Report of Independent Auditors
and Consolidated Financial Statements
with Supplementary Information

Turlock Irrigation District

December 31, 2023 and 2022

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Report of Independent Auditors

The Board of Directors
Turlock Irrigation District

Report on the Audit of the Financial Statements

Opinions

We have audited the consolidated financial statements of Turlock Irrigation District ("District"), which comprise the consolidated statements of net position as of December 31, 2023 and 2022, and the related consolidated statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the statements of fiduciary net position of the retirement plan as of June 30, 2023 and 2022, and the related statements of changes in fiduciary net position of the retirement plan for the 12 months then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the District as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Turlock Irrigation District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. We did not audit the statements of fiduciary net position of the retirement plan as of June 30, 2023 and 2022, and the related statements of changes in fiduciary net position of the retirement plan for the 12 months then ended, and note 13 to the financial statements. Those statements were audited by other auditors, whose report has been furnished to us, and in our opinion insofar as it relates to the amounts as included for the District, is based solely on the report of other auditors. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts, we:

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

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, the District recently adopted the provisions of Governmental Accounting Standards Board (GASB) No. 96, *Subscription Based Information Technology Arrangements*, effective for periods ending after June 15, 2022. The adoption of this resulted in the restatement of previously reported amounts for the year ended December 31, 2022. Our opinion is not modified with respect to this matter.

Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of retirement plan contributions, schedule of changes in net OPEB asset and related ratios and schedule of OPEB plan contributions on pages 5 through 16 and 73 through 77 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

Moss Adams LLP

Portland, Oregon
May 1, 2024

Management’s Discussion and Analysis (Unaudited)

Using this financial report
The following management's discussion and analysis of Turlock Irrigation District (TID or the District) and its financial performance provides an overview of TID's financial activities for the years ended December 31, 2023 and 2022. Management's discussion and analysis should be read in conjunction with TID's financial statements and accompanying notes, which follow this section.

Background
TID is an irrigation district organized under the provisions of the Wright Act and has the powers provided therein. Organized in 1887, TID was the first of 65 irrigation districts to be formed in the State of California (the "State"). Its Board of Directors (the Board) governs TID. The five members of the Board are elected from geographic divisions of TID for staggered four-year terms. The Board appoints a general manager and certain other senior managers who are responsible for the operations of TID.

Since 1923, TID has provided all the electric service within its 425 square-mile service area, which includes portions of Stanislaus, Merced and Tuolumne counties. TID's service area includes the cities of Turlock, Ceres, Hughson and a part of Modesto and the unincorporated communities of Ballico, Keyes, Denair, Hickman, Delhi and Hilmar.

Since 2003, TID has owned and operated the electric distribution facilities in a portion of the west side of Stanislaus County, including the City of Patterson, the community of Crows Landing and certain adjacent rural areas (collectively, the "Westside"). The Westside covers approximately 237 square miles.

To provide electric service within its service area, TID owns and operates an electric system, which includes generation, transmission and distribution facilities. Its generating facilities include hydroelectric, wind, natural gas-fired and other facilities. TID also purchases power and transmission service from other sources and participates in other utility arrangements.

TID also supplies water for irrigation use within 308 square miles of its service area, comprising approximately 5,800 parcels of land and 250 miles of gravity flow canals and laterals. TID's electric and irrigation systems are operated and accounted for as a single entity; hence, revenues from both systems are available to pay the obligations of TID.

Rates and charges
TID's Board has full and independent authority to establish revenue levels and rate schedules for all electric service provided by TID. TID is not subject to retail rate regulation by any state or federal regulatory body, and is empowered to set retail rates effective at any time. TID has maintained rates for electric service that have been sufficient to provide for all operating and maintenance costs and expenses, debt service, repairs, replacements and renewals and to provide for base capital additions to the system. The Board fixes rates and charges of TID based on a cost of service methodology.

TID had no electric rate increases for the years beginning January 1, 2023 and January 1, 2022.

Irrigation rates in a normal year are $60/acre and in a dry year are $68/acre, and there are varying tiers based on the amount of water used ranging from $2 to $20 per acre-foot. There were no irrigation rate schedule changes for 2023 or 2022.

TID has a credit requirement for all new service connections, which requires new customers to place a deposit with TID.

Financial reporting

TID maintains its accounts in accordance with generally accepted accounting principles for proprietary funds as prescribed by the Governmental Accounting Standards Board (GASB). TID is accounted for as an enterprise fund and is financed and operated in a manner similar to that of a private business enterprise. TID uses the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. TID's accounting records generally follow the Uniform System of Accounts for public utilities and licensees prescribed by the Federal Energy Regulatory Commission (FERC), except as it relates to the accounting for contributions in aid of construction (CIAC).

TID provides energy for residential, commercial, and industrial use and provides irrigation water for agricultural use. Accordingly, TID defines operating revenues as sales of energy, wholesale sales of energy and natural gas, irrigation sales, and other miscellaneous energy and irrigation service revenues. Operating expenses include the costs of sales and services, administration expenses, depreciation, depletion and amortization. Nonoperating revenue and expense typically includes interest income on investments, net interest and amortization expense, and other miscellaneous items.

In accordance with the GASB accounting rules which govern regulatory accounting, the Board has taken various regulatory actions for ratemaking purposes that result in the deferral of revenue or expense recognition. At December 31, 2023 and 2022, TID had total regulatory assets of $40.8 million and $59.5 million, respectively, and total regulatory credits of $135.7 million and $152.9 million, respectively. The regulatory credits are recognized in the statement of revenues, expenses and changes in net position when the Board concludes that they should be used for ratemaking purposes.

Investment policies and procedures

The Board reviews TID's investment policy on an annual basis. TID has contracted with Public Financial Management Asset Management (PFMAM), a leading investment manager of public entity funds, to invest TID's cash and investments. PFMAM only purchases investments on behalf of TID which are permitted by TID's investment policy. The Bank of New York Mellon Trust Company holds these investments in custody.

Debt management program

TID regularly reviews its debt structure, which includes the issuance of refunding bonds to achieve debt service savings.

Component units

The District has two component units, the Walnut Energy Center Authority (WECA) and the Tuolumne Wind Project Authority (TWPA), both of which were formed for the purposes of developing and operating generation facilities for the District's use. WECA operates a 250 MW natural gas fueled generation facility located in TID's service territory. TWPA has a membership interest in a 136.6 MW wind farm, consisting of 62 wind-turbine generators located in Klickitat County, Washington. Although WECA and TWPA are separate legal entities from TID, they are reported as part of TID because of the extent of their operational and financial relationships with TID. Additionally, TID has fiduciary responsibility for a single-employer group pension plan, the Amended and Restated Plan for Employees and Elective Officers of the Turlock Irrigation District, (the "Retirement Plan"). The Retirement Plan is a component unit which is presented as a fiduciary fund and the activities of the Retirement Plan are recorded in the Statements of Fiduciary Net Position of the Retirement Plan and Statements of Changes in Fiduciary Net Position of the Retirement Plan. Accordingly, all operations of these component units are consolidated into TID's financial statements.

Using this financial report

This annual financial report consists of management's discussion and analysis and the financial statements, including notes to the financial statements. The annual financial report reflects the activities of TID primarily funded through the sale of energy, transmission, and distribution services to its retail and wholesale customers, as well as irrigation services.

Statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows

The statements of net position include all of TID's assets, liabilities and deferred outflows and inflows using the accrual basis of accounting, as well as information about which assets can be utilized for general purposes, and which assets are restricted as a result of bond covenants and other commitments. The statements of revenues, expenses, and changes in net position report all of the revenues and expenses during the time periods indicated. The statements of cash flows report the cash provided and used by operating activities, as well as cash payments for debt service and capital expenditures and cash purchases and proceeds from investing activities during the time periods indicated.

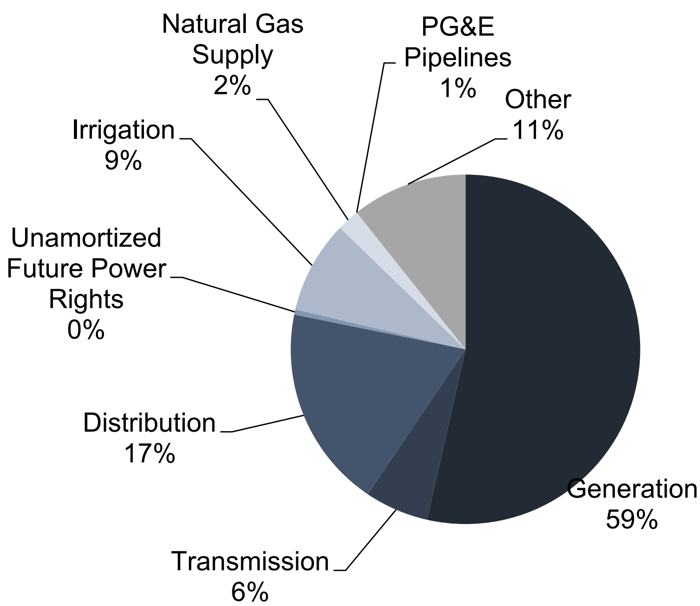
Summary of Financial Position and Changes in Net Position as of and for the years ended December 31, 2023, 2022, and 2021:

(dollars in thousands)	2023	2022 *(Restated)*	2021 *(Restated)*
ASSETS AND DEFERRED OUTFLOWS			
Utility plant, net	$ 1,238,843	$ 1,196,583	$ 1,176,680
Cash, cash equivalents, and investments	393,325	445,593	444,981
Other noncurrent assets	70,525	91,482	67,902
Other current assets	82,605	91,713	75,989
Deferred outflows of resources	85,316	110,387	49,565
Total assets and deferred outflows	$ 1,870,614	$ 1,935,758	$ 1,815,117
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
Long-term debt	$ 862,318	$ 913,514	$ 963,383
Other noncurrent liabilities	69,490	97,969	20,906
Other current liabilities	130,545	159,216	109,131
Deferred inflows of resources	207,176	221,037	228,915
Total liabilities and deferred inflows	1,269,529	1,391,736	1,322,335
NET POSITION			
Net investment in capital assets	382,957	286,908	216,134
Restricted	45,263	42,482	40,350
Unrestricted	172,865	214,632	236,298
Total net position	601,085	544,022	492,782
Total liabilities, deferred inflows, and net position	$ 1,870,614	$ 1,935,758	$ 1,815,117
REVENUES, EXPENSES, AND CHANGES IN NET POSITION			
Operating revenues	$ 454,727	$ 487,528	$ 390,952
Operating expenses	(387,064)	(418,552)	(328,151)
Operating income	67,663	68,976	62,801
Nonoperating expense, net	(10,600)	(17,736)	(21,775)
Increase in net position	57,063	51,240	41,026
NET POSITION			
Beginning of year	544,022	492,782	451,756
End of year	$ 601,085	$ 544,022	$ 492,782

Management's Discussion and Analysis as of and for the Year Ended December 31, 2023:

Assets

Utility Plant – TID had approximately $1.239 million invested in utility plant assets, net of accumulated depreciation at December 31, 2023. TID transferred approximately $53.0 million of assets from construction in progress to utility plant in service in 2023 and had net disposals of $0.1 million. Net utility plant makes up 70% and 66% of TID's assets at December 31, 2023 and 2022, respectively.



During 2023, TID capitalized $104.7 million of additions to utility plant. TID invested $5.4 million in Walnut Energy Center Authority modifications and inspections, $8.0 million in Almond Power Plant modifications and inspections, $21.6 million in relicensing fees related to Don Pedro Dam Hydroelectric facilities and upgrades, $9.3 million on routine expansion, $5.6 million on irrigation facilities, $12.0 million on emission credits, $8.2 million on T & D lines, $2.9 million on vehicle and equipment replacement $5.2 million on a new Enterprise Resource Planning system, $8.2 million on regulating reservoir and $18.3 million on underground lines, transformers, substation upgrades and general capital.

Cash, cash equivalents and investments

TID's cash, cash equivalents and investments decreased $52.3 million during 2023. This was primarily due to cash outflows from current year capital offset by current year operations.

Other noncurrent assets

Other noncurrent assets decreased $21.0 million during 2023. This decrease is related to a decrease in regulatory assets of $18.7 million, a decrease in derivative financial instruments of $2.6 million and a decrease in other assets of $3.3 million, offset by an increase in other post employment benefits ("OPEB") asset of $3.8 million.

Other current assets

Other current assets decreased $9.1 million during 2023. The was primarily due to a decrease in wholesale accounts receivable of $15.6 million, a decrease in derivative financial instruments of $1.7 million and a decrease of $0.1 million in receivable from the Transmission Agency of Northern California, offset by an increase in materials and supplies of $4.0 million, an increase in accrued Interest and other receivables of $3.0 million, an increase of $0.3 million in retail accounts receivable and an increase in prepaid expenses and other current assets of $1.0 million.

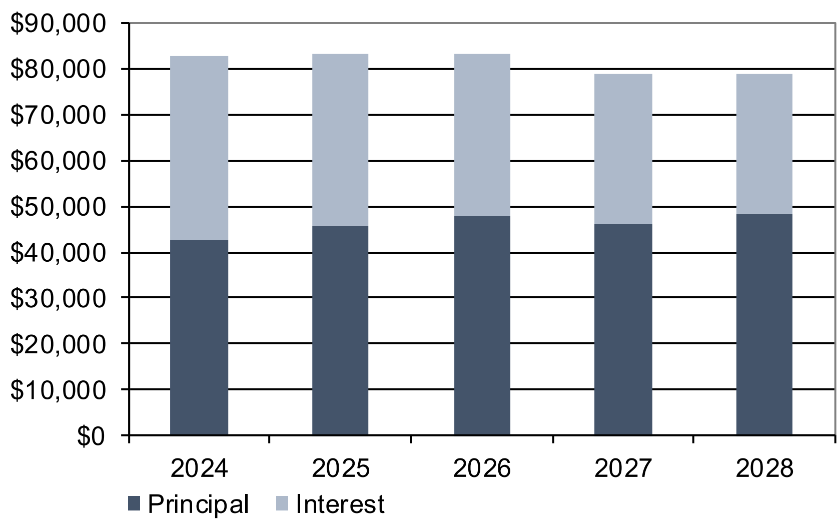
Deferred outflows of resources

Deferred outflows of resources decreased $25.1 million primarily due to a decrease of deferred pension outflows of $19.2 million, a decrease of $4.0 million in cash flow hedges, current year amortization of $2.0 million in debt refunding losses and a net decrease in deferred Asset Retirement Obligation (ARO) of $0.8 million, offset by an increase in deferred Other Post-Employment Benefits (OPEB) outflows of $0.9 million.

Liabilities and changes in net position

Long-term debt – Long-term debt decreased $51.2 million primarily due to scheduled principal payments of $39.9 million, and the amortization of debt premiums of $11.3 million.

The following table shows TID's future debt service requirements from 2024 through 2028 at December 31, 2023 (dollars in thousands):



At December 31, 2023, TID's bond ratings are A2 from Moody's, AA- from Fitch and AA- from Standard and Poor's.

Other noncurrent liabilities

Other noncurrent liabilities decreased $28.5 million in 2023. The decrease was primarily due to a decrease of $27.9 million in the net pension liability and a decrease in subscription payable, offset by an increase of $0.7 million in TID's asset retirement obligation and an increase in lease payable of $0.2 million.

Other current liabilities
Other current liabilities decreased $28.7 million in 2023. The decrease was due to a decrease in customer deposits and advances of $7.9 million, a decrease of $4.4 million in derivative financial instruments, a decrease in commercial paper of $4.2 million, a decrease of interest payable of $0.9 million, and a net decrease in gas and power accounts payable and accrued expenses of $11.9 million.

Deferred inflow of resources
Deferred inflow of resources decreased $13.9 million due to a net decrease in regulatory credits of $17.2 million, a decrease in cash flow hedges of $4.3 million, a decrease in deferred lease inflows of $2.1 million and current year amortization of deferred refunding gain of $0.6 million, offset by an increase of $7.2 million in deferred pension inflows and an increase in deferred OPEB inflows of $3.1 million.

