Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

Turlock Irrigation District

December 31, 2024 and 2023

MOSSADAMS

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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 (the District), which comprise the consolidated statements of net position as of December 31, 2024 and 2023, 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, 2024 and 2023, 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 consolidated financial statements. We did not audit the statements of fiduciary net position of the retirement plan as of June 30, 2024 and 2023, the related statements of changes in fiduciary net position of the retirement plan for the 12 months then ended, or Note 12 to the consolidated financial statements. Those statements expressed an unmodified opinion and were audited by other auditors whose report has been furnished to us and, in our opinion insofar as it relates to the amounts included for the District, is based solely on the report of other auditors.

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, 2024 and 2023, 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), the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 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. 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, *Government Auditing Standards* 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, *Government Auditing Standards* 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the 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 the 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 financial statements.
- Conclude whether, in our judgment, 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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedules 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 the Schedule of OPEB Plan Contributions on pages 72 through 77 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2025, on our consideration of Turlock Irrigation District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Turlock Irrigation District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Turlock Irrigation District's internal control over financial reporting and compliance.

Moss Adams LLP

Portland, Oregon
April 15, 2025

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, 2024 and 2023. 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, 2024 and January 1, 2023.

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 2024 or 2023.

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 that 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, 2024 and 2023, TID had total regulatory assets of $39.2 million and $40.8 million, respectively, and total regulatory credits of $143.0 million and $135.7 million, respectively. The regulatory credits are recognized in the consolidated statements 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 that 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 that 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 consolidated 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 consolidated statements of revenues, expenses, and changes in net position report all of the revenues and expenses during the time periods indicated. The consolidated 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.

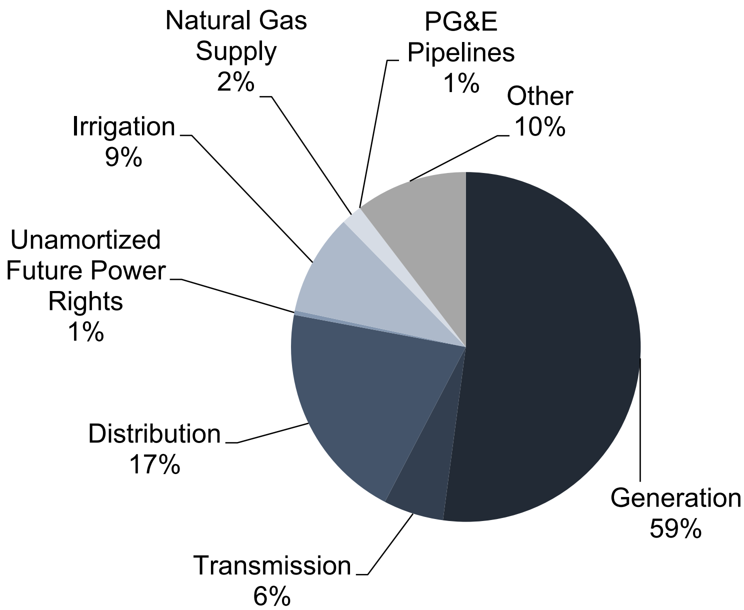
Summary of Financial Position and Changes in Net Position as of and for the years ended December 31, 2024, 2023, and 2022:

(dollars in thousands)	2024	2023	2022 *(Restated)*
ASSETS AND DEFERRED OUTFLOWS			
Utility plant, net	$ 1,293,658	$ 1,243,863	$ 1,203,505
Cash, cash equivalents, and investments	340,666	393,325	445,593
Other noncurrent assets	62,218	65,505	84,560
Other current assets	94,540	82,605	91,713
Deferred outflows of resources	63,623	85,316	110,387
Total assets and deferred outflows	$ 1,854,705	$ 1,870,614	$ 1,935,758
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
Long-term debt	$ 790,190	$ 862,318	$ 913,514
Other noncurrent liabilities	65,557	69,490	97,969
Other current liabilities	123,091	130,545	159,216
Deferred inflows of resources	206,821	207,176	221,037
Total liabilities and deferred inflows	1,185,659	1,269,529	1,391,736
NET POSITION			
Net investment in capital assets	489,004	382,957	286,908
Restricted	42,408	45,263	42,482
Unrestricted	137,634	172,865	214,632
Total net position	669,046	601,085	544,022
Total liabilities, deferred inflows, and net position	$ 1,854,705	$ 1,870,614	$ 1,935,758
REVENUES, EXPENSES, AND CHANGES IN NET POSITION			
Operating revenues	$ 397,346	$ 454,727	$ 487,528
Operating expenses	(345,982)	(387,064)	(418,552)
Operating income	51,364	67,663	68,976
Nonoperating expense, net	16,597	(10,600)	(17,736)
Increase in net position	67,961	57,063	51,240
NET POSITION			
Beginning of year	601,085	544,022	492,782
End of year	$ 669,046	$ 601,085	$ 544,022

Management's Discussion and Analysis as of and for the Year Ended December 31, 2024:

Assets

Utility Plant – TID had approximately $1.294 billion invested in utility plant assets, net of accumulated depreciation at December 31, 2024. TID transferred approximately $78.1 million of assets from construction in progress to utility plant in service in 2024 and had net disposals of $0.1 million. Net utility plant makes up 70% and 66% of TID's assets and deferred outflows at December 31, 2024 and 2023, respectively.



During 2024, TID capitalized $117.5 million of additions to utility plant. TID invested $5.0 million in Walnut Energy Center Authority modifications and inspections, $2.7 million in Almond Power Plant modifications and inspections, $34.3 million in relicensing fees related to Don Pedro Dam Hydroelectric facilities and upgrades, $29.9 million on routine expansion, $5.2 million on irrigation facilities, $5.3 million on emission credits, $2.3 million on subscription assets, $5.9 million on T & D lines, $2.6 million on vehicle and equipment replacement, $2.2 million on a new Enterprise Resource Planning system, and $22.1 million on underground lines, transformers, substation upgrades and general capital.

Cash, cash equivalents, and investments

TID's cash, cash equivalents, and investments decreased $52.7 million during 2024. This was primarily due to cash outflows from current-year capital offset by current-year operations.

Other noncurrent assets

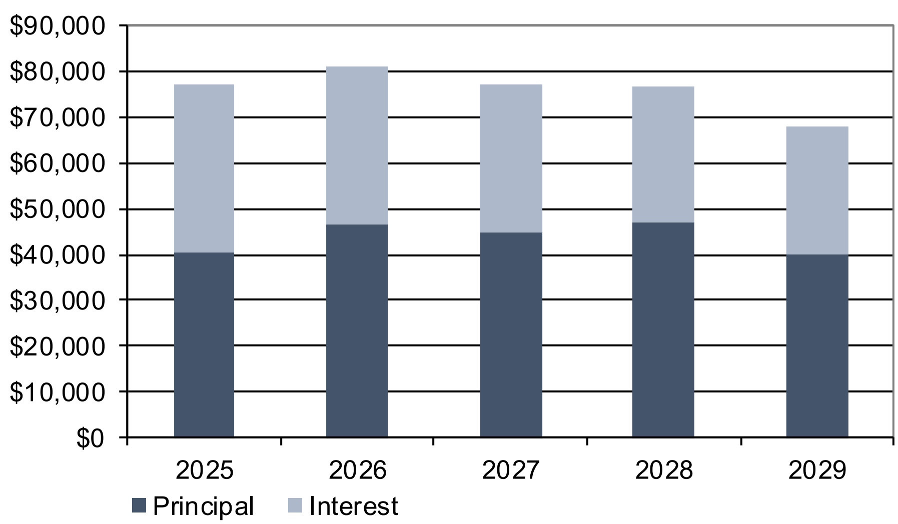
Other noncurrent assets decreased $3.3 million during 2024. This decrease is related to a decrease in regulatory assets of $1.7 million, a decrease in derivative financial instruments of $0.2 million, and a decrease in other assets of $2.1 million, offset by an increase in the other post-employment benefits (OPEB) asset of $0.7 million.

Other current assets
Other current assets increased $11.9 million during 2024. The was primarily due to a increase in wholesale accounts receivable of $1.1 million, an increase in accrued interest and other receivables of $11.5 million, an increase of $2.1 million in receivable from the Transmission Agency of Northern California, an increase in derivative financial instruments of $0.8 million, and was offset by a decrease in materials and supplies of $2.1 million, a decrease of $0.9 million in retail accounts receivable, and a decrease in prepaid expenses and other current assets of $0.6 million.

Deferred outflows of resources
Deferred outflows of resources decreased $21.7 million, primarily due to a decrease in deferred pension outflows of $19.1 million, a decrease of $1.2 million in cash flow hedges, current-year amortization of $1.4 million in debt refunding losses, and a net decrease in deferred Asset Retirement Obligation (ARO) of $0.8 million and offset by an increase in deferred OPEB outflows of $0.8 million.

Liabilities and changes in net position
Long-term debt – Long-term debt decreased $72.1 million, primarily due to scheduled principal payments of $42.7 million, a debt refunding which resulted in a net long-term debt decrease of $20.4 million, and the amortization of debt premiums of $9.0 million.

