportionate share of contribution		1,027,957	-	1,965,960	-
Net adjustment due to differences in proportions of the net pension liability		-	(1,088,782)	-	(1,885,711)
Net differences between projected and actual earnings on plan investments		98,978	-	-	(52,158)
Total	$	1,703,113	(1,112,546)	2,623,348	(1,937,869)

As of December 31, 2020 and 2019, the Project reported $404,477 and $374,406, as deferred outflows of resources related to pension contributions subsequent to the measurement dates June 30, 2020 and 2019, and were/will be recognized as a reduction of the net pension liability for the fiscal year ended December 31, 2021 and 2020, respectively.

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

Fiscal Year Ending December 31,		**Deferred Net Outflows/ (Inflows) of Resources**
2021	$	(11,481)
2022		72,695
2023		73,223
2024		51,653
2025		-
Thereafter		-

(7) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liability in the actuarial valuation dated June 30, 2019 and 2018, was determined using the following actuarial assumptions and methods:

Valuation Dates	June 30, 2019 and 2018
Measurement Dates	June 30, 2020 and 2019
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2020 and 2019 – 2.50%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Period upon which actuarial Experience Survey assumption were based	2020 and 2019 – 1997-2015
Post Retirement Benefit	2020 and 2019 – Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

Discount Rate

At the measurement dates, June 30, 2020 and 2019, the discount rate used to measure the total pension liability was 7.15% for the Plan, respectively. The discount rate reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. For the Plan, the crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF C. The crossover test results can be found on CalPERS' website.

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

(7) Defined Benefit Pension Plan, continued

Discount Rate, continued

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

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

As of the measurement date June 30, 2020, the target allocation and the long-term expected real rate of return by asset class is as follows:

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

As of the measurement date June 30, 2019, the target allocation and the long-term expected real rate of return by asset class is as follows:

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

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

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

(7) Defined Benefit Pension Plan, continued

As of fiscal year, end December 31, 2020, the Project's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

		Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Project's net pension liability	$	6,397,682	3,331,950	798,832

As of fiscal year, end December 31, 2019, the Project's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, is as follows:

		Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Project's net pension liability	$	5,944,264	2,983,496	539,591

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See pages 54 through 56 for the Required Supplementary Information.

Payable to the Pension Plan

At December 31, 2020 and 2019, the Project reported $0 in payables for the outstanding amount of contribution to the pension plan, respectively.

(8) Net Position

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

		2020	**As Restated 2019**
Investment in capital assets:			
Capital assets – not being depreciated	$	5,884,471	3,963,972
Intangible asset – being depreciated, net		-	-
Capital assets – being depreciated, net		59,227,923	60,124,225
Total investment in capital assets		65,112,394	64,088,197
Unrestricted net position:			
Non-spendable net position:			
Prepaid expenses		413,014	320,240
Total non-spendable net position		413,014	320,240
Spendable net position is designated as follows:			
Maintenance reserve		5,467,919	8,833,746
Operating reserve		3,366,669	3,278,237
Unrestricted		10,692,238	16,470,354
Total spendable net position		19,526,826	28,582,337
Total unrestricted net position		19,939,840	28,902,577
Total net position	$	85,052,234	92,990,774

(9) Adjustments to Net Position

Capital Contribution and Accounts Receivable – Federal Grants – Hells Half Acre Road & Bypass Access Road to Donnells and Beardsley Dam Projects

During the fiscal year ended December 31, 2020, the Project determined that grant awards sourcing from Federal Emergency Management Agency (FEMA) were not correctly recognized as capital contributions when the grant award related project expenditures were incurred in the fiscal year ended 2017. In addition, the outstanding grant award receivable were not recorded to its receivable accounts. Accordingly, the Project has adjusted net position by $1,766,529, $1,005,741, and $760,788 as of December 31, 2017, 2018, and 2019, respectively.