Changes in net position

Operating revenues
Operating revenues decreased $32.8 million from $487.5 million in 2022 to $454.7 million in 2023. Wholesale electric revenues decreased $29.7 million to $90.9 million in 2023 from $120.6 million in 2022, primarily as a result of a decrease in average sales price and a decrease in sales volume of approximately 5.0%. Sales price decreased approximately 18% from an average of $101/megawatt hours (MWh) in 2022 to $83/MWh in 2023. Wholesale gas revenues decreased $5.5 million due to a decrease in sales volume and price. Electric retail power revenues increased $3.2 million in 2023, primarily due to $34.4 million recognition of electric rate stabilization, offset by a deferral of $12.1 million in revenues as a result of the power supply adjustment compared to a recognition of $0.8 million as a result of the power supply adjustment in 2022. Consumption for 2023 was down approximately 4.0% when compared to 2022.

Operating expenses
Operating expenses decreased $31.5 million from $418.6 million in 2022 to $387.1 million in 2023. Purchased power, generation and fuel expenses decreased $21.6 million to $235.8 million in 2023 compared to $257.4 million in 2022. The decrease is primarily due to a net decrease in purchased power of $25.0 million from a decrease in purchased power of $38.2 million offset by change in recognition of a previous deferral of purchased power related to the power supply adjustment of $6.6 million, offset by an increase in fuel and emission related expenses of $0.8 million. The remaining offset is due to increased operating and maintenance costs at the District's generating facilities. Other electric expense decreased $0.6 million due to decreased miantenance on hydro facilities offset by increased distribution maintenance activities. Irrigation expense decreased $1.6 million primarily due to decreased water delivery costs and canal maintenance costs. Administrative and general expenses decreased $2.8 million when compared to 2022 primarily due to expiration of California's 2022 Covid-19 supplemental paid sick leave in December 2022 and a decrease in pension expense in 2023. Depreciation and amortization expense decreased $4.6 million primarily due to a reduction of depletion expense of $6.2 million offset by new assets being put into production.

Net investment income

Net investment income in 2023 increased $3.7 million when compared to 2022, primarily due to higher yields on investments.

Other income

Other income in 2023 increased $0.6 million due to an increase in state grant funds and miscellaneous reveune of $3.2 million and an increase in contributions in aid of construction revenue of $0.6 million, offset by insurance settlement proceeds that resulted in a gain of $3.2 million in 2022, which did not occur in 2023.

Derivative gain (loss)

For the year ended December 31, 2023, TID had a net gain of $0.9 million compared to a net loss of $0.3 million for the year ended December 31, 2022, due to a change in the fair value of derivative instruments.

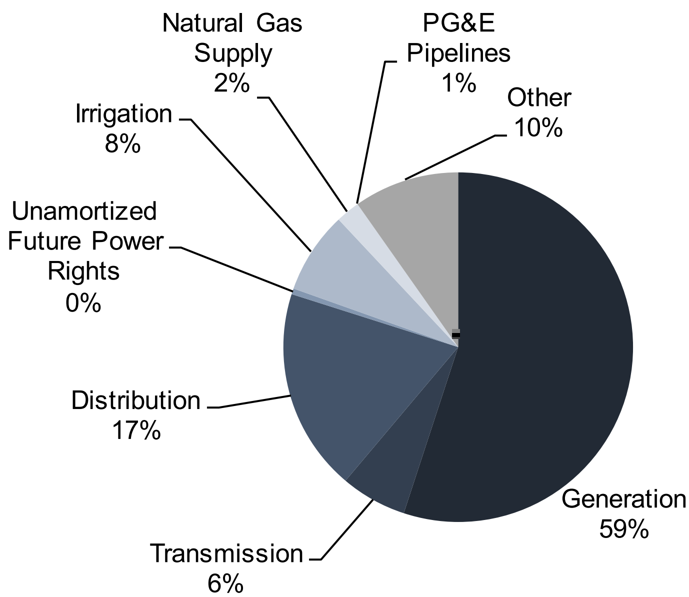
Net interest and amortization expense

Net interest and amortization expense decreased $1.5 million in 2023 as compared to 2022, primarily due to principal pay down of debt.

Management's Discussion and Analysis as of and for the Year Ended December 31, 2022:

Assets

Utility Plant – TID had approximately $1.197 million invested in utility plant assets, net of accumulated depreciation at December 31, 2022. TID transferred approximately $44.3 million of assets from construction in progress to utility plant in service in 2022 and had net disposals of $0.1 million. Net utility plant makes up 66% and 67% of TID's assets at December 31, 2022 and 2021, respectively.



During 2022, TID capitalized $87.7 million of additions to utility plant. TID invested $2.1 million in Walnut Energy Center Authority modifications and inspections, $20.0 million in relicensing fees related to Don Pedro Dam Hydroelectric facilities and upgrades, $9.8 million on routine expansion, $8.5 million on irrigation facilities, $18.5 million on emission credits, $22.9 million on T & D lines, $2.2 million on vehicle and equipment replacement $5.7 million on a new Enterprise Resource Planning system, and $6.5 million on underground lines, substation upgrades and general capital.

Cash, cash equivalents and investments
TID's cash, cash equivalents and investments increased $0.6 million during 2022. This was primarily due to cash outflows from current year capital offset by current year operations.

Other noncurrent assets
Other noncurrent assets increased $23.6 million during 2022. This is related to an increase in regulatory assets of $14.2 million, an increase in derivative financial instruments of $2.9 million and an increase in other assets of $20.5 million primarily due the adoption of GASB 87 and GASB 96, offset by a decrease in other post employment benefits ("OPEB") asset of $7.7 million and a decrease in net pension asset of $6.4 million

Other current assets

Other current assets increased $15.7 million during 2022. The increase was due primarily an increase in wholesale accounts receivable of $12.5 million, an increase in materials and supplies of $3.1 million, an increase in derivative financial instruments of $3.3 million, an increase of $1.0 million in retail accounts receivable, an increase of $0.7 million in receivable from the Transmission Agency of Northern California and an increase in prepaid expenses and other current assets of $0.1 million, offset by a decrease in increase in accrued Interest and other receivables of $5.0 million.

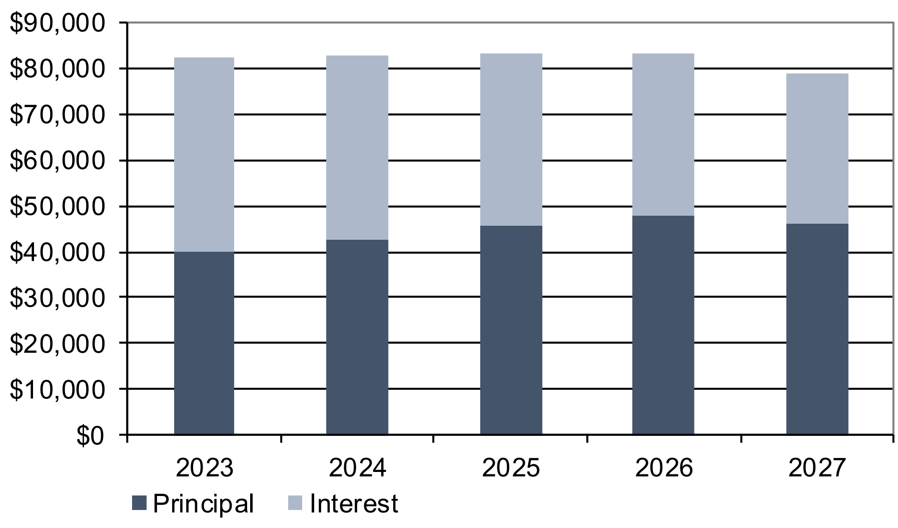
Deferred outflows of resources

Deferred outflows of resources increased $60.8 million primarily due to an increase of deferred pension outflows of $52.9 million, an increase of $7.5 million in cash flow hedges and an increase deferred Other Post-Employment Benefits (OPEB) outflows of $3.7 million, offset by current year amortization of $2.5 million in debt refunding losses and a net decrease in deferred Asset Retirement Obligation (ARO) outflow of $0.8 million.

Liabilities and changes in net position

Long-term debt – Long-term debt decreased $49.9 million primarily due to scheduled principal payments of $37.8 million, and the amortization of debt premiums of $12.1 million.

The following table shows TID's future debt service requirements from 2023 through 2027 at December 31, 2022 (dollars in thousands):



At December 31, 2022, TID's bond ratings are A2 from Moody's, AA- from Fitch and AA- from Standard and Poor's.

Other noncurrent liabilities
Other noncurrent liabilities increased $77.1 million in 2022. The increase was primarily due to an increase of $71.5 million in the net pension liability, an increase in subscription payable of $6.4 million due to the adoption of GASB 96 and an increase of $1.0 million in TID's asset retirement obligation, offset by a decrease of $0.7 million in derivative financial instruments and a decrease in lease payable of $0.1 million.

Other current liabilities
Other current liabilities increased $50.1 million in 2022. The increase was due to a net increase in gas and power accounts payable and accrued expenses of $30.0 million, an increase in customer deposits and advances of $15.0 million and an increase of $8.6 million in derivative financial instruments, offset by a net decrease in commercial paper of $2.7 million and a decrease of interest payable of $0.8 million.

Deferred inflow of resources
Deferred inflow of resources decreased $7.9 million due to a decrease in deferred OPEB inflows of $3.3 million, a decrease of $10.5 million in deferred pension inflows, and a net decrease in regulatory credits of $16.5 million offset by an increase in cash flow hedges of $6.3 and an increase in deferred lease inflows of $16.8 million.

Changes in net position

Operating revenues
Operating revenues increased $96.6 million from $391.0 million in 2021 to $487.5 million in 2022. Wholesale electric revenues increased $41.8 million to $120.6 million in 2022 from $78.8 million in 2021, primarily as a result of an increase in average sales price as volume sold remained primarily flat. Sales price increased approximately 52.6% from an average of $65/megawatt hours (MWh) in 2021 to $101/MWh in 2022. Wholesale gas revenues increased $3.7 million due to an increase in sales volume and price. Electric retail power revenues were up $52.9 million primarily due to $27.8 million recognition of electric rate stabilization and recognition of $0.8 million in revenues as a result of the power supply adjustment compared to a deferral of $18.8 million as a result of the power supply adjustment, which reduced revenues in 2021. Consumption for 2022 was up approximately 1.7% when compared to 2021.

Operating expenses
Purchased power, generation and fuel expenses increased $71.2 million to $257.4 million in 2022 compared to $186.2 million in 2021. The increase is primarily due to an increase in fuel and emission related expense of $38.3 million and an increase in purchased power of $33.3 million offset by a deferral of purchased power related to the power supply adjustment of $6.6 million. The remaining increase is due to increased operating and maintenance costs at the District's generating facilities. Other electric expense increased $10.5 million due to increased distribution maintenance activities and increased pension expense due to poor stock market performance in 2022. Irrigation expense increased $3.3 million primarily due to increased water delivery costs, canal maintenance and increased pension expense due to poor stock market performance in 2022. Administrative and general expenses increased $5.7 million when compared to 2021 primarily due to increased insurance premiums and increased pension expense due to poor stock market performance in 2022. Depletion expense increased $0.7 million as a result of current year production from TID's gas field investments. Depreciation and amortization expense decreased $0.3 million primarily due to assets being fully depreciated offset by an increase in amortization expense due to the adoption of GASB 96.

Net investment income
Net investment income in 2022 decreased $0.7 million when compared to 2021, primarily due to lower yields on investments.

Other income
Other income in 2022 increased $3.8 million due primarily to insurance settlement proceeds that resulted in a gain of $3.2 million realized as a result of a fire and the subsequent increase in the replacement estimate related to the fire that destroyed a building owned by TID in 2016 and an increase in contributions in aid of construction revenue of $1.4 million offset by emergency grant funds decrease of $0.8 million related to a fire received in 2021.

Derivative gain (loss)
For the year ended December 31, 2022, TID had a net loss of $0.3 million compared to a net loss of $0.02 million for the year ended December 31, 2021, due to a change in the fair value of derivative instruments.

Net interest and amortization expense
Net interest and amortization expense decreased $1.2 million in 2022 as compared to 2021, primarily due to principal pay down of debt.

Consolidated Financial Statements

Turlock Irrigation District
Consolidated Statements of Net Position
December 31, 2023 and 2022

(dollars in thousands)	2023	2022
		(Restated)
ASSETS		
Utility plant, net	$ 1,238,843	$ 1,196,583
Investments and other long-term assets		
Cash and cash equivalents, restricted for long-term purposes	9,580	2,639
Short-term investments, restricted for long-term purposes	5,663	17,793
Long-term investments, including restricted amounts	197,832	169,761
Regulatory assets	40,846	59,537
Net OPEB asset	6,692	2,926
Other assets	22,271	25,685
Derivative financial instruments, net of current portion	716	3,334
	283,600	281,675
CURRENT ASSETS		
Cash and cash equivalents, including restricted amounts	177,422	240,013
Short-term investments, including restricted amounts	2,828	15,387
Retail accounts receivable, net	25,335	25,066
Wholesale accounts receivable, net	4,760	20,343
Accrued interest and other receivables	18,674	15,740
Materials and supplies, net	12,754	8,725
Prepaid expenses and other current assets	3,554	2,505
Affiliate receivable	15,337	15,441
Derivative financial instruments	2,191	3,893
	262,855	347,113
Total assets	1,785,298	1,825,371
DEFERRED OUTFLOWS OF RESOURCES		
Deferred refunding loss	3,348	5,298
Cash flow hedges	5,672	9,624
Deferred OPEB outflows	5,076	4,220
Deferred ARO outflows	7,410	8,233
Deferred pension outflows	63,810	83,012
	85,316	110,387
Total assets and deferred outflows	$ 1,870,614	$ 1,935,758

See accompanying notes.

Turlock Irrigation District
Consolidated Statements of Net Position
December 31, 2023 and 2022

(dollars in thousands)	2023	2022 (Restated)
LIABILITIES		
Liabilities		
Long-term debt, net of current portion	$ 819,578	$ 873,589
Asset retirement obligation	17,324	16,674
Net pension liability	43,593	71,519
Lease payable	4,587	4,418
Subscription payable	3,960	5,358
Derivative financial instruments, net of current portion	26	-
	889,068	971,558
Current liabilities		
Commercial paper	23,581	27,826
Current portion of long-term debt	42,740	39,925
Power purchases and gas payables	11,315	34,893
Accounts payable and accrued expenses	35,484	23,753
Accrued salaries, wages, and related benefits	10,070	9,466
Customer deposits and advances	23,656	31,520
Accrued interest payable	20,793	21,735
Derivative financial instruments	5,646	10,023
	173,285	199,141
Total liabilities	1,062,353	1,170,699
DEFERRED INFLOWS OF RESOURCES		
Deferred refunding gain	5,213	5,857
Cash flow hedges	2,906	7,227
Deferred OPEB inflows	5,535	2,408
Deferred pension inflows	43,061	35,786
Deferred lease inflows	14,734	16,839
Regulatory credits	135,727	152,920
	207,176	221,037
NET POSITION		
Net investment in capital assets	382,957	286,908
Restricted	45,263	42,482
Unrestricted	172,865	214,632
Total net position	601,085	544,022
Total liabilities, deferred inflows, and net position	$ 1,870,614	$ 1,935,758

See accompanying notes.

Turlock Irrigation District
Consolidated Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2023 and 2022

(dollars in thousands)	2023	2022 (Restated)
OPERATING REVENUES		
Electric		
Retail	$ 345,970	$ 342,773
Wholesale	90,925	120,579
Irrigation	14,224	14,711
Wholesale gas	3,423	8,888
Other	185	577
	454,727	487,528
OPERATING EXPENSES		
Purchased power	82,190	107,226
Generation and fuel	153,638	150,159
Other electric	39,429	39,991
Irrigation	15,366	17,004
Administration and general	32,214	35,335
Depreciation and amortization	64,227	68,837
	387,064	418,552
Operating income	67,663	68,976
NONOPERATING REVENUES AND EXPENSES		
Net investment income	6,160	2,422
Other income, net	16,399	15,756
Derivative gain (loss)	922	(310)
Interest and amortization expense, net	(34,081)	(35,604)
	(10,600)	(17,736)
Increase in net position	57,063	51,240
NET POSITION		
Beginning of year	544,022	492,782
End of year	$ 601,085	$ 544,022

See accompanying notes.