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



At December 31, 2024, 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 $3.9 million in 2024. The decrease was primarily due to a decrease of $4.5 million in the net pension liability and a decrease in lease payable of $0.1 million, offset by an increase of $0.5 million in TID's ARO and an increase in subscription payable of $0.2 million.

Other current liabilities

Other current liabilities decreased $7.5 million in 2024. The decrease was due to a decrease in gas and power accounts payable and accrued expenses of $3.4 million, a decrease of $1.2 million in derivative financial instruments, a decrease in commercial paper of $1.7 million, a decrease of interest payable of $1.3 million, and a net decrease in customer deposits and advances of $0.3 million, offset by an increase in accrued salaries, wages, and related benefits of $0.4 million.

Deferred inflow of resources

Deferred inflow of resources decreased $0.4 million due to a decrease of $10.3 million in deferred pension inflows, a $4.5 million net increase in deferred debt refunding gain as a result of current-year refunding, a decrease in deferred lease inflows of $2.1 million, and a decrease in deferred OPEB inflows of $0.3 million, offset by a net increase in regulatory credits of $7.3 million and an increase in cash flow hedges of $0.6 million.

Changes in net position

Operating revenues

Operating revenues decreased $57.4 million from $454.7 million in 2023 to $397.3 million in 2024. Wholesale electric revenues decreased $31.8 million to $59.1 million in 2024 from $90.9 million in 2023, primarily as a result of a decrease in average sales price and a decrease in sales volume of approximately 7%. Sales price decreased approximately 30% from an average of $83/megawatt hours (MWh) in 2023 to $58/MWh in 2024. Wholesale gas revenues decreased $1.0 million due to a decrease in sales volume and price. Electric retail power revenues decreased $25.4 million in 2024, primarily due to a decrease of $20.5 million in recognition of electric rate stabilization and a deferral of $16.1 million in revenues as a result of the power supply adjustment compared to a deferral of $12.9 million as a result of the power supply adjustment in 2023. Consumption for 2024 was up approximately 4.4% when compared to 2023.

Operating expenses

Operating expenses decreased $41.1 million from $387.1 million in 2023 to $346 million in 2024. Purchased power, generation, and fuel expenses decreased $45.3 million to $190.5 million in 2024 compared to $235.8 million in 2023. The decrease is primarily due to a net decrease in purchased power of $27.8 million and a decrease in fuel- and emission-related expenses of $17.5 million. The remaining decrease is due to decreased operating and maintenance costs at the District's generating facilities. Other electric expense decreased $1.2 million due to decreased distribution maintenance activities. Irrigation expense increased $0.9 million primarily due to decreased water delivery costs and canal maintenance costs. Administrative and general expenses increased $1.1 million when compared to 2023, primarily due to increased subscription cost in 2024. Depreciation and amortization expense increased $3.4 million, primarily due to an increase in amortization of emission credits expense of $2.3 million and the addition of new assets being put into production.

Net investment income

Net investment income in 2024 increased $3.6 million when compared to 2023, primarily due to higher yields on investments.

Other income

Other income in 2024 increased $22.3 million due to an increase in state and federal grant funds, insurance proceeds, and miscellaneous reveune of $20.0 million and an increase in contributions in aid of construction revenue of $2.3 million.

Derivative gain (loss)

For the year ended December 31, 2024, TID had a net loss of $0.0 million compared to a net gain of $0.9 million for the year ended December 31, 2023, due to a change in the fair value of derivative instruments.

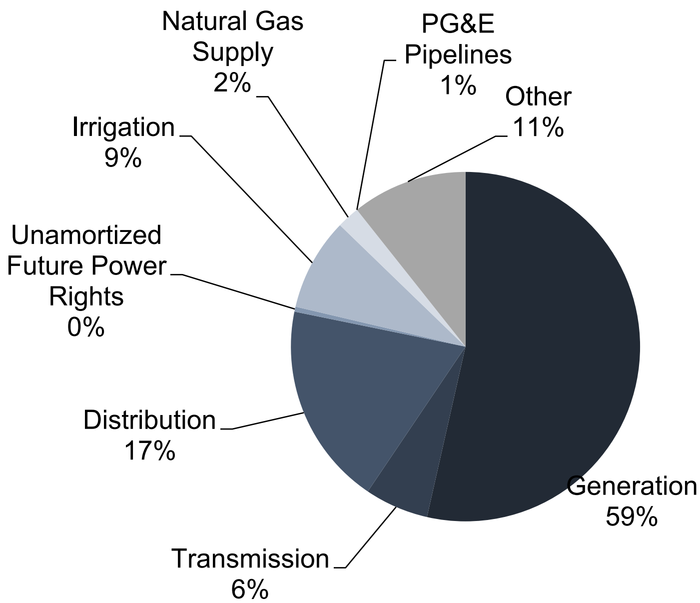
Net interest and amortization expense

Net interest and amortization expense decreased $2.3 million in 2024 as compared to 2023, primarily due to principal paydown of debt and savings realized from the bond refunding executed in 2024.

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

Assets

Utility Plant – TID had approximately $1.244 billion 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 66% and 62% of TID's assets and deferred outflows 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 $19.1 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 $1.4 million, offset by an increase in the OPEB asset of $3.8 million.

Other current assets

Other current assets decreased $9.1 million during 2023. This 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, and was 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.

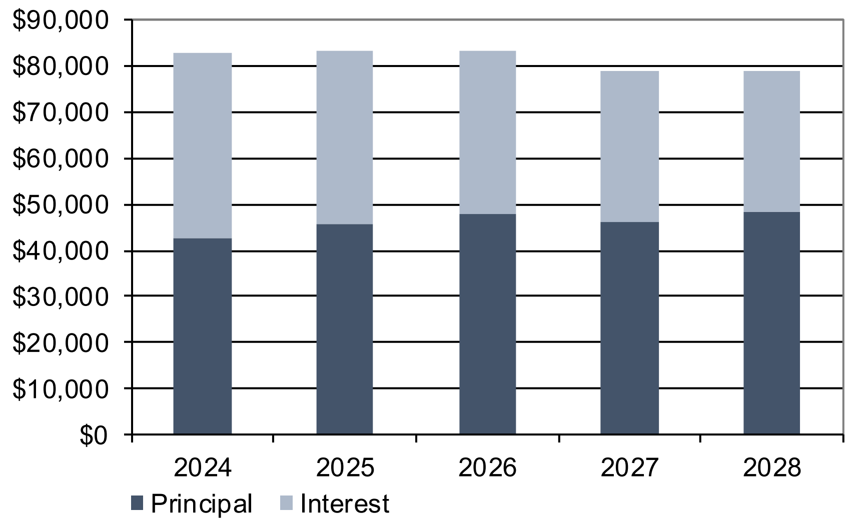
Deferred outflows of resources

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 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/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 maintenance 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 paydown of debt.

Consolidated Financial Statements

Turlock Irrigation District
Consolidated Statements of Net Position
December 31, 2024 and 2023

(dollars in thousands)	2024	2023
ASSETS		
Utility plant, net	$ 1,293,658	$ 1,243,863
Investments and other long-term assets		
Cash and cash equivalents, restricted for long-term purposes	13,651	9,580
Short-term investments, restricted for long-term purposes	3,862	5,663
Long-term investments, including restricted amounts	191,892	197,832
Regulatory assets	39,195	40,846
Net other postemployment benefits (OPEB) asset	7,374	6,692
Other assets	15,160	17,251
Derivative financial instruments, net of current portion	489	716
	271,623	278,580
CURRENT ASSETS		
Cash and cash equivalents, including restricted amounts	128,877	177,422
Short-term investments, including restricted amounts	2,384	2,828
Retail accounts receivable, net	24,402	25,335
Wholesale accounts receivable, net	5,889	4,760
Accrued interest and other receivables	30,213	18,674
Materials and supplies, net	10,701	12,754
Prepaid expenses and other current assets	2,912	3,554
Affiliate receivable	17,414	15,337
Derivative financial instruments	3,009	2,191
	225,801	262,855
Total assets	1,791,082	1,785,298
DEFERRED OUTFLOWS OF RESOURCES		
Deferred refunding loss	1,996	3,348
Cash flow hedges	4,461	5,672
Deferred OPEB outflows	5,912	5,076
Deferred asset retirement obligation (ARO) outflows	6,586	7,410
Deferred pension outflows	44,668	63,810
	63,623	85,316
Total assets and deferred outflows	$ 1,854,705	$ 1,870,614

See accompanying notes.