Capital Assets – Beardsley Dam Afterbay Improvement Project

During the fiscal year ended December 31, 2020, the Project determined that previously expensed costs related to the Project's Beardsley Dam Afterbay improvement construction project met with the Projects' policy for capitalization. Accordingly, the Project has adjusted net position by $121,380, $174,355, and $1,791,418 as of December 31, 2017, 2018, and 2019, respectively.

Net Pension Liability – Pension Related Deferrals

During the fiscal year ended December 31, 2020, the District determined that certain pension deferred outflows and inflows were calculated incorrectly following the provisions of *Governmental Accounting Standards Board Statement No.* 68. The deferrals affected were 1) differences between actual contributions and proportionate share of contributions and 2) differences in changes in the proportion of the net pension liability. Accordingly, the Project has adjusted net position by $166,420, as of December 31, 2019.

(9) Adjustment to Net Position, continued

Compensated Absence Liability Calculation

During the fiscal year ended December 31, 2020, the District determined that the calculation for the accrued payroll liability reported for the fiscal year ended 2019 was overstated by $73,746. Accordingly, the Project has adjusted net position by $73,746, as of December 31, 2019.

The adjustments to net position are as follows:

Net position at December 31, 2017, as previously stated	$ 89,150,477
Effect of adjustment to record accounts receivable for federal grant project monies expended but not received by fiscal year end	1,766,529
Effect of adjustment to record construction-in-progress for Beardsley Dam Abay improvement project	121,380
Total adjustment to net position	1,887,909
Net position at December 31, 2017, as restated	$ 91,038,386
Effect of adjustment to record capital contribution for for FEMA grant in the period which expensed occurred	(1,005,741)
Effect of adjustment to record construction-in-progress for Beardsley Dam Abay improvement project	174,355
Total adjustment to net position	(831,386)
Change in net position at December 31, 2018, as previously stated	12,302,993
Less: Distributions to districts, as previously stated	(21,119,000)
Net position at December 31, 2018, as restated	$ 81,390,993
Effect of adjustment to record capital contribution for for FEMA grant in the period which expensed occurred	(760,788)
Effect of adjustment to record construction-in-progress for Beardsley Dam Abay improvement project	1,791,418
Effect of adjustment to pension related deferrals:	
Differences between actual contributions and proportionate share of contributions	172,652
Differences in changes in proportion of the net pension liability	(6,232)
Effect of adjustment to correct overstatement of payroll liabilities previously reported	73,746
Total adjustment to net position	1,270,796
Change in net position at December 31, 2019, as previously stated	28,580,985
Less: Distributions to districts, as previously stated	(18,252,000)
Net position at December 31, 2019, as restated	$ 92,990,774

(10) Power Generation Revenues

Effective January 1, 2014, the Project entered into a power purchase and sale agreement with the City of Santa Clara, California through its municipal electric utility, Silicon Valley Power. Under the agreement, the Project agrees to sell the net electrical output and installed capacity of its power generating facilities (the Donnells Powerhouse, Beardsley Powerhouse and Tulloch Powerhouse) to the City through December 31, 2023, including electrical energy, capacity attributes and any renewable energy credits and environmental attributes of the power generating facilities. Under the agreement, the Project will receive a fixed contract price per megawatt hour (MWh) as summarized in Exhibit E of the agreement. The contract prices in 2020 and 2019 was $78 per MWh and $75 per MWh, respectively. The contract price includes scheduled increases ranging from 2.6% to 4.2% each year from 2019 through 2021 when the price is fixed through the remaining term of the agreement.

(11) Insurance Recovery

On March 26, 2018, the Project experienced a thrust bearing failure at its Donnells power plant facility. On May 8, 2018, the Project experienced a second thrust bearing failure at the same facility. The Project's claim included property damage, loss of revenue while the facility was non-operational, and costs related to the claim preparation. As of December 31, 2019, the Project's insurance company settled all related claims in the amount $1,557,612.