Turlock Irrigation District
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

(dollars in thousands)	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electric customers	$ 324,111	$ 314,560
Receipts from wholesale power sales	106,508	108,085
Receipts from irrigation customers	14,027	14,853
Receipts from sales of gas	3,715	9,225
Payments to vendors for purchased power	(88,748)	(106,648)
Payments to employees and vendors for generation and fuel and other electric	(202,712)	(169,816)
Payments to employees and vendors for irrigation	(15,903)	(17,048)
Payments to employees and vendors for administration and general	(37,123)	(13,889)
Other receipts and payments, net	(4,547)	22,830
Net cash provided by operating activities	99,328	162,152
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(87,807)	(88,219)
Proceeds from contributions in aid of construction	5,090	6,489
Repayment of long-term debt	(39,925)	(37,780)
Repayment of commercial paper	(4,245)	(2,745)
Interest payments on debt	(44,343)	(45,988)
Repayment of lease obligation	(1,511)	(177)
Cash received from lease	2,500	-
Proceeds from the sale of emission credits	-	11,999
Build America Bond receipts	3,478	3,462
Net cash used in capital and related financing activities	(166,763)	(152,959)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	4,956	2,410
Derivative gain	524	70
Purchases of investments	(102,196)	(32,662)
Sales of investments	108,501	24,632
Net cash used in investing activities	11,785	(5,550)
Net increase in cash and cash equivalents	(55,650)	3,643
CASH AND CASH EQUIVALENTS		
Beginning of year	242,652	239,009
End of year	$ 187,002	$ 242,652
RECONCILIATION OF CASH AND EQUIVALENTS TO STATEMENTS OF NET POSITION		
Cash and cash equivalents restricted for long-term purposes	$ 9,580	$ 2,639
Cash and cash equivalents, including restricted amounts	177,422	240,013
	$ 187,002	$ 242,652

See accompanying notes.

Turlock Irrigation District
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

(dollars in thousands)	2023	2022
ADJUSTMENT TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATIONS		
Operating income	$ 67,663	$ 68,976
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	64,227	67,687
ARO accretion expense	1,473	1,841
Other income	9,210	9,226
Other changes in operating assets and liabilities:		
Accounts receivable	8,829	(5,922)
Materials and supplies	(4,029)	(3,138)
Prepaid expenses and other current assets	(1,298)	473
Regulatory assets and credits	(7,643)	(32,425)
Deferred OPEB outflows	(856)	(3,699)
Deferred pension inflows	7,275	(10,474)
Net OPEB asset	(3,766)	7,654
Power purchases and gas payables	(23,578)	21,404
Accounts payable and accrued expenses	(5,113)	7,024
Accrued salaries, wages, and related benefits	604	871
Customer deposits and advances	(6,072)	11,655
Affiliate receivable	104	(669)
Deferred OPEB inflows	3,127	(3,303)
Deferred pension outflows	19,202	(52,909)
Deferred outflow leases	(2,105)	-
Net pension asset/liability	(27,926)	77,880
Net cash provided by operating activities	$ 99,328	$ 162,152
SUPPLEMENTAL NONCASH INVESTING AND FINANCING ACTIVITIES		
Accounts payable and other liabilities related to construction of capital assets	$ 24,246	$ 7,583
Investment (loss) gain from derivatives	$ (398)	$ 380

See accompanying notes.

Turlock Irrigation District
Statements of Fiduciary Net Position of the Retirement Plan
June 30, 2023 and 2022

(dollars in thousands)	2023	2022
ASSETS		
Cash and cash equivalents	$ 7,615	$ 8,893
Receivables		
Interest	640	548
Dividends	101	93
Total receivables	741	641
Investments, at fair value		
U.S. Government and municipal obligations	34,681	33,649
International obligations	18,618	16,877
Domestic stocks and mutual funds	141,863	127,108
International stocks and mutual funds	96,044	86,243
Domestic fixed income securities	63,756	62,539
Other investments	29,478	27,153
Total investments	384,440	353,569
Total assets	$ 392,796	$ 363,103
LIABILITIES		
Accrued expenses	$ 129	$ 156
Fiduciary net position restricted for pensions	$ 392,667	$ 362,947

See accompanying notes.

Turlock Irrigation District
Statements of Changes in Fiduciary Net Position of the Retirement Plan
For the 12 Months Ending June 30, 2023 and 2022

(dollars in thousands)	2023	2022
ADDITIONS		
Contributions		
Employer	$ 9,164	$ 9,869
Participants	2,592	2,401
Total contributions	11,756	12,270
Investment income (loss)		
Net (depreciation) appreciation in fair value of investments	30,733	(64,474)
Interest income	3,005	2,463
Dividend income	7,207	6,771
Other investment income	5	-
Investment expense	(791)	(978)
Net investment income (loss)	40,159	(56,218)
Total additions, net of investment income (loss)	51,915	(43,948)
DEDUCTIONS		
Benefits paid to participants and beneficiaries	21,830	20,984
Administrative expenses	365	328
Total deductions	22,195	21,312
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	29,720	(65,260)
FIDUCIARY NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	362,947	428,207
End of year	$ 392,667	$ 362,947

See accompanying notes.

Note 1 – Organization, Description of Business

The Turlock Irrigation District (TID or the District) was organized under the Wright Act in 1887 and operates under the provisions of the California Water Code as a special district of the State of California (the State). As a public power utility, TID is not subject to regulation or oversight by the California Public Utilities Commission (CPUC). TID provides electric power and irrigation water to its customers.

TID's Board of Directors (the Board) determines its rates and charges for its commodities and services. TID levies ad valorem property taxes on property located in the counties of Stanislaus and Merced. TID may also incur indebtedness, including issuing bonds, and is exempt from payment of federal and state income taxes.

Note 2 – Summary of Significant Accounting Policies

Method of accounting – TID maintains its accounts in accordance with accounting principles generally accepted in the United States of America (GAAP) for proprietary funds as prescribed by the Governmental Accounting Standards Board (GASB). TID is accounted for as an enterprise fund and is financed and operated in a manner similar to that of a private business enterprise. TID uses the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. TID's accounting records generally follow the Uniform System of Accounts for public utilities and licensees prescribed by the Federal Energy Regulatory Commission (FERC), except as it relates to the accounting for contributions in aid of construction (CIAC).

TID provides energy for residential, commercial, and industrial use and provides irrigation water for agricultural use. Accordingly, TID defines operating revenues as sales of energy, wholesale sales of energy and natural gas, irrigation sales, and other miscellaneous energy and irrigation service revenues. Operating expenses include the costs of sales and services, administration expenses, depreciation, depletion and amortization. Nonoperating revenue and expense typically includes interest income on investments, interest and amortization expense, and other miscellaneous items.

Component units – The Walnut Energy Center Authority (WECA) owns and operates a 250 MW natural gas fueled generation facility, which commenced commercial operations in 2006. The Tuolumne Wind Project Authority (TWPA) owns a membership interest in a 136.6 MW wind farm, consisting of 62 wind-turbine generators located in Klickitat County, Washington. WECA and TWPA have no employees and all the output from both facilities is sold to TID through power purchase agreements.

Although WECA and TWPA are separate legal entities from TID, they are consolidated component units of TID and reported as part of TID because of the extent of their operational and financial relationship with TID which includes majority oversight from the same Board of Directors.

Accordingly, all operations of WECA and TWPA are consolidated into TID's financial statements as blended component units. Internal transactions, including revenues and expenses between the District's component units and the District, have been eliminated in the accompanying financial statements in accordance with GAAP. Copies of the WECA and TWPA stand-alone annual financial reports may be obtained from TID's executive office at 333 East Canal Drive, Turlock, California 95381.

Fiduciary fund – TID has a fiduciary responsibility for a defined benefit pension plan, the Amended and Restated Retirement Plan for Employees and Elective Officer of Turlock Irrigation District (the "Retirement Plan"). The financial activities of the Retirement Plan are included in the financial statements as Statements of Fiduciary Net Position of the Retirement Plan and Statements Changes in Fiduciary Net Position of the Retirement Plan as of June 30, 2023 and 2022, the Retirement Plans fiscal year end.

Use of estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. TID's more significant estimates include fair value estimates for investments; estimated useful lives of utility plant; total pension liability; total other postemployment benefits liability; depletion; and workers' compensation reserves.

Long-term and short-term debt – Long-term debt is recorded at the principal amount of the obligations adjusted for original issue discounts and premiums. The premiums and discounts on bonds issued are amortized over the terms of the bonds using the effective interest method and recorded as a component of interest expense.

Deferred refunding gain or loss – Debt defeasance charges result from debt refunding transactions and comprise the difference between the reacquisition costs and the net outstanding debt balances including deferred costs of the defeased debt at the date of the defeasance transaction. Such charges are included as a component of deferred outflows or deferred inflows and amortized into interest expense over the shorter of the life of the refunded debt or the new debt, using the effective interest method.

Utility plant – Utility plant is recorded at cost. Capital assets are generally defined by TID as assets with an initial, individual cost of more than $5 and an estimated useful life in excess of one year. The cost of additions, renewals and betterments are capitalized; repairs and minor replacements are charged to operating expenses as incurred. Interest cost incurred before the end of a construction period is recognized as an expense in the period in which the cost is incurred in compliance with GASB Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*. TID incurred gross interest costs of $34,081 and $35,604 during the years ended December 31, 2023 and 2022, respectively.

Depreciation is computed using the straight-line method over the estimated useful lives, which generally range from 20 to 40 years and 40 to 150 years for electric and irrigation related assets, respectively. The estimated useful lives of furniture, fixtures, equipment and other assets range from 5 to 25 years. Upon retirement of an asset that was previously in service, the cost of depreciable utility plant, plus removal costs, less salvage, is charged to accumulated depreciation. If a capital asset is disposed of prior to being put into service, the costs capitalized to date are expensed. In addition, during the years ended December 31, 2023 and 2022, TID had net loss totaling $72 and $127, respectively, from retirements and disposals that were previously classified as utility plant.

Future power rights are costs incurred by TID in development of hydroelectric facilities owned by others who provide power to TID. Such costs are recorded as a component of utility plant and are amortized on a straight-line basis over the 49-year periods to which these rights apply.

Impairment of long-lived assets – TID accounts for potential impairments in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, under which TID evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly and when full recovery through utility rates or other means is not considered probable. There were no material impairments of long-lived assets recorded during fiscal 2023 and 2022.

Intangible assets – TID accounts for intangible assets in accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which provides guidance regarding how to identify, account for and report intangible assets. Intangible assets are defined as assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. GASB 51 provides that intangible assets be classified as capital assets, except for items explicitly excluded from the scope of the standard.

Included in nondepreciable utility plant are costs related to emission credits acquired that are necessary to operate gas fired facilities. Such credits have an indeterminate life and are therefore, not amortized.

TID is subject to the requirements under the State's cap and trade program and has purchased emission credits though the State's auction program. The cost of the emission allowances purchased is included in depreciable utility plant. Entities subject to the cap and trade program surrender allowances and offsets equal to their emissions at the end of each compliance period; therefore, TID is amortizing the purchased emission allowances based on District emissions as incurred for wholesale power sales and the amortization expense is included as a component of depreciation expense on the statement of revenues, expenses and changes in net position.

Amortization expense totaled $5,310 and $5,364 for the years ended December 31, 2023 and 2022, respectively.

Investments in gas properties – TID owns nonoperating ownership interests in gas producing properties in Wyoming and Texas. TID uses the successful efforts method of accounting for its investments in these gas producing properties. The costs of the investment along with costs to drill and complete wells that access economically recoverable reserves are capitalized as a component of utility plant on the statement of net position. Costs to drill wells that do not find economically recoverable reserves are expensed. The capitalized costs of producing gas properties, after considering estimated residual salvage values, are depleted by the unit-of-production method based on the estimated future production of proved reserves for the properties. If prominent events or changes in circumstances are identified, the investments in gas properties are evaluated for impairment. No impairment has been recorded to date.

Gas production from TID's share of these properties is sold to wholesale buyers as an economic hedge to offset the net cost of TID's gas supply. Sales of gas in 2023 and 2022 totaled $3,423 and $8,888, respectively. Depletion expense, which is included as a component of depreciation and amortization expense in the accompanying statement of revenues, expenses and changes in net position, totaled $801 and $7,032 for the years ended December 31, 2023 and 2022, respectively.

Cash and cash equivalents – Cash equivalents include all debt instruments with original maturity dates of three months or less from the date of purchase, all investments in the California Asset Management Program (CAMP) and the Local Agency Investment Fund (LAIF). The debt instruments are reported at amortized cost which approximates fair value. The investments in CAMP and LAIF are reported at their net asset value, which approximates fair value. CAMP is a joint powers authority (JPA), a public agency whose investments are limited to those permitted by the California Government Code. TID is invested in CAMP's California Asset Management Trust Cash Reserve Portfolio which is a short-term money market portfolio. Investments in CAMP shares are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other governmental agency. LAIF has an equity interest in the State of California Pooled Money Investment Account (PMIA). PMIA funds are on deposit with the State's Centralized Treasury System and are managed in compliance with the California Government Code, according to a statement of investment policy which sets forth permitted investment vehicles, liquidity parameters and maximum maturity of investments. The PMIA cash and investments are recorded at cost which approximates fair value. TID's deposits with CAMP and LAIF are available for withdrawal generally on demand. TID has an automated investment account where at the end of the business day funds are automatically swept overnight to purchase shares in a money market mutual fund from TID's primary bank and the primary bank automatically redeems the shares the next day. TID receives monthly interest based on the dividend rate of the money market mutual fund.

Investments – Investments are reported at their fair market value, in accordance with GASB issued Statement No. 72, *Fair Value Measurement and Application*. Premiums and discounts on investments are amortized using the effective interest rate method. TID defers unrealized holding gains and losses on its investments until such investments mature or are sold which is consistent with TID's rate setting process. Realized gains and losses are included in net investment income in the accompanying statement of revenues, expenses and changes in net position.

In accordance with provisions of the credit agreements relating to TID's long-term debt obligations, restricted funds held by trustees have been established to provide for certain debt service and project funding requirements. The restricted funds held by trustees are invested primarily in United States (U.S.) government securities and related instruments with maturities no later than the expected date of the use of such funds.

Participation in joint power authorities – TID's ownership investments in JPAs are accounted for using the cost method except for the WECA and TWPA which are consolidated into TID's financial statements.

Accounts receivable and allowance for doubtful accounts – Accounts receivable arise from billings to customers for the sale of power and water, and certain improvements made to customers' properties. Accounts receivable also includes an estimate for unbilled retail and wholesale revenues related to power delivered between the last billing date and the last day of the reporting period.

TID recognizes an estimate of uncollectible accounts for its retail and wholesale receivables based upon its historical experience with collections, current market conditions and specific identification of known losses. At December 31, 2023 and 2022, the allowance for doubtful accounts totaled $1,000 and $1,200, respectively. TID records bad debt expense as a reduction of revenue in the statements of revenues, expenses and changes in net position. During 2022, the District received $185 from the California Arrearage Payment Program (CAPP), which offers assistance for California energy utility customers to help reduce past due energy bill balances that increased during the Covid-19 Pandemic. During 2023 TID received $0 CAPP funds and had $451 in bad debt expense and $234 bad debt expense for 2022.

Materials and supplies – Materials and supplies are used in TID's operations and are recorded at average cost, net of reserves for obsolete items. Reserves for obsolete items totaled $450 at December 31, 2023 and 2022.

Leases – TID adopted GASB Statement No. 87, *Leases,* in 2022 (see Note 5). Leases are contracts that convey control of the right to use another entity's nonfinancial asset as specified for a period of time in an exchange or exchange-like transaction without the transfer of ownership of the asset. The lease term is the period of time where there is a noncancellable right to use the underlying asset.

For lessor contracts, lease receivables and deferred inflows of resources are reported at present value using TID's incremental borrowing rate on the Statements of Net Position. The amortization of the discount for lessor contracts is recorded as Lease receivable for TID on the Statements of Net Position with the offset to interest income in Interest and other income on the Statements of Revenue, Expenses and Change in Net Position (see Note 5).