Turlock Irrigation District
Consolidated Statements of Net Position
December 31, 2024 and 2023

(dollars in thousands)	2024	2023
LIABILITIES		
Liabilities		
Long-term debt, net of current portion	$ 749,960	$ 819,578
ARO	17,827	17,324
Net pension liability	39,116	43,593
Lease payable	4,467	4,587
Subscription payable	4,147	3,960
Derivative financial instruments, net of current portion	-	26
	815,517	889,068
Current liabilities		
Commercial paper	21,891	23,581
Current portion of long-term debt	40,230	42,740
Power purchases and gas payables	11,837	11,315
Accounts payable and accrued expenses	31,548	35,484
Accrued salaries, wages, and related benefits	10,478	10,070
Customer deposits and advances	23,332	23,656
Accrued interest payable	19,530	20,793
Derivative financial instruments	4,475	5,646
	163,321	173,285
Total liabilities	978,838	1,062,353
DEFERRED INFLOWS OF RESOURCES		
Deferred refunding gain	9,722	5,213
Cash flow hedges	3,498	2,906
Deferred OPEB inflows	5,214	5,535
Deferred pension inflows	32,746	43,061
Deferred lease inflows	12,629	14,734
Regulatory credits	143,012	135,727
	206,821	207,176
NET POSITION		
Net investment in capital assets	489,004	382,957
Restricted	42,408	45,263
Unrestricted	137,634	172,865
Total net position	669,046	601,085
Total liabilities, deferred inflows, and net position	$ 1,854,705	$ 1,870,614

See accompanying notes.

Turlock Irrigation District
Consolidated Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2024 and 2023

(dollars in thousands)	2024	2023
OPERATING REVENUES		
Electric		
Retail	$ 320,606	$ 345,970
Wholesale	59,121	90,925
Irrigation	15,182	14,224
Wholesale gas	2,311	3,423
Other	126	185
	397,346	454,727
OPERATING EXPENSES		
Purchased power	54,366	82,190
Generation and fuel	136,158	153,638
Other electric	38,257	39,429
Irrigation	16,295	15,366
Administration and general	33,278	32,214
Depreciation and amortization	67,628	64,227
	345,982	387,064
Operating income	51,364	67,663
NONOPERATING REVENUES AND EXPENSES		
Net investment income	9,769	6,160
Other income, net	38,665	16,399
Derivative (loss) gain	(14)	922
Interest and amortization expense, net	(31,823)	(34,081)
	16,597	(10,600)
Increase in net position	67,961	57,063
NET POSITION		
Beginning of year	601,085	544,022
End of year	$ 669,046	$ 601,085

See accompanying notes.

Turlock Irrigation District
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

(dollars in thousands)	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from electric customers	$ 323,824	$ 324,111
Receipts from wholesale power sales	57,992	106,508
Receipts from irrigation customers	15,001	14,027
Receipts from sales of gas	2,335	3,715
Payments to vendors for purchased power	(53,946)	(88,748)
Payments to employees and vendors for generation and fuel and other electric	(167,049)	(202,712)
Payments to employees and vendors for irrigation	(16,769)	(15,903)
Payments to employees and vendors for administration and general	(26,854)	(37,123)
Other receipts and payments, net	19,812	(4,547)
Net cash provided by operating activities	154,346	99,328
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(126,614)	(87,807)
Proceeds from contributions in aid of construction	6,061	5,090
Proceeds from issuance of long-term debt	75,436	-
Repayment of long-term debt	(132,250)	(39,925)
Repayment of commercial paper	(1,690)	(4,245)
Interest payments on debt	(43,455)	(44,343)
Repayment of lease and subscription obligation	(1,802)	(1,511)
Cash received from lease	2,550	2,500
Build America Bond receipts	3,492	3,478
Net cash used in capital and related financing activities	(218,272)	(166,763)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	9,704	4,956
Derivative (loss) gain	(14)	524
Purchases of investments	(89,049)	(102,196)
Sales of investments	98,811	108,501
Net cash used in investing activities	19,452	11,785
Net decrease in cash and cash equivalents	(44,474)	(55,650)
CASH AND CASH EQUIVALENTS		
Beginning of year	187,002	242,652
End of year	$ 142,528	$ 187,002
RECONCILIATION OF CASH AND EQUIVALENTS TO STATEMENTS OF NET POSITION		
Cash and cash equivalents restricted for long-term purposes	$ 13,651	$ 9,580
Cash and cash equivalents, including restricted amounts	128,877	177,422
	$ 142,528	$ 187,002

See accompanying notes.

Turlock Irrigation District
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
ADJUSTMENT TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATIONS		
Operating income	$ 51,364	$ 67,663
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	67,628	64,227
Derivative financial instruments	15	-
ARO accretion expense	1,327	1,473
Other income	29,157	9,210
Other changes in operating assets and liabilities		
Accounts receivable	(9,033)	8,829
Materials and supplies	2,053	(4,029)
Prepaid expenses and other current assets	972	(1,298)
Regulatory assets and credits	7,950	(7,643)
Deferred OPEB outflows	(836)	(856)
Deferred pension inflows	(10,315)	7,275
Net OPEB asset	(682)	(3,766)
Power purchases and gas payables	522	(23,578)
Accounts payable and accrued expenses	7,031	(5,113)
Accrued salaries, wages, and related benefits	408	604
Customer deposits and advances	(3,377)	(6,072)
Affiliate receivable	(2,077)	104
Deferred OPEB inflows	(321)	3,127
Deferred pension outflows	19,142	19,202
Deferred lease outflows	(2,105)	(2,105)
Net pension asset/liability	(4,477)	(27,926)
Net cash provided by operating activities	$ 154,346	$ 99,328
SUPPLEMENTAL NONCASH INVESTING AND FINANCING ACTIVITIES		
Accounts payable and other liabilities related to construction of capital assets	$ 12,004	$ 24,246
Investment loss from derivatives	$ -	$ (398)
Deferred refunding gain	$ 6,802	$ -
Subscription asset	$ 2,252	$ -

See accompanying notes.

Turlock Irrigation District
Statements of Fiduciary Net Position of the Retirement Plan
June 30, 2024 and 2023

(dollars in thousands)	2024	2023
ASSETS		
Cash and cash equivalents	$ 9,335	$ 7,615
Receivables		
Interest	736	640
Dividends	854	101
Total receivables	1,590	741
Investments, at fair value		
U.S. government and municipal obligations	41,920	34,681
International obligations	18,506	18,618
Domestic stocks and mutual funds	156,123	141,863
International stocks and mutual funds	101,782	96,044
Domestic fixed income securities	67,696	63,756
Other investments	33,403	29,478
Total investments	419,430	384,440
Total assets	$ 430,355	$ 392,796
LIABILITIES		
Accrued expenses	$ 268	$ 129
Fiduciary net position restricted for pensions	$ 430,087	$ 392,667

See accompanying notes.

Turlock Irrigation District
Statements of Changes in Fiduciary Net Position of the Retirement Plan
For the 12 Months Ending June 30, 2024 and 2023

(dollars in thousands)	2024	2023
ADDITIONS		
Contributions		
Employer	$ 13,264	$ 9,164
Participants	2,817	2,592
Total contributions	16,081	11,756
Investment income		
Net appreciation in fair value of investments	34,231	30,733
Interest income	3,521	3,005
Dividend income	8,313	7,207
Other investment income	25	5
Investment expense	(895)	(791)
Net investment income	45,195	40,159
Total additions, net of investment income	61,276	51,915
DEDUCTIONS		
Benefits paid to participants and beneficiaries	23,331	21,830
Administrative expenses	525	365
Total deductions	23,856	22,195
NET INCREASE IN FIDUCIARY NET POSITION	37,420	29,720
FIDUCIARY NET POSITION RESTRICTED FOR PENSIONS		
Beginning of year	392,667	362,947
End of year	$ 430,087	$ 392,667

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 include 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-megawatt (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 standalone 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 of Changes in Fiduciary Net Position of the Retirement Plan as of June 30, 2024 and 2023, the Retirement Plan's 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, as well as 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 post-employment 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 costs 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*.

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, 2024 and 2023, TID had net loss totaling $93 and $72, 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 2024 and 2023.

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 the District's emissions as incurred for wholesale power sales, and the amortization expense is included as a component of depreciation expense on the consolidated statements of revenues, expenses, and changes in net position.

Amortization expense totaled $8,050 and $5,310 for the years ended December 31, 2024 and 2023, 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 consolidated statements 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 2024 and 2023 totaled $2,311 and $3,423, respectively. Depletion expense, which is included as a component of depreciation and amortization expense in the accompanying statements of revenues, expenses, and changes in net position, totaled $665 and $801 for the years ended December 31, 2024 and 2023, respectively.

Subscription assets – For SBITA contracts, subscription assets and liabilities are reported at present value using TID's incremental borrowing rate on the consolidated statements of net position. The subscription assets are amortized over the shorter of the lease term or the useful life of the underlying IT assets. The amortization of the discount for SBITA contracts is recorded as interest payable on the consolidated statements of net position with the offset to SBITA interest expense for SMUD on the consolidated statements of revenues, expenses, and changes in net position (see Note 3).

Cash and cash equivalents – Cash equivalents include all debt instruments with original maturity dates of three months or less from the date of purchase, as well as 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 from which, at the end of each business day, funds are automatically swept overnight to purchase shares in a money market mutual fund from TID's primary bank; 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 Statement No. 72, *Fair Value Measurement and Application*. 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 statements 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 U.S. government securities and related instruments with maturities no later than the expected date of the use of such funds.