(12) Distributions to Districts

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

		2020	2019
Oakdale Irrigation District	$	12,571,000	9,126,000
South San Joaquin Irrigation District		12,571,000	9,126,000
Total distributions to Districts	$	25,142,000	18,252,000

(13) Deferred Compensation Plan

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

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Project is in compliance with this legislation. Therefore, these assets are not the legal property of the Project, and are not subject to claims of the Project's general creditors. As of December 31, 2020 and 2019 the market value of all plan assets held in trust by the Projects plans with Nationwide and CalPERS amounted to $3,037,700 and $2,639,670, respectively.

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

(14) Risk Management

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

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Project's insurance coverage during the years ending December 31, 2020, 2019, and 2018. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of December 31, 2020, 2019, and 2018, respectively.

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to December 31, 2020, that has effective dates that may impact future financial presentations.

The following pronouncement implementation dates have been delayed due to the COVID-19 pandemic.

Governmental Accounting Standards Board Statement No. 84

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities.* The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 87

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

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

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

Governmental Accounting Standards Board Statement No. 89

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

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

Governmental Accounting Standards Board Statement No. 90

In August 2018, the GASB issued Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

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

Governmental Accounting Standards Board Statement No. 90, continued

The requirements of this Statement were effective for reporting periods beginning after December 15, 2018; however, in light of the COVID-19 pandemic, the effective date has been postponed by one year.

Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

Governmental Accounting Standards Board Statement No. 91

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

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

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

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

Governmental Accounting Standards Board Statement No. 92

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

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

Governmental Accounting Standards Board Statement No. 92, continued

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

Governmental Accounting Standards Board Statement No. 93

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

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

Governmental Accounting Standards Board Statement No. 94

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

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

Governmental Accounting Standards Board Statement No. 94, continued

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

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

Governmental Accounting Standards Board Statement No. 96

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

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

Governmental Accounting Standards Board Statement No. 97

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

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

Governmental Accounting Standards Board Statement No. 97, continued

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

(16) Commitments and Contingencies

Regulatory

Bay Delta

On December 12, 2018, the State Water Board adopted Phase I of the Water Quality Control Plan (WQCP). Phase I requires the bypass or release of 40% of the Unimpaired flow (UIF) on the Stanislaus River from February 1st to June 30th, or minimum base flows as required by Appendix 2e of the OCAP – Biological Opinion, whichever is greater. This will require significantly higher releases into the lower Stanislaus River. OID and SSJID (Districts) modeling indicates that New Melones Storage will have significant impacts. Lower storage, less release in the summer, less water available in below normal, dry and critically dry years may lead to a negative impact on Tulloch's power generation. In addition, if District water supplies are depleted due to the 40% UIF requirement, the Districts may need to call on stored water from Donnells and Beardsley, which may impact power generation at these facilities (as well as Tri-Dam Power Authority's Sand Bar facility).

The Districts have sued the SWB in Tuolumne County Superior Court. Eight other actions have been filed against Phase I of the WQCP. The cases have been consolidated in Sacramento County Superior Court. The cases were consolidated in 2019. To date no substantive motions or hearings have occurred. The Districts will vigorously oppose the proposed WQCP. Litigation is expected to take at least 8-10 years.

The SWB has not commenced Phase III of the WQCP. Phase III is the implementation of the Phase I WQCP objectives. This is where the SWB decides what entities are responsible for ensuring the 40% UIF objective is met and how it is met. The SWB says in their Phase I Plan that it will be fully implemented by 2022. The SWB has not even started the Phase III. It is highly unlikely that it will be completed by 2022. Any order in Phase III will be subject to litigation by the Districts. This litigation will last 6-8 years.

Given the fact that the WQCP is not self-implementing, the Districts do not see any project operation changes in the near term.

(16) Commitments and Contingencies

Regulatory, continued

Biological Opinion

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

Reclamation's proposed Biological Assessment for New Melones proposes river releases less than the current Appendix 2e flow requirements. Reclamation and NMFS were sued. The Districts have intervened to protect the Districts water supply. The Districts are actively involved in these and other regulatory proceedings and litigation related to water rights and water supply. It is not possible to determine the potential cost or financial impact of these regulatory actions to the Districts or the Project as none of these processes have come to conclusion.