For lessee contracts, lease assets and liabilities are reported at present value using TID's incremental borrowing rate on the Statements of Net Position. The lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset. The amortization of the discount for lessee contracts is recorded as Interest payable on the Statement of Net Position with the offset to Lease interest expense for TID on the Statement of Revenue, Expenses and Change in Net Position (see Note 5).

Regulatory assets and credits – TID's Board has the authority to establish the level of rates charged for all District services. As a regulated entity, TID's financial statements are prepared in accordance with GASB accounting rules governing regulatory accounting, which require the effects of the rate making process to be recorded in the financial statements. Accordingly, certain expenses and revenues, normally reflected in operations as incurred, are recognized when included in rates and recovered from or refunded to customers as set forth in rate actions taken by the Board.

Public benefit – To comply with state mandated legislation, TID's Board has specified a component of its rates, 2.85%, to be committed to public benefit expenditures. Public benefit expenditures consist of noncapital and capital expenditures for energy efficiency programs and renewable energy resources.

Compensated absences – TID accrues vacation leave, sick leave and other compensated absences earned as liabilities when the employees earn the benefits. At December 31, 2023 and 2022, the total estimated liability for vacation, sick, and other compensated absences was $7,599 and $6,921, respectively, and is included in accrued salaries, wages and related benefits in the accompanying statements of net position.

Self-insurance liability – Substantially all of TID's assets are insured against possible losses from fire and other risks. TID carries insurance coverage to cover general liability claims in excess of $1,000 per occurrence up to $35,000 and workers' compensation claims in excess of $750 per occurrence. TID records liabilities for unpaid claims when they are probable of occurrence and the amount can be reasonably estimated.

TID purchases its excess workers' compensation insurance from the California State Association of Counties (CSAC) Excess Insurance Authority. The risk of loss in excess of $750 per occurrence is transferred to the insurance pool.

The accompanying financial statements include accrued expenses for general liability, workers' compensation and medical, dental and vision claims based on TID's best estimates of the ultimate cost of settling outstanding claims and claims incurred, but not reported. At December 31, 2023 and 2022, TID's estimated self-insurance liability for its workers' compensation claims totaled $2,101 and $2,976, respectively, and is reported as a component of accounts payable and accrued expenses in the statements of net position.

TID is a member of CSAC's Excess Insurance Authority Health program, which administers TID's self-insurance for employee health. CSAC's purpose is to pool the risk of its members to develop and fund programs of excess insurance for its members. Members fund the program through annual premiums developed by the CSAC Board with assistance from actuary and risk management consultants. Should actual losses among pool participants be greater than funds for the program, TID would be assessed its pro-rata share of the deficiency. No such losses have occurred, and no additional liability has been accrued by TID.

Credit and market risk – TID enters into forward purchase and sales commitments for physical delivery of gas and electricity with utilities and power marketers. TID is exposed to credit risk related to nonperformance by its wholesale counterparties under the terms of these contractual agreements. In order to limit the risk of counterparty default, TID has a wholesale counterparty risk policy which includes using the credit agency ratings of TID's counterparties and other credit services, credit enhancements for counterparties that do not meet an acceptable risk level, and the use of standardized agreements that allow for the netting of positive and negative exposures associated with a single counterparty. TID is also subject to similar requirements for many of its gas and power purchase agreements. TID uses a combination of cash and securities to satisfy its collateral requirements to counterparties. At December 31, 2023 and 2022, had $3,100 and $0, respectively, deposited to satisfy its collateral requirements to counterparties which are included in accrued interest and other receivables in the Statements of Net Position. At December 31, 2023 and 2022, TID held deposits totaling $0 and $10,000, respectively, from counterparties which are included in Customer deposits, advances and collateral in the Statements of Net Position.

Gas price swap and option agreements – TID uses forward purchase agreements, swaps and option agreements to hedge the impact of market volatility on gas prices for its gas fueled power plants. Such agreements are treated as derivative financial instruments as defined below. Expenses under the contracts, net of the payments received, are reported as generation and fuel expense, in the period in which the underlying gas and power deliveries occur.

Derivative financial instruments – TID accounts for derivative instruments in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), which establishes accounting and financial reporting standards for the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments (Note 11).

TID records derivative financial instruments, consisting of gas price swap agreements, option agreements, and gas and electricity purchase and sales agreements that are not treated as normal purchases and normal sales, at fair value on its statements of net position. Normal purchases and sales contracts are for the purchase or sale of a commodity, such as natural gas or electricity, to be used in the normal course of operations, provided that it is probable TID will take or make delivery of the commodity specified in the derivative instrument. Changes in the fair value of derivatives that do not meet the requirements of an effective hedge transaction are included in nonoperating revenues and expenses as a derivative gain (loss). Changes in the fair value of derivatives which are effective hedges are deferred on the statements of net position.

The fair values of gas and electricity purchase and sales agreements are based on forward prices, established from published indexes from applicable regions and discounted using established interest rate indexes, where applicable, and information obtained from a pricing service where a published index is not available.

TID reports derivative financial instruments with remaining maturities of one year or less and the portion of long-term contracts with scheduled transactions over the next twelve months as current on the statements of net position. TID is exposed to risk of nonperformance if the counterparties default or if the agreements are terminated. TID monitors these risks and does not anticipate nonperformance.

Pension plan – TID has a single-employer group defined benefit pension plan (the “Retirement Plan”) which provides retirement benefits covering substantially all of its employees who have completed one year of continuous service. TID accounts for the Retirement Plan in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment to GASB Statement No. 27, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 68). This statement establishes standards for measuring and recognizing liabilities, deferred outflows and deferred inflows of resources, and expenses. For defined benefit plans, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Other Post-Employment Benefits – TID provides post-retirement medical benefits in accordance with TID policy to qualified retirees and their spouses through TID’s Employee Health Care Plan (the “Health Plan”) until the retiree and participating spouse reach age 65. In 2018, TID adopted GASB Statement No. 75*, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). For defined benefit OPEB, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. TID considers post-employment healthcare benefits to be OPEB costs.

TID’s OPEB liability (asset) at December 31, 2023 is based upon a valuation date of June 30, 2023.

Net position – TID classifies its net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation reduced by the outstanding debt balances, net of deferred inflows and outflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt.

Restricted – This component of net position consists of assets with external constraints placed on their use. Constraints include those imposed by debt indentures, grants or laws and regulations of other governments, by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net amount of assets, deferred outflows of resources, liabilities, and deferred inflows that do not meet the definition of restricted or net investment in capital assets.

Board designated net position – Net position includes amounts that TID's Board designates as reserves for debt service, capital improvements and rate stabilization. The rate stabilization fund represents amounts reserved for the purpose of stabilizing electric utility rates in future periods. The Board determines the annual transfers into and out of these reserves. While the Board designates these funds as reserve funds, they are not restricted and the Board can utilize such funds for any purpose.

The designated funds included in unrestricted net position were as follows at December 31:

	2023	2022
Rate stabilization	$ 34,076	$ 34,076
Capital improvements	7,791	7,791
	$ 41,867	$ 41,867

Purchased power expenses – A portion of TID's power needs are provided by power purchase agreements. Expenses from such agreements, along with associated transmission costs paid to other utilities, are charged to purchased power expense in the period the power was received. Adjustments to prior billings are included in purchased power expense once the payments or adjustments can be reasonably estimated. Gains or losses on power purchase and sale transactions that are settled without physical delivery are recorded as net additions or reductions to purchased power expense.

Additionally, any changes in the power supply adjustment (Note 10) balance, resulting in a regulatory asset increasing or decreasing are recorded as additions or reductions to purchased power expense and any changes resulting in a regulatory credit increasing or decreasing are recorded as additions or reductions to retail revenues. When the power supply adjustment balance changes from a regulatory credit to a regulatory asset or from a regulatory asset to a regulatory credit from one year to the next, a change to both purchased power expense and a change to retail revenues will be reflected in the statement of revenues, expenses and changes in net position. For the year ended December 31, 2023, the power supply adjustment balance increased resulting in a decrease to retail revenues of $12,145 and an increase to purchased power expense of $6,585, and for the year ended December 31, 2022, the power supply adjustment balance decreased resulting in an increase to retail revenues of $775 and a decrease to purchased power expense of $6,585.

Contributions in aid of construction (CIAC) and grants – TID receives CIAC for customer contributions relating to expansions to TID's distribution facilities. TID also receives grant proceeds from federal and state assisted programs for its river restoration programs and other programs. The contributions and grant proceeds are included in other income in the statement of revenues, expenses and changes in net position. When applicable, these programs may be subject to financial and compliance audits pursuant to regulatory requirements. TID considers the possibility of any material grant disallowances to be remote.

Asset retirement obligations – TID records asset retirement obligations (AROs) where there is a legally enforceable liability associated with the retirement of tangible capital assets. An ARO is measured based on the best estimate of the current value of outlays expected to be incurred. The current value is adjusted annually for the effects of general inflation or deflation. All relevant factors are evaluated at least annually to determine whether there is a significant change in the estimate outlays and whether to remeasure the ARO. The deferred outflows of resources are reduced and recognized as outflows of resources in a systematic and rational matter over the estimated useful life of the tangible capital asset.

California greenhouse gas legislation – California Assembly Bill 32 (AB-32) was passed by California lawmakers in 2006 and is an effort by the State of California to set a 2020 greenhouse gas emissions reduction goal into law. In an update to AB-32 Senate Bill 100 (SB-100) was passed stating that it is the policy of California that eligible renewable resources and zero-carbon resources supply 100% of retail electricity sales to retail customers by December 31, 2045. Central to this initiative is the implementation of a cap and trade program, which covers major sources of greenhouse gases (GHG) emissions in the State including power plants. The legislation directed the California Air Resources Board (ARB) to begin developing discrete early actions to reduce greenhouse gases while also preparing a scoping plan to identify how best to reach the 2020 limit. A scoping plan was provide in December 2022. The program starts with an enforceable compliance obligation beginning with the 2014 GHG emissions. The cap and trade program includes an enforceable emissions cap that will decline over time. The State distributes allowances, which are tradable permits, equal to the emissions allowed under the cap. Sources under the cap will need to surrender allowances and offsets equal to their emissions at the end of each compliance period. The District is subject to AB 32 and became subject to the requirements under the cap and trade program in 2013. The allowances distributed to the District from the State for the District's retail customers are used in operations. There is no increase in service capacity and no asset has been recognized.

Reclassifications – Certain account reclassifications and adjustments have been made to the financial statements of the prior year in order to conform with current year presentation. These reclassifications have no effect on previously reported net income or total net position.

Recent accounting pronouncements – In March 2020, GASB issued Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” (GASB 94). The primary objective of this Statement is to provide guidance for accounting and financial reporting related to public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs). 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. 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. This statement is effective for TID in 2023. TID has assessed the impact of this statement, and since TID is not involved with PPPs this statement had no impact to TID’s financial statements.

In June 2022, GASB issued Statement No. 100, “Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62” (GASB 100), to enhance accounting and financial reporting requirements for accounting changes and error corrections. The statement defines accounting changes and sets forth requirements for reporting changes and error corrections in the financial statements. In addition, the statement contains requirements for disclosure in notes to financial statements of information about accounting changes and error corrections. Furthermore, for periods that are earlier than those included in the financial statements, information presented in required supplementary information and supplementary information should be restated for error corrections, but not for changes in accounting principles. This statement is effective for TID in 2024. TID is currently assessing the financial statement impact of adopting this statement.

In June 2022, GASB issued Statement No. 101, “Compensated Absences” (GASB 101), to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. This statement is effective for TID in 2024. TID is currently assessing the financial statement impact of adopting this statement.

(dollars in thousands)

Note 3 – Accounting Change

In May 2020, GASB issued statement no. 96, *Subscription Based Information Technology Arrangements.* The Statement defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use, intangible, subscription asset and a corresponding subscription liability, and provides capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA.

TID implemented GASB No. 96 in 2023, retroactive to the beginning of 2022. TID assessed whether its subscriptions meet the requirements of GASB 96. The implementation impacted the Consolidated Statements of Net Position when SBITA assets and liabilities were recorded and the Consolidated Statements of Revenues, Expenses and Changes in Net Position for classification of where SBITA expenses are recorded. There was no impact on Net Position for 2022 due to the restatement. Changes adopted to conform to the provisions of this statement resulted in the following restatements for 2022.

	12/31/2022 Previously Reported	Adjustment for GASB 96 Adoption	12/31/2022 Restated
Statements of Net Position:			
Other assets	$ 19,014	$ 6,671	$ 25,685
Subscription payable	-	5,358	5,358
Accounts payable and accrued expenses	22,440	1,313	23,753
Statements of Revenues, Expenses and Changes in Net Position:			
OPERATING EXPENSES			
Administration and general	$ 36,485	$ (1,150)	$ 35,335
Depreciation and amortization	67,687	1,150	68,837

(dollars in thousands)

Note 4 – Utility Plant

The summarized activity of TID's utility plant during 2023 is presented below:

	December 31, 2022	Additions	Transfers	Disposals	December 31, 2023
NONDEPRECIABLE UTILITY PLANT					
Land	$ 33,300	$ -	$ -	$ -	$ 33,300
Emission credits	20,187	-	-	-	20,187
Construction in progress	122,671	92,698	(53,080)	-	162,289
Total nondepreciable utility plant	176,158	92,698	(53,080)	-	215,776
DEPRECIABLE UTILITY PLANT					
Generation	999,830	-	5,917	-	1,005,747
Distribution	423,181	-	19,946	(2,146)	440,981
Transmission	189,765	-	2,889	-	192,654
General	138,400	-	7,580	(732)	145,248
Future power rights	27,732	-	33	-	27,765
Irrigation	108,658	-	16,715	-	125,373
Investment in gas properties	123,871	-	-	-	123,871
Emission allowances	40,655	11,959	-	(1,593)	51,021
Total depreciable utility plant	2,052,092	11,959	53,080	(4,471)	2,112,660
Less accumulated depreciation, amortization, and depletion	(1,031,667)	(64,227)	-	4,399	(1,091,495)
Depreciable utility plant, net	1,020,425	(52,268)	53,080	(72)	1,021,165
Utility plant, net	$ 1,196,583	$ 40,430	$ -	$ (72)	$ 1,236,941

(dollars in thousands)

The summarized activity of TID's utility plant during 2022 is presented below:

	December 31, 2021	Additions	Transfers	Disposals	December 31, 2022
NONDEPRECIABLE UTILITY PLANT					
Land	$ 33,300	$ -	$ -	$ -	$ 33,300
Emission credits	20,187	-	-	-	20,187
Construction in progress	97,641	69,309	(44,279)	-	122,671
Total nondepreciable utility plant	151,128	69,309	(44,279)	-	176,158
DEPRECIABLE UTILITY PLANT					
Generation	993,868	-	6,084	(122)	999,830
Distribution	405,222	-	20,021	(2,062)	423,181
Transmission	186,901	-	2,923	(59)	189,765
General	130,933	-	8,676	(1,209)	138,400
Future power rights	26,993	-	739	-	27,732
Irrigation	103,137	-	5,836	(315)	108,658
Investment in gas properties	123,822	49	-	-	123,871
Emission allowances	23,905	18,359	-	(1,609)	40,655
Total depreciable utility plant	1,994,781	18,408	44,279	(5,376)	2,052,092
Less accumulated depreciation, amortization, and depletion	(969,229)	(67,687)	-	5,249	(1,031,667)
Depreciable utility plant, net	1,025,552	(49,279)	44,279	(127)	1,020,425
Utility plant, net	$ 1,176,680	$ 20,030	$ -	$ (127)	$ 1,196,583

Note 5 – Leases

In June 2017, GASB issued Statement No. 87, *Leases,* (GASB 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement requires 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. GASB 87 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 GASB 87, 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.

TID implemented GASB No. 87 in 2022, retroactive to the beginning of 2021. TID has assessed whether its leases meet the requirements of GASB 87. The implementation impacted the Statements of Net Position when the lease assets and liabilities were recorded.