Participation in JPAs – 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 for 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, 2024 and 2023, the allowance for doubtful accounts totaled $1,000. TID records bad debt expense as a reduction of revenue in the consolidated statements of revenues, expenses, and changes in net position. During 2024 and 2023, TID had $469 and $451 in bad debt expense, respectively.

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, 2024 and 2023.

Leases –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 noncancelable 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 consolidated statements of net position. The amortization of the discount for lessor contracts is recorded as lease receivable for TID on the consolidated statements of net position, with the offset to interest income in interest and other income on the consolidated statements of revenues, expenses, and changes in net position (see Note 4).

For lessee contracts, lease assets and liabilities are reported at present value using TID's incremental borrowing rate on the consolidated 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 consolidated statements of net position with the offset to lease interest expense for TID on the consolidated statements of revenues, expenses, and changes in net position (see Note 4).

Regulatory assets and credits – TID's Board has the authority to establish the 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, 2024 and 2023, the total estimated liability for vacation leave, sick leave, and other compensated absences was $7,768 and $7,599, 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 and the amount can be reasonably estimated.

TID purchases its excess workers' compensation insurance from the California State Association of Counties (CSAC)'s 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, 2024 and 2023, TID's estimated self-insurance liability for its workers' compensation claims totaled $1,931 and $2,101, respectively, and is reported as a component of accounts payable and accrued expenses in the consolidated 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 that 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, 2024 and 2023, had $0 and $3,100, respectively, deposited to satisfy its collateral requirements to counterparties, which are included in accrued interest and other receivables in the consolidated statements of net position. At December 31, 2024 and 2023, TID held no deposits from counterparties.

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*, 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 10).

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 that are effective hedges are deferred on the consolidated 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 consolidated 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).

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.

TID’s OPEB liability (asset) at December 31, 2024 is based upon a valuation date of June 30, 2024.

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.

(dollars in thousands)

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 the 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:

	2024	2023
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 balance (see Note 9) that result 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 retail revenues will be reflected in the consolidated statements of revenues, expenses, and changes in net position. For the year ended December 31, 2024, the power supply adjustment balance increased, resulting in a decrease to retail revenues of $16,051 for the year ended December 31, 2023, the power supply adjustment balance increased, resulting in an decrease to retail revenues of $12,145 and an increase 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 consolidated statements 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 estimated 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 was 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 provided 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 June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*, 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 has assessed the impact of this statement, and this statement had no impact to TID's financial statements.

Also in June 2022, GASB issued Statement No. 101, *Compensated Absences*, 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 has assessed the impact of this statement, and this statement had no impact to TID's financial statements.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*, to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. This Statement requires a government to assess whether a concentration or constraint could cause a substantial impact if the event occurred or has begun to occur prior to the issuance of financial statements. If a government determines that the criteria for disclosure have been met, it should disclose information in notes to financial statements in sufficient detail to enable financial statements users to understand the nature of the circumstances and the government's vulnerability to the risk of a substantial impact. This Statement is effective for TID in 2025. TID is currently assessing the disclosure impact of adopting this statement.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, to provide detailed information about capital assets in the notes to the financial statements. GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement is effective for TID in 2026. TID is currently assessing the disclosure impact of adopting this statement.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), to improve key components of the financial reporting model. The purposes of the improvements are to (a) enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and (b) address certain application issues. This Statement is effective for TID in 2026. TID is currently assessing the impact of adopting this statement.

(dollars in thousands)

Note 3 – Utility Plant

The summarized activity of TID's utility plant during 2024 is presented below:

	December 31, 2023	Additions	Transfers	Disposals	December 31, 2024
NONDEPRECIABLE UTILITY PLANT					
Land	$ 33,300	$ -	$ -	$ -	$ 33,300
Emission credits	20,187	-	-	-	20,187
Construction in progress	162,289	109,999	(78,100)	-	194,188
Total nondepreciable utility plant	215,776	109,999	(78,100)	-	247,675
DEPRECIABLE UTILITY PLANT					
Generation	1,005,747	-	13,006	(12,173)	1,006,580
Distribution	440,981	-	41,216	(2,196)	480,001
Transmission	192,654	-	1,345	89	194,088
General	145,248	-	7,968	(1,113)	152,103
Future power rights	27,765	-	143	80	27,988
Irrigation	125,373	-	14,408	178	139,959
Investment in gas properties	123,871	-	14	-	123,885
Emission allowances	51,021	5,265	-	(12,483)	43,803
Total depreciable utility plant	2,112,660	5,265	78,100	(27,618)	2,168,407
Subscription assets	7,736	2,252	-	-	9,988
Less accumulated depreciation, amortization, and depletion	(1,092,309)	(67,628)	-	27,525	(1,132,412)
Depreciable utility plant, net	1,028,087	(60,111)	78,100	(93)	1,045,983
Utility plant, net	$ 1,243,863	$ 49,888	$ -	$ (93)	$ 1,293,658

(dollars in thousands)

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
Subscription assets	7,736	-	-	-	7,736
Less accumulated depreciation, amortization, and depletion	(1,032,481)	(64,227)	-	4,399	(1,092,309)
Depreciable utility plant, net	1,027,347	(52,268)	53,080	(72)	1,028,087
Utility plant, net	$ 1,203,505	$ 40,430	$ -	$ (72)	$ 1,243,863

(dollars in thousands)

Subscription Assets – 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. 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, 2024 and 2023, subscription assets were $9,988 and $7,736 and accumulated depreciation and amortization associated with subscription assets was $4,256 and $2,716, respectively, which is included in other assets. TID recorded SBITA expense of $1,540 and $1,902 for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023 subscription obligations included in accounts payable and accrued expenses totaled $1,765 and $1,394, respectively, and subscription obligations included in subscription payable totaled $4,132 and $3,960, respectively. The following table summarizes the future annual SBITA principal and interest payments as of December 31, 2024:

	Principal	Interest	Total
2025	$ 1,765	$ 75	$ 1,840
2026	1,587	56	1,643
2027	1,412	39	1,451
2028	663	23	686
2029	471	10	481
2030	-	-	-
	$ 5,898	$ 203	$ 6,101

Note 4 – Leases

Lessee – TID has agreements with nine owners of land on which its turbines are located for which 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, 2023. Each agreement is for 20 years, beginning in 2009, with two 10-year renewal options. 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, 2024 and 2023, total expense incurred under the agreements was $1,238 and $1,146, respectively, of which $258 and $253 has been recorded as interest expense of the leased asset, respectively; $199 and $199 has been recorded as amortization expense of the leased asset, respectively; and the remaining $781 and $621, respectively, relates to variable payments paid under the agreement and has been recorded in generation and fuel expense within the consolidated statements of revenues, expenses, and changes in net position. At December 31, 2024 and 2023, TID had a lease asset included in other assets of $4,980 for each year and accumulated amortization of $795 and $596, respectively. At December 31, 2024 and 2023, lease payable included in current liabilities, accounts payable, and accrued expenses was $114 and $102, respectively, and lease payable included in liabilities was $4,467 and $4,587, respectively.

(dollars in thousands)

TID's scheduled future annual principal maturities and interest are as follows at December 31, 2024:

	Principal	Interest	Total
2025	$ 114	$ 252	$ 366
2026	125	246	371
2027	132	239	371
2028	139	232	371
2029	147	224	371
2030–2034	864	989	1,853
2035–2039	1,151	722	1,873
2040–2044	1,511	368	1,879
2045–2049	399	26	425
	$ 4,582	$ 3,298	$ 7,880

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 for the third party to extend the agreement for an additional two and a half years ending on June 30, 2030. 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 the third party 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 $12,577 at December 31, 2024. The first payment was received in January 2023, and 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 9), and no revenue has been recorded for the year ended December 31, 2024. At December 31, 2024 and 2023, deferred inflows were $12,639 and $14,734, respectively. At December 31, 2024 and 2023, lease receivable included in current assets, accrued interest, and other receivables was $1,910 and $1,761, respectively, and lease receivables included in investments and other long-term assets totaled $10,667 and $12,577, respectively. There were no payments recorded in the current period that were not included in the measurement of the lease liability.