Construction Contracts

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

Grant Awards

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

Litigation

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

(16) Commitments and Contingencies, continued

COVID-19 Pandemic

In December 2019, a novel strain of coronavirus had spread around the world, resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Project could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The Project has not included any contingencies in the financial statements specific to this issue.

(17) Subsequent Events

Merger of Operations – Tri-Dam Project and Tri-Dam Authority

On January 21, 2021, the Tri-Dam Board (Board) determined that by merging the operations of Tri-Dam Project (Project) and Tri-Dam Authority (Authority) would create synergies of efficiency and cost savings for the two entities. Specifically, towards bookkeeping cleanup and to increase the efficiency of Tri-Dam operations. The Board has authorized the General Manager to begin the process of consolidating the Project and Authority with an effective changeover date of January 1, 2022.

There are no other known events occurring after December 31, 2020, which have been evaluated for possible adjustment to the financial statements or disclosure as of July 15, 2021, which is the date the financial statements were available to be issued.

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Required Supplementary Information

Tri-Dam Project
Schedules of Changes in the Project's Total OPEB Liability and Related Ratios
As of December 31, 2020
Last Ten Years*

		2020	2019	2018
Total OPEB Liability				
Service cost	$	95,696	90,423	73,331
Interest		39,958	52,105	36,966
Changes in benefit terms		-	-	-
Effect of demographic (gains)/losses		(406,995)	(94,463)	155,926
Changes in assumptions		77,872	152,903	(73,706)
Benefit payments		(19,707)	(17,754)	(9,039)
Net change in total OPEB liability		(213,176)	183,214	183,478
Total OPEB liability – beginning		1,372,430	1,189,216	1,005,738
Total OPEB liability – ending	$	1,159,254	1,372,430	1,189,216
Covered payroll	$	2,737,747	1,090,770	1,059,000
Total OPEB liability as a percentage of covered payroll		42.34%	125.82%	112.30%

Notes to the Schedules of Changes in the Project's Total OPEB Liability and Related Ratios

Changes in Benefit Terms – None

Changes of Assumptions – In fiscal year 2020, the average retirement age assumption changed from 61 to 60 years. In fiscal year 2019, the average retirement age assumption changed from 60 to 61 years.

In fiscal year 2020, the bond yield and discount rate assumptions were reduced from 2.740% to 2.120%, respectively. In fiscal year 2019, bond yield and discount rate assumptions were reduced from 4.100% to 2.740%, respectively.

In fiscal year 2020, the percentage participation assumption was reduced from 100.00% to 90.00%.

In fiscal year 2020, the amortization period assumption was increased from 0 to 20 years. In fiscal year 2019, the amortization period assumption was reduced from 20 to 0 years.

In fiscal year 2020, the mortality table used was Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years. In fiscal year 2019 the mortality table used was the RP2000 Mortality Table for Males and Females Projected 18 years; this assumption does not include a margin for future improvements in longevity.

* Historical information presented above follows the measurement periods for which GASB 74 & 75 were applicable. The Project has presented information for those years for which information is available until a full 10-year trend is compiled.

Tri-Dam Project
Schedules of the Project's Proportionate Share of the Net Pension Liability
As of December 31, 2020
Last Ten Years*

Description		Fiscal Year 2020	2019	2018	2017	2016	2015	2014
Project's proportion of the net pension liability		0.03062%	0.02912%	0.05879%	0.05785%	0.05732%	0.05710%	0.04754%
Project's proportionate share of the net pension liability	$	3,331,950	2,983,496	5,665,437	5,736,690	4,959,124	3,919,442	2,958,335
Project's covered payroll	$	2,737,747	2,678,414	2,408,356	2,221,912	2,323,849	2,159,593	2,251,731
Project's proportionate share of the net pension liability as a percentage of its covered payroll		121.70%	111.39%	235.24%	258.19%	213.40%	181.49%	131.38%
Plans' total pension liability	$	18,920,437,526	17,984,188,264	16,891,153,209	16,016,547,402	14,397,353,530	13,639,503,084	13,110,948,452
Plans' fiduciary net position	$	14,702,361,183	13,979,188,264	13,122,440,092	12,074,499,781	10,923,476,287	10,896,036,068	10,639,461,174
Plans' fiduciary net position as a percentage of the total pension liability		77.71%	77.73%	77.69%	75.39%	75.87%	79.89%	81.15%

Notes to the Schedules of the Project's Proportionate Share of the Net Pension Liability

Changes in Benefit Terms – Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

Changes of Assumptions – The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

Notes to the Schedules of the Project's Proportionate Share of the Net Pension Liability, continued

Changes of Assumptions, continued

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period, and remained adjusted for administrative expenses.