(dollars in thousands)

Lessee – TID has agreements with nine land owners, the minimum annual payment component meets the definition of a lease under GASB 87 and the minimum lease obligation over the life of the leases has been recorded as a lease obligation and a lease asset as of December 31, 2022. Each agreement is for 20 years beginning in 2009 with two 10-year renewal options on which its turbines are located. The landowners are paid a fixed price per kilowatt-hour based on the output of the respective turbines, which includes a minimum annual payment under each agreement. The likelihood that the renewal options will be exercised has been evaluated and it has been determined that lease agreements will be renewed with reasonable certainty. The interest rate is estimated to be 5.5%. For the years ended December 31, 2023 and 2022 total expense incurred under the agreement was $1,146 and $1,203, respectively, of which $253 and $511 has been recorded as interest expense of the leased asset, respectively, $199 and $324 has been recorded as amortization expense of the leased asset and the remaining $621 and $368, respectively, relates to variable payments paid under the agreement and has been recorded in generation and fuel expense within the statement of revenues, expenses and changes in net position. At December 31, 2023 and 2022, TID had a lease asset included in other assets of $9,386 and $11,363, respectively, and accumulated amortization of $596 and $324, respectively. At December 31, 2023 and 2022, lease payable included in current liabilities, accounts payable and accrued expenses were $102 and $96, respectively, and lease payable included in liabilities of $4,587 and $4,418, respectively.

TID's scheduled future annual principal maturities and interest are as follows at December 31, 2023:

	Principal	Interest	Total
2024	$ 102	$ 258	$ 360
2025	114	252	366
2026	125	246	371
2027	132	239	371
2028	139	232	371
2029-2033	819	1,034	1,853
2034-2038	1,086	782	1,868
2039-2043	1,336	447	1,783
2044-2048	732	66	798
2049	2	-	2
	$ 4,587	$ 3,556	$ 8,143

Lessor – In November 2022, TID signed an agreement with a third party, to lease a land site at a TID substation. Under the lease, the third party has exclusive use and occupancy of the site to develop a new generator. The initial term of the agreement runs through December 31, 2027, with an option to extend the agreement for an additional two and a half years ending on June 30, 2030, by the third party. The initial fee is an annual payment of $2,500, escalating 2% for each subsequent year. The likelihood that the renewal options will be exercised has been evaluated and it has been determined that Lessees will exercise the renewal options with reasonable certainty. The interest rate is estimated to be 5.5%. As a result, TID recorded a lease receivable of $14,339 at December 31, 2023. The first payment was received in January 2023, the Board authorized under the agreement, to match the revenue recognition with the potential purchase of the generator on the site at the end of the agreement term (see Note 10) and no revenue has been recorded for the year ended December 31, 2023. At December 31, 2023 and 2022, deferred inflows were $14,734 and $16,839, respectively. At December 31, 2023 and 2022, lease receivable included in current assets, accrued interest and other receivables were $1,761 and $2,500, respectively and lease receivables included in investments and other long-term assets, other assets of $12,577 and $14,339. There were no payments recorded in the current period that were not included in the measurement of the lease liability.

Note 6 – Participation in Joint Powers Agencies

Transmission Agency of Northern California – TID is a member of the Transmission Agency of Northern California (TANC), a JPA consisting of fifteen municipal utilities. TANC is a participant, with a 79.3% share of the California-Oregon Transmission Project (COTP) and other facilities for electric power transmission. TANC develops, operates and manages these projects. The COTP provides electric transmission between the Pacific Northwest and California. TID's entitlement share of TANC's portion of the COTP and other facilities is 17.4%, representing approximately 237 megawatts (MW) of transmission capacity. TID also has a 7.4% entitlement share of TANC's transmission under the South of Tesla transmission agreements, which provides TID with 22 MW of transmission during normal operating conditions between Tesla and Midway.

Under the TANC agreements, TID is responsible for TANC's development, operating and debt service costs on a take-or-pay basis proportionate to its entitlement share. During 2023 and 2022, TID's total expenses in connection with its TANC agreements, included in purchased power expense, totaled $7,233 and $6,189, respectively. At December 31, 2023 and 2022 TID has an affiliate receivable due from TANC of $15,337 and $15,441, respectively.

The long-term debt of TANC is collateralized by a pledge and assignment of net revenues of each JPA, supported by the take-or-pay commitments of TID and other members. As such, TID is contingently obligated for its proportionate share of TANC's liabilities of $307,217 at December 31, 2023. Should other members of TANC default on their obligations to these JPAs, TID would be required to make "step up" payments, up to 25% of its proportionate share, to cover a portion of the defaulted payments and would be entitled to the same proportion of additional transmission.

Historically, there have been no defaults by members of TANC. To obtain audited financial statements of TANC, contact TANC at 35 Iron Point Circle, Suite 225 Folsom, CA 95630.

(dollars in thousands)

Walnut Energy Center Authority – TID and Merced Irrigation District formed WECA for the principal purpose of owning and operating a 250 MW natural gas fueled generation facility that is blended into and reported as a component unit of TID. All operations of WECA are consolidated into TID's financial statements. WECA's financial information is summarized as follows:

	2023	2022
SUMMARIZED STATEMENTS OF NET POSITION		
Current assets	$ 29,415	$ 32,562
Noncurrent assets	183,968	196,635
Total assets	$ 213,383	$ 229,197
Current liabilities	$ 37,215	$ 41,278
Long-term debt, net of current portion	174,471	185,948
Deferred inflow of resources	1,697	1,971
Total liabilities and deferred inflows	$ 213,383	$ 229,197

	2023	2022
SUMMARIZED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating revenues	$ 101,898	$ 86,814
Operating expenses	(95,853)	(79,206)
Operating income	6,045	7,608
Nonoperating revenues and expenses, net	(6,045)	(7,608)
Changes in net position	$ -	$ -

	2023	2022
SUMMARIZED STATEMENTS OF CASH FLOWS		
Net cash provided by operating activities	$ 9,303	$ 9,697
Net cash used in noncapital and related financing activities	(9,274)	(8,875)
Net cash used in capital and related financing activities	(7,514)	(7,204)
Net cash provided by investing activities	10,469	6,878
Net increase in cash and cash equivalents	2,984	496
Beginning of year cash and cash equivalents	13,680	13,184
End of year cash and cash equivalents	$ 16,664	$ 13,680

(dollars in thousands)

Tuolumne Wind Project Authority – TID and WECA formed TWPA for the principal purpose of acquiring and operating wind farm assets. TWPA is reported as a component unit of TID. All operations of TWPA are consolidated into TID's financial statements. TWPA's financial information is summarized as follows:

	2023	2022
SUMMARIZED STATEMENTS OF NET POSITION		
Current assets	$ 40,350	$ 41,371
Noncurrent assets	234,086	249,776
Deferred outflow of resources	10,630	12,944
Total assets and deferred outflows	$ 285,066	$ 304,091
Current liabilities	$ 24,980	$ 24,564
Noncurrent liabilities	21,911	21,092
Long-term debt, net of current portion	238,175	258,435
	$ 285,066	$ 304,091

	2023	2022
SUMMARIZED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating revenues	$ 24,049	$ 25,743
Operating expenses	(14,882)	(13,899)
Operating income	9,167	11,844
Nonoperating revenues and expenses, net	(9,167)	(11,844)
Changes in net position	$ -	$ -

	2023	2022
SUMMARIZED STATEMENTS OF CASH FLOWS		
Net cash provided by operating activities	$ 11,723	$ 13,139
Net cash used in capital and related financing activities	(11,837)	(12,895)
Net cash provided by (used in) investing activities	4,627	(6,859)
Net increase in cash and cash equivalents	4,513	(6,615)
Beginning of year cash and cash equivalents	26,744	33,359
End of year cash and cash equivalents	$ 31,257	$ 26,744

Note 7 – Cash, Cash Equivalents, and Investments

TID's investment policies are governed by the California Government Code and its Bond Indentures, which restrict TID's investment securities to obligations which are unconditionally guaranteed by the U.S. government or its agencies; direct and general obligations of the State or any local agency within the State; obligations of international agencies incorporated by authority of an act of Congress; commercial paper; certificates of deposit; time certificates of deposit; repurchase agreements; medium-term corporate notes; shares of beneficial interest; mortgage pass-through securities; and deposits with the LAIF and CAMP.

TID's investment policy includes restrictions for investments relating to maximum amounts invested as a percentage of the total portfolio and with a single issuer, maximum maturities, and minimum credit ratings.

(dollars in thousands)

Credit risk – To mitigate the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment, TID limits investments to those rated, at a minimum, "A1" or equivalent for medium-term notes and "A" for commercial paper by a nationally recognized rating agency. The following schedule presents the credit risk at December 31, 2023 and 2022. The credit ratings listed are from Standard and Poor's as of December 31, 2023. NR means not rated.

	Credit Rating	2023	2022
CASH AND CASH EQUIVALENTS			
Deposits	NR	$ 126,079	$ 125,703
California Asset Management Program	AAAm	39,420	91,054
Money Market Mutual Fund	AAAm	11,433	18,841
Local Agency Investment Fund	NR	490	4,415
		177,422	240,013
SHORT-TERM INVESTMENTS			
Corporate notes	A-. BBB+	1,748	1,314
Certificates of deposit	A-2	-	1,188
Asset-backed securities	AAA, NR	10	37
Municipal notes	AA-, NR	1,070	2,068
U.S. Treasury notes	AA+	-	2,656
International government bonds	AAA	-	2,247
Government sponsored enterprises	AA+	-	5,877
		2,828	15,387
CASH AND CASH EQUIVALENTS, RESTRICTED FOR LONG-TERM PURPOSES			
Deposits	NR	4,195	295
Time certificate	NR	2,181	2,179
California Asset Management Program	AAAm	3,204	165
		9,580	2,639
SHORT-TERM INVESTMENTS, RESTRICTED FOR LONG-TERM PURPOSES			
Government sponsored enterprises	AA+	-	10,921
U.S. Treasury notes	AA+	5,663	6,872
		5,663	17,793
LONG-TERM INVESTMENTS			
Government sponsored enterprises	AA+	31,540	6,629
Certificates of deposit	A+, A	5,788	1,704
U.S. Treasury notes	AA+	95,646	106,549
Corporate notes	AA, AA-, A+, A, A-, BBB+	34,516	39,250
Asset-backed securities	AAA, NR	25,822	11,103
International government bonds	AAA	-	1,687
Municipal notes	AA-, NR	2,721	2,839
Bank Note	A+	1,799	-
		197,832	169,761
		$ 393,325	$ 445,593

(dollars in thousands)

The schedule below presents restricted and unrestricted balances of cash, cash equivalents and investments as of December 31:

	2023	2022
GENERAL OPERATING FUNDS		
Operating accounts	$ 146,439	$ 167,711
Funds designated for sale for rate stabilization	140,607	174,997
Funds designated for capital improvements	7,791	7,791
	294,837	350,499
RESTRICTED FUNDS		
Reserve funds	32,093	30,547
Debt service funds	63,876	62,034
Water studies	338	334
Letter of credit deposit (time certificate)	2,181	2,179
	98,488	95,094
	$ 393,325	$ 445,593

Custodial credit risk – This is the risk that in the event of the failure of a depository financial institution or counterparty to a transaction, TID's deposits may not be returned or TID will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of another party. TID does not have a deposit policy for custodial credit risk. At December 31, 2023 and 2022, TID had deposits totaling $1,194 and $1,237 , respectively, which are insured by the FDIC. The remaining deposits of $129,080 and $124,762 are uncollateralized and uninsured at December 31, 2023 and 2022, respectively. TID's money market mutual fund is collateralized with shares held by the pledging bank's trust department, who is acting as TID's agent. All investments are held in TID's name. Investments in the LAIF and CAMP at December 31, 2023 and 2022, of $43,114 and $95,634, respectively, were uninsured and uncollateralized.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. TID places no limit on the amounts invested in any one issuer for federal agency securities, except for mortgage pass through securities, which may not exceed 20% of TID's portfolio. For disclosure purposes, investments issued or explicitly guaranteed by the U.S. government and investment in mutual funds and external investment pools are not required to be evaluated for concentration of credit risk. As of December 31, 2023 and 2022, the concentrations or risk representing 5% or greater in a single issuer, all of which are government sponsored enterprises, is 11% for Freddie Mac Notes.

(dollars in thousands)

Interest rate risk – Although TID has restrictions as to the maturities of some of the investments, it does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates. All of TID's cash and cash equivalents have original maturities of 90 days or less. Investments maturing within one year are classified as current. At December 31, 2023 and 2022, TID has investments with original maturities of greater than 90 days, which are therefore subject to increased interest rate risk. The following schedules indicate the interest rate risk at December 31:

	2023	Weighted Average Maturity (Years)
Investment type		
Corporate notes	$ 36,263	2.72
Government sponsored enterprises	31,540	3.34
Municipal notes	3,791	1.79
Certificates of deposits	5,788	2.37
Asset-backed securities	25,832	3.88
U.S. Treasury notes	101,309	2.76
Total fair value	$ 204,523	

	2022	Weighted Average Maturity (Years)
Investment type		
Corporate notes	$ 40,563	3.09
Government sponsored enterprises	23,428	1.25
Municipal notes	4,908	1.47
Certificates of deposits	2,893	1.75
Asset-backed securities	11,140	3.34
International government bonds	3,933	1.11
U.S. Treasury notes	116,076	2.59
Total fair value	$ 202,941	

In accordance with provisions of the credit agreements relating to certain of TID's long-term debt obligations, restricted funds are maintained at levels set forth in the agreements to provide for debt service reserve and project funding requirements. These funds are held by trustees and have maturities no later than the expected date of the use of the funds.

(dollars in thousands)

Note 8 – Long-Term Debt

Long-term debt consists of the following at December 31:

	2023	2022
Revenue bonds, fixed interest rates of 5.0%, maturing through 2046	$ 364,795	$ 379,555
WECA revenue bonds, fixed interest rates of 5.0% to 6.2%, maturing through 2037	165,720	174,500
TWPA revenue bonds, fixed interest rates of 5.0% to 6.9%, maturing through 2034	248,780	265,165
Total long-term debt outstanding	779,295	819,220
Less		
Current portion	(42,740)	(39,925)
Unamortized premiums and discounts, net	83,023	94,294
Total long-term debt, net	$ 819,578	$ 873,589

The Build America Bonds were sold as a taxable issue and TID receives a federal subsidy of 32%, as reduced by sequester, of the interest paid on the bonds. For the years ended December 31, 2023 and 2022, TID received $3,478 and $3,462 in this federal subsidy, which is included in other income on the statement of revenues, expenses, and changes in net position.

(dollars in thousands)

The summarized activity of TID's long-term debt during 2023 and 2022 is presented below:

	December 31, 2022	Additions	Payments and Amortization	December 31, 2023	Amounts Due Within One Year
Revenue bonds	$ 819,220	$ -	$ (39,925)	$ 779,295	$ 42,740
	819,220	-	(39,925)	779,295	$ 42,740
Less					
Unamortized premiums	94,294	-	(11,271)	83,023	
Total long-term debt, net	$ 913,514	$ -	$ (51,196)	$ 862,318	

	December 31, 2021	Additions	Payments and Amortization	December 31, 2022	Amounts Due Within One Year
Revenue bonds	$ 857,000	$ -	$ (37,780)	$ 819,220	$ 39,925
	857,000	-	(37,780)	819,220	$ 39,925
Less					
Unamortized premiums	106,383	-	(12,089)	94,294	
Total long-term debt, net	$ 963,383	$ -	$ (49,869)	$ 913,514	

Component unit debt – The TWPA and WECA revenue bonds are payable solely from the unconditional payments made by TID under Power Purchase Agreements with both TWPA and WECA, and also include amounts held by a trustee for the benefit of the registered owners of the bonds. TID has an unconditional obligation to make all payments to TWPA and WECA, regardless of the output of the projects. TID guarantees to make payments sufficient to pay principal and interest and all other payments required to be made under the Power Purchase Agreements. TWPA and WECA are not required to repay TID for any amounts under this guarantee.