Note 5 – Participation in JPAs

Transmission Agency of Northern California – TID is a member of the Transmission Agency of Northern California (TANC), a JPA consisting of 15 municipal utilities. TANC is a participant, with a 79.3% share, in the California-Oregon Transmission Project (COTP), as well as 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 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 shares. During 2024 and 2023, TID's total expenses in connection with its TANC agreements, included in purchased power expense, totaled $5,724 and $7,233, respectively. At December 31, 2024 and 2023, TID has an affiliate receivable due from TANC of $17,414 and $15,337, 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 $399,995 at December 31, 2024. 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, California 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:

	2024	2023
SUMMARIZED STATEMENTS OF NET POSITION		
Current assets	$ 37,748	$ 29,415
Noncurrent assets	148,127	183,968
Total assets	$ 185,875	$ 213,383
Current liabilities	$ 31,185	$ 37,215
Long-term debt, net of current portion	149,037	174,471
Deferred inflow of resources	5,653	1,697
Total liabilities and deferred inflows	$ 185,875	$ 213,383

	2024	2023
SUMMARIZED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating revenues	$ 86,984	$ 101,898
Operating expenses	(81,611)	(95,853)
Operating income	5,373	6,045
Nonoperating revenues and expenses, net	(5,373)	(6,045)
Changes in net position	$ -	$ -

	2024	2023
SUMMARIZED STATEMENTS OF CASH FLOWS		
Net cash provided by operating activities	$ 11,462	$ 9,303
Net cash used in noncapital and related financing activities	(6,704)	(9,274)
Net cash used in capital and related financing activities	(24,546)	(7,514)
Net cash provided by investing activities	12,478	10,469
Net (decrease) increase in cash and cash equivalents	(7,310)	2,984
Beginning of year cash and cash equivalents	16,664	13,680
End of year cash and cash equivalents	$ 9,354	$ 16,664

(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:

	2024	2023
SUMMARIZED STATEMENTS OF NET POSITION		
Current assets	$ 41,296	$ 40,350
Noncurrent assets	215,435	234,086
Deferred outflow of resources	8,580	10,630
Total assets and deferred outflows	$ 265,311	$ 285,066
Current liabilities	$ 25,422	$ 24,980
Noncurrent liabilities	22,293	21,911
Long-term debt, net of current portion	217,596	238,175
	$ 265,311	$ 285,066

	2024	2023
SUMMARIZED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		
Operating revenues	$ 23,467	$ 24,049
Operating expenses	(14,748)	(14,882)
Operating income	8,719	9,167
Nonoperating revenues and expenses, net	(8,719)	(9,167)
Changes in net position	$ -	$ -

	2024	2023
SUMMARIZED STATEMENTS OF CASH FLOWS		
Net cash provided by operating activities	$ 9,183	$ 11,723
Net cash used in capital and related financing activities	(10,975)	(11,837)
Net cash provided by investing activities	9,386	4,627
Net increase in cash and cash equivalents	7,594	4,513
Beginning of year cash and cash equivalents	31,257	26,744
End of year cash and cash equivalents	$ 38,851	$ 31,257

Note 6 – 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 by a nationally recognized rating agency, at a minimum, “A1” or equivalent for medium-term notes and “A” for commercial paper. The following schedule presents the credit risk at December 31, 2024 and 2023. The credit ratings listed are from Standard and Poor’s as of December 31, 2024. NR means not rated.

	Credit Rating	2024	2023
CASH AND CASH EQUIVALENTS			
Deposits	NR	$ 94,698	$ 126,079
California Asset Management Program	AAAm	23,342	39,420
Money Market Mutual Fund	AAAm	10,317	11,433
Local Agency Investment Fund	NR	520	490
		128,877	177,422
SHORT-TERM INVESTMENTS			
Corporate notes	A-. BBB+	-	1,748
Asset-backed securities	AAA, NR	27	10
Municipal notes	AA-	816	1,070
U.S. Treasury notes	AA+	1,541	-
		2,384	2,828
CASH AND CASH EQUIVALENTS, RESTRICTED FOR LONG-TERM PURPOSES			
Deposits	NR	11,401	4,195
Time certificate	NR	2,227	2,181
California Asset Management Program	AAAm	23	3,204
		13,651	9,580
SHORT-TERM INVESTMENTS, RESTRICTED FOR LONG-TERM PURPOSES			
Government sponsored enterprises	AA+	3,862	-
U.S. Treasury notes	AA+	-	5,663
		3,862	5,663
LONG-TERM INVESTMENTS			
Government sponsored enterprises	AA+	34,270	31,540
Certificates of deposit	A+	4,161	5,788
U.S. Treasury notes	AA+	79,436	95,646
Corporate notes	AA, AA-, A+, A, A-, BBB	43,576	34,516
Asset-backed securities	AAA, NR	25,662	25,822
Municipal notes	AA-, NR	1,580	2,721
Bank note	A+	3,207	1,799
		191,892	197,832
		$ 340,666	$ 393,325

(dollars in thousands)

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

	2024	2023
GENERAL OPERATING FUNDS		
Operating accounts	$ 94,352	$ 146,439
Funds designated for rate stabilization	154,903	140,607
Funds designated for capital improvements	7,791	7,791
	257,046	294,837
RESTRICTED FUNDS		
Reserve funds	21,288	32,093
Debt service funds	59,711	63,876
Water studies	394	338
Letter of credit deposit (time certificate)	2,227	2,181
	83,620	98,488
	$ 340,666	$ 393,325

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 that 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, 2024 and 2023, TID had deposits totaling $988 and $1,194, respectively, that are insured by the FDIC. The remaining deposits of $107,982 and $129,080 are uncollateralized and uninsured at December 31, 2024 and 2023, respectively. TID's money market mutual fund is collateralized with shares held by the pledging bank's trust department, which is acting as TID's agent. All investments are held in TID's name. Investments in the LAIF and CAMP at December 31, 2024 and 2023, of $23,885 and $43,114, 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, 2024 and 2023, the concentrations of 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, 2024 and 2023, TID has investments with original maturities of greater than 90 days that are therefore subject to increased interest rate risk. The following schedules indicate the interest rate risk at December 31:

	2024	Weighted-Average Maturity (Years)
Investment type		
Corporate notes	$ 43,578	2.89
Government-sponsored enterprises	38,132	3.94
Municipal notes	2,396	1.54
Certificates of deposits	4,161	1.60
Asset-backed securities	25,687	3.50
Bank notes	3,207	2.43
U.S. Treasury notes	80,977	2.97
Total fair value	$ 198,138	

	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
Bank notes	1,799	2.60
U.S. Treasury notes	101,309	2.76
Total fair value	$ 206,322	

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 7 – Long-Term Debt

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

	2024	2023
Revenue bonds, fixed interest rates of 5.0%, maturing through 2046	$ 346,565	$ 364,795
WECA revenue bonds, fixed interest rates of 5.0% to 6.2%, maturing through 2037	137,990	165,720
TWPA revenue bonds, fixed interest rates of 5.0% to 6.9%, maturing through 2034	231,575	248,780
Total long-term debt outstanding	716,130	779,295
Less		
Current portion	(40,230)	(42,740)
Unamortized premiums and discounts, net	74,060	83,023
Total long-term debt, net	$ 749,960	$ 819,578

Refunding – In July 2024, TID issued revenue refunding bonds, Series 2024A, totaling $14,195, the proceeds of which were combined with $738 from a reserve fund and other available funds, and were used to refund of the remaining 2014 Series A revenue refunding bonds of $16,010, through a legal defeasance. Accordingly, the liability for the defeased bonds has been removed from long-term debt in the consolidated statements of net position. This refunding resulted in a net deferred accounting gain of $1,109, which is being amortized over the life of the refunding issue. The refunding reduced aggregate debt service payments by $1,186 and resulted in a total economic gain of $1,189.

Concurrent with the TID revenue refunding bonds, Series 2024, WECA revenue refunding bonds, 2024 Series A in the amount of $54,890 were issued. The proceeds from the issued WECA revenue refunding bonds, 2024 Series A, were combined with $13,303 from a reserve fund and used to refund the remaining WECA revenue bonds, 2014 Series A, totaling $73,500, through a legal defeasance. Accordingly, the liability for the defeased bonds has been removed from long-term debt in the consolidated statements of net position. This refunding resulted in a net deferred accounting gain of $5,693, which is being amortized over the life of the refunding issue. The refunding reduced aggregate debt service payments by $17,343 and resulted in a total economic gain of $6,948.

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, 2024 and 2023, TID received $3,492 and $3,478, respectively, from this federal subsidy, which is included in other income on the consolidated statements of revenues, expenses, and changes in net position.

(dollars in thousands)

The summarized activity of TID's long-term debt during 2024 and 2023 is presented below:

	December 31, 2023	Additions	Payments and Amortization	December 31, 2024	Amounts Due Within One Year
Revenue bonds	$ 779,295	$ 69,085	$ (132,250)	$ 716,130	$ 40,230
	779,295	69,085	(132,250)	716,130	$ 40,230
Less					
Unamortized premiums	83,023	7,225	(16,188)	74,060	
Total long-term debt, net	$ 862,318	$ 76,310	$ (148,438)	$ 790,190	

	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	

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. 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 $141,425 and $194,435 may be subject to redemption during 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, 2024:

	Principal	Interest	Total
2025	$ 40,230	$ 36,918	$ 77,148
2026	46,420	34,541	80,961
2027	44,715	32,246	76,961
2028	46,930	29,836	76,766
2029	40,115	27,613	67,728
2030–2034	302,170	85,878	388,048
2035–2039	124,525	29,364	153,889
2040–2044	62,230	7,104	69,334
2045–2046	8,795	222	9,017
	$ 716,130	$ 283,722	$ 999,852

Note 8 – Commercial Paper

TID utilizes a commercial paper program, the WECA commercial paper program, which is used to finance capital expenditures up to $40,000, primarily WECA improvements and gas field capital expenditures. At December 31, 2024 and 2023, the balance outstanding under this commercial paper program was $21,891 and $23,581, respectively, of which $4,560 and $5,250 was taxable at December 31, 2024 and 2023, respectively. The effective interest rate for the commercial paper outstanding at December 31, 2024 and 2023, was 3.30% and 3.74%, respectively, and the average term was 64 days and 2 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 2024 and 2023 is presented below:

	2024	2023
BALANCES, beginning of year	$ 23,581	$ 27,826
Additions	-	-
Payments	(1,690)	(4,245)
BALANCES, end of year	$ 21,891	$ 23,581

(dollars in thousands)

Note 9 – 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:

	2024	2023
Debt issuance costs	$ 4,680	$ 4,639
Pension costs	29,590	32,280
Deferred pension expense	2,900	-
Unrealized loss on investments	2,025	3,927
	$ 39,195	$ 40,846

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

	2024	2023
Electric rate stabilization	$ 120,827	$ 106,531
Deferred pension expense	-	1,450
Deferred OPEB expense	5,185	1,497
Deferred auction sales	12,000	11,999
Deferred lease revenue	5,000	2,105
Power supply adjustment	-	12,145
	$ 143,012	$ 135,727

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 consolidated statements 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.