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

Tri-Dam Project
Pension Plan Contributions
As of December 31, 2020
Last Ten Years*

Description		Fiscal Year 2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$	576,667	501,426	553,154	475,900	424,574	460,162	326,279
Contributions in relation to the actuarially determined contribution		(576,667)	(501,426)	(3,553,154)	(475,900)	(424,574)	(460,162)	(326,279)
Contribution deficiency (excess)	$	-	-	(3,000,000)	-	-	-	-
District's covered payroll	$	2,737,747	2,847,569	2,619,155	2,504,259	2,361,816	1,936,368	1,943,437
Contribution's as a percentage of covered payroll		21.06%	17.61%	135.66%	19.00%	17.98%	23.76%	16.79%

Notes:

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

Other Supplementary Information

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative
For the Fiscal Years Ended December 31, 2020 and 2019

		2020	As Restated 2019
Donnell's Facility:			
Operations			
Supervision wages and benefits	$	21,990	28,797
Hydraulic wages and benefits		12,718	11,751
Electric wages and benefits		273,364	268,277
Other wages and benefits		-	416
Supplies and materials		19,212	15,964
Total operations		327,284	325,205
Maintenance			
Supervision wages and benefits		23,551	21,677
Structures wages and benefits		31,495	6,566
Reservoirs and dams wages and benefits		74,559	48,677
Electrical plant wages and benefits		131,528	93,830
High voltage wages and benefits		2,825	86
Communications and security wages and benefits		29,221	11,465
Other wages and benefits		45,142	32,554
Supplies and materials		84,661	96,144
Road repairs		29,231	38,844
Total maintenance		452,213	349,843
Total Donnell's Facility	$	779,497	675,048
Beardsley Facility:			
Operations			
Supervision wages and benefits	$	38,198	46,100
Hydraulic wages and benefits		13,020	19,223
Electric wages and benefits		239,823	259,541
Other wages and benefits		-	356
Supplies and materials		11,646	18,015
Total operations		302,687	343,235
Maintenance			
Supervision wages and benefits		28,745	57,814
Hydraulic wages and benefits		11,164	24,803
Structures wages and benefits		95,984	31,588
Reservoirs and dams wages and benefits		52,728	57,977
Electrical plant wages and benefits		139,084	143,107
Communications and security wages and benefits		5,166	15,091
Other wages and benefits		94,380	111,174
Supplies and materials		38,110	183,233
Total maintenance		465,361	624,787
General and administrative			
USFS resource management support		7,347	99,159
Total general and administrative		7,347	99,159
Total Beardsley Facility	$	775,395	1,067,181

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative, continued
For the Fiscal Years Ended December 31, 2020 and 2019

	2020	As Restated 2019
Tulloch Facility:		
Operations		
Supervision wages and benefits	$ 63,071	115,240
Hydraulic wages and benefits	10,749	16,901
Electric wages and benefits	304,745	289,180
Other wages and benefits	-	96
Supplies and materials	12,035	16,094
Total operations	390,600	437,511
Maintenance		
Supervision wages and benefits	28,000	34,160
Structures wages and benefits	20,451	25,948
Reservoirs and dams wages and benefits	13,755	11,084
Electrical plant wages and benefits	191,791	99,336
High voltage wages and benefits	423	3,212
Communications and security wages and benefits	15,774	44,476
Other wages and benefits	65,101	80,313
Supplies and materials	73,522	233,997
Road repairs	75,951	16,896
Total maintenance	484,768	549,422
General and administrative		
Outside services – legal	180,476	188,429
Headwater benefit assessment	90,709	90,601
Other	10,874	14,487
Total general and administrative	282,059	293,517
Total Tulloch Facility	$ 1,157,427	1,280,450
Mount Elizabeth Facility:		
Operations		
Supplies and materials	$ 23,081	17,065
Total operations	23,081	17,065
Maintenance		
Supervision wages and benefits	2,792	824
Structures wages and benefits	11,085	1,704
Communications and security wages and benefits	18,258	9,523
Other wages and benefits	9,734	6,937
Supplies and materials	6,729	3,676
Total maintenance	48,598	22,664
Total Mount Elizabeth Facility	$ 71,679	39,729