General – The revenue bonds are collateralized by a pledge of, and a lien on, the revenues of the entire electric and irrigation system after deducting maintenance and operation costs, as defined in the bond resolutions. The 2011 Revenue Refunding Bonds, the TID first priority subordinated revenue refunding bonds, Series 2014 and the TID first priority subordinated revenue refunding bonds, Series 2016 are subordinate to the 2010 revenue refunding bonds. As noted above, the 2010 revenue refunding bonds were refunded and therefore the above mentioned TID bonds are no longer subordinated as of the refunding date. TID's bond resolutions contain various covenants that include requirements to maintain minimum debt service coverage ratios, certain financial ratios, stipulated minimum funding of revenue bond reserves, and various other requirements.

Fixed rate revenue bonds totaling $89,510, $141,425, and $194,435 may be subject to redemption during 2024, 2027 and 2031, respectively, by TID without a premium or discount. Fixed rate revenue bonds totaling $177,430 may be subject to redemption by TID at any interest date with a make whole premium.

(dollars in thousands)

TID's scheduled future annual principal maturities and interest are as follows at December 31, 2023:

	Principal	Interest	Total
2024	42,740	$ 40,003	$ 82,743
2025	45,495	37,676	83,171
2026	47,810	35,229	83,039
2027	46,170	32,861	79,031
2028	48,465	30,375	78,840
2029-2033	286,625	105,119	391,744
2034-2038	167,760	35,590	203,350
2039-2043	76,235	10,216	86,451
2044-2046	17,995	665	18,660
	$ 779,295	$ 327,734	$ 1,107,029

Note 9 – Commercial Paper

TID utilizes a commercial paper program which is the WECA commercial paper program, which is used to finance capital expenditures up to $60,000, primarily WECA improvements and gas field capital expenditures. At December 31, 2023 and 2022, the balance outstanding was $23,581 and $27,826, respectively, under this commercial paper program, of which $5,250 and $8,495 was taxable at December 31, 2023 and 2022, respectively. The effective interest rate for the commercial paper outstanding at December 31, 2023 and 2022 was 3.74% and 3.20%, respectively, and the average term was 2 days and 5 days, respectively. A letter of credit of $43,600 supports the sale of the commercial paper and TID incurs an annual fee for this service. There has not been a term advance under the letter of credit, which expires in August 2025. The counterparty to the letter of credit is a national bank whose credit rating is A+ Stable (Standard & Poor's).

The activity of TID's commercial paper during 2023 and 2022 is presented below:

	2023	2022
BALANCES, beginning of year	$ 27,826	$ 30,571
Additions	-	-
Payments	(4,245)	(2,745)
BALANCES, end of year	$ 23,581	$ 27,826

(dollars in thousands)

Note 10 – Regulatory Deferrals

TID's Board has taken various regulatory actions that result in differences between recognition of revenues and expenses for rate-making purposes as reflected in these consolidated financial statements and as incurred. These actions result in regulatory assets and credits. Regulatory balances are as follows:

Regulatory assets – Regulatory assets consist of the following at December 31:

	2023	2022
Debt issuance costs	$ 4,639	$ 5,283
Pension costs	32,280	34,971
Power supply adjustment	-	6,585
Unrealized loss on investments	3,927	12,698
	$ 40,846	$ 59,537

Regulatory credits – Regulatory credits consist of the following at December 31:

	2023	2022
Electric rate stabilization	$ 106,531	$ 140,921
Deferred pension expense	1,450	-
Deferred OPEB expense	1,497	-
Deferred auction sales	11,999	11,999
Deferred lease revenue	2,105	-
Power supply adjustment	12,145	-
	$ 135,727	$ 152,920

Regulatory assets

Debt issuance costs – The debt issuance costs will be collected through retail rates over the life of the respective debt and therefore will be expensed over the life of the respective debt. Accordingly, costs incurred in connection with the issuance of debt obligations, principally underwriters' and legal fees, are deferred on the statement of net position as a regulatory asset and are amortized into interest expense over the terms of the related obligations using the effective interest method.

Pension costs – TID established a regulatory asset for pension costs related to the adoption of GASB 68 which required TID to record a net pension liability. The regulatory asset is being amortized over 20 years, which began in 2016.

Power supply adjustment – TID's rate schedule power supply adjustment (PSA) billing factor provides for an adjustment to the kilowatt-hour (KWh) portion of customer bills to reflect variations in the variable cost of power supply, which comprises purchased power, fuel used for generation of electric energy and gas field costs including related capital costs, reduced by revenue from wholesale sales of gas and energy to other entities. The PSA rate is reset semi-annually in June and December. The Board has limited reset amounts to ($0.005) to $0.01 per KWh. A balancing account is maintained in an amount by which the energy revenues collected from retail customers are less than (or more than) the actual cost of power supply. Excesses or (deficiencies) in the balancing account are managed by increasing (or decreasing) the PSA billing factor. During 2023, $6,585 was utilized from the deferred power supply regulatory account. During 2023, the Board elected to transfer $122,000 from the deferred power supply regulatory account to the electric rate stabilization deferred regulatory account and $6,585 was added the deferred power supply regulatory account.

Unrealized loss on investments – TID defers unrealized holding gains and losses on its investments until such investments mature or are sold which is consistent with TID's rate setting process.

Regulatory credits

Electric rate stabilization – These amounts are recognized as increases in income in future periods based on a rate program approved by the Board which releases rate stabilization amounts under identified circumstances. During 2023, the Board elected to utilize $34,390. During 2022, the Board elected to transfer $122,000 from the deferred power supply regulatory account to the electric rate stabilization deferred regulatory account and utilize $27,757 from the rate stabilization regulatory account to fund capital.

Power supply adjustment – TID's rate schedule power supply adjustment (PSA) billing factor provides for an adjustment to the kilowatt-hour (KWh) portion of customer bills to reflect variations in the variable cost of power supply, which comprises purchased power, fuel used for generation of electric energy and gas field costs including related capital costs, reduced by revenue from wholesale sales of gas and energy to other entities. The PSA rate is reset semi-annually in June and December. The Board has limited reset amounts to ($0.005) to $0.01 per KWh. A balancing account is maintained in an amount by which the energy revenues collected from retail customers are less than (or more than) the actual cost of power supply. Excesses or (deficiencies) in the balancing account are managed by increasing (or decreasing) the PSA billing factor. During 2023, $12,881 was added the deferred power supply regulatory account. During 2022, the Board elected to transfer $122,000 from the deferred power supply regulatory account to the electric rate stabilization deferred regulatory account and $775 was removed from the deferred power supply regulatory account.

Deferred auction sales – TID has participated in the carbon allowance auctions under AB-32, the Global Warming Solutions Act. In 2014, the Board authorized the deferral of AB-32 auction proceeds from the sale of emission credits, to match the revenue recognition with the related expenses. The difference between the auction proceeds received and the funds spent on AB-32 programs will be deferred into future years. As funds are spent on AB-32 programs the deferred auction sales are recognized in rates. TID has spent less than it has collected in AB-32 revenues and has recorded a regulatory credit of $11,999 and $11,999 at December 31, 2023 and 2022, respectively.

(dollars in thousands)

Pension/OPEB- In 2023, TID established regulatory accounting for pension and OPEB regulatory costs and/or credits to defer recognition of certain expenses related to the amortization of the pension and OPEB deferred outflows and deferred inflows of resources to match such costs in the appropriate accounting period for rate-making purposes

Deferred lease revenue – TID signed an agreement with a third party (see the deferral of lease revenue Note 5), to lease a land site at a TID substation. In 2023, the Board authorized under the agreement, to match the revenue recognition with the potential purchase of the generator on the site at the end of the agreement term. TID has recorded a regulatory credit of $2,105 and $0 at December 31, 2023 and 2022, respectively.

Note 11 – Derivative Financial Instruments

TID enters into contracts for the purchase of electricity to meet the expected needs of its retail customers and for the purchase, transportation and storage of natural gas to meet its generation needs. TID also enters into hedging transactions to reduce the price volatility of some of these agreements. Many of these contracts are considered derivative financial instruments under the provisions of GASB 53. For those contracts, substantially all of the electricity contracts and most of the gas related contracts qualify as normal purchases or normal sales under GASB 53 because TID takes or makes delivery under the related contract, and as a result, the contracts are not required to be recorded at fair value. The fair values of TID's derivative instruments that are not considered normal purchases or normal sales are as follows:

	2023	2022
Derivative financial instrument assets		
Gas related contracts	$ 2,907	$ 7,227
Less current portion	(2,191)	(3,893)
	$ 716	$ 3,334
Derivative financial instrument liabilities		
Gas related contracts	$ 5,672	$ 10,023
Less current portion	(5,646)	(10,023)
	$ 26	$ -

Note 12 – Fair Value Measurements

GASB 72 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). TID utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

GASB 72 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy defined by GASB 72 are as follows:

Level 1 – inputs are quoted prices (unadjusted inactive markets for identical assets or liabilities).

Level 2 – inputs are inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 – inputs are unobservable inputs that reflect TID's own assumptions about factors that market participants would use in pricing the asset or liability.

The valuation methods of the fair value measurements are as follows:

CAMP – uses the net asset value per share as determined by the portfolio manager multiplied by the number of shares held. The portfolio includes investments exclusively in the following authorized investments: U.S. government and agency obligations, repurchase agreements collateralized by U.S. government and agency obligations, negotiable certificates of deposit, bankers' acceptances and commercial paper. The fair values of the securities are generally based on quoted market prices for similar assets.

LAIF – uses the fair value of the pool's share price multiplied by the number of shares held. This pool can include a variety of investments such as U.S. government securities, federal agency securities, negotiable certificates of deposit, bankers' acceptances, commercial paper, corporate bonds, bank notes, and other investments. The fair values of the securities are generally based on quoted market prices for similar assets.

Government sponsored enterprises – uses a market-based approach which considers yield, price of comparable securities, coupon rate, maturity, credit quality and dealer-provided prices.

U.S. Treasury notes – uses prices quoted in active markets for those securities.

Corporate notes – uses a market-based approach. Evaluations are based on various market and industry inputs.

Municipal notes – uses a market approach based on institutional note quotes. Evaluations are based on various market and industry inputs.

Asset-backed securities – uses a market approach based on institutional note quotes. Evaluations are based on various market and industry inputs.

(dollars in thousands)

International government bonds – uses a market approach based on institutional note quotes. Evaluations are based on various market and industry inputs.

Certificates of deposit – uses a market approach based on institutional note quotes. Evaluations are based on various market and industry inputs.

Money market mutual fund – uses a net asset value as determined by the fund manager. Money market mutual fund may include several different underlying obligations, of which at least 80% of the net assets are invested in U.S. Government obligations including, U.S. Treasury obligations and obligations of U.S. Government Agencies, authorities, instrumentalities, or sponsored enterprises obligations, and municipal securities.

The following table identifies the level within the fair value hierarchy that TID's financial assets and liabilities were accounted for on a recurring basis as of December 31, 2023 and 2022, respectively. As required by GASB 72, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. TID's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of liabilities and their placement within the fair value hierarchy levels.

	Fair Value as of December 31, 2023		
	Level 1	Level 2	Total
Investments, including cash and cash equivalents			
California Asset Management Program	$ -	$ 42,624	$ 42,624
Local Agency Investment Fund	-	490	490
U.S. Treasury Notes	101,309	-	101,309
Government sponsored enterprises	-	31,540	31,540
Corporate notes	-	36,263	36,263
Municipal notes	-	3,791	3,791
Money market mutual fund	11,433	-	11,433
Certificates of deposit	-	5,788	5,788
Asset-backed securities	-	25,832	25,832
Bank notes	-	1,799	1,799
Total investments, including cash equivalents	$ 112,742	$ 148,127	$ 260,869

(dollars in thousands)

	Fair Value as of December 31, 2022		
	Level 1	Level 2	Total
Investments, including cash and cash equivalents			
California Asset Management Program	$ -	$ 91,220	$ 91,220
Local Agency Investment Fund	-	4,415	4,415
U.S. Treasury Notes	116,076	-	116,076
Government sponsored enterprises	-	23,428	23,428
Corporate notes	-	40,563	40,563
Municipal notes	-	4,908	4,908
Certificates of deposit	-	2,893	2,893
Asset-backed securities	-	11,140	11,140
International government bonds	-	3,933	3,933
Total investments, including cash equivalents	$ 116,076	$ 182,500	$ 298,576

Note 13 – Fiduciary Fund Retirement Plan

Plan description and benefits provided – TID has a single-employer group defined benefit pension plan, The Amended and Restated Plan for Employees and Elective Officers of Turlock Irrigation District, (the "Retirement Plan") which provides retirement benefits covering substantially all of its employees. Employees who have completed one year of continuous service can elect to participate in the plan, but are not required to. For participants that became eligible for the Retirement Plan prior to January 1, 2013, they may retire after age 55 with benefits based on compensation and years of service to actual retirement date. For those participants that become eligible on or after January 1, 2013, they may retire after age 52 with benefits based on compensation and years of service to actual retirement date. As of each anniversary date (January 1 of each year), a retiree whose pension is being paid shall have their monthly pension subjected to a cost-of-living adjustment, as defined under the Retirement Plan. The Retirement Plan also provides death benefits for those participants having reached age 55 or 52 depending on when participants became eligible for the Retirement Plan.

TID, through the action of its Board, may amend or establish Retirement Plan provisions. The Board has appointed third parties to carry out substantially all administrative responsibilities, including custody of the Retirement Plan assets and as a result, excludes the pension trust funds from these financial statements. The Retirement Plan is a governmental plan under section 414(d) of the Internal Revenue Code (IRC). Copies of the Retirement Plan's annual financial report may be obtained from TID's executive office at 333 East Canal Drive, Turlock, California 95381. The Retirement Plan's annual financial report is the responsibility of TID.

Summary of significant accounting policies – For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Retirement Plan and additions to/deductions from the Retirement Plan's fiduciary net position have been determined on the same basis as they are reported by the Retirement Plan.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Funding policy – To participate in the Retirement Plan, employees who are not members of a bargaining unit and are eligible for the Retirement Plan are required to contribute 4.25% of their earnings and employees who are members of a bargaining unit are required to contribute 5.25% of their earnings. Employees hired or that become eligible after January 1, 2013 are required to contribute 50% of the normal cost rate of the plan rounded to the nearest quarter of 1% as actuarially determined annually. However, the contribution rate will only adjust when the normal cost rate of the plan increases or decreases by more than 1% of payroll. For December 31, 2023 and 2022, the contribution rate for employees hired or that became eligible after January 1, 2013 was 6.75% and 6.50%, respectively. Under the Retirement Plan provisions established by the Board, the Retirement Plan is to be funded in amounts equal to the normal costs of the Retirement Plan plus an amortization of the past service liability. Contributions made by the employees vest immediately. Contributions made by TID are fully vested after five years of participation. For the years ended December 31, 2023 and 2022, TID made contributions of $15.3 million and $12.3 million, which includes $2.7 million and $2.5 million of employee contributions, respectively.

Investment policy – The Retirement Plan's investment policies are governed by the Pension Investment Committee. The Retirement Plan's investment policy includes restrictions for investments relating to Maximum amounts invested as a percentage of allocated portfolios to individual investment managers and with a single issuer, and minimum credit ratings.

Credit risk – To mitigate the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment, the Retirement Plan limits investments to those rated, at a minimum, "Baa" or equivalent for fixed income securities and "A-1" for cash instruments.

Custodial credit risk – This is the risk that in the event of the failure of a depository financial institution or counterparty to a transaction, the Retirement Plan's deposits may not be returned or the Retirement Plan will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of another party. The Retirement Plan does not have a deposit policy for custodial credit risk. At the Retirement Plan's fiscal year-end of June 30, 2023 and June 30, 2022, the Retirement Plan held no cash and cash equivalents collateralized with securities held by the pledging bank's trust department.