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-related deferred outflows and deferred inflows of resources, to match such costs in the appropriate accounting period for rate-making purposes.

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 2024, the Board elected to transfer $28,196 from the deferred power supply regulatory account to the electric rate deferred regulatory account. During 2024 and 2023, the Board elected to utilize $13,900 and $34,390 from the rate stabilization regulatory account to fund capital, respectively.

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 semiannually 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 2024, the Board elected to transfer the entire balance of $28,196 from the deferred power supply regulatory account to the electric rate deferred regulatory account. During 2024 and 2023, $16,051 and $12,881 was added the deferred power supply regulatory account, respectively.

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, 2024 and 2023, respectively.

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 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 $5,000 and $2,105 at December 31, 2024 and 2023, respectively.

(dollars in thousands)

Note 10 – 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:

	2024	2023
Derivative financial instrument assets		
Gas-related contracts	$ 3,498	$ 2,907
Less current portion	(3,009)	(2,191)
	$ 489	$ 716
Derivative financial instrument liabilities		
Gas-related contracts	$ 4,475	$ 5,672
Less current portion	(4,475)	(5,646)
	$ -	$ 26

Note 11 – 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 – Measurement 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 – Measurement 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 – Measurement uses a market-based approach that considers yield, price of comparable securities, coupon rate, maturity, credit quality, and dealer-provided prices.

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

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

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

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

(dollars in thousands)

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

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

Money market mutual fund – Measurement uses a net asset value as determined by the fund manager. The 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; obligations of U.S. government agencies, authorities, instrumentalities, or sponsored enterprises; 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, 2024 and 2023. 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, 2024		
	Level 1	Level 2	Total
Investments, including cash and cash equivalents			
California Asset Management Program	$ -	$ 23,365	$ 23,365
Local Agency Investment Fund	-	520	520
U.S. Treasury notes	80,977	-	80,977
Government-sponsored enterprises	-	38,132	38,132
Corporate notes	-	43,578	43,578
Municipal notes	-	2,396	2,396
Money market mutual fund	-	-	-
Certificates of deposit	-	4,161	4,161
Asset-backed securities	-	25,662	25,662
Bank note	-	3,207	3,207
Total investments, including cash equivalents	$ 80,977	$ 141,021	$ 221,998

(dollars in thousands)

	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

Note 12 – 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. Participants who became eligible for the Retirement Plan prior to January 1, 2013, may retire after age 55 with benefits based on compensation and years of service to actual retirement date. Those participants who 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, the pension trust funds are excluded from these financial statements. The Retirement Plan is a governmental plan under Section 414(d) of the Internal Revenue Code. 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 who 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, 2024 and 2023, the contribution rate for employees hired or who became eligible after January 1, 2013, was 6.75%. 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, 2024 and 2023, TID made contributions of $12.9 million and $15.3 million, which includes $2.9 million and $2.7 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 policies include restrictions for investments relating to maximum amounts invested as a percentage of allocated portfolios to individual investment managers and with a single issuer, as well as 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-ends of June 30, 2024 and 2023, 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-ends of June 30, 2024 and 2023, are summarized as follows:

		June 30, 2024	June 30, 2023
Non-participant-directed investments greater than 5% of the Plan's fiduciary net position:			
DFA International Core Equity Portfolio	International stocks and mutual funds	$ 32,633	$ 31,905
DFA Emerging Markets Core Equity Portfolio	International stocks and mutual funds	23,827	21,828
DFA US L/C Value Portfolio	Domestic stocks and mutual funds	43,765	39,987
Vanguard Institutional Index Fund	Domestic stocks and mutual funds	46,784	46,074
		147,009	139,794
Aggregate of non-participant-directed investments less than 5% of the Plan's fiduciary net position		272,421	244,646
		$ 419,430	$ 384,440

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% of the total investments under their management in foreign currency–denominated investments. At the Retirement Plan's fiscal years ending of June 30, 2024 and 2023, the Retirement Plan held no investments in foreign currency denominations.

Money weighted rate of return – For the fiscal years ended June 30, 2024 and 2023, the annual money-weighted rate of return on retirement plan investments, net of investment expense, was 11.67% and 10.94%, 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-ends of June 30, 2024 and 2023, the Retirement Plan had the following investments with maturities:

		Investment Maturities (in Years) at June 30, 2024			
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. government treasuries & agency securities	$ 41,634	$ 9	$ 557	$ 5,674	$ 35,394
Domestic fixed-income securities	67,696	25,723	19,789	6,917	15,267
Municipal obligations	286	-	-	-	286
Stocks & mutual funds	257,905	257,905	-	-	-
Other investment	33,403	33,403	-	-	-
International obligations	18,506	17,882	163	-	461
Total	$ 419,430	$ 334,922	$ 20,509	$ 12,591	$ 51,408

		Investment Maturities (in Years) at June 30, 2023			
Investment Type	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. government treasuries & agency securities	$ 34,437	$ -	$ 848	$ 1,147	$ 32,442
Domestic fixed-income securities	63,756	23,727	17,816	6,009	16,204
Municipal obligations	244	-	-	-	244
Stocks & mutual funds	237,907	237,907	-	-	-
Other investment	29,478	29,478	-	-	-
International obligations	18,618	17,340	808	-	470
Total	$ 384,440	$ 308,452	$ 19,472	$ 7,156	$ 49,360

Employees covered by benefit terms – At December 31, 2024, the number of employees covered by the Retirement Plan was:

Inactive employees or beneficiaries currently receiving benefit payments	484
Inactive employees entitled to but not yet receiving benefit payments	105
Active employees	419
	1,008

Net pension liability – TID's net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of January 1, 2024, rolled forward on an actuarial basis.

Actuarial assumptions – The actuarial methods and assumptions used for the December 31, 2024, 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 would be made at the current contribution rate and that contributions would 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, 2024, are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
Major asset classes		
Fixed income obligations and mutual funds	32.0%	3.46%
Domestic equities	35.6%	5.31%
International equities	24.4%	5.28%
Alternative assets/private equity	7.0%	6.49%
Cash	1.0%	0.77%
Total	100.0%	

Changes in net pension liability – The changes in TID's net pension liability for the year ended December 31, 2024, are as follows:

	Total Pension Liability (a)	Increase (Decrease) in Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
BALANCES, January 1, 2024	$ 451,681	$ 408,088	$ 43,593
Changes for the year			
Service cost	8,976	-	8,976
Interest cost	31,412	-	31,412
Difference between expected and actual experience	3,495	-	3,495
Change of assumption	286	-	286
Contributions – employer	-	10,020	(10,020)
Contributions – employee	-	2,880	(2,880)
Benefit payments	(23,827)	(23,827)	-
Investment income	-	36,158	(36,158)
Administrative expenses	-	(457)	457
Other changes	-	45	(45)
Net changes	20,342	24,819	(4,477)
BALANCES, December 31, 2024	$ 472,023	$ 432,907	$ 39,116

(dollars in thousands)

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

Since the measurement date of December 31, 2023 there have been no changes in assumptions that had an impact on the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability as of December 31, 2024, calculated using the discount rate of 7.00%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one 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)	$ 100,623	$ 39,116	$ (11,951)

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.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the years ended December 31, 2024 and 2023, TID recognized pension expense of $12.7 million and $15.3 million, respectively.

(dollars in thousands)

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

	December 31, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Summarized statement of net position		
Differences between expected and actual experience	$ 5,141	$ (1,604)
Changes of assumptions	4,071	(1,053)
Net difference between projected and actual earnings on pension plan investments	35,456	(30,089)
Total	$ 44,668	$ (32,746)

	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)

(dollars in thousands)

The balances as of December 31, 2024, of the deferred outflows (inflows) of resources will be recognized in pension expense for each of the years ending December 31, as follows:

2025	$ 8,238
2026	10,586
2027	(6,105)
2028	(797)
2029	-
	$ 11,922

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 13 – 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, a multi-employer public sector healthcare purchasing pool for which EIAHealth is the administrator and through which TID's 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 OPEB Plan report, contact CALPERS at Lincoln Plaza North 400 Q Street, Sacramento, California 95811.