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative, continued
For the Fiscal Years Ended December 31, 2020 and 2019

		2020	As Restated 2019
Strawberry Peak Facility:			
Operations			
Supplies and materials	$	17,060	14,301
Total operations		17,060	14,301
Maintenance			
Supervision wages and benefits		1,934	2,752
Structures wages and benefits		10,048	2,914
Communications and security wages and benefits		19,333	3,425
Other wages and benefits		15,479	7,591
Supplies and materials		106,617	9,061
Total maintenance		153,411	25,743
Total Strawberry Peak Facility	$	170,471	40,044
Operations Center:			
Operations			
Supervision wages and benefits	$	4,539	23,820
Electric wages and benefits		212,973	169,204
Supplies and materials		3,810	4,748
Total operations		221,322	197,772
Maintenance			
Supervision wages and benefits		509	533
Structures wages and benefits		971	4,840
Communications and security wages and benefits		14,348	25,542
Other wages and benefits		4,580	1,404
Supplies and materials		2,122	2,345
Total maintenance		22,530	34,664
Total Operations Center	$	243,852	232,436
Service Center:			
Maintenance			
Structures wages and benefits	$	27,101	5,083
Communications and security wages and benefits		814	-
Other wages and benefits		90,566	61,365
Supplies and materials		252,364	259,185
Total maintenance		370,845	325,633
Total Service Center	$	370,845	325,633

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative, continued
For the Fiscal Years Ended December 31, 2020 and 2019

		2020	As Restated 2019
Division Point Facility:			
Operations			
Supervision wages and benefits	$	32,273	22,694
Hydraulic wages and benefits		17,372	24,095
Electric wages and benefits		100,185	114,581
Supplies and materials		4,521	3,202
Total operations		154,351	164,572
Maintenance			
Supervision wages and benefits		2,378	849
Structures wages and benefits		254	608
Reservoirs and dams wages and benefits		2,882	927
Communications and security wages and benefits		22,699	6,939
Other wages and benefits		10,095	7,761
Supplies and materials		6,864	4,313
Total maintenance		45,172	21,397
Total Division Point Facility	$	199,523	185,969
Goodwin Facility:			
Operations			
Supervision wages and benefits	$	4,539	24,023
Hydraulic wages and benefits		19,981	22,147
Electric wages and benefits		124,005	113,331
Supplies and materials		4,193	2,809
Total operations		152,718	162,310
Maintenance			
Supervision wages and benefits		1,677	4,060
Hydraulic wages and benefits		4,171	1,967
Structures wages and benefits		2,328	1,009
Reservoirs and dams wages and benefits		6,489	30,747
Communications and security wages and benefits		9,751	1,049
Other wages and benefits		30,392	31,142
Supplies and materials		7,274	60,579
Total maintenance		62,082	130,553
General and administrative			
Outside services		2,475	2,420
Administration wages and benefits		26,180	21,149
Property insurance		10,099	8,029
Safety fess and expense		20,204	23,850
Steamgaging		58,361	57,660
Supplies and materials		2,400	2,740
Total general and administrative		119,719	115,848
Total Goodwin Facility	$	334,519	408,711

Tri-Dam Project
Supporting Schedules of Expenses
Operations, Maintenance, and General and Administrative, continued
For the Fiscal Years Ended December 31, 2020 and 2019