(dollars in thousands)

Concentration of credit risk – This is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. As noted above, the Retirement Plan places limits on the amount an investment manager can invest in one security. Non-participant directed investments as of the Retirement Plan's fiscal year-end of June 30, 2023 and June 30, 2022 are summarized as follows:

		June 30, 2023	June 30, 2022
Non-participant directed investments greater than five percent of the Plan's fiduciary net position:			
DFA International Core Equity Portfolio	International stocks and mutual funds	$ 31,905	$ 28,907
DFA Emerging Markets Core Equity Portfolio	International stocks and mutual funds	21,828	20,390
DFA US L/C Value Portfolio	Domestic stocks and mutual funds	39,987	37,781
Vanguard Institutional Index Fund	Domestic stocks and mutual funds	46,074	39,589
		139,794	126,667
Aggregate of non-participant directed investments less than five percent of the Plan's fiduciary net position		244,646	226,902
		$ 384,440	$ 353,569

Foreign currency risk – The Retirement Plan's exposure to foreign currency risk derives from its positions in foreign currency–denominated securities. The Retirement Plan's investment policy permits its investment managers to invest up to 10 percent of the total investments under their management in foreign currency-denominated investments. At the Retirement Plan's fiscal year-end June 30, 2023 and June 30, 2022, the Retirement Plan held no investments in foreign currency denominations.

Money weighted rate of return – For the fiscal years ended June 30, 2023 and 2022, the annual money weighted rate of return on retirement plan investments, net of investment expense, was 10.94% and - 13.25%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(dollars in thousands)

Interest rate risk – Though the Retirement Plan has restrictions as to the credit rating of fixed income securities, it does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates. As of the Retirement Plan's fiscal year-end June 30, 2023 and June 30, 2022, the Retirement Plan had the following investments with maturities:

		Investment Maturities (in Years) at June 30, 2023			
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
Asset-backed securities and CMOs	$ 34,436	$ -	$ 848	$ 1,147	$ 32,441
Commercial bonds	41,597	1,568	17,816	6,009	16,204
U.S. agencies	244	-	-	-	244
International	3,531	2,253	808	-	470
Total	$ 79,808	$ 3,821	$ 19,472	$ 7,156	$ 49,359

		Investment Maturities (in Years) at June 30, 2022			
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
Asset-backed securities and CMOs	$ 33,391	$ 216	$ 2,679	$ 1,374	$ 29,122
Commercial bonds	41,924	2,711	15,296	9,163	14,754
U.S. agencies	258	-	-	-	258
International	3,285	-	2,941	165	179
Total	$ 78,858	$ 2,927	$ 20,916	$ 10,702	$ 44,313

Employees covered by benefit terms – At December 31, 2023, the number of employees covered by the Retirement Plan was:

Inactive employees or beneficiaries currently receiving benefit payments	474
Inactive employees entitled to but not yet receiving benefit payments	102
Active employees	410
	986

Net pension liability – TID's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of January 1, 2023, rolled forward on an actuarial basis.

Actuarial assumptions – The actuarial methods and assumptions used for the December 31, 2023 total pension liability are as follows:

- Investment rate of return applied to assets of 7.0%;
- Discount rate of 7.0%, net of pension plan investment expense, including inflation;
- Cost of living adjustment of 2.75%;
- Inflation of 2.25%; and
- Salary increases projected on a sliding schedule based on years of service, ranging from 5.75% down to 2.25%.

The mortality assumption was updated to Pri-2012 projected with scale MP-2021 generational improvements. Based on the nature of the work, workforce, and benefit offering of TID, the actual mortality experience of TID's employees is expected to be more in line with the general US population mortality study than the Public Plan Study.

Given the size of the Retirement Plan, there is limited data available to conduct a credible experience study in all assumption areas. The liabilities and data are analyzed each year to identify any trends of experience deviating from the actuarial assumptions.

Discount rate – The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

(dollars in thousands)

The long-term expected rate of return on Retirement 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. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Retirement Plan's target asset allocation as of December 31, 2023, are summarized in the following table:

	Target Allocation	Long-term Expected Real Rate of Return
Major asset classes		
Fixed income obligations and mutual funds	29.0%	2.75%
Domestic equities	36.9%	5.00%
International equities	25.1%	5.75%
Alternative assets/private equity	8.0%	6.25%
Cash	1.0%	0.50%
Total	100.0%	

Changes in net pension liability – The changes in TID's net pension liability for the year ended December 31, 2023, are as follows:

	Total Pension Liability (a)	Increase (Decrease) in Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
BALANCES, January 1, 2023	$ 431,794	$ 360,275	$ 71,519
Changes for the year			
Service cost	8,678	-	8,678
Interest cost	30,046	-	30,046
Difference between expected and actual experience	2,616	-	2,616
Change of assumption	1,027	-	1,027
Contributions – employer	-	12,562	(12,562)
Contributions – employee	-	2,719	(2,719)
Benefit payments	(22,480)	(22,480)	-
Investment income	-	55,362	(55,362)
Administrative expenses	-	(370)	370
Other changes	-	20	(20)
Net changes	19,887	47,813	(27,926)
BALANCES, December 31, 2023	$ 451,681	$ 408,088	$ 43,593

(dollars in thousands)

The changes in TID's net pension liability for the year ended December 31, 2022, are as follows:

	Total Pension Liability (a)	Increase (Decrease) in Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
BALANCES, January 1, 2022	$ 422,106	$ 428,467	$ (6,361)
Changes for the year			
Service cost	8,415	-	8,415
Interest cost	29,385	-	29,385
Difference between expected and actual experience	(4,010)	-	(4,010)
Change of assumption	(2,632)	-	(2,632)
Contributions – employer	-	9,783	(9,783)
Contributions – employee	-	2,488	(2,488)
Benefit payments	(21,470)	(21,470)	-
Investment income	-	(58,595)	58,595
Administrative expenses	-	(391)	391
Other changes	-	(7)	7
Net changes	9,688	(68,192)	77,880
BALANCES, December 31, 2022	$ 431,794	$ 360,275	$ 71,519

Since the measurement date of December 31, 2022, a change in assumptions that had an impact on the total pension liability was an increase of 0.25% contribution rate as of January 1, 2022 for those employees that were hired or became eligible after January 1, 2013 for the Retirement Plan.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability as of December 31, 2023, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability (asset)	$ 102,656	$ 43,593	$ (5,412)

Pension plan fiduciary net position – Detailed information about the Retirement Plan's fiduciary net position is available in the separately issued Retirement Plan financial statements, which are typically available 210 days after the fiscal year end.

(dollars in thousands)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the years ended December 31, 2023 and 2022, TID recognized pension expense of $15.3 million and $27.0 million, respectively.

TID reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Summarized statement of net position		
Differences between expected and actual experience	$ 3,353	$ (2,406)
Changes of assumptions	7,274	(1,579)
Net difference between projected and actual earnings on pension plan investments	53,183	(39,076)
Total	$ 63,810	$ (43,061)

	December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Summarized statement of net position		
Differences between expected and actual experience	$ 2,421	$ (3,208)
Changes of assumptions	9,680	(2,106)
Net difference between projected and actual earnings on pension plan investments	70,911	(30,472)
Total	$ 83,012	$ (35,786)

(dollars in thousands)

The balances as of December 31, 2023, of the deferred outflows/(inflows) of resources will be recognized in pension expense for each of the years ending December 31, as follows:

Years ending December 31,	2024	$	5,642
	2025		9,034
	2026		11,382
	2027		(5,309)
		$	20,749

Deferred compensation plan – TID offers its employees a deferred compensation plan (the "Deferred Plan"), which provides employees the option to defer part of their compensation until termination, retirement, death, or unforeseeable emergency. TID makes no contribution to the Deferred Plan. TID has the duty of reasonable care in the selection of investment alternatives, but neither TID nor its directors or officers have any liability for losses under the Deferred Plan. TID holds all deferred compensation assets in the name of the Deferred Plan, and accordingly, the Deferred Plan assets and corresponding liability are not recorded in the accounts of TID.

Note 14 – Other Post-Employment Benefits

TID provides post-retirement medical benefits in accordance with TID policy to qualified retirees and their spouses through TID's Employee Health Care Plan (the "Health Plan") until the retiree and participating spouse reach age 65. The Health Plan is part of the EIAHealth Program, which is a multi-employer public sector healthcare purchasing pool, for which EIAHealth is the administrator and through which the action of its Board may amend or establish Health Plan provisions. The qualification requirements for these benefits are the same as those under TID's Retirement Plan.

The Board has appointed third parties to carry out certain administrative responsibilities. TID contributes the full cost of coverage for retirees; however, retirees contribute the estimated health care cost of dependents. For participants hired on or after January 1, 2018, TID contributes a percentage ranging from 50 percent to 100 percent of the retiree's premium cost, based on years of service. At the time of retirement an employee may utilize the remaining balance of unused sick leave, at the rate defined in the employee's applicable employee contract for one month's medical coverage for an eligible dependent. Covered retirees are also responsible for personal deductibles and co-payments. Currently, 156 retirees and surviving dependents are receiving post-employment health care benefits.

TID participates in the CALPERS Pre-funding OPEB Plan, which is an irrevocable multi-employer trust and plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions. To obtain a CALPERS Pre-funding Plan report contact CALPERS at Lincoln Plaza North 400 Q Street, Sacramento, CA 95811.

(dollars in thousands)

Employees covered by benefit terms – At June 30, 2023, the number of employees covered by the Health Plan was:

Inactive employees or beneficiaries currently receiving benefit payments	91
Active employees	443
	534

Net OPEB asset – TID's net OPEB asset as of December 31, 2023, was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of June 30, 2022, rolled forward on an actuarial basis.

Contributions – The actuarially determined contributions were determined by actuarial valuations using the frozen entry age actuarial cost method.

Employer contributions were $1,722 and $0 for the years ended December 31, 2023 and 2022, respectively. Total covered-employee payroll and contributions as a percentage of covered-employee payroll was $50,544 and 3.4% for the year ended December 31, 2023, as TID had a net OPEB asset. TID did not make contributions for the year ended December 31, 2022.

Actuarial methods and assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the most recent actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 6.00% investment rate of return per year, inflation rate of 2.75% per year, payroll growth of 2.25% per year plus merit increases based on the District's 2019 Experience Study, in aggregate and actual health premiums were used with an annual healthcare cost trend rate of 7.00% beginning in 2023, reducing annually 0.25% to an ultimate rate of 4.5% for Pre-65 and of 6.50% reducing annually 0.25% to an ultimate rate of 4.5% Post-65. Assets of the Health Plan, as of the latest actuarial report, were valued on a market value basis. Future gains and losses may be averaged over five years subject to certain restrictions.

(dollars in thousands)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation effective as of October 2022, are summarized in the following table:

	Target Allocation	Long-term Expected Real Rate of Return
Major asset classes		
Global equity	49.00%	N/A
Global debt securities	23.00%	N/A
Inflation assets	5.00%	N/A
Commodities	3.00%	N/A
Real Estate Investment Trusts (REITs)	20.00%	N/A
Total	100.00%	6.00%

Changes in net OPEB asset – The changes in TID's net OPEB asset for the year ended December 31, 2023, are as follows:

	Total OPEB Liability (a)	Increase (Decrease) in Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
BALANCES, January 1, 2023	$ 22,375	$ 25,301	$ (2,926)
Changes for the year			
Service cost	1,241	-	1,241
Interest cost	1,366	-	1,366
Contributions – employer	-	1,722	(1,722)
Benefit payments	(1,722)	(1,722)	-
Investment income	-	1,718	(1,718)
Administrative expenses	-	(13)	13
Difference between expected and actual experience	1,020	-	1,020
Change of assumption	(3,966)	-	(3,966)
Net changes	(2,061)	1,705	(3,766)
BALANCES, December 31, 2023	$ 20,314	$ 27,006	$ (6,692)

(dollars in thousands)

The changes in TID's net OPEB asset for the year ended December 31, 2022, are as follows:

	Total OPEB Liability (a)	Increase (Decrease) in Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
BALANCES, January 1, 2022	$ 20,668	$ 31,248	$ (10,580)
Changes for the year			
Service cost	1,067	-	1,067
Interest cost	1,461	-	1,461
Benefit payments	(1,761)	(1,761)	-
Investment income	-	(4,179)	4,179
Administrative expenses	-	(7)	7
Difference between expected and actual experience	(597)	-	(597)
Change of assumption	1,537	-	1,537
Net changes	1,707	(5,947)	7,654
BALANCES, December 31, 2022	$ 22,375	$ 25,301	$ (2,926)

Since the prior measurement date of December 31, 2022, there have been changes of assumptions that affected the total OPEB liability. The following assumptions have ben update in accordance with GASB 75:

- Mortality rates have been updated to the following:
  a. PERS Employees: SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021
  b. Surviving Spouses: SOA Pub-2010 Contingent Survivors Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021

- Retirement rates have been updated based on the 2021 CalPERS pension plan experience study for Miscellaneous employees.

- Termination rates have been updated based on the District's 2019 Experience Study

- Health care trend rates have been updated to an initial rate of 7.00%, decreasing 0.25% annually to an ultimate rate of 4.50% for Pre-65 and 6.50% decreasing by 0.25% annually to an ultimate rate of 4.50% for Post-65.

- Salary scale has been updated to 2.25% per year plus merit increases based on the District's 2019 Experience Study.

- Claim costs and premiums were also updated for 2023, resulting in an increase in liabilities.

(dollars in thousands)

Sensitivity of the net OPEB asset to changes in the discount rate – The following presents the net OPEB asset as of December 31, 2023, calculated using the discount rate of 6.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability (asset)	$ (5,260)	$ (6,692)	$ (8,023)

Sensitivity of the net OPEB liability to changes in healthcare cost trend rates

	1% Decrease (6.00%HMO/6.00%PPO decreasing to 3.50%HMO/3.50%PPO)	Current Healthcare Cost Trend Rates (7.00%HMO/6.50%PPO decreasing to 4.50%HMO/4.50%PPO)	1% Increase (8.00%HMO/8.00%PPO increasing to 5.50%HMO/5.50%PPO)
Net OPEB liability (asset)	$ (8,562)	$ (6,692)	$ (4,517)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB – For the years ended December 31, 2023 and 2022, TID recognized OPEB expense of $1.0 million and $0.6 million, respectively.

TID reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	December 31, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Summarized statement of net position		
Differences between expected and actual experience	$ 918	$ (1,966)
Changes of assumptions	1,590	(3,569)
Net difference between projected and actual earnings on OPEB plan investments	1,777	-
Contribution made subsequent to the measurement date	791	-
Total	$ 5,076	$ (5,535)

(dollars in thousands)

	December 31, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Summarized statement of net position		
Differences between expected and actual experience	$ -	$ (2,408)
Changes of assumptions	1,824	-
Net difference between projected and actual earnings on OPEB plan investments	2,396	-
Total	$ 4,220	$ (2,408)

The balances as of December 31, 2023, of the deferred outflows/(inflows) of resources will be recognized in pension expense for each of the years ending December 31, as follows:

Years ending December 31,	2024	$ (123)
	2025	(287)
	2026	718
	2027	(297)
	2028	(257)
	Thereafter	(1,004)
		$ (1,250)

Note 15 – Asset Retirement Obligations

In 2019, TID adopted GASB issued Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). An Asset Retirement Obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. GASB 83 establishes the criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs.

Recognition occurs when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates the government to perform the asset retirement activities. GASB 83 requires the measurement of the ARO be based on the probability weighted best estimate of the current value of outlays expected to be incurred and adjusted for general inflation or deflation at least annually. It requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. The ARO should only be remeasured when the result of the evaluation indicates a significant change in the estimated outlays. GASB 83 also requires disclosures of descriptive information about the nature of a government's AROs including the methods and assumptions used for the estimates of the liabilities, the estimated remaining useful life of the associated tangible capital assets, how any funding and assurance requirements are being met, and the amount of any assets restricted for payment of the AROs (if not separately displayed in the financial statements).

If a liability for an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government should disclose that fact and the reasons therefor.

As described in Note 2 and 4, TWPA has a membership interest in a 136.6 MW wind farm, consisting of 62 wind-turbine generators located in Klickitat County, Washington and is a blended component unit of TID. In conjunction with the purchase of the Tuolumne Wind Project, TID recorded an ARO related to a decommissioning plan approved by Klickitat County. As the decommissioning plan represents a legal obligation to clean up the site at the retirement of the asset to comply with the approved contract with the Klickitat County, Washington, it meets the definition of an ARO. The Project is operated and maintained pursuant to an operating and maintenance agreement with the operator. During 2019, the operator obtained an estimate, from a third party, to determine the estimated cost of executing the decommissioning plan. The previous estimate had been performed at the time of purchase of the Tuolumne Wind Project. The estimate presented a list of the work that will be performed on site such as turbine removal, foundation removal and road removal. Cost estimates include labor and equipment use.