(dollars in thousands)

Employees covered by benefit terms – At June 30, 2024, the number of employees covered by the Health Plan was:

Retiree participants	100
Active employees	468
	568

Net OPEB asset – TID's net OPEB asset as of December 31, 2024, was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of June 30, 2023, 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 $621 and $1,722 for the years ended December 31, 2024 and 2023, respectively. Total covered-employee payroll and contributions as a percentage of covered-employee payroll were $51,681 and 1.2% and $50,544 and 3.4% for the years ended December 31, 2024 and 2023, respectively.

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 6.40% investment rate of return per year, inflation rate of 2.75% per year, and payroll growth of 2.25% per year, plus merit increases based on the District's 2019 Experience Study, in aggregate. Additionally, actual health premiums were used with annual healthcare cost trend rates beginning in 2023 of 7.00% for pre-65, reducing 0.25% annually to an ultimate rate of 4.5%, and 6.50% for post-65, reducing 0.25% annually to an ultimate rate of 4.5%. 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 2023, 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%	0.00%

Changes in net OPEB asset – The changes in TID's net OPEB asset for the year ended December 31, 2024, are as follows:

	Total OPEB Liability (a)	Increase (Decrease) in Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
BALANCES, January 1, 2024	$ 20,314	$ 27,006	$ (6,692)
Changes for the year			
Service cost	1,080	-	1,080
Interest cost	1,211	-	1,211
Contributions – employer	-	621	(621)
Benefit payments	(2,474)	(2,474)	-
Investment income	-	2,972	(2,972)
Administrative expenses	-	(10)	10
Difference between expected and actual experience	1,186	-	1,186
Change of assumption	(576)	-	(576)
Net changes	427	1,109	(682)
BALANCES, December 31, 2024	$ 20,741	$ 28,115	$ (7,374)

(dollars in thousands)

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)

Since the prior measurement date of December 31, 2023, the change in assumptions that had an impact on the total OPEB liability was an increase in the discount rate from 6.00% to 6.40%, reflecting actual premium rates for 2024.

Sensitivity of the net OPEB asset to changes in the discount rate – The following presents the net OPEB asset as of December 31, 2024, calculated using the discount rate of 6.40%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (5.40%) or one percentage point higher (7.40%) than the current rate:

	1% Decrease (5.40%)	Current Discount Rate (6.40%)	1% Increase (7.40%)
Net OPEB (asset)	$ (5,904)	$ (7,374)	$ (8,741)

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

	1% Decrease (5.75% HMO/5.75% PPO decreasing to 3.50% HMO/3.50% PPO)	Current Healthcare Cost Trend Rates (6.75% HMO/6.75% PPO decreasing to 4.50% HMO/4.50% PPO)	1% Increase (7.75% HMO/7.75% PPO increasing to 5.50% HMO/5.50% PPO)
Net OPEB (asset)	$ (9,449)	$ (7,374)	$ (4,955)

(dollars in thousands)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB – For the years ended December 31, 2024 and 2023, TID recognized OPEB expense of $0.7 million and $1.0 million, respectively.

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

	December 31, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Summarized statement of net position		
Differences between expected and actual experience	$ 1,883	$ (1,523)
Changes of assumptions	1,356	(3,691)
Net difference between projected and actual earnings on OPEB plan investments	1,797	-
Contribution made subsequent to the measurement date	876	N/A
Total	$ 5,912	$ (5,214)

	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)

The balances as of December 31, 2024, of the deferred outflows (inflows) of resources will be recognized in pension expense for each of the years ending December 31, as follows:

2025	$ (126)
2026	879
2027	(136)
2028	(96)
2029	(196)
Thereafter	(503)
	$ (178)

Contributions made subsequent to the measurement date will be recognized in the year ending December 31, 2025.

Note 14 – Asset Retirement Obligations (AROs)

In 2019, TID adopted GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. An 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 that 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 Notes 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 (the 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 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 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 $17,827 and $17,324 for the years ended December 31, 2024 and 2023, respectively. The estimated remaining useful life of the Project is approximately 9 years. The deferred outflows recognized were $6,586 and $7,410 as of December 31, 2024 and 2023 and are amortized over the remaining useful life of the Project. During the years ended December 31, 2024 and 2023, TID recorded $1,326 and $1,474 of expense, respectively.

Note 15 – Commitments

Power sales agreement – TID supplies energy to Merced Irrigation District (MeID) under a 10-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 provides 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 years' notice effective on an anniversary date not before 2021. Sales and services provided under the agreements totaled $33,595 and $50,240 in 2024 and 2023, respectively, and have been recorded in electric wholesale revenues within the consolidated statements 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 2054. Capacity and certain energy is purchased on a take-or-pay basis. Power purchased under the agreement totaled $2,300 and $2,045 in 2024 and 2023, respectively, and has been recorded in purchased power expense within the consolidated statements of revenues, expenses, and changes in net position.

Gas purchase agreements – TID has two natural gas supply agreements with two 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 the Walnut Energy Center up to 55.0 billion British thermal units (BBtu) per day. This contract expires on January 1, 2026.

The second contract obligates the fuel manager to supply all the natural gas required by the Almond 2 power plant up to 50.4 BBtu per day. 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, 2026. 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 predetermined index-based prices or a mutually agreed-upon price. Fuel purchased under the three agreements totaled $41,022 and $75,941 in 2024 and 2023, respectively, and has been recorded in generation and fuel expense within the consolidated statements 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 $10,867 and $11,144 in 2024 and 2023, respectively, and have been recorded in generation and fuel expense within the consolidated statements of revenues, expenses, and changes in net position.

(dollars in thousands)

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, 2024:

2025	$	9,129
2026		9,506
2027		3,525
2028		3,618
2029		3,707
Thereafter		35,212
	$	64,697

Solar power purchase agreement – TID has a 20-year power purchase agreement to purchase 100% of the output from a 54-MW solar plant to assist TID in meeting its environmental compliance requirements. TID purchases the output along with the environmental attributes as they are produced, beginning in February 2017. Purchases under this agreement totaled $7,185 and $7,143 in 2024 and 2023, respectively, and have been recorded in purchased power expense within the consolidated statements 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) are estimated as follows:

2025	$	7,637
2026		7,610
2027		7,560
2028		7,547
2029		7,535
Thereafter		53,008
	$	90,897

Note 16 – 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.

Note 17 – Subsequent Event

Gas Prepay – In November 2024, TID and WECA formed a JPA, the Central Valley Energy Authority (CVEA). In January 2025, CVEA entered into a prepaid natural gas and electricity (commodity) contract with Aron Energy Prepay 48 LLC, expiring in 2055, which was financed with $984,120 of CVEA revenue bonds. TID has contracted with CVEA to purchase all the commodity delivered by Aron Energy Prepay 48 LLC, based on market prices. CVEA is obligated to pay principal and interest on the bonds. Neither TID or WECA is obligated to make debt service payments on the bonds. CVEA can terminate the prepaid commodity contract under certain circumstances, including failure by Aron Energy Prepay 48 LLC to meet its commodity delivery obligation to CVEA. If this occurs, Aron Energy Prepay 48 LLC will be required to make a termination payment to CVEA based on the unamortized prepayment proceeds received by Aron Energy Prepay 48 LLC.

Required Supplementary Information

Turlock Irrigation District
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)
(dollars in thousands)
December 31, 2024

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.

	2024	2023	2022	2021	2020
Total pension liability					
Service cost	$ 8,976	$ 8,678	$ 8,415	$ 8,396	$ 8,450
Interest	31,412	30,046	29,385	28,172	27,481
Difference between expected and actual experience	3,495	2,616	(4,010)	1,754	1,148
Change of assumptions	286	1,027	(2,632)	-	19,359
Benefit payments	(23,827)	(22,480)	(21,470)	(20,544)	(20,154)
Net change in total pension liability	20,342	19,887	9,688	17,778	36,284
Total pension liability – beginning	451,681	431,794	422,106	404,328	368,044
Total pension liability – ending (a)	$ 472,023	$ 451,681	$ 431,794	$ 422,106	$ 404,328
Plan fiduciary net position					
Contributions – employer	$ 10,020	$ 12,562	$ 9,783	$ 12,959	$ 13,240
Contributions – employee	2,880	2,719	2,488	2,321	2,039
Investment income	36,158	55,362	(58,595)	55,582	42,806
Benefit payments	(23,827)	(22,480)	(21,470)	(20,544)	(20,154)
Administrative expenses	(457)	(370)	(391)	(382)	(360)
Other changes	45	20	(6)	-	45
Net change in fiduciary net position	24,819	47,813	(68,191)	49,936	37,616
Total fiduciary net position – beginning	408,088	360,275	428,466	378,531	340,915
Total fiduciary net position – ending (b)	$ 432,907	$ 408,088	$ 360,275	$ 428,467	$ 378,531
TID's net position liability – ending (a)-(b)	$ 39,116	$ 43,593	$ 71,519	$ (6,361)	$ 25,797
Plan fiduciary net position as a percentage of the total pension liability	91.71%	90.35%	83.44%	101.51%	93.62%
Covered-employee payroll	$ 49,869	$ 47,178	$ 45,101	$ 44,522	$ 43,756
Plan net pension liability as a percentage of covered-employee payroll	78.44%	92.40%	158.58%	-14.29%	58.96%
Annual money-weighted rate of return	9.16%	15.67%	-13.52%	14.80%	12.61%