		2020	As Restated 2019
Overall General and Administrative:			
Outside services	$	724,876	799,590
Administration wages and benefits		1,414,690	1,856,604
Property insurance		505,002	417,112
FERC administrative and land fees		201,062	143,090
Safety fees and expense		285,071	269,291
Other wages and benefits-mobile equipment operation		106,181	84,542
Steamgaging		66,254	65,492
Miscellaneous		57,256	40,587
Utilities		47,449	40,510
Meals allowance and travel expense		4,578	13,547
Telephone, internet, data links		78,659	77,336
Office supplies and expense		52,668	59,974
Computer supplies		27,471	5,286
County taxes		24,548	46,628
Professional organizations		25,850	25,903
Total overall general and administrative	$	3,621,615	3,945,492
Depreciation and Amortization:			
Depreciation on capital assets	$	1,853,436	1,837,743
FERC relicensing amortization		233,532	233,532
Total depreciation and amortization	$	2,086,968	2,071,275
Total Operating Expenses	$	9,811,791	10,271,968
Summary of Expenses by Type			
Operations	$	1,589,103	1,661,971
Maintenance		2,104,980	2,084,706
General and Administrative		4,030,740	4,454,016
Depreciation and amortization		2,086,968	2,071,275
Total Operating Expenses	$	9,811,791	10,271,968

Report on Internal Controls and Compliance

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

Board of Directors
Tri-Dam Project
Strawberry, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Tri-Dam Project (Project), which comprise the statement of net position as of December 31, 2020 and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements and have issued our report thereon date July 15, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. During our audit we did identify deficiencies in internal control that we consider to be material weaknesses. The identified material weaknesses are listed as follows:

Audit Preparation and Reconciliation of Project's Books and Records

During the audit, we noted that certain account balances did not agree with supporting documents. Further testing identified matters that required adjustments to current year balances and restatements of prior year balances. As a result, we incurred significant staff time beyond our proposed first-year budgeted hours, causing cost overruns and delays in the audit process.

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

Audit Preparation and Reconciliation of Project's Books and Records

We noted the following discrepancies in the Project's accounting records:

- Investments required material reclassifications and further reconciliation to properly agree account balances to the year-end investment statements. These reclassifications had no material effect on the Project's net position and financial statements taken as a whole.
- Accounts receivable and prepaid expenses were calculated based on methodologies used in the prior year. The cut-off of revenues and expenses can vary from year to year; consequently, the calculation and contents of each account should be evaluated to determine the proper balance. Individually, these items are not significant; however, they are considered material in the aggregate.
- Grant revenue in prior periods was not properly recognized as contribution revenue when the Project's grant expenditures were incurred due to the lack of a process to track grant expenditures to grant receipts. As a result, prior period adjustments were recorded to properly recognize the grant award in the 2019, 2018, and 2017 reporting periods. In addition, our analysis revealed that the Project had earned but had not recorded or collected the grant award retention outstanding. A receivable for the grant retention has been proposed but not recorded and due to the terms of the grants' period of availability, may be uncollectible in 2021.
- Capital assets required material adjustments to reconcile current year construction in progress and depreciable asset accounts. In addition, prior period adjustments were recorded to capitalize previously expensed costs associated with the Beardsley Dam afterbay improvement project in the 2019, 2018, and 2017 reporting periods.

Accounts Receivable

We were provided with an Excel schedule of deposits and credits to support the Project's accounts receivable balance. The support did not include a concise listing of customer receipts outstanding and did not agree to the accounts receivable balances. Moreover, a listing of aged receivables from the accounting system was not provided and, therefore, additional procedures were performed to identify receivables from customers at year-end.

Capital Assets

The Project uses Excel schedules to maintain its capital assets and construction-in-progress. Per the support that the beginning balances did not agree to prior years financial statements and ending balances did not agree to the current year capital asset balances. In addition, we identified capital assets that were expensed instead of capitalized.

Compliance and Other Matters

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

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

Purpose of this Report

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

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
July 15, 2021