The liability recognized for the ARO was $17,324 and $16,674 for the year ended December 31, 2023 and 2022, respectively. The estimated remaining useful life of the Project is approximately 10 years. The deferred outflows recognized was $7,410 and $8,233 as of December 31, 2023 and 2022 and is amortized over the remaining useful life of the Project. During the years ended December 31, 2023 and 2022, TID recorded $1,474 and $1,841 of expense, respectively.

(dollars in thousands)

Note 16 – Subscription based information technology arrangements (SBITA)

A SBITA is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible assets, as specified in the contract for a period in an exchange or exchange-like transaction. TID's SBITAs are primarily subscription software used throughout its operations of the District. These right-to-use assets are reported as SBITAs in the disclosure for utility plant. The present value of the corresponding liabilities for the subscription fees are reported as SBITAs in the disclosure for payables and the disclosure for other liabilities. The discount of each liability is amortized over the life of the SBITA. As of December 31, 2023 and 2022, subscription assets were $7,736 and accumulated depreciation and amortization associated with subscription assets was $2,716 and $1,150, respectively which is included in other assets. TID recorded SBITA expense of $1,902 and $1,150 for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022 subscription obligations included in Accounts payable and accrued expenses of $1,394 and $1,313, respectively and subscription obligations in included in Subscription payable of $3,960 and $,5,340, respectively. The following table summarizes the future annual SBITA principal and interest payments as of December 31, 2023:

	Principal	Interest	Total
2024	$ 1,394	$ 34	$ 1,428
2025	1,407	24	1,431
2026	1,209	15	1,224
2027	1,013	7	1,020
2028	242	2	244
2029	74	-	74
	$ 5,339	$ 82	$ 5,421

Note 17 – Commitments

Power sales agreement – TID supplies energy to Merced Irrigation District (MeID) under a ten-year Power Supply Agreement (MeID Agreement) that began on May 1, 2017. The price for the energy under the MeID Agreement is based on the market price of energy in California. However, MeID is obligated to provide for capacity resources under the MeID Agreement. The MeID Agreement includes certain ancillary services that can be competitively procured and for the provision of certain control room services. Transmission service and ancillary services provided by TID are addressed by a separate Interconnection and Transmission Agreement. Either Party may terminate the agreement on two-year's notice effective on an anniversary date not before 2021. Sales and services provided under the agreements totaled $50,240 and $66,224 in 2023 and 2022, respectively, and have been recorded in electric wholesale revenues within the statement of revenues, expenses and changes in net position.

Power purchase agreements – TID has a long-term power purchase agreement with a power producer to purchase capacity and associated energy to meet its load requirements, the contract expires in December 2024. Capacity and certain energy is purchased on a take-or-pay basis. Power purchased under the agreement totaled $2,045 and $3,549 in 2023 and 2022, respectively, and has been recorded in purchased power expense within the statement of revenues, expenses and changes in net position.

(dollars in thousands)

Gas purchase agreements – TID has three natural gas supply agreements with three counterparties to meet the consumption of its natural gas fired power plants. Each contract is with a different counterparty. The first contract obligates the fuel manager to supply all the natural gas required by TID's Walnut and Almond power plants (excluding the Almond 2 power plant) up to 27,000 million British Thermal Units (MMBtu) per day. This contract terminated on April 1, 2022. The second contract obligates the fuel manager to supply all the natural gas required by the Walnut Energy Center up to 55,000 MMBtu per day. This contract expires on January 1, 2026.

The third contract obligates the fuel manager to supply all the natural gas required by the Almond 2 power plant up to 50,400 MMBtu per day. Beginning April 1, 2022, this contract obligates the fuel manager to supply all the natural gas required by two of the District's power plants. This contract expires on January 1, 2025. All contracts allow for TID to purchase gas from parties other than the fuel manager and obligate the fuel manager to purchase TID's excess gas. All contracts provide for pre-determined index-based prices or a mutually agreed upon price. Fuel purchased under the three agreements totaled $75,941 and $77,964 in 2023 and 2022, respectively, and has been recorded in generation and fuel expense within the statement of revenues, expenses and changes in net position.

Gas transportation capacity and storage agreements – TID has nine long-term gas transportation capacity agreements and one long-term gas storage agreement with Canadian and U.S. companies to transport natural gas to TID's natural gas fired power plants from gas supply basins in Alberta, Canada. The gas transportation capacity agreements complement TID's gas purchase agreements, described above, but expire through 2033. Payments under these agreements totaled $11,144 and $13,442 in 2023 and 2022, respectively, and have been recorded in generation and fuel expense within the statement of revenues, expenses and changes in net position.

The approximate future minimum obligations for the above described power purchase, gas supply, and gas transportation and storage contracts are as follows at December 31, 2023:

2024	$ 11,233
2025	11,868
2026	12,463
2027	3,080
2028	3,149
Thereafter	16,836
	$ 58,629

(dollars in thousands)

Solar power purchase agreement – TID has a twenty-year power purchase agreement to purchase 100% of the output from a 54 megawatt Solar Plant to assist TID in meeting its environment compliance requirements. TID purchases the output along with the environmental attributes as it is produced, which began in February 2017. Purchases under this agreement totaled $7,022 and $7,658 in 2023 and 2022, respectively, and have been recorded in purchased power expense within the statement of revenues, expenses and changes in net position. The annual purchases under the remaining term of the power purchase agreement (based on guaranteed energy production under the purchase power agreement) is estimated to as follows:

2024	$ 7,649
2025	7,637
2026	7,610
2027	7,560
2028	8,151
Thereafter	82,606
	$ 121,213

Note 18 – Contingencies & Uncertainties

General contingencies – In the normal course of operations, TID is party to various claims, legal actions and complaints, including possible liability for environmental matters. Although the ultimate outcome of these matters is not presently determinable, TID's management believes the resolution of all such pending matters will not have a material adverse effect on TID's financial position.

Required Supplementary Information

Turlock Irrigation District
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)
(dollars in thousands)
December 31, 2023

Schedule of changes in net pension liability and related ratios – The schedule of changes in net pension liability and related ratios is presented below for the years for which TID has the available data. Ultimately, this schedule will present 10 years of data.

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	$ 8,678	$ 8,415	$ 8,396	$ 8,450	$ 6,152
Interest	30,046	29,385	28,172	27,481	26,099
Difference between expected and actual experience	2,616	(4,010)	1,754	1,148	3,390
Change of assumptions	1,027	(2,632)	-	19,359	-
Benefit payments	(22,480)	(21,470)	(20,544)	(20,154)	(18,865)
Net change in total pension liability	19,887	9,688	17,778	36,284	16,776
Total pension liability – beginning	431,794	422,106	404,328	368,044	351,268
Total pension liability – ending (a)	$ 451,681	$ 431,794	$ 422,106	$ 404,328	$ 368,044
Plan fiduciary net position					
Contributions – employer	$ 12,562	$ 9,783	$ 12,959	$ 13,240	$ 13,462
Contributions – employee	2,719	2,488	2,321	2,039	1,818
Investment income	55,362	(58,595)	55,582	42,806	53,993
Benefit payments	(22,480)	(21,470)	(20,544)	(20,154)	(18,865)
Administrative expenses	(370)	(391)	(382)	(360)	(392)
Other changes	20	(6)	-	45	120
Net change in fiduciary net position	47,813	(68,191)	49,936	37,616	50,136
Total fiduciary net position – beginning	360,275	428,466	378,531	340,915	290,779
Total fiduciary net position – ending (b)	$ 408,088	$ 360,275	$ 428,467	$ 378,531	$ 340,915
TID's net position liability – ending (a)-(b)	$ 43,593	$ 71,519	$ (6,361)	$ 25,797	$ 27,129
Plan fiduciary net position as a percentage of the total pension liability	90.35%	83.44%	101.51%	93.62%	92.63%
Covered-employee payroll	$ 47,178	$ 45,101	$ 44,522	$ 43,756	$ 39,392
Plan net pension liability as a percentage of covered-employee payroll	92.40%	158.58%	-14.29%	58.96%	68.87%
Annual money-weighted rate of return	15.67%	-13.52%	14.80%	12.61%	18.27%

Turlock Irrigation District
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)
(dollars in thousands)
December 31, 2023

	2018	2017	2016	2015
Total pension liability				
Service cost				
Interest	$ 6,032	$ 5,236	$ 5,168	$ 4,369
Difference between expected	24,841	23,688	22,620	23,032
and actual experience				
Change of assumptions	3,999	3,486	1,846	(1,910)
Benefit payments	-	17,027	-	2,630
	(17,554)	(16,426)	(16,110)	(14,606)
Net change in total pension liability				
	17,318	33,011	13,524	13,515
Total pension liability – beginning				
	333,950	300,939	287,415	273,900
Total pension liability – ending (a)				
	$ 351,268	$ 333,950	$ 300,939	$ 287,415
Plan fiduciary net position				
Contributions – employer				
Contributions – employee	$ 13,746	$ 48,921	$ 14,071	$ 14,167
Investment income	1,534	1,358	1,208	1,112
Benefit payments	(21,321)	42,344	21,686	(2,208)
Administrative expenses	(17,554)	(16,426)	(16,110)	(14,606)
Other changes	(382)	(295)	(274)	(303)
	8	-	3	1
Net change in fiduciary net position				
	(23,969)	75,902	20,584	(1,837)
Total fiduciary net position – beginning				
	314,748	238,846	218,262	220,099
Total fiduciary net position – ending (b)				
	$ 290,779	$ 314,748	$ 238,846	$ 218,262
TID's net position liability – ending (a)-(b)				
	$ 60,489	$ 19,202	$ 62,093	$ 69,153
Plan fiduciary net position as a percentage of the total pension liability				
	82.78%	94.25%	79.37%	75.94%
Covered-employee payroll				
	$ 38,144	$ 36,366	$ 35,245	$ 33,349
Plan net pension liability as a percentage of covered-employee payroll				
	158.58%	52.80%	176.18%	207.36%
Annual money-weighted rate of return				
	-6.44%	16.86%	9.43%	-1.15%

Turlock Irrigation District
Schedule of Retirement Plan Contributions (Unaudited)
(dollars in thousands)
December 31, 2023

Schedule of retirement plan contributions – The schedule of retirement plan contributions is presented below for the years for which TID has the available data. Ultimately, this schedule will present 10 years of data.

	2023	2022	2021	2020	2019
Actuarially determined contribution	$ 12,036	$ 11,507	$ 12,270	$ 12,132	$ 11,859
Contributions in relation to the actuarially determined contribution	15,281	12,270	15,279	15,278	15,278
Contribution deficiency (excess)	$ (3,245)	$ (763)	$ (3,009)	$ (3,146)	$ (3,419)
Covered-employee payroll	47,178	45,101	44,522	43,756	39,392
Contributions as a percentage of covered-employee payroll	32.39%	27.21%	34.32%	34.92%	38.78%

	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 11,413	$ 13,372	$ 12,975	$ 11,863	$ 15,324
Contributions in relation to the actuarially determined contribution	15,278	50,279	15,279	15,279	46,561
Contribution deficiency (excess)	$ (3,865)	$ (36,907)	$ (2,304)	$ (3,416)	$ (31,237)
Covered-employee payroll	38,144	36,366	35,245	33,349	31,643
Contributions as a percentage of covered-employee payroll	40.05%	138.26%	43.35%	45.82%	147.14%

Notes to schedule – The actuarially determined contributions for 2023 and 2022 were determined by actuarial valuations using the frozen entry age actuarial cost method. The actuarial assumptions utilized for the January 1, 2023 and 2022 actuarial valuations were as follows:

	January 1,	
	2023	2022
Assumption		
Investment rate of return	7.00%	7.00%
Discount rate	7.00%	7.00%
Cost of living adjustment	2.75%	2.25%
Inflation	2.25%	2.25%

Realized and unrealized gains are phased in to the actuarial value of Retirement Plan assets over a three-year period, and may be adjusted so that the actuarial value of Retirement Plan assets are not less than 80% or more than 120% of the fair market value of the Retirement Plan's assets as of the current valuation date. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll basis. The remaining amortization period in the latest actuary report was 15 years.

Turlock Irrigation District
Schedule of Changes in Net OPEB Asset and Related Ratios (Unaudited)
(dollars in thousands)
December 31, 2023

Schedule of changes in net OPEB asset and related ratios – The schedule of changes in net OPEB asset and related ratios is presented below for the years for which TID has the available data. Ultimately, this schedule will present 10 years of data.

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 1,241	$ 1,067	$ 1,041	$ 1,023	$ 1,102	$ 1,072
Interest	1,366	1,461	1,449	1,417	1,514	1,476
Difference between expected and actual experience	1,020	(597)	(810)	(51)	(2,371)	-
Change of assumptions	(3,966)	1,537	297	-	406	-
Benefit payments	(1,722)	(1,761)	(1,920)	(1,969)	(1,969)	(2,100)
Net change in total OPEB liability	(2,061)	1,707	57	420	(1,318)	448
Total OPEB liability – beginning	22,375	20,668	20,611	20,191	21,509	21,061
Total OPEB liability – ending (a)	$ 20,314	$ 22,375	$ 20,668	$ 20,611	$ 20,191	$ 21,509
Plan fiduciary net position						
Contributions – employer	$ 1,722	$ -	$ 1,920	$ 1,969	$ 1,969	$ 8,470
Investment income	1,719	(4,179)	6,741	837	1,377	1,276
Benefit payments	(1,722)	(1,761)	(1,920)	(1,969)	(1,969)	(2,100)
Administrative expenses	(14)	(7)	(13)	(12)	(4)	(10)
Other changes	-	-	-	-	-	(20)
Net change in fiduciary net position	1,705	(5,947)	6,728	825	1,373	7,616
Total fiduciary net position – beginning	25,301	31,248	24,520	23,695	22,322	14,706
Total fiduciary net position – ending (b)	$ 27,006	$ 25,301	$ 31,248	$ 24,520	$ 23,695	$ 22,322
TID's net OPEB liability (asset) – ending (a)-(b)	$ (6,692)	$ (2,926)	$ (10,580)	$ (3,909)	$ (3,504)	$ (813)
Plan fiduciary net position as a percentage of the total OPEB liability	132.9%	113.1%	151.2%	119.0%	117.4%	103.8%
Covered-employee payroll	$ 50,544	$ 49,813	$ 47,078	$ 46,082	$ 44,740	$ 41,273
Plan net OPEB asset as a percentage of covered-employee payroll	-13.2%	-5.9%	-22.5%	-8.5%	-7.8%	-2.0%

(dollars in thousands)

Schedule of OPEB plan contributions – The schedule of OPEB plan contributions is presented below for the years for which TID has the available data. Ultimately, this schedule will present 10 years of data.

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 425	$ -	$ 711	$ 1,943	$ 1,943	$ 1,938
Contributions in relation to the actuarially determined contribution	1,722	-	1,920	1,969	1,969	8,470
Contribution deficiency (excess)	$ (1,297)	$ -	$ (1,209)	$ (26)	$ (26)	$ (6,532)
Covered-employee payroll	50,544	49,813	47,078	46,082	44,740	41,273
Contributions as a percentage of covered-employee payroll	3.4%	N/A	4.1%	4.3%	4.4%	20.5%

Notes to schedule – In the most recent actuarial valuation the entry age actuarial cost method was used. The actuarial assumptions included a 6.00% investment rate of return per year, inflation rate of 2.25% per year, payroll growth of 2.25% per year plus merit increased increases based on the 2017 CALPERS pension plan, in aggregate and actual health premiums were used with an annual healthcare cost trend rate of 7.00% beginning in 2023, decreasing 0.25% annually to an ultimate rate of 4.50% for Pre-65 and 6.50% decreasing by 0.25% annually to an ultimate rate of 4.50% for Post-65. Assets of the Health Plan, as of the latest actuarial report, were valued on a market value basis. Future gains and losses may be averaged over five years subject to certain restrictions.

MOSSADAMS