Turlock Irrigation District
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)
(dollars in thousands)
December 31, 2024

	2019	2018	2017	2016	2015
Total pension liability					
Service cost					
Interest	$ 6,152	$ 6,032	$ 5,236	$ 5,168	$ 4,369
Difference between expected	26,099	24,841	23,688	22,620	23,032
and actual experience					
Change of assumptions	3,390	3,999	3,486	1,846	(1,910)
Benefit payments	-	-	17,027	-	2,630
	(18,865)	(17,554)	(16,426)	(16,110)	(14,606)
Net change in total pension liability					
	16,776	17,318	33,011	13,524	13,515
Total pension liability – beginning					
	351,268	333,950	300,939	287,415	273,900
Total pension liability – ending (a)					
	$ 368,044	$ 351,268	$ 333,950	$ 300,939	$ 287,415
Plan fiduciary net position					
Contributions – employer					
Contributions – employee	$ 13,462	$ 13,746	$ 48,921	$ 14,071	$ 14,167
Investment income	1,818	1,534	1,358	1,208	1,112
Benefit payments	53,993	(21,321)	42,344	21,686	(2,208)
Administrative expenses	(18,865)	(17,554)	(16,426)	(16,110)	(14,606)
Other changes	(392)	(382)	(295)	(274)	(303)
	120	8	-	3	1
Net change in fiduciary net position					
	50,136	(23,969)	75,902	20,584	(1,837)
Total fiduciary net position – beginning					
	290,779	314,748	238,846	218,262	220,099
Total fiduciary net position – ending (b)					
	$ 340,915	$ 290,779	$ 314,748	$ 238,846	$ 218,262
TID's net position liability – ending (a)-(b)					
	$ 27,129	$ 60,489	$ 19,202	$ 62,093	$ 69,153
Plan fiduciary net position as a percentage of the total pension liability					
	92.63%	82.78%	94.25%	79.37%	75.94%
Covered-employee payroll					
	$ 39,392	$ 38,144	$ 36,366	$ 35,245	$ 33,349
Plan net pension liability as a percentage of covered-employee payroll					
	68.87%	158.58%	52.80%	176.18%	207.36%
Annual money-weighted rate of return					
	18.27%	-6.44%	16.86%	9.43%	-1.15%

Turlock Irrigation District
Schedule of Retirement Plan Contributions (Unaudited)
(dollars in thousands)
December 31, 2024

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.

	2024	2023	2022	2021	2020
Actuarially determined contribution	$ 12,872	$ 12,036	$ 11,507	$ 12,270	$ 12,132
Contributions in relation to the actuarially determined contribution	12,900	15,281	12,270	15,279	15,278
Contribution (excess)	$ (28)	$ (3,245)	$ (763)	$ (3,009)	$ (3,146)
Covered-employee payroll	49,869	47,178	45,101	44,522	43,756
Contributions as a percentage of covered-employee payroll	25.87%	32.39%	27.21%	34.32%	34.92%

	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 11,859	$ 11,413	$ 13,372	$ 12,975	$ 11,863
Contributions in relation to the actuarially determined contribution	15,278	15,278	50,279	15,279	15,279
Contribution (excess)	$ (3,419)	$ (3,865)	$ (36,907)	$ (2,304)	$ (3,416)
Covered-employee payroll	39,392	38,144	36,366	35,245	33,349
Contributions as a percentage of covered-employee payroll	38.78%	40.05%	138.26%	43.35%	45.82%

Notes to schedule – The actuarially determined contributions for 2024 and 2023 were determined by actuarial valuations using the frozen entry age actuarial cost method. The actuarial assumptions utilized for the January 1, 2024 and 2023, actuarial valuations were as follows:

	January 1,	
	2024	2023
Assumption		
Investment rate of return	7.00%	7.00%
Discount rate	7.00%	7.00%
Cost-of-living adjustment	2.75%	2.75%
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.

(dollars in thousands)

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.

	2024	2023	2022	2021	2020
Total OPEB liability					
Service cost	$ 1,080	$ 1,241	$ 1,067	$ 1,041	$ 1,023
Interest	1,211	1,366	1,461	1,449	1,417
Difference between expected and actual experience	1,186	1,020	(597)	(810)	(51)
Change of assumptions	(576)	(3,966)	1,537	297	-
Benefit payments	(2,474)	(1,722)	(1,761)	(1,920)	(1,969)
Net change in total OPEB liability	427	(2,061)	1,707	57	420
Total OPEB liability – beginning	20,314	22,375	20,668	20,611	20,191
Total OPEB liability – ending (a)	$ 20,741	$ 20,314	$ 22,375	$ 20,668	$ 20,611
Plan fiduciary net position					
Contributions – employer	$ 621	$ 1,722	$ -	$ 1,920	$ 1,969
Contributions – employee					
Investment income	2,972	1,719	(4,179)	6,741	837
Benefit payments	(2,474)	(1,722)	(1,761)	(1,920)	(1,969)
Administrative expenses	(10)	(14)	(7)	(13)	(12)
Other changes	-	-	-	-	-
Net change in fiduciary net position	1,109	1,705	(5,947)	6,728	825
Total fiduciary net position – beginning	27,006	25,301	31,248	24,520	23,695
Total fiduciary net position – ending (b)	$ 28,115	$ 27,006	$ 25,301	$ 31,248	$ 24,520
TID's net OPEB liability (asset) – ending (a)-(b)	$ (7,374)	$ (6,692)	$ (2,926)	$ (10,580)	$ (3,909)
Plan fiduciary net position as a percentage of the total OPEB liability	135.6%	132.9%	113.1%	151.2%	119.0%
Covered-employee payroll	$ 51,681	$ 50,544	$ 49,813	$ 47,078	$ 46,082
Plan net OPEB asset as a percentage of covered-employee payroll	-14.3%	-13.2%	-5.9%	-22.5%	-8.5%

Turlock Irrigation District
Schedule of Changes in Net OPEB Asset and Related Ratios (Unaudited)
(dollars in thousands)
December 31, 2024

	2019	2018
Total OPEB liability		
Service cost	$ 1,102	$ 1,072
Interest	1,514	1,476
Difference between expected and actual experience	(2,371)	-
Change of assumptions	406	-
Benefit payments	(1,969)	(2,100)
Net change in total OPEB liability	(1,318)	448
Total OPEB liability – beginning	21,509	21,061
Total OPEB liability – ending (a)	$ 20,191	$ 21,509
Plan fiduciary net position		
Contributions – employer	$ 1,969	$ 8,470
Contributions – employee	-	-
Investment income	1,377	1,276
Benefit payments	(1,969)	(2,100)
Administrative expenses	(4)	(10)
Other changes	-	(20)
Net change in fiduciary net position	1,373	7,616
Total fiduciary net position – beginning	22,322	14,706
Total fiduciary net position – ending (b)	$ 23,695	$ 22,322
TID's net OPEB liability (asset) – ending (a)-(b)	$ (3,504)	$ (813)
Plan fiduciary net position as a percentage of the total OPEB liability	117.4%	103.8%
Covered-employee payroll	$ 44,740	$ 41,273
Plan net OPEB asset as a percentage of covered-employee payroll	-7.8%	-2.0%

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

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.

	2024	2023	2022	2021	2020
Actuarially determined contribution	$ 317	$ 425	$ -	$ 711	$ 1,943
Contributions in relation to the actuarially determined contribution	621	1,722	-	1,920	1,969
Contribution (excess)	$ (304)	$ (1,297)	$ -	$ (1,209)	$ (26)
Covered-employee payroll	51,681	50,544	49,813	47,078	46,082
Contributions as a percentage of covered-employee payroll	1.2%	3.4%	N/A	4.1%	4.3%

Actuarially determined contribution	2019	2018
Contributions in relation to the actuarially determined contribution	$ 1,943	$ 1,938
Contribution deficiency (excess)	1,969	8,470
Covered-employee payroll	$ (26)	$ (6,532)
Contributions as a percentage of covered-employee payroll	44,740	41,273
	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 6.40% investment rate of return per year, inflation rate of 2.25% per year, and payroll growth of 2.25% per year plus merit-based increases based on the 2017 CALPERS pension plan, in aggregate. Additionally, actual health premiums were used, with annual healthcare cost trend rates beginning in 2023 at 7.00% for pre-65, and decreasing 0.25% annually to an ultimate rate of 4.50%, and 6.50% for post-65, decreasing 0.25% annually to an ultimate rate of 4.50%. 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